



SCHOOL

DISTRICT

EDUCATING LEARNERS FOR THE 21ST CENTURY

SPECIAL BOARD MEETING

June 21, 2017

**Office of Student and Family Services
3300 Cortez Street
Oxnard, CA 93036**

**JOHN D. PUGLISI, Ph. D.
Superintendent**

**Board of Education
Joe Esquivel, President
Eleanor Torres, Clerk
Ramon Rodriguez
Edith Martinez-Cortes
Felix Eisenhauer**

2.0



**Wednesday, June 21, 2017
RSD Special Board Meeting**

**Office of Student and Family Services
3300 Cortez Street
Oxnard, CA 93036
Open Session: 7:30 p.m.**

1. Preliminary Business-7:30 p.m.

- 1.1 Call to Order-7:30 p.m
- 1.2 Pledge of Allegiance
- 1.3 Roll Call

2. Approval of the Agenda

- 2.1 Agenda corrections, additions, and modifications.
- 2.2 Approval of the Agenda

3. Communications

3.1 Public Comment Procedures for receiving communication from the public on topics that fall under the subject jurisdiction of the Governing Board. 1. Special Board Meeting - A member of the public may address the Governing Board on any item(s) on the agenda. (Each person speaking may not exceed a total of three minutes on each item). The speaker may choose to speak during public comment or at the time of the agenda item prior to board consideration. These presentations are limited to three minutes or a total of twenty minutes.

4. Discussion/Action

- 4.1 Approval of Resolution No. 1617/33, Declaring the District's Intention to Sell Certain Surplus Property, Commonly Known as the District Office, to Pacific West Communities, Inc. or Its Assignee.
- 4.2 Approval of Resolution No. 1617/34, Authorizing the District to Execute a Lease with Pacific West Communities, Inc., or Its Assignee, for the District Office, Subject to Certain Conditions.
- 4.3 Approval of Resolution No. 1617/35, Approving Amendment to the Purchase and Sale Agreement between the District and Pacific West Communities, Inc., or Its Assignee, for the Surplus Property Commonly Known as the El Rio School Site.

5. Adjournment

- 5.1 Adjournment

4.1



Agenda Item Details

Meeting	Jun 21, 2017 - RSD Special Board Meeting
Category	4. Discussion/Action
Subject	4.1 Approval of Resolution No. 1617/33, Declaring the District's Intention to Sell Certain Surplus Property, Commonly Known as the District Office, to Pacific West Communities, Inc. or Its Assignee.
Access	Public
Type	Action, Discussion
Recommended Action	It is recommended that the Board approve the attached resolution, which approves a purchase and sale agreement between the District and 2500 E Vineyard Avenue LLC, Pacific West's assignee, for the District's disposition of the District Office.

Public Content

Speaker:

Rationale:

On June 11, June 30, and August 29, 2013, the District's Surplus Property Advisory Committee (the "Committee") evaluated whether to declare the District Office, located at 2500 E. Vineyard Avenue, Oxnard, California 93036, surplus property. The Committee recommended that the District Office be declared surplus property, and that the District utilize proceeds from the disposition of the District Office to remodel or construct another facility. On October 16, 2013, the District's Board of Trustees ("Board") adopted Resolution No. 1314/03, which approved the Committee's recommendations. On November 4, 2013, pursuant to Resolution No. 1314/04, the Board declared its intention to sell, lease or exchange the District Office to interested charter schools, certain public agencies and qualifying nonprofit and charitable corporations (the "Public Sector"). There were no "interested charter schools" at that time. In accordance with applicable law, the District notified the Public Sector of the District's intent to dispose of the District Office. The District did not receive any letters of interest or intent from the Public Sector. Resolution No. 1314/04 also authorized District staff to offer the District Office to private entities and individuals (the "Private Sector") in the event that the District was unable to consummate a sale, lease or exchange transaction with any Public Sector entity within the timeframe required by law, but the District elected not to immediately offer the District Office to the Private Sector. At a regularly-held meeting on March 15, 2017, the Board adopted Resolution No. 1617/22, which reaffirmed the District's intention to dispose of the District Office by sale, lease or exchange, subject to certain conditions. The District elected to provide concurrent noticing of this decision to the Public Sector and the Private Sector. Subsequently, the District notified the Public Sector and the Private Sector of the District's intent to dispose of the District Office. The District did not receive any notices of intent or interest from the Public Sector within the timeframe required by law. However, in accordance with that certain Request for Proposals for the solicitation of Private Sector bids for the District Office (the "RFP"), the District accepted written bids from the Private Sector up to 4:00 p.m. on June 7, 2017. The District received one timely written bid. At a regularly-held meeting on June 7, 2017, the Board opened, examined, and declared the one timely written bid for the District Office. The bid was from Pacific West Communities, Inc. ("Pacific West"). The bid was in conformance with the RFP, and included the mandatory \$20,000.00 initial deposit. Pacific West offered to purchase the District Office for \$7,000,000.00, (a) payable in full at closing or (b) \$3,500,000.00 payable at closing with the remaining \$3,500,000.00 payable within 90 days at 6% interest evidenced by a promissory note and secured by a deed of trust. The \$7,000,000.00 purchase price is above the minimum bid price of \$6,300,000.00 set forth in the RFP. Furthermore, Pacific West offered to leaseback the District Office to the District in order to permit the District sufficient time to build or otherwise acquire new offices with the rental rate per square foot in conformance with the rental rate per square foot of the existing tenant on the property. Finally, Pacific West requested a closing by June 30, 2017 in order to meet an Internal Revenue Code Section 1031 exchange deadline. After declaring the Pacific West bid, the Board called for oral bids in accordance with in accordance with the RFP and applicable law. (Ed. Code §§ 17472, 17473.) There were no oral bids. The Board awarded the bid to Pacific West, and directed staff and consultants to prepare a purchase agreement and leaseback agreement for review and consideration at its June 21, 2017 meeting. Pacific West has indicated that it would like to assign the agreement to 2500

E Vineyard Avenue LLC, an Idaho limited liability company, an entity in which Pacific West, or a whollyowned affiliate of Pacific West, is the managing member. In the event of any such assignment, Pacific West would not be relieved of its obligations to the District.

It is recommended that the Board approve the attached resolution, which approves a purchase and sale agreement between the District and 2500 E Vineyard Avenue LLC, Pacific West's assignee, for the District's disposition of the District Office.

The District Office has been appraised at a value of \$6,300,000.00 for purchase or exchange. This value represents the minimum price for the District Office. Pacific West offered \$7,000,000.00 for the District Office, which is \$700,000.00 above the minimum bid price. The proposed purchase agreement includes the following payment terms: \$4,050,000.00 due at closing, with the remaining \$2,950,000.00 due by November 1, 2017 at 6% interest evidenced by a promissory note and secured by a deed of trust, both of which are attached to the purchase agreement. The District owes SunTrust Equipment Finance & Leasing Corporation a total of \$1,903,938.42 for the District Office, inclusive of the administrative building and equipment, which balance would be remitted through the escrow company before closing

[2500 E Vineyard purchase - final package for agenda \(5\).pdf \(2,613 KB\)](#)

Administrative Content

Executive Content

RIO SCHOOL DISTRICT

RESOLUTION NO. 1617/33

**DECLARING THE DISTRICT'S INTENTION TO SELL
CERTAIN SURPLUS PROPERTY, COMMONLY
KNOWN AS THE DISTRICT OFFICE,
TO PACIFIC WEST BUILDERS, INC. OR ITS ASSIGNEE**

WHEREAS, Rio School District (the "District") is the owner of that certain parcel of real property located at 2500 E. Vineyard Avenue, Oxnard California 93036, which is more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Site"); and

WHEREAS, at its regularly-held meeting on October 16, 2013, the District's Board of Trustees (the "Board") passed and adopted Resolution No. 1314/03, by which resolution the Board declared the Site surplus property, in accordance with California Education Code ("Education Code") Sections 17390, *et seq.*; and

WHEREAS, as set forth in Resolution No. 1314/03, the District intends to use any proceeds from the disposition of the Site for the District's capital outlay needs or costs of maintenance, as mandated by Education Code Section 17462, or as otherwise permitted by law; and

WHEREAS, the Site is within the planning jurisdiction of the City of Oxnard (the "City"); and

WHEREAS, the provisions of the Naylor Act (Education Code Sections 17485, *et seq.*), which pertains to the proposed disposition of publicly owned parcels of real properties with playgrounds, playing fields and open space areas appropriate for recreation, is inapplicable to the Site; and

WHEREAS, at a regularly-held meeting of the Board on November 4, 2013, the Board passed and adopted Resolution No. 1314/04, by which resolution the Board declared its intention to notify interested charter schools, qualifying public agencies and certain nonprofit charitable and public benefit organizations (the "Public Sector") of the District's intent to sell or exchange the Site; and

WHEREAS, in compliance with Education Code Section 17464, Government Code Sections 54220, *et seq.*, and Resolution No. 79-14/15, the District notified the Public Sector of the District's intent to sell or exchange the Site; however, there were no "interested charter schools" and the District did not receive any response from such other Public Sector entities within the time required by law; and

WHEREAS, Resolution No. 1314/04 also authorized the District to offer the Site to private entities and individuals (the "Private Sector") in the event that the District was unable to

consummate a sale, lease or exchange transaction with any Public Sector entity within the timeframe required by law, but the District elected not to immediately offer the District Office to the Private Sector; and

WHEREAS, at a regularly-held meeting on March 15, 2017, the Board adopted Resolution No. 1617/22, which reaffirmed the District's intention to dispose of the District Office by sale, lease or exchange, subject to certain conditions, and pursuant to such Resolution, the District elected to provide concurrent noticing of this decision to the Public Sector and the Private Sector; and

WHEREAS, the District subsequently notified the Public Sector and the Private Sector of the District's intent to dispose of the District Office in accordance with applicable law, but again, there were no "interested charter schools" and the District did not receive any notices of intent or interest from any other Public Sector entities within the timeframe required by law; and

WHEREAS, in March 2017, the District issued that certain Request for Proposals for the solicitation of Private Sector bids for the District Office (the "RFP"), which stated that the District would accepted written sealed proposals ("Proposals") from the Private Sector up to 4:00 p.m. on June 7, 2017; and

WHEREAS, the District received one written sealed proposal ("Proposal") for the sale or exchange of the Site were received by the District by 4:00 p.m. on June 7, 2017; and

WHEREAS, at its regular meeting held at 5:00 p.m. on June 7, 2017, the Board opened, examined, and declared the one written sealed Proposal for the sale, lease or exchange of the Site as required by the RFP and Education Code Section 17472; and

WHEREAS, at its June 7, 2017 meeting, the Board found that the Proposal, which was submitted by Pacific West Communities, Inc. ("Pacific West"), was conforming as follows: the Proposal included the mandatory \$20,000.00 deposit; the Proposal offered a purchase price of \$7,000,000.00, which is above the minimum bid price of \$6,300,000.00 set forth in the RFP; and

WHEREAS, the Proposal also included a proposed closing date of June 30, 2017, and an offer to leaseback the Site to the District in order to permit the District sufficient time to build or otherwise acquire new offices with the rental rate per square foot in conformance with the rental rate per square foot of the existing tenant on the property; and

WHEREAS, the Board then called for oral bids in accordance with Education Code Section 17473, but no oral bids were made; and

WHEREAS, at the June 7, 2017 meeting, the Board accepted Pacific West's Proposal of \$7,000,000.00 as the highest conforming bid, in accordance with Education Code Section 17473; and

WHEREAS, the District and Pacific West have now concluded negotiations for the disposition of the Site on terms and conditions in accordance with the RFP, pursuant to that certain

Purchase and Sale Agreement and Joint Escrow Instructions (“Purchase and Sale Agreement”), which is attached hereto as Exhibit “B”; and

WHEREAS, Pacific West has elected to assign the Purchase and Sale Agreement to 2500 E Vineyard Avenue LLC, an Idaho limited liability company, which is an entity in which Pacific West, or a wholly-owned affiliate of Pacific West, is the managing member, provided that Pacific West would not be relieved of its obligations to the District;

WHEREAS, the Purchase and Sale Agreement includes the purchase price of \$7,000,000.00, with \$4,050,000.00 due at closing, with closing to occur on or before June 30, 2017, and with the remaining \$2,950,000.00 due in 90 days at 6% interest evidenced by a promissory note and secured by a deed of trust, which are attached to the Purchase and Sale Agreement and incorporated therein by reference;

WHEREAS, the District and Pacific West’s assignee, 2500 E Vineyard Avenue LLC, agree to enter into escrow for disposition of the Site upon full execution of the Purchase and Sale Agreement;

NOW, THEREFORE, be it hereby resolved that:

1. The foregoing recitals are true and correct.
2. The Board hereby declares its intention to sell the Site to Pacific West’s assignee, 2500 E Vineyard Avenue LLC for a purchase price of \$7,000,000.00 and on additional terms and conditions that comply with the RFP.
3. The Board hereby delegates authority to the Superintendent, or the Superintendent’s designee, to take such action as may be required to effectuate the purpose of this Resolution, including the execution of a Purchase and Sale Agreement with Pacific West’s assignee, 2500 E Vineyard Avenue LLC for the purchase of the Site.

PASSED AND ADOPTED by the Board of Trustees at a special meeting held on the 21st day of June, 2017 by the following vote on roll call:

AYES:

NOES:

ABSENT:

ABSTAIN:

Joe Esquivel, President of the Board of Trustees

Eleanor Torres, Clerk of the Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided in deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

EXHIBIT B

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS,
dated June 21, 2017**

BETWEEN

**RIO SCHOOL DISTRICT,
a political subdivision of the State of California
("Seller")**

and

**2500 E VINEYARD AVENUE LLC
an Idaho limited liability company
("Buyer")**

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- Exhibit "A-1" – Legal Description of Property
- Exhibit "A-2" – Site Location/Aerial Photograph
- Exhibit "B" – Grant Deed
- Exhibit "C" – Hazardous Substances
- Exhibit "D" – Assignment and Bill of Sale
- Exhibit "E" – Non-Foreign Affidavit
- Exhibit "F" – Escrow Holder Acknowledgement of Acceptance
- Exhibit "G" – Promissory Note
- Exhibit "H" – Deed of Trust

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Agreement") is made and entered into as of June 21, 2017 (the "Effective Date"), by and between ***RIO SCHOOL DISTRICT***, a political subdivision of the State of California ("Seller"), and ***2500 E VINEYARD AVENUE LLC***, an Idaho limited liability company ("Buyer"). Buyer and Seller are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

A. Seller owns certain improved real property, approximately one (1) acre in size, located at 2500 E. Vineyard Avenue, Oxnard, California, together with all appurtenant improvements, rights, interests, easements, tenements and estates, more fully described on Exhibit "A-1" (the "Land"). The Land is located in the sphere of influence of the City of Oxnard ("City"), in the County of Ventura (the "County"), and State of California (the "State").

B. The Land is improved with certain fixtures and structures (the "Improvements"). The Land and Improvements are collectively hereinafter referred to as the "Property." The Property is described pictorially on Exhibit "A-2."

C. The Improvements include that certain three (3)-story structure ("Structure") consisting of approximately thirty-one thousand six hundred ten (31,610) square feet. Currently, Seller uses the majority of what is labeled the first floor of the Structure as Seller's administrative office. A portion of what is labeled the first floor of the Structure and the entire area of what is labeled the second floor of the Structure are leased to Mission Produce, Inc. (the "Tenant"). Tenant's lease ("Lease") shall expire February 28, 2021. Under the terms of the Lease, Tenant has an option to extend the Lease for an additional five (5)-year period through February 28, 2026.

D. Pursuant to the process for disposing of surplus real property in accordance with applicable law, Pacific West Communities, Inc., an Idaho corporation, ("Pacific West") offered to purchase the Property described on Exhibit "A-2."

E. Pacific West subsequently assigned its interest in the Property to Buyer, which is an affiliate of Pacific West. Seller approved this assignment, subject to the condition that Pacific West is not released from its obligations under this Agreement.

F. Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the promises and covenants of the Parties in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Certain capitalized terms used in this Agreement have the meanings defined below.

SECTION 1.1. “**Agreement**” is defined in the preamble to this Agreement.

SECTION 1.2. “**Bill of Sale**” is defined in Section 8.1(b).

SECTION 1.3. “**Buyer**” is defined in the preamble to this Agreement.

SECTION 1.4. “**CEQA**” means the California Environmental Quality Act, which is codified at Sections 21000, *et seq.*, of the California Public Resources Code and includes the Guidelines thereto which are codified at Sections 15000, *et seq.*, of Title 14 of the California Code of Regulations.

SECTION 1.5. “**CERCLA**” is defined in Section 13.3.

SECTION 1.6. “**City**” is defined in the Recitals to this Agreement.

SECTION 1.7. “**Claims**” is defined in Section 13.3.

SECTION 1.8. “**Closing**” means the date upon which the Grant Deed is recorded in the Official Records of the County, title to the Property is conveyed to Buyer, and possession of the Property is delivered to Buyer, in accordance with the terms of this Agreement.

SECTION 1.9. “**Closing Date**” means June 30, 2017.

SECTION 1.10. “**County**” is defined in the Recitals to this Agreement.

SECTION 1.11. “**Deposit**” means the sum of One Hundred Twenty Thousand Dollars (\$120,000.00) delivered to Escrow Holder pursuant to Section 4.3.

SECTION 1.12. “**Disapproved Exceptions**” is defined in Section 5.1(b).

SECTION 1.13. “**Effective Date**” is defined in the preamble to this Agreement.

SECTION 1.14. “**Escrow**” means the escrow established pursuant to this Agreement through which the purchase and sale of the Property shall be consummated.

- SECTION 1.15.** “Escrow Cancellation Charges” is defined in Section 10.2.
- SECTION 1.16.** “Escrow Holder” means Lawyers Title Company, Oxnard California, Attention: Shirley Franks.
- SECTION 1.17.** “Feasibility Date” means June 27, 2017.
- SECTION 1.18.** “Feasibility Matters” means any and all matters that may reveal a material physical defect in the Property, including, without limitation, the Property Documents, soil and geological assessments, and environmental assessments. Feasibility Matters does not include the financial and market feasibility of acquiring or leasing the Property.
- SECTION 1.19.** “Feasibility Notice” means a written notice from Buyer to Seller delivered pursuant to Section 5.2 approving or waiving approval of the Feasibility Matters or, alternatively, disapproving the Feasibility Matters.
- SECTION 1.20.** “Feasibility Period” means the period commencing on the Opening of Escrow and ending at 5:00 P.M. Pacific Time on the Feasibility Date.
- SECTION 1.21.** “Form 593C” is defined in Section 8.1(d) of this Agreement.
- SECTION 1.22.** “Grant Deed” means a grant deed to the Property in the form of Exhibit “B.”
- SECTION 1.23.** “Hazardous Substances” is defined on Exhibit “C.”
- SECTION 1.24.** “Improvements” is defined in the Recitals to this Agreement.
- SECTION 1.25.** “Land” is defined in the Recitals to this Agreement.
- SECTION 1.26.** “Lease” is defined in the Recitals to this Agreement.
- SECTION 1.27.** “Non-foreign Affidavit” is defined in Section 8.1(c).
- SECTION 1.28.** “Official Records” means the official records of the County.
- SECTION 1.29.** “Opening of Escrow” is defined in Section 4.1.
- SECTION 1.30.** “Parties” and “Party” are defined in the preamble to this Agreement.

SECTION 1.31. “Permitted Exceptions” means the following:

(a) General and special real property taxes and assessments, a lien not yet due and payable; and

(b) Any other liens, easements, encumbrances, covenants, conditions and restrictions of record approved, or waived or deemed waived if a Disapproved Exception, by Buyer pursuant to Section 5.1, or created by Buyer.

SECTION 1.32. “Preliminary Title Report” is defined in Section 5.1(a).

SECTION 1.33. “Property” is defined in the Recitals to this Agreement.

SECTION 1.34. “Property Documents” is defined in Section 5.2(a).

SECTION 1.35. “Purchase Price” means Seven Million Dollars (\$7,000,000.00).

SECTION 1.36. “Seller” is defined in the preamble to this Agreement.

SECTION 1.37. “Seller’s Broker” is defined in Article XVI.

SECTION 1.38. “Seller’s knowledge” means the present actual knowledge of Seller’s current Board of Education, current Superintendent, current Assistant Superintendent of Business and Facilities, and current consultants who should reasonably be expected to have general knowledge of the Property, with no duty to inquire or investigate and expressly excluding any constructive or imputed knowledge of any kind whatsoever or from any source whatsoever.

SECTION 1.39. “State” is defined in the Recitals to this Agreement.

SECTION 1.40. “Structure” is defined in the Recitals to this Agreement.

SECTION 1.41. “Surplus Property Laws” means all applicable laws pertaining to the disposition of surplus school property pursuant to Sections 17455, *et seq.*, of the California Education Code and Sections 54220, *et seq.*, of the California Government Code.

SECTION 1.42. “Tenant” is defined in the Recitals to this Agreement.

SECTION 1.43. “Title Company” means Lawyers Title Company, Oxnard California, attention: Tom Coulter.

SECTION 1.44. “Title Objection Deadline” means June 21, 2017.

SECTION 1.45. “Title Objection Notice” is defined in Section 5.1(b).

SECTION 1.46. “Title Response Deadline” means June 27, 2017.

SECTION 1.47. “Title Review Period” means the period commencing on the Opening of Escrow and ending at 5:00 P.M. Pacific Time on the Title Objection Deadline.

SECTION 1.48. “Title Policy” means a CLTA owner’s policy of title insurance, dated as of the Closing Date, in an amount equal to the Purchase Price, insuring fee title to the Property vested in Buyer subject only to the Permitted Exceptions. Buyer may elect to obtain an ALTA owner’s policy of title insurance provided that the Closing shall not be delayed thereby, and provided further that all premium and survey costs for such policy that exceed the cost of the CLTA owner’s title policy shall be paid in accordance with Section 5.1 hereof.

ARTICLE II

PURCHASE AND SALE

Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to purchase the Property from Seller, on the terms and subject to the conditions set forth in this Agreement.

ARTICLE III

EXCLUSION FROM PROPERTY

This Agreement does not include the purchase and sale of the following items which are specifically excluded from the Property and which shall remain the property of Seller:

- (a) Seller’s personal property that is located at the Property;
- (b) All accounts pertaining to the Property and all funds held therein, including, but not limited to, property management accounts, operating accounts, replacement and other reserve accounts, residual receipts accounts, utility deposit accounts, tax and impound accounts, retainers, deposits (but specifically excluding security deposits) and the like;
- (c) Claims and/or judgments against third parties in favor of Seller;
- (d) Moneys payable to Seller by collection agencies; and
- (e) Deposits made with governmental authorities or utilities, rebates, refunds, prepayments, credits, rights of setoff and similar claims due Seller from third parties.

ARTICLE IV

OPENING OF ESCROW; ESCROW HOLDER; AND DEPOSITS

SECTION 4.1. *Opening of Escrow.* Within two (2) business days after this Agreement is fully signed and delivered by the Parties, the Parties shall open an Escrow at the office of Escrow Holder by delivering an executed copy of this Agreement to Escrow Holder (the “**Opening of Escrow**”). This Agreement shall constitute joint escrow instructions to Escrow Holder. The Parties shall execute such additional instructions not inconsistent with the provisions of this Agreement which may be reasonably required by Escrow Holder and shall be bound by Escrow Holder’s general instructions; provided, however, that as between the Parties, if any conflict between the provisions of this Agreement and the provisions of Escrow Holder’s general instructions exists or arises, the provisions of this Agreement shall control.

SECTION 4.2. *Escrow Holder Duties.*

(a) On the same date as the Opening of Escrow, Escrow Holder shall complete the Escrow Holder Acknowledgement and Acceptance, attached hereto as Exhibit “F,” and transmit copies thereof to the Parties and their respective legal counsel, if any. Escrow Holder shall simultaneously notify the Parties in writing of the date of the Opening of Escrow and identify the Escrow number.

(b) Within two (2) business days thereafter, Escrow Holder shall provide the Parties with any supplemental instructions, including, but not limited to, any calculable dates, a verification of Deposits in Escrow and the expected balance of the Purchase Price due at Closing.

(c) By accepting this transaction for Escrow, Escrow Holder expressly agrees to diligently provide notice to the Parties and their legal counsel, if any, of the deadlines pursuant to this Agreement and of all significant events or actions of a Party affecting the Escrow and the Closing, regardless of whether such event or action affects only one Party. Escrow Holder further agrees to make all reasonable efforts to be responsive to the communications and inquiries of the Parties. Escrow Holder is designated the “real estate reporting person” for purposes of Section 6045 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation 1.6045-4, and any instructions or settlement statement prepared by Escrow Holder shall so provide. Escrow Holder shall be responsible for filing Form 1099-S with the Internal Revenue Service. The obligations of the Escrow Holder set forth herein are a material part of the consideration given to the Parties in exchange for use of Escrow Holder’s services as described herein.

SECTION 4.3. *Deposit.*

(a) Seller acknowledges receipt of the Deposit from Buyer. Upon Opening of Escrow, Seller shall deliver the Deposit to Escrow Holder on behalf of Buyer.

(b) The Deposit shall be applied to the Purchase Price at Closing, and shall be non-refundable to Buyer, except as provided in Sections 5.1, 5.2, 9.3(a), 13.1, 14.1(b), and 14.2.

ARTICLE V

BUYER'S TITLE REVIEW AND FEASIBILITY INVESTIGATIONS

SECTION 5.1. *Title.*

(a) On or before June 19, 2017, Seller, at its sole cost and expense, shall deliver to Buyer a preliminary title report ("**Preliminary Title Report**") to the Property, issued by the Title Company and dated as of a date within thirty (30) days of the Opening of Escrow, together with a plotted easement map, if applicable, and legible copies of all documents referenced therein as exceptions to title.

(b) On or before June 21, 2017, Buyer shall provide Seller with a written notice indicating Buyer's objections to title, if any ("**Disapproved Exceptions**"); provided, however, that Buyer shall not disapprove any Permitted Exceptions. Buyer's written notice of Disapproved Exceptions shall be referred to herein as the "**Title Objection Notice.**" Buyer's failure to provide the Title Objection Notice to Seller by June 21, 2017 shall constitute Buyer's waiver of such Disapproved Exceptions. By June 27, 2017, Seller shall notify Buyer in writing whether Seller elects to cause the Title Company to eliminate any Disapproved Exceptions. Seller shall have until June 29, 2017 to cure any title defects that it elects to cure any defects in title or exceptions. If Seller elects not to eliminate such Disapproved Exceptions, Buyer shall notify Seller in writing on or before 5:00 P.M. Pacific Time on the Feasibility Date that Buyer elects either to waive its disapproval or to terminate Escrow. Buyer's failure to notify Seller in writing prior to the Feasibility Date of its decision with respect to any Disapproved Exceptions that Seller has chosen not to eliminate shall constitute Buyer's waiver of such Disapproved Exceptions. If Buyer elects to terminate Escrow prior to the expiration of the Feasibility Date because of a defect in title that Seller cannot or will not cure in accordance with this Section 5.1(b), then, upon receipt of Buyer's written notice of election to terminate Escrow, (i) Escrow Holder shall pay the Initial Deposit to Buyer without any additional instructions from Seller, (ii) Escrow Holder shall immediately return

all other documents, instruments and moneys to the Party that deposited same, and (iii) Escrow shall terminate.

(c) Seller shall be obligated to eliminate all monetary liens or encumbrances deemed as Disapproved Exceptions before or at the Closing.

(d) The Parties shall copy Escrow Holder and Title Company on all notices under this Section 5.1, and clearly indicate on all notices the date of the notice, the subject matter of the notice and the applicable Section reference (*e.g.*, "Title Objection Notice, pursuant to PSA Section 5.1(b)").

SECTION 5.2. Feasibility Study.

(a) By June 19, 2017, Seller shall use reasonable efforts to provide Buyer with copies of any permits, reports (including, without limitation, any environmental assessment reports previously prepared for Seller), surveys, studies, soil assessments, agreements, documents, plans, maps and entitlements in Seller's possession concerning the Property and its improvement, development and ownership (collectively, the "**Property Documents**").

(b) During the Feasibility Period, Buyer shall have the right to review, in Buyer's reasonable discretion, the Feasibility Matters. Seller shall reasonably cooperate with Buyer in any and all investigations during the Feasibility Period and Seller shall use its reasonable efforts to cause its engineers, architects, surveyors, and other advisors and consultants, if any, to share, at Buyer's cost, any information or knowledge they have concerning the Property with Buyer. During the Feasibility Period, Buyer shall have the right to deliver to Seller and Escrow Holder the Feasibility Notice. Failure by Buyer to give the Feasibility Notice by the Feasibility Date shall be deemed Buyer's approval of the Feasibility Matters and shall be deemed to be a waiver of Buyer's right to terminate the Escrow pursuant to this provision. If Buyer disapproves any Feasibility Matters by setting forth such disapproval in the Feasibility Notice to Seller, then Buyer may terminate Escrow by providing written notice to Seller and Escrow Holder. Buyer shall provide such written notice of termination by June 27, 2017. If Buyer elects to terminate Escrow in accordance with the provisions of this Section 5.2(b), then, upon receipt of Buyer's written notice of election to terminate Escrow, (i) Escrow Holder shall pay the Initial and Additional Deposit to Buyer without any additional instructions from Seller, (ii) Escrow Holder shall immediately return all other documents, instruments and moneys to the Party that deposited same, and (iii) Escrow shall terminate.

(c) The Parties shall copy Escrow Holder on all notices under this Section 5.2, and clearly indicate on all notices the date of the notice, the subject

matter of the notice and the applicable Section reference (e.g., “Buyer’s Feasibility Notice, pursuant to PSA Section 5.2(b)”).

SECTION 5.3. Access.

(a) Seller grants to Buyer and Buyer’s agents, employees and consultants a nonexclusive license to enter at all reasonable times upon the Property, at their own cost and risk, and so long as they do not unreasonably interfere with Seller’s possession, for the purpose of allowing Buyer to conduct whatever soil and engineering tests, feasibility studies, surveys and other physical examinations of the Property Buyer deems appropriate. To ensure that Buyer is not unreasonably interfering with the operation of the maintenance facilities located on the Property, Buyer shall contact the Seller to arrange reasonable dates and times for accessing the Property. Seller’s consent to Buyer’s request to access the Property shall not be unreasonably withheld.

(b) Buyer shall indemnify, defend and hold Seller free and harmless from all loss and liability (including, without limitation, attorneys’ fees and court costs) arising from such activities of Buyer and its agents, employees and consultants upon the Property during the Feasibility Period, and from all mechanic’s, material persons’ and other liens resulting solely and directly from any such conduct of Buyer and its agents and employees; provided, however, that Buyer shall have no liability for any loss or damage attributable to the acts or omissions of Seller or Seller’s agents, employees, invitees, or licensees (other than Buyer). Buyer shall repair and replace any damage to the Property caused by any entry on and/or examination of the Property by Buyer or Buyer’s agents, employees and consultants. Buyer shall not permit or suffer the release or disposal of any Hazardous Substances on the Property. Buyer’s obligations pursuant to this Section 5.3 shall survive the Closing Date and any termination of Escrow.

SECTION 5.4. Return of Property Documents. If Buyer elects to terminate Escrow in accordance with the provisions of this Agreement or if Escrow, for any reason, shall not close on the Closing Date, Buyer shall return all copies of the Property Documents to Seller, and any other documents regarding the Feasibility Matters provided to Buyer by Seller in connection with the Property. Any permits, reports (including, without limitation, any environmental assessment reports), surveys, studies, soil assessments, agreements, documents, plans, maps, and entitlements prepared by or on behalf of Buyer concerning the Property and its improvement, development, and ownership shall remain in Buyer’s sole possession and control.

ARTICLE VI

CLOSING; PAYMENT OF PURCHASE PRICE

SECTION 6.1. Closing Date. The Closing shall occur on or before the Closing Date, unless otherwise extended pursuant to a written agreement executed by both Parties.

SECTION 6.2 Balance of Purchase Price. On or before June 27, 2017, Buyer shall deposit with Escrow Holder Four Million Fifty Thousand Dollars (\$4,050,000.00) of the Purchase Price, less the Deposit, an executed Promissory Note in the amount of Two Million Nine Hundred Fifty Thousand Dollars (\$2,950,000.00), in the form attached hereto as Exhibit "G" and incorporated herein by this reference, an executed Deed of Trust securing the balance owed under the Promissory Note in the form attached as Exhibit "H" and incorporated herein by this reference, and Buyer's share of closing costs and prorations as provided in Article VII below.

ARTICLE VII

CLOSING COSTS AND PRORATIONS

SECTION 7.1. Closing Costs. Seller shall pay the CLTA premium for the Title Policy, all County documentary transfer taxes, and one-half (½) of Escrow Holder's escrow fees, in connection with the purchase and sale of the Property. Buyer shall pay all recording costs, one-half (½) of Escrow Holder's escrow fees, and any additional premium, survey, or other costs for ALTA extended coverage title insurance over and above the CLTA premium costs, in connection with the purchase and sale of the Property. All other Closing costs related to the transaction shall be paid by the Parties in the manner consistent with customary practice for improved land sales in the County. Escrow Holder shall notify Buyer and Seller in writing of their respective shares of such costs at least three (3) business days before the Closing Date.

SECTION 7.2. Prorations. Real estate taxes and assessments, if any, shall be prorated on the basis of the most recent tax statement for the Property as of 12:01 A.M. Pacific Time on the Closing Date, on the basis of a three hundred sixty-five (365)-day year. At least five (5) business days before the Closing Date, Escrow Holder shall deliver to Seller and Buyer a tentative proration schedule setting forth a preliminary determination of prorations. If any information needed for the proration of any item is not available, the Parties shall re-prorate such item after the Closing and payment shall be made promptly to the Party entitled thereto. After the Closing, Seller shall remain solely responsible for and shall promptly pay before delinquency any real estate taxes and assessments relating to periods before the Closing Date.

ARTICLE VIII

CLOSING DELIVERIES

SECTION 8.1. Closing Deliveries by Seller. No later than three (3) business day before the Closing Date, Seller shall deposit with Escrow Holder:

- (a) The Grant Deed, duly executed by Seller, acknowledged and in recordable form, subject only to the Permitted Exceptions;
- (b) An Assignment and Bill of Sale in the form attached hereto as Exhibit "D", duly executed by Seller ("**Bill of Sale**");
- (c) Seller's Non-foreign Affidavit in the form attached hereto as Exhibit "E", duly executed by Seller ("**Non-foreign Affidavit**");
- (d) A California Form 593C Real Estate Withholding Exemption Certificate, duly executed by Seller (the "**Form 593C**");
- (e) The executed lease between Buyer and Seller leasing back from Buyer the Premises at the Property that Seller currently occupies and uses for its district office; and
- (e) Such other documents as may otherwise be necessary or reasonably required by Escrow Holder to effect the sale, conveyance and delivery of the Property to Buyer

SECTION 8.2. Closing Deliveries by Buyer. No later than three (3) business days before the Closing Date, Buyer shall deposit with Escrow Holder the following:

- (a) Four Million Fifty Thousand Dollars (\$4,050,000.00) in immediately available funds, in accordance with Section 6.2;
- (b) An executed Promissory Note in the form Exhibit "G" attached hereto;
- (c) An executed Deed of Trust in the form Exhibit "H" attached hereto;
- (d) Buyer's share of closing costs and cash charges, in accordance with Article VII;
- (e) The executed lease between Buyer and Seller leasing back to the Seller the Premises at the Property that Seller is currently using as its school district offices.

(c) Such other documents as may be necessary or reasonably required by Escrow Holder to effect the sale, assignment, transfer, conveyance and delivery of the Property to Buyer.

ARTICLE IX

CONDITIONS TO CLOSING

SECTION 9.1. Conditions to Buyer's Obligations. The Closing and Buyer's obligation to purchase the Property are subject to the satisfaction of the following conditions or Buyer's written waiver of such conditions on or before the Closing Date:

(a) Seller shall have performed all obligations to be performed by Seller pursuant to this Agreement;

(b) Seller's representations and warranties herein shall be true and correct in all material respects as of the Closing; and

(c) The Title Company shall be committed to issue to Buyer, as of the Closing Date, the Title Policy.

Buyer may waive in writing any or all of such conditions in its sole and absolute discretion.

SECTION 9.2. Conditions to Seller's Obligations. The Closing and Seller's obligation to sell and convey the Property are subject to the satisfaction of the following conditions or Seller's written waiver of such conditions on or before the Closing Date:

(a) Buyer shall have performed all obligations to be performed by Buyer pursuant to this Agreement before Closing, including, but not limited to, the payment of the Purchase Price; and

(b) Buyer's representations, warranties and covenants set forth herein shall be true and correct in all material respects as of the Closing.

Seller may waive in writing any or all of such conditions in its sole and absolute discretion.

SECTION 9.3. Payment of Deposits. In the event the Closing does not occur on or before the Closing Date because of:

(a) The failure to satisfy or waive any or all of the conditions to Closing set forth in Section 9.1 hereinabove (and not because of a default by Buyer), (i) Escrow shall terminate, (ii) Escrow Holder shall pay the Deposit to Buyer without additional instructions from Seller, and (iii) Escrow Holder shall

immediately return all other documents, instruments and moneys to the Party that deposited same.

(b) The failure to satisfy or waive any or all of the conditions to Closing set forth in Section 9.2 hereinabove (and not because of damage or destruction of the Property under Section 14.1(b), a condemnation under Section 14.2 or a default by Seller), Escrow shall terminate, Escrow Holder shall pay the Deposit to Seller as liquidated damages in accordance with Section 15.2, without additional instructions from Buyer or Seller. Escrow Holder shall immediately return all other documents, instruments and moneys to the Party that deposited the same.

ARTICLE X

CLOSING

SECTION 10.1. Escrow Holder's Actions. On or before the Closing Date, when Escrow Holder holds the items required to be delivered by Seller and Buyer as described in Article VIII above, the conditions to closing set forth in Article IX above have either occurred or have been waived and Escrow Holder is prepared to issue and deliver to Buyer the Title Policy, Escrow Holder is instructed and authorized to (a) record the Grant Deed in the Office of the County Recorder of the County, (b) pay any transfer taxes, (c) instruct the County Recorder to return the Grant Deed to Buyer, (d) disburse to Seller from the funds deposited into Escrow by Buyer the Purchase Price less Seller's escrow and cash charges, (e) disburse from funds deposited by Buyer amounts toward payment of all other items chargeable to the account of Buyer hereunder, and disburse the balance of such funds, if any, to Buyer, and (f) deliver to Buyer the Bill of Sale, the Non-foreign Affidavit, the Form 593C, and the Title Policy.

SECTION 10.2. Escrow Cancellation Charges. If the Closing does not occur because of the default of a Party, the defaulting Party shall bear all Escrow Cancellation Charges. If the Closing does not occur for any reason other than the default of a Party, Buyer and Seller shall each pay one-half (½) of any Escrow Cancellation Charges. As used herein, "Escrow Cancellation Charges" means all fees, charges and expenses incurred by Escrow Holder or third parties engaged by Escrow Holder, as well as all expenses related to the services of the Title Company in connection with the issuance of the Preliminary Report and other title matters.

SECTION 10.3. Conveyance and Possession. On the Closing, Seller shall convey title to the Property to Buyer, subject only to the Permitted Exceptions, and Seller shall deliver to Buyer possession of the Property, free of any leases, tenancies and occupancies, except for the Lease and any leaseback agreement between Seller and Buyer.

ARTICLE XI

REPRESENTATIONS AND WARRANTIES

SECTION 11.1. In General. There are no representations, agreements, arrangements or circumstances, oral or written, between the Parties relating to the subject matter contained in this Agreement that are not fully expressed in this Agreement, and neither Seller nor Buyer has made or does make any representation or warranty concerning any matter or thing affecting or relating to the Property not expressed in this Agreement.

SECTION 11.2. Representations and Warranties of Seller. Seller makes the following representations, warranties and covenants to Buyer:

(a) Seller is a political subdivision of the State, duly organized, validly existing and in good standing under the laws of the State. Seller owns the Property in fee simple.

(b) The persons executing this Agreement on behalf of Seller have the right, power and authority to bind Seller to this Agreement.

(c) This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally, and specifically laws pertaining to disposition of surplus school property, including, without limitation, the Surplus Property Laws. To Seller's knowledge, neither this Agreement nor the consummation of any of the transactions contemplated hereby violates or shall violate any provision of any agreement or document to which Seller is a party or by which Seller is bound. No consent from any third party is required before any of the Property may be conveyed to Buyer or, if any such consent is required, Seller will obtain the same prior to the Closing.

(d) To Seller's knowledge, Seller has disclosed to Buyer all material information in Seller's possession, if any, about the existence of any Hazardous Substances in, at, on, under or about the Property; provided, however, that Seller makes no representations with respect to environmental or other conditions of the Property or the existence of any Hazardous Substances in, at, on, under or about the Property. If Buyer purchases the Property, Buyer shall take the Property "as is". Seller assigns to Buyer, effective upon Closing, all claims, counterclaims, defenses or actions, whether at common law, or pursuant to any other applicable federal or State or other laws which Seller may have against any third parties relating to the existence of any Hazardous Substance in, at, on, under or about the Property.

(e) To Seller's knowledge, Seller is not in default under, and Seller has received no notice that any event has occurred which with the giving of notice or the passage of time, or both, would constitute a material default under any contract, transaction, agreement, covenant, condition, restriction, lease, easement, encumbrance or instrument pertaining to the Property.

(f) There is no suit, action or arbitration, or legal, administrative, or other proceeding or governmental investigation, formal or informal, including, but not limited to, eminent domain or condemnation proceeding, proceeding to establish a new assessment district or increase the assessments imposed by an existing assessment district, or zoning change proceeding, pending or, to Seller's knowledge, threatened in writing, or any judgment or moratorium which affects the Property or would affect Buyer's anticipated development of the Property.

(g) There are no lawsuits, claims, suits, proceedings or investigations pending or, to Seller's knowledge, threatened against Seller affecting the Property nor, to Seller's knowledge, is there any basis for any of the same, and there are no lawsuits, suits or proceedings pending in which Seller is the plaintiff or claimant and which relate to the Property.

(h) Seller has made no oral or written commitments or representations to, or understandings or agreements with, any person, firm or entity or any adjoining property owner which would in any way be binding on Buyer or would interfere with Buyer's ability to develop and improve the Property, and Seller shall not make or enter into any such commitment, representations, understandings or agreements without Buyer's written consent.

(i) Seller has disclosed to Buyer all material information in Seller's possession or known to Seller concerning the Property.

(j) Seller is not bankrupt or insolvent under any applicable federal or state standard, nor has Seller filed for protection or relief under any applicable bankruptcy or creditor protection statute or has been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute. Seller is not entering into the transactions described in this Agreement with intent to defraud any creditor or to prefer the rights of one creditor over any other.

All representations and warranties of Seller in this Agreement are made as of the date of this Agreement and as of the Closing and shall survive the Closing and the recordation of the Grant Deed for a period of three (3) years. Seller shall be in material default hereunder if Seller is unable to make such representations and warranties truthfully as of the Closing Date.

SECTION 11.3. Representations and Warranties of Buyer. Buyer makes the following representations, warranties and covenants to Seller:

(a) Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Idaho, and licensed to do business in the State of California. Buyer has the right, power and authority to enter into this Agreement and to perform its obligations hereunder. The persons executing this Agreement on behalf of Buyer have the right, power and authority to bind Buyer to this Agreement.

(b) This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally. This Agreement does not violate any provision of any material agreement or document to which Buyer is a party or by which Buyer is bound.

(c) There are no lawsuits, claims, suits, proceedings or investigations pending or, to Buyer's knowledge, threatened against Buyer arising out of or concerning Buyer's purchase of the Property. There are no actions, suits or proceedings pending or, to Buyer's knowledge, threatened against Buyer which question the legality or propriety of the transactions contemplated by this Agreement.

(d) Buyer has examined or will examine the Property, is familiar with its physical condition and, except as otherwise expressly set forth in this Agreement, accepts the Property in an "as is" condition. Seller has not made and does not make any representations as to the physical condition of the Property.

(e) Buyer has conducted or will conduct, at its discretion, an independent investigation with respect to general plan designations, and zoning, ordinances, resolutions and regulations of all authorities having jurisdiction over the Property and the use and improvement of the Property. Seller has not made representations to Buyer on any of these matters.

(e) Buyer has been provided a copy of the Lease, which includes the original lease and the lease amendments, which pertains to the Tenant that currently occupies a portion of the Property being purchased by Buyer. Buyer acknowledges that the Lease shall expire on February 28, 2021, and that the Tenant has the option to extend the Lease up to February 28, 2026.

(f) Buyer acknowledges and agrees that, concurrently with the Closing, the Parties shall execute a leaseback agreement for Seller's continued

occupation of the Property for a term of up to five (5) years, and subject to certain other terms and conditions set forth in a separate agreement.

All representations and warranties of Buyer in this Agreement are made as of the date of this Agreement and as of the Closing, and shall survive the Closing and the recordation of the Grant Deed for a period of three (3) years. Buyer shall be in a material default if Buyer is unable to make such representations and warranties truthfully as of the Closing Date.

ARTICLE XII

ADDITIONAL COVENANTS

SECTION 12.1. Notification by Seller of Certain Matters. During the period before the Closing, either Party shall advise the other as soon as reasonably possible or practical in writing of any material adverse change in the condition of the Property that comes to its attention, the discovery of any fact or event which would render any representation or warranty of such Party in this Agreement untrue or materially misleading, and the receipt of any written notice or other communication from any third person alleging that the consent of such third person is or may be required in connection with the transactions contemplated by this Agreement.

SECTION 12.2. No Encumbrance. Seller shall not, directly or indirectly, alienate, encumber, transfer, option, lease, assign, sell, transfer or convey its interest or any portion of such interest in the Property or any portion thereof prior to the Closing. Each Party shall timely discharge, before the Closing, any and all obligations relating to work performed on or conducted at or materials delivered to the Property from time to time by such Party, or at such Party's direction or on its behalf, in order to prevent the filing of any claim or mechanic's lien with respect to such work or materials.

SECTION 12.3. Cooperation. Seller shall (and Seller shall use its reasonable efforts to cause its consultants, engineers, contractors and lenders, if any, and any other persons with an interest in the Property to) reasonably cooperate with Buyer in connection with Buyer's feasibility investigations under this Agreement, provided that such cooperation shall be at no material cost to Seller.

ARTICLE XIII

INDEMNIFICATION; TERMINATION; RELEASE

SECTION 13.1. Pre-Closing Contested Matters. In the event that the sale of the Property to Buyer is contested in writing prior to the Closing by any person or entity on the grounds that Seller has not complied with the Surplus Property Laws (a "Pre-Closing Contested Matter"), and based upon the facts and circumstances, there is significant exposure to litigation with respect to this transaction, Buyer shall have the right to terminate Escrow. If Buyer elects to terminate Escrow pursuant to this Section 13.1, then (a) Buyer and Seller shall

each pay one-half (1/2) of all Escrow Cancellation Charges, (b) Escrow Holder shall pay the Deposit to Buyer, (c) Escrow Holder shall immediately return all other documents, instruments and moneys to the Party that deposited same, and (d) the Escrow shall be terminated. In the event that Buyer elects not to terminate Escrow under this Section 13.1. and instead elects to proceed with the purchase of the Property notwithstanding a Pre-Closing Contested Matter, then Buyer shall indemnify, defend, and hold harmless Seller from and against any losses, costs, expenses or liabilities Seller incurs in connection with such Pre-Closing Contested Matter.

SECTION 13.2. Post-Closing Contested Matters. Buyer shall indemnify, defend and hold Seller harmless from any and all claims, obligations and/or liabilities arising out of any procedural defect under Seller's control which might invalidate the provisions of this Agreement or the delivery of title to the Property, including the Surplus Property Laws, that arise after Closing.

SECTION 13.3. Seller Released from Liability. Buyer has fully reviewed the disclaimers and waivers set forth in this Agreement with its counsel and understands the significance and effect thereof. Buyer acknowledges and agrees that the disclaimers and other agreements set forth in this Agreement are an integral part of this Agreement and that Seller would not have agreed to sell the Property to Buyer for the Purchase Price without this disclaimer and other agreements set forth in this Agreement.

Without limiting the generality of the foregoing, but subject to the express representations set forth in this Agreement or in the documents to be delivered by Seller at Closing, Buyer, on behalf of itself and its heirs, successors and assigns, hereby expressly waives, relinquishes, acquits, forever discharges and releases any and all past, present or future, fixed or contingent, matured or unmatured, liquidated or unliquidated, claims, causes of action, cross-claims, liabilities, rights, remedies, demands (including letter-demands, notices or inquiries from any person or governmental or quasi-governmental authority or agency), penalties, assessments, damages, requests, suits, lawsuits, costs (including attorneys' fees and expenses), actions, administrative proceedings or orders of whatever nature, character, type or description, whenever and however occurring, whether at law or in equity and whether sounding in tort or contract or any statutory or common law claim or remedy of any type (collectively, "**Claims**"), Buyer or any of its heirs, successors or assigns may now or hereafter have against Seller, whether known or unknown, with respect to the Property and the transactions contemplated by this Agreement, including, without limitation, (a) any latent or patent defect in the improvements and geological conditions of the Property, including, without limitation, subsidence and subsurface conditions; and (b) any past, present or future presence or existence of Hazardous Materials on, under or about the Property or with respect to any past, present or future violations of any rules, regulations, laws, ordinances or policies now or hereafter enacted regulating or governing the use, handling, storage or disposal of Hazardous Materials, including, without limitation (i) any and all rights Buyer may now or hereafter have to seek contribution from Seller under Section 113(f)(i) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("**CERCLA**"), as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C.A. § 9613), as the

same may be further amended or replaced by any similar law, rule or regulation, (ii) any and all Claims, whether known or unknown, now or hereafter existing, with respect to the Property under Section 107 of CERCLA (42 U.S.C.A. § 9607) and (iii) any and all rights Buyer may have under any other environmental or health and safety statute, law, rule, regulation, policy or ordinance.

Buyer hereby further agrees as follows:

Buyer acknowledges that there is a risk that subsequent to the execution of the release set forth herein, Buyer may discover, incur or suffer from Claims which were unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which, if known by Buyer on the date this Agreement is being executed, may have materially affected Buyer's decision to execute this Agreement. Buyer acknowledges that Buyer is assuming the risk of such unknown and unanticipated Claims and agrees that this release applies thereto. Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which reads 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.

Buyer represents and warrants that Buyer has been represented by independent counsel of Buyer's own choosing in connection with the preparation and review of the release set forth herein, that Buyer has specifically discussed with such counsel the meaning and effect of this release and that Buyer carefully read and understands the scope and effect of each provision contained herein. Buyer further represents and warrants that Buyer does not rely and has not relied upon any representation or statement made by Seller or any of its representatives, agents, partners, members, employees, attorneys or officers with regard to the subject matter, basis or effect of this release.

Buyer represents and warrants to Seller that Buyer has not and shall not assign or transfer or purport to assign or transfer any Claim or Claims or any portion thereof or any interest therein to any party who does not acquire an interest in the Property or this Agreement and agrees to indemnify, defend and hold Seller harmless from and against any Claim or Claims based on or arising out of, whether directly or indirectly, any such assignment or transfer or purported assignment or transfer.

ARTICLE XIV

DAMAGE/DESTRUCTION/CONDEMNATION

SECTION 14.1. Damage or Destruction.

(a) In the event of damage or destruction of the Property or any portion of the Property prior to the Closing Date in an amount not exceeding Two Hundred Thousand Dollars (\$200,000.00), Buyer and Seller shall consummate this Agreement without change in the Purchase Price, in which event Seller shall assign to Buyer all of Seller's rights under any insurance policy covering the damage or destruction of the Property; provided that such insurance coverage shall only take effect with respect to the Improvements if one of the Parties (or any tenant of Buyer) will reoccupy the damaged portion of the Improvements after the Closing, and further provided that if neither Party (or any tenant of Buyer) will reoccupy the damaged portion of the Improvements after the Closing, then Buyer shall only be entitled to insurance coverage on a demolition basis with respect to such Improvements.

(b) In the event of damage or destruction of the Property or any portion of the Property prior to the Closing Date in an amount in excess of Two Hundred Thousand Dollars (\$200,000.00), Buyer may elect either to terminate this Agreement upon written notice to Seller and Escrow Holder or to consummate this Agreement, in which event Seller shall assign to Buyer all of Seller's rights under any insurance policy covering the damage or destruction, but without the indemnity and guarantee provided in subsection (a) above. If Buyer terminates pursuant to this Section, (i) neither Party shall have any rights or responsibilities to the other, (ii) the Deposit shall be promptly returned to Buyer, (iii) any Escrow Cancellation Charges connected with this termination shall be shared one-half (½) by Buyer and one-half (½) by Seller, and (iv) Escrow Holder shall immediately return all documents, instruments and money to the Party that deposited same.

SECTION 14.2. Condemnation.

(a) If, prior to the Closing Date, all of the Property is taken by eminent domain, or is the subject of a pending taking which has not been consummated, Seller shall immediately notify Buyer of the event. In this event, this Agreement shall be immediately terminated. On termination of this Agreement, (i) neither Party shall have any rights or responsibilities to the other, and (ii) the Deposit shall be promptly returned to Buyer. In this event, any Escrow Cancellation Charges in connection with the termination shall be shared one-half (½) by Buyer and one-half (½) by Seller.

(b) If, prior to the Closing Date, a material portion but not all of the Property is taken by eminent domain, or is the subject of a pending taking which has not been consummated, Seller shall immediately notify Buyer of this event. Buyer shall then have the right to terminate this Agreement by written notice to Seller delivered within ten (10) business days after Buyer's receipt of this notice, if Buyer determines that the portion of the Property subject to being taken would materially and adversely affect Buyer's intended use of the Property. If Buyer elects not to exercise the right to terminate pursuant to this Section, Seller shall assign and deliver to Buyer, and Buyer shall be entitled to receive, all awards, otherwise payable to Seller, for the taking by eminent domain. The Parties shall proceed to the Closing Date pursuant to the terms of this Agreement, except as necessitated by eminent domain action, and without any reduction in the Purchase Price. If Buyer terminates pursuant to this Section, (i) neither Party shall have any rights or responsibilities to the other, (ii) the Deposit shall be promptly returned to Buyer, (iii) any Escrow Cancellation Charges connected with this termination shall be shared one-half (1/2) by Buyer and one-half (1/2) by Seller, and (iv) Escrow Holder shall immediately return all documents, instruments and money to the Party that deposited same.

ARTICLE XV

REMEDIES

SECTION 15.1. Buyer's Remedies. If the Closing does not occur by reason of Seller's default hereunder, Buyer shall be entitled to pursue any remedies to which Buyer may be entitled under this Agreement, at law and/or in equity, including, without limitation, the right to specifically enforce this Agreement, to record a notice of pendency of action against any of the Property and/or to pursue an action for damages; provided, however, that Buyer shall exercise the remedies of specific performance and recordation of a notice of pendency of action against the Property within sixty (60) days after delivery of the written notice of Seller's default or such remedies shall be deemed waived by Buyer.

The Parties witness their agreement to this limitation on Buyer's right to specific performance and recordation of a notice of pendency of action against the Property by initialing this Section 15.1.

Initials of Buyer: _____

Initials of Seller: _____

SECTION 15.2. Seller's Remedies. If the Closing does not occur solely by reason of Buyer's default hereunder, Seller shall be released from the obligation to sell Property to Buyer and Seller shall be entitled to receive the Deposit as liquidated damages for this failure. Escrow Holder shall deliver the Deposit to Seller on failure of Buyer to close the Escrow provided in this Agreement, less any portion of the Deposit previously disbursed to Seller. The Parties agree that it would be impractical or extremely difficult to fix actual damages if Buyer fails to close the Escrow, and that the foregoing amount is a reasonable estimate of these

damages and that Seller shall retain the sums set forth in this provision as Seller's sole and exclusive right to damages.

The Parties witness their agreement to these liquidated damages and waiver of specific performance provision by initialing this Section 17.2.

Initials of Buyer: _____

Initials of Seller: _____

ARTICLE XVI

REAL ESTATE BROKERAGE COMMISSION

Buyer represents and warrants that it has not dealt with or been represented by any brokers or finders in connection with the purchase and sale of the Property. Seller represents and warrants that it has not dealt with or been represented by any brokers or finders other than Sage Realty Group, Inc. ("Seller's Broker") in connection with the purchase and sale of the Property, and that Seller shall pay Seller's Broker any and all real estate commissions owed to it pursuant to a separate written agreement. Each Party shall indemnify and hold the other free and harmless from and against all costs and liabilities including, without limitation, attorneys' fees and the costs and expenses of litigation or other proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying Party in connection with this transaction. The Parties further agree that no broker shall be a party to or a third party beneficiary of this Agreement or the Escrow, and that no consent of any broker shall be necessary for any agreement, amendment or document with respect to the transactions contemplated by this Agreement.

ARTICLE XVII

OPERATION OF PROPERTY THROUGH CLOSING DATE

Seller hereby covenants with Buyer that, before the Closing Date or earlier termination of this Agreement, Seller shall not enter into or amend any lease, service contract or any other agreement or contract materially and adversely affecting or relating to the Property that will survive the Closing Date without the prior written consent of Buyer, which consent may be withheld in Buyer's sole discretion. Seller shall not permit or suffer the release or disposal of any asphalt/fill material or other Hazardous Substance on the Property.

ARTICLE XVIII

MISCELLANEOUS

SECTION 18.1. *Assignment.* Prior to the execution of this Agreement, Pacific West assigned its rights to purchase the Property to Buyer. Pacific West and Buyer acknowledge and agree that such assignment shall not release Pacific West from any obligations to Seller related to the transaction contemplated hereunder. Neither Party shall

assign this Agreement or its rights and obligations hereunder without obtaining the other Party's consent, which consent shall not unreasonably be withheld; provided, however, that without Seller's consent, Buyer may assign its rights and delegate its duties under this Agreement to an entity of which Buyer is the manager or managing member (or otherwise has day to day management control), provided that written notice of such assignment is given to Seller and Escrow Holder at least five (5) days before the Closing Date, and provided further that Buyer shall not be released from its obligations hereunder.

SECTION 18.2. No Modifications. No addition to or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by both Seller and Buyer.

SECTION 18.3. Construction of Agreement. Each Party and attorneys for each Party have participated in the drafting and preparation of this Agreement. Therefore, the provisions of this Agreement shall not be construed in favor of or against either Party, but shall be construed as if both Parties equally prepared this Agreement.

SECTION 18.4. Headings. The Article and Section headings herein are used for the purpose of convenience only and shall not be deemed to limit the subject of the Articles or Sections of this Agreement or to be considered in their construction. Unless otherwise specifically referring to another instrument or document, references to "Articles" or "Sections" refer to the Articles and Sections of this Agreement.

SECTION 18.5. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California without regard to its conflict of laws principles. The Parties agree that the jurisdiction and venue of any action brought pursuant to this Agreement properly lies in the state or federal courts located in County of Ventura, State of California. Buyer hereby irrevocably submits itself to the jurisdiction of the Courts of the State of California, Ventura County, and the jurisdiction of the United States District Court for the Central District of California for the purpose of any suit, action or other proceeding arising out of or related to this Agreement. Buyer hereby waives and expressly agrees not to assert, in any way, any claim or allegation that it is not personally subject to the jurisdiction of the courts named above. Buyer further agrees to waive any claim or allegation that the suit, action, or proceeding is either brought in an inconvenient forum or that the related venue is improper.

SECTION 18.6. Time of the Essence. Time is of the essence of each and every provision of this Agreement. Unless business days are expressly provided for, all references to "days" herein shall refer to consecutive calendar days. If the Closing Date or any other date or time period provided for in this Agreement is or ends on a Saturday, Sunday or federal, state or legal holiday, such date shall automatically be extended to the next day which is not a Saturday, Sunday or federal, state or legal holiday.

SECTION 18.7. Successors and Assigns. Subject to the provisions of Section

20.1, all of the provisions of this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Parties.

SECTION 18.8. Further Assurances. Each of the Parties shall execute and deliver any and all additional papers, documents, and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations hereunder and to carry out the intent of this Agreement. Without limiting the generality of the foregoing and subject to the provisions of Section 12.3 hereof, Seller shall cooperate with Buyer by executing such documents and providing to Buyer or the appropriate Authorities such items as Buyer or the appropriate Authorities may reasonably request, and Seller shall reasonably cooperate under any covenants, conditions and restrictions affecting the Property so as to facilitate Buyer's development of the Property, provided such reasonable cooperation entails no material additional cost or expense to Seller.

SECTION 18.9. No Waiver. The waiver by one Party of the performance of any covenant, condition or promise, or of the time for performing any act, under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such Party of any other covenant, condition or promise, or of the time for performing any other act required, under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

SECTION 18.10. Severability. If any provision of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining provisions of this Agreement shall not be affected thereby and shall remain in force and effect to the full extent permissible by law.

SECTION 18.11. Gender and Number. In this Agreement the masculine, feminine and neuter genders and the singular and the plural include one another, unless the context requires otherwise.

SECTION 18.12. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations, negotiations and understandings of the Parties, oral or written, including any letters of intent. The foregoing sentence shall in no way affect the validity of any instrument or document executed by the Parties in the form of the exhibits attached to this Agreement.

SECTION 18.13. Incorporation of Exhibits. All exhibits to this Agreement are incorporated herein by this reference.

SECTION 18.14. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without

impairing the legal effect of the signatures thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by the other Party. Counterparts may be delivered by facsimile or scanned PDF transmitted by email, provided that original executed counterparts are delivered to the recipient on the next business day following the facsimile or email transmission.

SECTION 18.15. Attorneys' Fees. If any action or proceeding is instituted to enforce or interpret any provision of this Agreement, the prevailing Party therein shall be entitled to recover its attorneys' fees and costs from the losing Party.

SECTION 18.16. Notices. Any notice to be given hereunder to either Party or to Escrow Holder shall be in writing and shall be given either by personal delivery (including express or courier service), or by registered or certified mail, with return receipt requested, postage prepaid and addressed as follows:

(a) If to Seller: Rio School District
2500 E. Vineyard Avenue
Oxnard, California 93036
Attention: John Puglisi, Superintendent
Telephone: (805) 485-3111
Email: jpuglisi@rioschools.org

With copies to: Myers, Widders, Gibson, Jones &
Feingold, L.L.P.
5425 Everglades Street, P.O. Box 7209
Ventura, California 93006
Attention: Monte L. Widders, Esq. and
Jacquelyn D. Ruffin, Esq.
Telephone: (805) 644-7188
Facsimile: (805) 644-7390
Email: mwidders@mwgjlaw.com
and jruffin@mwgjlaw.com

and to: Sage Realty Group, Inc.
2945 Townsgate Road, Suite 200
Westlake Village, California 91361
Attention: Dr. Joel Kirschenstein
Telephone: (805) 497-8557
Facsimile: (805) 496-4939
Email: joel@sagerealtygroup.com

(b) If to Buyer: 2500 E Vineyard Avenue LLC
430 E State Street, Suite 100
Eagle, ID 83616
Attention: Caleb Roope

Telephone: (208) 461-0022
Facsimile: (208) 461-0033
Email: CalebR@TPCHousing.com

With a copy to: GIVENS PURSLEY, LLP
601 w Bannock St.
Boise, ID 83701
Attention: Chris Beeson
Telephone: (208) 388-1214
Facsimile: (208) 388-1300
Email: Chrisbeeson@givenspursley.com

(c) If to Escrow Holder: Lawyers Title Company
2751 Park View Court, Suite 241
Oxnard, California 93036
Attention: Shirley Franks
Telephone: (805) 484-2701, extension 275
Facsimile: (818) 394-4820
Email: sfranks@ltic.com

(d) If to Title Company: Lawyers Title Company
2751 Park View Court, Suite 241
Oxnard, California 93036
Attention: Tom Coulter
Telephone: (805) 443-7933
Facsimile: (818) 394-4820
Email: tcoulter@ltic.com

Either Party may, by written notice to the other and to Escrow Holder, designate a different address which shall be substituted for the one specified above. Any such notice shall be deemed to have been delivered upon its receipt or upon the second attempt at delivery, as evidenced by the regular records of the person or entity attempting delivery.

SECTION 18.17. Relationship of Parties. The Parties agree that their relationship is that of Seller and Buyer, respectively, and that nothing contained herein shall make either Party the fiduciary of the other for any purpose whatsoever, nor shall this Agreement be deemed to create any form of business organization between the Parties, including, without limitation, a joint venture or partnership, nor is either Party granted any right or authority to assume or create any obligation or responsibility on behalf of the other Party, nor shall either Party be in any way liable for any debt of the other.

SECTION 18.18. Survival. The agreements, representations, covenants and warranties of the Parties contained herein shall survive the Closing and the delivery of the Grant Deed for a period of three (3) years.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

“Seller”

Rio School District, a political subdivision of the State of California

By: _____
Dr. John Puglisi, Superintendent

By: _____
Kristen Pifko, Assistant Superintendent

“Buyer”

2500 E VINEYARD AVENUE LLC,
an Idaho limited liability company

By: PACIFIC WEST COMMUNITIES, INC.
an Idaho corporation, Manager

By: _____
Name: _____
Its: _____

EXHIBIT A-1

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided in deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

EXHIBIT A-2

SITE LOCATION/AERIAL PHOTOGRAPH



EXHIBIT B

GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Attention:

MAIL TAX STATEMENTS TO:

Same as above

Space Above for Recorder's Use Only

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **RIO SCHOOL DISTRICT**, a political subdivision of the State of California, does hereby grant to **2500 E VINEYARD AVENUE LLC**, an Idaho limited liability company, the real property described on Exhibit "1" attached hereto and incorporated herein by reference, together with all appurtenant improvements, rights, easements, tenements and estates.

Dated: June 30, 2017

Rio School District, a political subdivision of the
State of California

By: _____
Dr. John Puglisi, Superintendent

By: _____
Kristen Pifko, Assistant Superintendent

ACKNOWLEDGMENT

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)
)S.S.
COUNTY OF _____)

On _____ 201__, before me, _____, a Notary Public in and for said County and State, personally appeared, _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

(Notary Seal)

ACKNOWLEDGMENT

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 }
 }S.S.
COUNTY OF _____}

On _____ 201__, before me, _____, a Notary Public in and for said County and State, personally appeared, _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

(Notary Seal)

EXHIBIT "1" TO GRANT DEED

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided in deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

Exh. B

EXHIBIT C

HAZARDOUS SUBSTANCES

The term “**Hazardous Substance**” as used in this Agreement shall include, without limitation, any substance, chemical, compound, waste, material or mixture which is (or which contains or is the decomposition product of any substance, chemical compound, or mixture which is):

(i) a “Hazardous Substance”, “Hazardous Material”, “Hazardous Waste”, or “Toxic Substance” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et seq., or the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq.;

(ii) an “Extremely Hazardous Waste”, a “Hazardous Waste”, or a “Restricted Hazardous Waste”, under §§ 25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to §§ 25140 or 44321 of the California Health and Safety Code;

(iii) a “Designated Waste” under California Water Code § 13173;

(iv) a “Hazardous Material”, “Hazardous Substance”, “Hazardous Waste”, “Toxic Air Contaminant”, or “Medical Waste” under §§ 25281, 25316, 25317, 25501, 25501.1, 25023.2 or 39655 of the California Health and Safety Code;

(v) “Oil” or a “Hazardous Substance” listed or identified pursuant to § 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1321, as well as any other hydrocarbonic substance, by-product or waste;

(vi) listed or defined as a “Hazardous Waste”, “Extremely Hazardous Waste”, or an “Acutely Hazardous Waste” pursuant to Chapter 11 of Title 22 of the California Code of Regulations;

(vii) listed by the State of California as a chemical known by the State to cause cancer or reproductive toxicity pursuant to § 25249.8(a) of the California Health and Safety Code;

(viii) a material which due to its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, damages or threatens to damage, human or animal health, public or worker safety, or the environment, or is required by any law or public agency to be remediated, including remediation which such law or public agency requires in order for the property to be put to any lawful purpose;

(ix) any material the presence of which would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field Manual, whether or not the presence of such material resulted from a leaking underground fuel tank;

(x) pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.;

(xi) radon, asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq. or other applicable laws;

(xii) any radioactive material including, without limitation, any “source material”, “special nuclear material”, “by-product material”, “low-level wastes”, “high-level radioactive waste”, “spent nuclear fuel” or “transuranic waste”, “special waste” and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. §§ 2011 et seq., the Nuclear Waste Policy Act, 42 U.S.C. §§ 10101 et seq., or pursuant to the California Radiation Control Law, California Health and Safety Code §§ 25800 et seq.;

(xiii) industrial process and pollution control wastes, whether or not “hazardous” within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq. or the Hazardous Waste Control Act, California Health and Safety Code §§ 25100 et seq.;

(xiv) regulated under the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq., or the California Occupational Safety and Health Act, California Labor Code §§ 6300 et seq.;

(xv) regulated under the Clean Air Act, 42 U.S.C. §§ 7401 et seq. or pursuant to Division 26 of the California Health and Safety Code; and/or

(xvi) any condition or circumstance in violation of the common law, including without limitation one which constitutes a material nuisance, waste, trespass or which results in objectionable odors, dust or otherwise adversely and materially impacts use of the subject real property.

EXHIBIT D

ASSIGNMENT AND BILL OF SALE

This Assignment and Bill of Sale is made as of June 30, 2017 by **RIO SCHOOL DISTRICT**, a political subdivision of the State of California (“Assignor”), in favor of 2500 E VINEYARD AVENUE LLC, an Idaho limited liability company (“Assignee”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby sells, conveys, grants, delivers, transfers and assigns to Assignee, without representation or warranty of any kind whatsoever, all of Assignor’s right, title and interest in, to and under any and all of the following items, to the extent that they are related to that certain Property located in the County of Ventura, State of California, which is more particularly described in Exhibit 1 attached hereto and incorporated herein by this reference (“Property”):

(a) All governmental zoning, use, occupancy and operating permits, development agreements and entitlements, and all other government permits, licenses, approvals and certificates obtained in connection with the Property; and

(b) All plans and specifications for buildings, structures and fixtures located on the Property, whether existing or anticipated.

The provisions of this Assignment shall be binding upon and shall inure to the benefit of the successors and assigns of Assignor and Assignee, respectively.

RIO SCHOOL DISTRICT,
a political subdivision of the State of California

By: _____
Dr. John Puglisi, Superintendent

By: _____
Kristen Pifko, Assistant Superintendent

“Assignor”

EXHIBIT 1 TO ASSIGNMENT AND BILL OF SALE

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided in deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

EXHIBIT E

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of an U.S. Property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of an U.S. Property interest by **RIO SCHOOL DISTRICT**, a political subdivision of the State of California (“Transferor”), the undersigned certifies the following on behalf of Transferor:

(i) Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

(ii) Transferor’s U.S. employer identification number is _____; and

(iii) Transferor’s office address is 2500 E. Vineyard Avenue, Oxnard California 93036.

(iv) Transferor understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this certification, to the best of my knowledge and belief it is true, correct, and complete. I further declare that I have authority to sign this document on behalf of Transferor.

Dated: _____, 201__

RIO SCHOOL DISTRICT,
a political subdivision of the State of California

By: _____
Dr. John Puglisi, Superintendent

By: _____
Kristen Pifko, Assistant Superintendent

“Transferor”

EXHIBIT F

ESCROW HOLDER ACKNOWLEDGEMENT AND ACCEPTANCE

Lawyers Title Company hereby acknowledges that it has received a fully-executed counterpart of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement") and agrees to act as Escrow Holder under the Agreement and to be bound by and perform the terms thereof as such terms apply to Escrow Holder, including, but not limited to, the provisions of Section 4.2 of the Agreement.

The date of Opening of Escrow is _____.
The Escrow No. for this transaction is _____.

LAWYERS TITLE COMPANY, Oxnard CA

By: _____
Shirley Franks, Escrow Holder

EXHIBIT G
PROMISSORY NOTE

PROMISSORY NOTE SECURED BY DEED OR TRUST

\$2,950,000.00

June 30, 2017

FOR VALUE RECEIVED, the undersigned, 2500 E VINEYARD AVENUE LLC, an Idaho limited liability company ("**Borrower**"), hereby promises to pay to RIO SCHOOL DISTRICT, a political subdivision of the State of California ("**Lender**"), at 2500 E Vineyard Avenue, Oxnard, California 93036 (or such address directed in writing by Lender), in lawful money of the United States of America, the principal sum of **Two Million Nine Hundred Fifty Thousand and No/100ths Dollars (\$2,950,000.00)**, plus accrued interest, on the terms and in the manner as specified below.

1. Payments of Principal and Interest. Principal under this Promissory Note (this "**Note**") shall be payable together with interest thereon at the rate of 6% per annum, which shall be paid in arrears, in monthly payments of interest only, commencing on August 1, 2017, and continuing on the first day of each month thereafter until November 1, 2017, when all remaining interest and principal shall be due and payable in full.

2. Prepayment. This Note may be prepaid at any time without penalty at borrower's option.

3. Events of Default. The following are each an "**Event of Default**" and collectively, "**Events of Default**":

1.1 Any failure by Borrower to perform or observe any of the covenants, terms or provisions of this Promissory Note or the Deed of Trust executed by Borrower of even date herewith (the "**Deed of Trust**"), and Borrower fails to cure such default after a period of five (5) business days; or

1.2 If Borrower (i) admits in writing Borrower's inability to pay generally Borrower's debts as they mature, or (ii) makes a general assignment for the benefit of creditors, or (iii) is adjudicated as bankrupt or insolvent, or (iv) files a voluntary petition in bankruptcy, or (v) takes advantage, as against Borrower's creditors, of any bankruptcy law or statute of the United States or any state or subdivision thereof now or hereafter in effect, or (vi) has a petition or proceeding filed against Borrower under any provision of any bankruptcy or insolvency law or statute of the United States or any state or subdivision thereof, which petition or proceeding is not dismissed within sixty (60) days after the date of the commencement thereof, or (vii) has a receiver, liquidator, trustee, custodian, conservator, sequestrator or other such person appointed by any court to take charge of Borrower's affairs or assets or business and such appointment is not vacated or discharged within sixty (60) days thereafter.

4. Remedies on Default. If any Event of Default shall occur and be continuing, Lender shall, in addition to any and all other available rights and remedies, have the right, at its option (a) to declare the unpaid principal balance of this Note, together with all unpaid accrued

interest hereunder, to be immediately due and payable, and (b) to pursue any and all available remedies for collection.

5. Default Interest Payments. So long as any uncured default exists hereunder, regardless of whether or not there has been an acceleration of the indebtedness evidenced hereby, and at all times after maturity of the indebtedness evidenced hereby (whether by acceleration or otherwise), interest shall accrue on the outstanding principal balance of this Note at a rate per annum of twelve percent (12%), which interest shall be immediately due and payable.

6. Deed of Trust to Secure Loan. This Note and Borrower's obligations hereunder are secured by all of Borrower's interest in that certain real property situated in the City of Oxnard, County of Ventura, California, commonly known as 2500 E Vineyard Avenue, Oxnard, California, and such other property and upon such terms and conditions as more fully set forth in the Deed of Trust. The Deed of Trust and the provisions thereof shall be interpreted together with the provisions of this Note.

7. Cumulative Remedies. No right or remedy conferred upon Lender under this Note is intended to be exclusive of any other right or remedy contained herein and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and/or now or hereafter existing at law or in equity.

8. Waivers; Course of Dealing. Borrower hereby waives presentment for payment, protest, dishonor, nonpayment, default, and notice of any and all of the foregoing. No course of dealing between Borrower and Lender, or any failure or delay on the part of Lender in exercising any rights or remedies, or any single or partial exercise of any rights or remedies, shall operate as a waiver or preclude the exercise of any other rights or remedies available to Lender.

9. Governing Law; Venue. This Note shall be deemed to be a contract made under the laws of the State of California and shall be governed by, and construed in accordance with, the laws of the State of California. Any mediation, arbitration or similar proceeding concerning this Note shall be initiated and conducted in the County of Ventura, State of California. Borrower hereby irrevocably submits itself to the jurisdiction of the Courts of the State of California, Ventura County and the jurisdiction of the United States District Court for the Central District of California for the purpose of any suit, action or other proceeding arising out of or related to this Note. Borrower hereby waives and expressly agrees not to assert, in any way, any claim or allegation that it is not personally subject to the jurisdiction of the courts named above. Borrower further agrees to waive any claim or allegation that the suit, action, or proceeding is either brought in an inconvenient forum or that the related venue is improper.

10. Collection Costs. In the event that Lender shall, during the continuance of an Event of Default, turn this Note over to an attorney for collection, Borrower shall further be liable for and shall pay to Lender all collection costs and expenses incurred by Lender, including reasonable attorneys' fees and expenses; and Lender may take judgment for all such amounts in addition to all other sums due hereunder.

11. Binding Effect. This Note shall be binding upon Borrower and Borrower's successors and assigns and shall inure to the benefit of Lender, and any subsequent Lenders of this Note, and their successors and assigns.

12. Time. All times provided for in this Note for the performance of any act will be strictly construed, time being of the essence.

Dated: June 30, 2017.

"BORROWER"

2500 E VINEYARD AVENUE LLC,
an Idaho limited liability company

By: PACIFIC WEST COMMUNITIES, INC.
an Idaho corporation

Its: Manager

By: _____
Name: _____
Its: _____

EXHIBIT H
DEED OF TRUST

RECORDING REQUESTED BY:
RIO SCHOOL DISTRICT

WHEN RECORDED MAIL TO:

RIO SCHOOL DISTRICT
2500 E Vineyard Avenue
Sulte 100
Oxnard, CA 93036

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 145-0-231-075

DEED OF TRUST AND ASSIGNMENT OF RENTS - DUE ON SALE

This DEED OF TRUST, made 6/30/2017, between 2500 E VINEYARD AVENUE LLC, an Idaho limited liability company, herein called Trustor, whose address is 430 E State Street, Suite 100, Eagle, ID 83616 and LAWYERS TITLE COMPANY, herein called TRUSTEE, and RIO SCHOOL DISTRICT, a political subdivision of the State of California, herein called BENEFICIARY,

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in the County of Ventura, State of California, described as:
2500 E. Vineyard Avenue, Oxnard, CA 93036, and more further described as follows:

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided In deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

Deed of Trust and Assignment of Rents – Due on Sale

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesternly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: (1) Performance of each agreement of Trustor incorporated by reference or contained herein. (2) Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the **PRINCIPAL SUM OF \$2,950,000.00** executed by Trustor in favor of Beneficiary or order. (3) Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it so secured.

ALIENATION PROVISION: In the event Trustor(s) or their successor(s) sell, convey, alienate or transfer, in any manner, voluntarily or involuntarily, in whole or in part, the property described in the Deed of Trust, without the written consent of the beneficiary, the whole amount of the then unpaid principal sum and interest thereon shall become immediately due and payable, at the option of the beneficiary.

DO NOT RECORD

The following is a copy of provisions (1) to (14), inclusive, of the fictitious Deed of Trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as set forth at length therein.

To protect the Security of this Deed of Trust, Trustor Agrees:

Deed of Trust and Assignment of Rents – Due on Sale

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire Insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay; at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do, without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause

Deed of Trust and Assignment of Rents – Due on Sale

to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

Dated: _____

STATE OF CALIFORNIA }
COUNTY OF _____ }ss

On _____ before me

_____, Notary Public,

personally appeared _____

personally known to me (or 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.

SPACE ABOVE RESERVED FOR NOTARY SEAL

WITNESS my hand and official seal.

Signature _____

EXHIBIT "A"
TO DEED OF TRUST

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided in deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

PROMISSORY NOTE SECURED BY DEED OR TRUST

\$2,950,000.00

June 30, 2017

FOR VALUE RECEIVED, the undersigned, 2500 E VINEYARD AVENUE LLC, an Idaho limited liability company ("**Borrower**"), hereby promises to pay to RIO SCHOOL DISTRICT, a political subdivision of the State of California ("**Lender**"), at 2500 E Vineyard Avenue, Oxnard, California 93036 (or such address directed in writing by Lender), in lawful money of the United States of America, the principal sum of **Two Million Nine Hundred Fifty Thousand and No/100ths Dollars (\$2,950,000.00)**, plus accrued interest, on the terms and in the manner as specified below.

1. Payments of Principal and Interest. Principal under this Promissory Note (this "**Note**") shall be payable together with interest thereon at the rate of 6% per annum, which shall be paid in arrears, in monthly payments of interest only, commencing on August 1, 2017, and continuing on the first day of each month thereafter until November 1, 2017, when all remaining interest and principal shall be due and payable in full.

2. Prepayment. This Note may be prepaid at any time without penalty at borrower's option.

3. Events of Default. The following are each an "**Event of Default**" and collectively, "**Events of Default**":

1.1 Any failure by Borrower to perform or observe any of the covenants, terms or provisions of this Promissory Note or the Deed of Trust executed by Borrower of even date herewith (the "**Deed of Trust**"), and Borrower fails to cure such default after a period of five (5) business days; or

1.2 If Borrower (i) admits in writing Borrower's inability to pay generally Borrower's debts as they mature, or (ii) makes a general assignment for the benefit of creditors, or (iii) is adjudicated as bankrupt or insolvent, or (iv) files a voluntary petition in bankruptcy, or (v) takes advantage, as against Borrower's creditors, of any bankruptcy law or statute of the United States or any state or subdivision thereof now or hereafter in effect, or (vi) has a petition or proceeding filed against Borrower under any provision of any bankruptcy or insolvency law or statute of the United States or any state or subdivision thereof, which petition or proceeding is not dismissed within sixty (60) days after the date of the commencement thereof, or (vii) has a receiver, liquidator, trustee, custodian, conservator, sequestrator or other such person appointed by any court to take charge of Borrower's affairs or assets or business and such appointment is not vacated or discharged within sixty (60) days thereafter.

4. Remedies on Default. If any Event of Default shall occur and be continuing, Lender shall, in addition to any and all other available rights and remedies, have the right, at its option (a) to declare the unpaid principal balance of this Note, together with all unpaid accrued

interest hereunder, to be immediately due and payable, and (b) to pursue any and all available remedies for collection.

5. Default Interest Payments. So long as any uncured default exists hereunder, regardless of whether or not there has been an acceleration of the indebtedness evidenced hereby, and at all times after maturity of the indebtedness evidenced hereby (whether by acceleration or otherwise), interest shall accrue on the outstanding principal balance of this Note at a rate per annum of twelve percent (12%), which interest shall be immediately due and payable.

6. Deed of Trust to Secure Loan. This Note and Borrower's obligations hereunder are secured by all of Borrower's interest in that certain real property situated in the City of Oxnard, County of Ventura, California, commonly known as 2500 E Vineyard Avenue, Oxnard, California, and such other property and upon such terms and conditions as more fully set forth in the Deed of Trust. The Deed of Trust and the provisions thereof shall be interpreted together with the provisions of this Note.

7. Cumulative Remedies. No right or remedy conferred upon Lender under this Note is intended to be exclusive of any other right or remedy contained herein and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and/or now or hereafter existing at law or in equity.

8. Waivers; Course of Dealing. Borrower hereby waives presentment for payment, protest, dishonor, nonpayment, default, and notice of any and all of the foregoing. No course of dealing between Borrower and Lender, or any failure or delay on the part of Lender in exercising any rights or remedies, or any single or partial exercise of any rights or remedies, shall operate as a waiver or preclude the exercise of any other rights or remedies available to Lender.

9. Governing Law; Venue. This Note shall be deemed to be a contract made under the laws of the State of California and shall be governed by, and construed in accordance with, the laws of the State of California. Any mediation, arbitration or similar proceeding concerning this Note shall be initiated and conducted in the County of Ventura, State of California. Borrower hereby irrevocably submits itself to the jurisdiction of the Courts of the State of California, Ventura County and the jurisdiction of the United States District Court for the Central District of California for the purpose of any suit, action or other proceeding arising out of or related to this Note. Borrower hereby waives and expressly agrees not to assert, in any way, any claim or allegation that it is not personally subject to the jurisdiction of the courts named above. Borrower further agrees to waive any claim or allegation that the suit, action, or proceeding is either brought in an inconvenient forum or that the related venue is improper.

10. Collection Costs. In the event that Lender shall, during the continuance of an Event of Default, turn this Note over to an attorney for collection, Borrower shall further be liable for and shall pay to Lender all collection costs and expenses incurred by Lender, including reasonable attorneys' fees and expenses; and Lender may take judgment for all such amounts in addition to all other sums due hereunder.

11. Binding Effect. This Note shall be binding upon Borrower and Borrower's successors and assigns and shall inure to the benefit of Lender, and any subsequent Lenders of this Note, and their successors and assigns.

12. Time. All times provided for in this Note for the performance of any act will be strictly construed, time being of the essence.

Dated: June 30, 2017.

"BORROWER"

**2500 E VINEYARD AVENUE LLC,
an Idaho limited liability company**

**By: PACIFIC WEST COMMUNITIES, INC.
an Idaho corporation**

Its: Manager

**By: _____
Name: _____
Its: _____**

RECORDING REQUESTED BY:

RIO SCHOOL DISTRICT

WHEN RECORDED MAIL TO:

RIO SCHOOL DISTRICT
2500 E Vineyard Avenue
Suite 100
Oxnard, CA 93036

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 145-0-231-075

DEED OF TRUST AND ASSIGNMENT OF RENTS - DUE ON SALE

This DEED OF TRUST, made 6/30/2017, between 2500 E VINEYARD AVENUE LLC, an Idaho limited liability company, herein called Trustor, whose address is 430 E State Street, Suite 100, Eagle, ID 83616 and LAWYERS TITLE COMPANY, herein called TRUSTEE, and RIO SCHOOL DISTRICT, a political subdivision of the State of California, herein called BENEFICIARY,

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in the County of Ventura, State of California, described as:
2500 E. Vineyard Avenue, Oxnard, CA 93036, and more further described as follows:

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided in deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: (1) Performance of each agreement of Trustor incorporated by reference or contained herein. (2) Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the **PRINCIPAL SUM OF \$2,950,000.00** executed by Trustor in favor of Beneficiary or order. (3) Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it so secured.

ALIENATION PROVISION: In the event Trustor(s) or their successor(s) sell, convey, alienate or transfer, in any manner, voluntarily or involuntarily, in whole or in part, the property described in the Deed of Trust, without the written consent of the beneficiary, the whole amount of the then unpaid principal sum and interest thereon shall become immediately due and payable, at the option of the beneficiary.

DO NOT RECORD

The following is a copy of provisions (1) to (14), inclusive, of the fictitious Deed of Trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as set forth at length therein.

To protect the Security of this Deed of Trust, Trustor Agrees:

Deed of Trust and Assignment of Rents – Due on Sale

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do, without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving onto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause

to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

Dated: _____

STATE OF CALIFORNIA }
 }ss
 COUNTY OF _____ }

On _____ before me
 _____, Notary Public,

personally appeared _____

personally known to me (or 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.

SPACE ABOVE RESERVED FOR NOTARY SEAL

WITNESS my hand and official seal.

Signature _____

DO NOT RECORD

**REQUEST FOR FULL RECONVEYANCE
To be used only when note has been paid.**

A reconveyance will be issued upon presentation to _____ of this request properly signed and accompanied by the reconveyance fee, the Deed of Trust, the original Note or Notes secured by said Deed of Trust, and any receipt or document evidencing any other indebtedness secured thereby.

TO: _____, TRUSTEE:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now hold by you under the same.

Dated:

MAIL TAX RECONVEYANCE TO:

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee at for cancellation before reconveyance will be made.

4.2



Agenda Item Details

Meeting	Jun 21, 2017 - RSD Special Board Meeting
Category	4. Discussion/Action
Subject	4.2 Approval of Resolution No. 1617/34, Authorizing the District to Execute a Lease with Pacific West Communities, Inc., or Its Assignee, for the District Office, Subject to Certain Conditions.
Access	Public
Type	Action, Discussion
Recommended Action	It is recommended that the Board of Trustees ("Board") approve the attached resolution, which authorizes the District's administration to execute a leaseback agreement with 2500 E Vineyard Avenue, LLC, Pacific West's assignee, in the event that 2500 E Vineyard Avenue LLC successfully consummates the purchase of the District Office.

Public Content

Speaker:

Rationale:

In accordance with certain surplus property law procedures set forth in the Education Code and the Government Code, the District is in the process of disposing of the District Office located at 2500 E. Vineyard Avenue, Oxnard, California 93036. Pursuant to the surplus property process, Pacific West Communities, Inc. ("Pacific West") submitted a written bid to purchase the District Office for \$7,000,000.00, with closing on or before June 30, 2017. The District still occupies the portion of the building labeled the first floor of the District Office. Mission Produce, Inc. leases other space on the property. Pacific West has elected to assign the purchase agreement to 2500 E Vineyard Avenue, LLC, an Idaho limited liability company, in which Pacific West, or a wholly-owned affiliate of Pacific West, is the managing member. Notwithstanding this assignment, Pacific West would not be relieved of its obligations to the District under the purchase agreement or leaseback agreement. The attached resolution authorizes District staff to execute a leaseback agreement with Pacific West's assignee 2500 E Vineyard Avenue, LLC for the District's lease of the District Office, subject to the following conditions. First, District administration would only be authorized to execute the leaseback agreement in the event that 2500 E Vineyard Avenue, LLC successfully consummates its purchase of the District Office. Second, the leaseback agreement must be in the same form and contain the same material terms as the leaseback agreement attached to the resolution and prepared by the District's brokers. The material leaseback terms include the following: the leased premises would include the first floor of the building, which comprise approximately 10,034 square feet of rentable space, 40 parking spaces and certain common areas; a 5-year lease term, with an option to terminate earlier if the District's new administrative officers are ready for occupancy; a base rent of \$18,964.26 commencing July 1, 2017, with incremental increases on an annual basis; and certain insurance, common area, and public agency law provisions.

Pacific West offered to purchase the District Office for \$7,000,000.00, which is above the \$6,300,000.00 minimum bid price. However, Pacific West, on behalf of its assignee 2500 E Vineyard Avenue LLC, has requested that the purchase transaction close prior to June 30, 2017 in order to meet an Internal Revenue Section 1031 exchange deadline. If the purchase transaction closes on or before June 30, 2017, or any other time within the next several months, then the District would need to leaseback the District Office because the District still occupies the site. Fiscal Analysis Under the proposed leaseback agreement, the rental rates will be as follows: - \$18,964.26 commencing July 1, 2017, - \$19,533.19 commencing July 1, 2018, - \$20,119.18 commencing July 1, 2019, - \$20,722.76 commencing July 1, 2020, and - \$21,344.44 commencing July 1, 2021.

[2500 E Vineyard lease - final package for agenda.pdf \(1,730 KB\)](#)

Administrative Content

RIO SCHOOL DISTRICT

RESOLUTION NO. 1617/34

**AUTHORIZING THE DISTRICT TO EXECUTE A LEASE
WITH PACIFIC WEST COMMUNITIES, INC., OR ITS ASSIGNEE,
FOR THE DISTRICT OFFICE, SUBJECT TO CERTAIN CONDITIONS**

WHEREAS, Rio School District (the "District") is the owner of that certain parcel of real property located at 2500 E. Vineyard Avenue, Oxnard California 93036, which is more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Site"); and

WHEREAS, the District currently occupies the portion of the Site labeled as the first floor, and leases certain other portions of the Site to a third party; and

WHEREAS, as set forth in Resolution No. 1617/33, pursuant to certain surplus property laws set forth in the Education Code and the Government Code, the District intends to dispose of the Site to 2500 E Vineyard Avenue LLC, an Idaho limited liability company which is an assignee of Pacific West Communities, Inc., for a purchase price of \$7,000,000.00 with an outside closing date of June 30, 2017; and

WHEREAS, as set forth in Resolution No. 1617/33, in the event that Pacific West's assignee 2500 E Vineyard Avenue LLC successfully consummates the purchase of the Site, 2500 E Vineyard Avenue LLC has further offered to lease the Site back to the District for a period of up to 5 years in order to provide the District sufficient time to relocate its administrative offices, provided that the District shall have the option to terminate the lease earlier in the event that the District's new administrative offices are ready for occupancy at an earlier date; and

WHEREAS, the District and Pacific West's assignee 2500 E Vineyard Avenue LLC have now concluded negotiations for the leaseback agreement (the "Lease"), for a term of up to 5 years at a rental rate of 18,964.26 commencing July 1, 2017, \$19,533.19 commencing July 1, 2018, \$20,119.18 commencing July 1, 2019, \$20,722.76 commencing July 1, 2020, and \$21,344.44 commencing July 1, 2021, and additional terms and conditions set forth in that certain agreement which is attached hereto as Exhibit "B," with the final Lease to be executed only in the event that Pacific West's assignee 2500 E Vineyard Avenue LLC successfully consummates the purchase of the Site;

NOW, THEREFORE, be it hereby resolved that:

1. The foregoing recitals are true and correct.
2. The Board hereby delegates authority to the Superintendent, or the Superintendent's designee, to take such action as may be required to effectuate the purpose of this Resolution, including the execution of the Lease with Pacific West's assignee, 2500 E Vineyard Avenue LLC, successfully purchases the Site.

PASSED AND ADOPTED by the Board of Trustees at a special meeting held on the 21st day of June, 2017 by the following vote on roll call:

AYES:

NOES:

ABSENT:

ABSTAIN:

Joe Esquivel, President of the Board of Trustees

Eleanor Torres, Clerk of the Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the County of Ventura, State of California, described as follows:

Parcel 1:

Parcel A of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of Surface entry, as provided in deeds of records.

Depth: 500 feet

Parcel 2:

That portion of Parcel D, of Parcel Map 71-33, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel maps, in the Office of the County Recorder of said County, lying Southeasterly and Southerly of the Northeasterly prolongation of the Southeasterly line of Parcel B, as shown on said Parcel Map.

Except therefrom all oil, gas minerals, and other hydrocarbon substances lying below a depth shown below but with no right of surface entry, as provided in deeds of record.

Depth: 500 feet

Parcel 3:

A non-exclusive common use easement over a portion of Parcels B and D, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, being a strip of land 13.00 feet wide, the Southeasterly line thereof being that certain course and prolongation thereof shown as North 31°14'52" East, 121.04 feet.

The sidelines of said strip of land to be prolonged or shortened to terminate in the Northeasterly line of said Parcel D and the Southwesterly line of said Parcel B.

Parcel 4:

A non-exclusive common use easement over a portion of Parcel B, in the City of Oxnard, County of Ventura, State of California, as shown on a Parcel Map filed in Book 13 Page 99 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at the Northwesterly terminus of that certain course shown as North 58°45'08" West, 165.00 feet on said parcel maps; thence,

1st: North 31°14'52" East, 9.00 feet; thence,

2nd: South 58°45'08" East, 50.00 feet; thence,

3rd: South 31°14'52" West, 9.00 feet to a point in said certain course; thence along said course,

4th: North 58°45'08" West, 50.00 feet to the point of beginning.

Parcel 5:

That portion of Lot 90 of the Rancho Santa Clara del Norte, as shown on map recorded in Book 3 Page 26 of Miscellaneous Records (Maps), in the City of Oxnard, County of Ventura, State of California, in the Office of the County Recorder of said County, and that portion of Subdivision 91 of Rancho El Rio De Santa Clara O' La Colonia, as described as follows:

Commencing at the most Westerly corner of the land described in Director's Deed No. D-346.1 recorded January 28, 1973 in Book 4080 Page 715 of Official Records, in said office; thence along the Southwesterly line of said land South 57°49'25" East, 13.00 feet to the true point of beginning; thence,

1st: Southerly along a curve concave Easterly and having a radius of 30.00 feet, from a tangent which bears South 12°42'28" West, through an angle of 70°31'53", an arc distance of 36.93 feet; thence, tangent to said curve,

2nd: South 57°49'25" East, 100.63 feet to a tangent curve concave Southwesterly and having a radius of 235.00 feet; thence

3rd: Southeasterly along last said curve through an angle of 51°56'08" an arc distance of 213.02 feet; thence,

4th: North 84°06'43" East, 28.17 feet to that certain curve concave Southwesterly and having a radius of 250.00 feet described as Course No. 24 in Parcel 1 of the deed to the State of California (State Parcel 49766) recorded February 28, 1973 in Book 4080 Page 719 of Official Records, in said office; thence,

5th: Northwesterly along said certain curve through an angle of 51°01'20", an arc distance of 222.63 feet to the Southeasterly prolongation of said Southwesterly line; thence,

6th: Northwesterly along said Southeasterly prolongation and said Southwesterly line to said true point of beginning.

Assessor's Parcel No.: 145-0-231-075

EXHIBIT B

LEASEBACK AGREEMENT

STANDARD MULTI-TENANT OFFICE LEASE - GROSS

1. Basic Provisions ("Basic Provisions").

1.1 Parties. This Lease ("Lease"), dated for reference purposes only June 30, 2017, is made by and between 2500 E. VINEYARD AVE, LLC, an Idaho limited liability company ("Lessor") and Rio School District ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) Premises: That certain Portion of the Project (as defined below), commonly known as (street address, suite, city, state): 2500 Vineyard Ave, 1st Floor, Oxnard, CA ("Premises"). The Premises are located in the County of Ventura, and consist of approximately 10,034 rentable square feet and approximately 10,034 useable square feet. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." The Project consists of approximately 31,610 rentable square feet. (See also Paragraph 2)

1.2(b) Parking: 40 unreserved and 0 reserved vehicle parking spaces at a monthly cost of \$0 per unreserved space and \$0 per reserved space. (See Paragraph 2.6)

1.3 Term: 5 years and 0 months ("Original Term") commencing July 1, 2017 ("Commencement Date") and ending June 30, 2022 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession: If the Premises are available Lessee may shall have non-exclusive possession of the Premises commencing upon execution of this Lease ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$18,964.26 per month ("Base Rent"), payable on the First day of each month commencing July 1, 2017. (See also Paragraph 4)

If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 50.

1.6 Lessee's Share of Operating Expense Increase: Thirty-three percent (33 %) ("Lessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution:

(a) Base Rent: \$18,964.26 for the period July 1-31, 2017.

(b) Security Deposit: ("Security Deposit"). (See also Paragraph 5)

(c) Parking: for the period .

(d) Other: for .

(e) Total Due Upon Execution of this Lease: \$18,964.26.

1.8 Agreed Use: General office for School District Administration. (See also Paragraph 6)

1.9 Base Year; Insuring Party. The Base Year is 2017. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

1.10 Real Estate Brokers. (See also Paragraph 15 and 25)

(a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

represents Lessor exclusively ("Lessor's Broker");

represents Lessee exclusively ("Lessee's Broker"); or

Lee & Associates-LA North/Ventura, Inc. represents both Lessor and Lessee ("Dual Agency").

(b) Payment to Brokers. Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of or 0 % of the total Base Rent) for the brokerage services rendered by the Brokers.

1.11 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by ("Guarantor"). (See also Paragraph 27)

1.12 Business Hours for the Building: 7 a.m. to 7 p.m., Mondays through Fridays (except Building Holidays) and 9 a.m. to 1 p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and .

1.13 Lessor Supplied Services. Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

Janitorial services

Electricity

Other (specify):

1.14 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:

an Addendum consisting of Paragraphs 50 through 63;

a plot plan depicting the Premises;

a current set of the Rules and Regulations;

a Work Letter;

a janitorial schedule;

other (specify): Agency Disclosure.

2. Premises.

2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 Condition. Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 Compliance. Lessor warrants that to the best of its knowledge the Improvements on the Premises and the Common Areas comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 Acknowledgements. Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 Lessee as Prior Owner/Occupant. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 Vehicle Parking. So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow

away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.

2.7 Common Areas - Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 Common Areas - Lessee's Rights. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

- (a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;
- (d) To add additional buildings and improvements to the Common Areas;
- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 Delay In Possession. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 Lessee Compliance. Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 Operating Expense Increase. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase", in accordance with the following provisions:

- (a) "Base Year" is as specified in Paragraph 1.9.
- (b) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year;

provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "Operating Expenses":

(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.

(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

4.3 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

~~5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written~~

~~request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.~~

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) Reportable Uses Require Consent. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) Duty to Inform Lessor. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) Lessee Remediation. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) Lessee Indemnification. Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) Lessor Indemnification. Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) Investigations and Remediations. Lessor shall retain the responsibility and pay for any investigations or remediation

measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 Lessee's Compliance with Applicable Requirements. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations. Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to abuse or misuse. In addition, Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder."

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed

\$2000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Insurance Premiums.** The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).

8.2 Liability Insurance. (See Addendum)

(a) ~~Carried by Lessee. Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured- Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.~~

~~(b) Carried by Lessor. Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.~~

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The

amount of such Insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence.

~~(b) Rental Value. Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value Insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.~~

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

~~8.4 Lessee's Property, Business Interruption Insurance, Worker's Compensation Insurance.~~

~~(a) Property Damage. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.~~

~~(b) Worker's Compensation Insurance. Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a "Waiver of Subrogation" endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.~~

~~(c) Business Interruption. Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.~~

~~(d) No Representation of Adequate Coverage. Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.~~

~~8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.~~

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

~~8.8 Exemption of Lessor and Its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.~~

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will

be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Definitions.

(a) "Premises Partial Damage" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) "Premises Total Destruction" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "Insured Loss" shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. Real Property Taxes.

10.1 Definitions. As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address. "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 Payment of Taxes. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 Additional Improvements. Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 Services Exclusive to Lessee. Notwithstanding the provisions of paragraph 11.1, Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2(vi), if a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 Hours of Service. Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 Interruptions. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or

assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or Injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

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13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 4.1, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (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 the Lessee proves could have been reasonably avoided; (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 the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the

Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided, however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokerage Fees.

15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lessee was executed.

15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any

brokerage fee owed.

~~15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.~~

16. Estoppel Certificates.

(a) Each Party (as "Responding Party") shall within 10 business days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published BY AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) **Lessor's Agent.** A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: **To the Lessor:** A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. **To the Lessee and the Lessor:** (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) **Lessee's Agent.** An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. **To the Lessee:** A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. **To the Lessee and the Lessor:** (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) **Agent Representing Both Lessor and Lessee.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on a monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

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

28. Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee

agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (I) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (II) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting, or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published BY AIR CRE.

INITIALS

INITIALS

37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any option, as defined below, then the following provisions shall apply.

39.1 Definition. "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Options Personal To Original Lessee. Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. Reservations.

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is is not attached to this Lease.

49. **Accessibility; Americans with Disabilities Act.**

(a) The Premises:

have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: _____

Executed at: _____

On: _____

On: _____

By LESSOR:

By LESSEE:

2500 E. VINEYARD AVE LLC, an Idaho limited liability company

Rio School District

By: _____

By: _____

Name Printed: Pacific West Communities, Inc. an Idaho corporation

Name Printed: John D. Puglisi, Ph. D.

Title: Manager

Title: Superintendent

Phone: _____

Phone: _____

Fax: _____

Fax: _____

Email: _____

Email: _____

By: _____

By: _____

Name Printed: Caleb Roope

Name Printed: _____

Title: _____

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Title: President & CEO
Phone: ____
Fax: ____
Email: ____
Address: ____
Federal ID No.: ____

Phone: ____
Fax: ____
Email: ____
Address: ____
Federal ID No.: ____

BROKER

Lee & Associates-LA North/Ventura, Inc.

Attn: David Kim
Title: Principal

Address: 1000 Town Center Dr., Suite 310 Oxnard, CA 93036
Phone: 805.626.1200
Fax: 805.413.7000
Email: dkim@lee-re.com
Federal ID No.: 01191898
Broker/Agent BRE License #: 01483179

BROKER

Lee & Associates-LA North/Ventura, Inc.

Attn: David Kim
Title: Principal

Address: 1000 Town Center Drive, Ste. 310, Oxnard, CA 93036
Phone: 805.626.1200
Fax: 805.413.7000
Email: dkim@lee-re.com
Federal ID No.: 01191898
Broker/Agent BRE License #: 01483179

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AIR CRE

RENT ADJUSTMENT(S)
STANDARD LEASE ADDENDUM

Dated: June 30, 2017

By and Between

Lessor: 2500 E. VINEYARD AVE LLC, an Idaho limited liability company

Lessee: Rio School District

Property Address: 2500 Vineyard Ave, 1st Floor, Oxnard, CA
(street address, city, state, zip)

Paragraph: 50

A. RENT ADJUSTMENTS:

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below:

(Check Method(s) to be Used and Fill In Appropriately)

1 Cost of Living Adjustment(s) (COLA)

a. On (Fill in COLA Date): _____ the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): _____ CPI-W (Urban Wage Earners and Clerical Workers) or _____ CPI-U (All Urban Consumers), for (Fill in Urban Area): _____, All Items (1982-1984=100), herein referred to as "CPI".

b. The monthly Base Rent payable in accordance with paragraph A.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the _____ first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or _____ (Fill in Other "Base Month"). The sum so calculated shall constitute the new monthly Base Rent hereunder, but in no event, shall any such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the Base Rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

2 Market Rental Value Adjustment(s) (MRV)

a. On (Fill in MRV Adjustment Date(s)): _____ the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an independent third party _____ appraiser or broker ("Consultant" - check one) of their choice to act as an arbitrator (Note: the parties may not select either of the Brokers that was involved in negotiating the Lease). The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) When determining MRV, the Lessor, Lessee and Consultants shall consider the terms of comparable market

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transactions which shall include, but not limited to, rent, rental adjustments, abated rent, lease term and financial condition of tenants.

3) Notwithstanding the foregoing, the new Base Rent shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and

2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

✓ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):	The New Base Rent shall be:
<u>July 1, 2018</u>	<u>\$19,533.19</u>
<u>July 1, 2019</u>	<u>\$20,119.18</u>
<u>July 1, 2020</u>	<u>\$20,722.76</u>
<u>July 1, 2021</u>	<u>\$21,344.44</u>
—	—
—	—

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AIR CRE
ADDENDUM

Date: June 30, 2017

By and Between

Lessor: 2500 E. VINEYARD AVE LLC, an Idaho limited liability company

Lessee: Rio School District

Property Address: 2500 Vineyard Ave. 1st Floor, Oxnard, CA
(street address, city, state, zip)

Paragraph: 51

In the event of any conflict between the provisions of this Addendum and the printed provisions of the Lease, this Addendum shall control.

51.1 Termination: Notwithstanding anything to the contrary in this Lease, Lessee shall have the right to terminate this Lease upon Lessor's delivery of the new district office building located at 2714 E. Vineyard Ave., Oxnard, CA 93036.

51.2 Right to Purchase: In the event the Lessor is unable to deliver the new district office building located at 2714 E. Vineyard Ave., Oxnard, CA 93036, by June 30, 2020, Lessee shall have the right to purchase 2500 E. Vineyard Ave., Oxnard, CA 93036 back from the Lessor for the original purchase price.

51.3 INSURANCE

51.3.1. Fire Insurance:

(a) Lessee shall, at Lessee's own cost and expense, at all times during the full term of this Agreement and any extended term of this Agreement, keep all buildings, Improvements and other structures on the Property insured for at least ninety percent (90%) of their full replacement cost against loss or destruction by fire and the perils, including vandalism and malicious mischief.

(b) "Full replacement cost", as used in this Section, shall mean the actual cost of replacement for the building and other Improvements on the Property, as determined from time to time. If at any time during the term of this Agreement, Lessor believes that the full replacement cost has increased, Lessor shall notify Lessee in writing. If Lessee agrees with the increased full replacement cost set forth in Lessor's notice, Lessee shall, within sixty (60) days of the notice, increase the amount of insurance carried to the amount stated in the notice.

(c) The coverage set forth in this Section 51.3 shall only take effect if Lessee desires to reoccupy the damaged portion of the Property, hereof, prior to the expiration of this Agreement. In the event that Lessee elects not to reoccupy the damaged portion of the Property, Lessor shall only be entitled to insurance coverage on a demolition basis. Notwithstanding the foregoing, if the cost to repair the damage is less than one hundred thousand dollars (\$100,000.00) and Lessee elects not to reoccupy the damaged portion of the Property (by way of example because the damage occurred at or near the end of the applicable term and Lessee elects not to extend the term), then Lessor shall only be entitled to receive, in Lessor's sole discretion, insurance proceeds of not more than one hundred thousand dollars (\$100,000.00) or the demolition cost.

51.3.2. Liability Insurance: Lessee shall, at Lessee's own cost and expense, secure and maintain during the entire term of this Agreement and any extended term of this Agreement, public liability and property insurance or a fully self-funded self-insurance program, insuring Lessee and Lessee's employees against all bodily injury, property damage, personal injury and other loss or liability caused by or connected with Lessee's occupation and use of the Property under this Agreement in amounts not less than:

(a) One million dollars (\$1,000,000.00) for injury to or death of one (1) person and, subject to the limitation for the injury or death of one (1) person, of not less than two million dollars (\$2,000,000.00) for injury to or death of two (2) or more persons as a result of any one (1) accident or incident; and

(b) One million dollars (\$1,000,000.00) per occurrence, and two million Dollars (\$2,000,000.00) aggregate per

year for property damage.

51.3.3. Lessee's Personal Property: Lessee shall at all times during the term of this Agreement and at Lessee's sole expense, keep all of Lessee's personal property, including trade fixtures and equipment and all merchandise of Lessee that may be on the Property from time to time insured against loss or damage by fire and by any peril included within fire and extended coverage insurance for an amount that will insure the ability of Lessee to fully replace the trade fixtures, equipment and merchandise.

51.3.4. Workers' Compensation Insurance: Lessee shall maintain in effect throughout the term of this Agreement, at Lessee's sole expense, workers' compensation insurance in accordance with the laws of the State and employers' liability insurance with a limit of not less than one million dollars (\$1,000,000.00) per employee and one million dollars (\$1,000,000.00) per occurrence.

51.3.5. Deposit of Insurance Policies with Lessor: Promptly on the issuance, re-issuance or renewal of any insurance policy required by this Agreement, including fire and liability insurance policies, Lessee shall cause a duplicate copy of the policy or a certificate evidencing the policy executed by the insurance company issuing the policy or its authorized agent to be given to Lessor or a coverage memorandum evidencing Lessee's participation in a fully self-funded public entity self-insurance pool and program meeting the minimum coverages of this Article.

51.3.6. Blanket Insurance Policy: To satisfy its obligations under this Article, Lessee may at any time during the term of this Agreement, have in full force and effect a "blanket" policy of insurance or coverage under a fully self-funded public entity self-insurance pool and program insuring the Property as well as other property owned or occupied by Lessee, provided the blanket policy does not in any way diminish the amount or coverage of the insurance required under this Article and further provided that the blanket policy otherwise meets all requirements of this Article.

51.3.7. Self-Funding Pool: To satisfy its insurance obligations under this Lease, Lessee currently is a member of Ventura County Schools Self-Funding Authority, a joint powers agency self-funding insurance pool and program ("VCSSFA"), and Lessor shall be named as an additional covered party. The terms of Lessee's participation and/or the coverage memorandum with VCSSFA shall provide substantially the same coverage required by this Lease. Lessee shall provide Lessor with a copy of its coverage memorandum with VCSSFA.

51.3.8. Lessor's Right to Procure Insurance: If at any time Lessee fails to procure or maintain the insurance or participate in a fully-funded public entity self-insurance pool and program as required by this Article, Lessor may obtain that insurance and pay the premiums on it for the benefit of Lessee. Any amounts paid by Lessor to procure or maintain insurance pursuant to this Section shall be immediately due and repayable to Lessor by Lessee with the next then due installment of rent under this Agreement; failure to repay at that time any amount expended by Lessor shall be considered the same as a failure to pay rent and a default by Lessor under this Agreement.

51.4 COMPLIANCE WITH LAWS PERTAINING TO PUBLIC ENTITIES

51.4.1. Prevailing Wage: During the term of this Agreement or any holdover, pursuant to Labor Code Sections 1720, et seq., Lessor and Lessee shall comply with the prevailing wage requirements for any projects constructed on any portion of the Property leased by Lessee, which are defined as "public works." The Lessor/contractor shall furnish all subcontractors/employees with a copy of the Department of Industrial Relations prevailing wage rates which Lessor shall post at the job site. Lessor/contractor must obtain all prevailing wage rates from the Department of Industrial Relations.

51.4.2. Employment of Apprentices: During the term of this Agreement or any holdover Lessor/contractor, Lessee/contractor and all subcontractors shall, in connection with all work performed on any portion of the Property leased by Lessee comply with the provisions of the California Labor Code, including, but not limited to, Sections 1777.5, 1777.6 and 1777.7, concerning the employment of apprentices. The contractor and any subcontractor under him shall comply with the requirements of said Sections, including applicable portions of all subsequent amendments in the employment of apprentices; however, Lessor/contractor shall have full responsibility for compliance with said Labor Code Sections for all apprenticeable occupations regardless of any other contractual or employment relationships alleged to exist.

51.4.3. Fair Employment Practices: In connection with all work performed on any portion of the Property leased by Lessee during Lessee's tenancy, there shall not be any discrimination against any prospective or active employee engaged in contractual work (e.g., for repairs or construction) because of race, color, ancestry, national origin, religious creed, sex, age or marital status. The Lessor/contractor agrees to comply with applicable federal and State laws, including, but not limited to, the California Fair Employment and Housing Act, beginning with Government Code Section 12900 and Labor Code Section 1735. In addition, the Lessor/contractor agrees to require like compliance by any subcontractors employed on the work by Lessor/contractor.

51.5 SIGNAGE ON BUILDING: During the term of the Lease and any extension period, and at no additional cost to Lessee, Lessee shall have the right to have its current signage remain on the Building and in its current location.

PROPERTY: 2500 VINEYARD AVE, 1ST FLOOR, OXNARD, CA

52. **NO LEGAL ADVICE.** Broker is not authorized to practice law, or give legal advice to the Parties as to any legal matters affecting this lease. Broker advises the Parties, prior to signing the Lease, to consult with their respective attorneys in connection with any questions they may have as to the legal effect of the Lease.
53. **FORM OF LEASE.** This proposed A.I.R. form of Lease Agreement (hereinafter "Agreement") is a standard form document, and Broker makes no representations or warranties with respect to the adequacy of this document for either Lessor's or Lessee's particular purposes. Broker has, at the direction of Lessor and/or Lessee, merely "filled in the blanks" based on prior discussions and/or correspondence of the parties. By executing below, Lessor and Lessee each acknowledge that the Agreement is delivered subject to the express condition that Broker has merely followed the instructions of the parties in preparing this document, and does not assume any responsibility for its accuracy, completeness or form. Lessor and Lessee acknowledge and understand that in providing the Agreement, Broker has acted to expedite this transaction on behalf of Lessor and/or Lessee, and has functioned within the scope of professional ethics by doing so.
54. **NO INDEPENDENT INVESTIGATION BY BROKER.** Any financial statements, information, reports, or written materials of any nature whatsoever, provided by either Party to Broker, and thereafter submitted by Broker to the other Party, are so provided without any independent investigation by Broker, and Broker assumes no responsibility for the accuracy or validity of the same. Any verification of such submitted documents is solely and completely the responsibility of the Party to whom such documents have been submitted.
55. **NO WARRANTY BY BROKER.** Broker makes no representations or warranties as to the accuracy, legal sufficiency or legal effect of, or any advice or recommendations regarding the tax treatment or consequences of, any of the documents submitted by Broker to Lessor and/or Lessee, nor does Broker make any representation or warranty of the legal sufficiency, legal effect, or tax consequences of the transactions contemplated thereby. Furthermore, Broker makes no representations concerning the ability of the Lessee to use the Premises as intended, the sufficiency or adequacy of the Premises for the intended use, nor Lessee's financial stability. The Parties must rely solely on their own investigations in executing the lease. Lessee acknowledges that he has made or will make, prior to executing the Lease Agreement, his own independent investigation as to the Premises' suitability for the conduct of Lessee's business, with regard to city or governmental requirements and/or laws. Lessor and Lessee specifically acknowledge that they are not relying on Broker's representation as to any of the above considerations as reason for executing this Lease Agreement.
56. **HAZARDOUS SUBSTANCES AND UNDERGROUND STORAGE TANKS.** Comprehensive federal, state and local regulations have been enacted to control the use, storage, handling, cleanup, removal, and disposal of hazardous and toxic wastes and substances, including underground storage tanks. Broker is not an expert in the area of hazardous substances and encourages the Parties to (i) consult with their respective legal counsel concerning their rights and liabilities regarding hazardous substance laws and regulations, and (ii) obtain technical advice with regard to the use, storage, handling, cleanup, removal or disposal of hazardous substances from professionals, such as environmental engineers, geologists, or other persons with experience in these matters, to advise them concerning the property. Broker also encourages the Parties to review past uses of the property, which may provide information as to the likelihood of the existence of hazardous substances or storage tanks on the property. Neither Broker nor any of its employees or agents has made any investigation or obtained any reports regarding the condition of the Premises or the past or present existence of hazardous wastes or substances on the Premises. Broker makes no representation or warranty to any Party concerning the condition of the Premises or the existence or presence of hazardous wastes or substances or underground storage tanks on or under the Premises.
- As used in this notice, the term "hazardous substances" is used in the broadest sense and includes all hazardous and toxic materials, substances, or waste as defined by applicable federal, state, and local laws and regulations, and includes, but is not limited to petroleum products, paints and solvents, PCBs, asbestos, pesticides and other substances. The Parties may feel that the potential for liability for remedial costs necessitates an environmental audit or investigation of the Premises prior to closing in order to discover (i) whether the Premises are contaminated by hazardous substances, and (ii) whether the nature and/or existence of any hazardous substances on the Premises renders the Premises or the Parties subject to Federal, State, or local regulation, investigation, or liability for remediation. The Parties shall indemnify and hold Broker harmless from any liability for damages to the Parties or either of them stemming from the initiation, completion or result of any such environmental audit or investigation. **BROKER RECOMMENDS EACH PARTY RETAIN HIS/HER/ITS OWN LEGAL, ENGINEERING, GEOLOGICAL AND/OR OTHER EXPERTS TO ADVISE HIM/HER/IT IN CONNECTION WITH ENVIRONMENTAL ISSUES RELATING TO THE PREMISES.**
57. **PHYSICAL CONDITION.** Broker is not aware of any physical defects or deficiencies in the Premises which have not already been disclosed to Lessee. Lessee is encouraged to conduct an independent physical inspection of the Premises at Lessee's sole cost and expense prior to executing the Lease Agreement. Lessee shall indemnify and hold Broker harmless for any defects, deficiencies, damage or costs (including attorneys' fees and costs) to repair such items which may result from Lessee's failure to conduct said physical inspection. Lessee shall indemnify

Broker from any liability in connection with Lessee's failure to physically inspect and shall pay Broker's attorney fees from any resultant court action.

58. **CONDITION AND AVAILABILITY OF ELECTRICAL SERVICES.** Lessee is executing this Disclosure for the Premises with the understanding that existing electrical services may contain amperage and power ratings that are actually different than what is shown on the power panel itself and/or on the marketing brochures. Broker cannot confirm, guarantee or substantiate that such amperage or power ratings are correct. Prior to execution of the Lease Agreement, Lessee agrees to confirm the presence and/or the availability of such electrical services with Lessee's electrical contractor and/or with the City of Oxnard or the Southern California Edison Company, or other such applicable utilities service company, and shall indemnify and hold Broker harmless from any liability for such electrical service insufficiencies..
59. **NOTICE TO OWNERS AND PROSPECTIVE TENANTS AND BUYERS OF REAL PROPERTY REGARDING THE AMERICANS WITH DISABILITIES ACT.** Please be advised that an owner or tenant of real property may be subject to the Americans with Disabilities Act (the "ADA"). Among other provisions of the ADA that could apply to the Premises, owners and tenants of "public accommodations" are required to remove barriers to access by disabled persons and to provide auxiliary aid and services for hearing, vision or speech impaired persons by January 26, 1992. Broker recommends that the Parties and their attorneys review the ADA and related regulations to determine if this law would apply to the Premises, and the nature of any requirements thereunder that may apply to the Premises.
60. **NOTICE REGARDING BUILDING SIZE.** Lessee is advised that actual dimensions of the Premises and any improvements constructed thereon may be different from information printed on marketing brochures provided to Lessee by Broker. Broker is unable to confirm, guarantee or warrant the size of the buildings located on the Premises. Lessee is hereby advised by Broker to rely solely on information provided to Lessee by Lessee's own building inspector or contractor as to the size of such buildings. Lessee shall indemnify and hold Broker harmless for any damages incurred by Lessee due to inconsistencies in building size which may exist between actual building size and information printed on marketing brochures.
61. **NOTICE REGARDING EARTHQUAKE SAFETY.** The parties are aware that the State of California has enacted legislation which may require owners of masonry buildings to provide users with "The Commercial Property Owner's Guide to Earthquake Safety" available from the State. This legislation pertains to buildings constructed before 1975 with precast (tilt-up) concrete or reinforced masonry walls and wood frame floors or roof, or unreinforced masonry walls. The parties are encouraged to utilize professionals such as engineers and contractors to inspect the Premises.
62. **PROPOSITIONS 8 AND 13.** The Parties are aware that the Premises' current property taxes may be subject to reassessment (resulting in a higher tax) by the tax assessor at any time even if the Premises is not sold. Broker makes no representations or warranties regarding past, current, or future property tax assessments and encourages the Parties to retain the services of independent professional property tax consultant(s) if they have any questions or concerns in this regard.
63. **TWO SIGNATURES FOR CORPORATE PARTY:** Broker encourages the Parties to obtain the signatures of at least two authorized officers or agents for each corporate Party. The Parties shall indemnify and hold Broker harmless from any and all liability, claims, or damages resulting from any failure to have two authorized signatures on behalf of any corporate Party to this transaction.

The undersigned acknowledge that they have received, read, and understood the above disclosures, and agree to the terms set forth herein.

Dated: June, 2017

Dated: June, 2017

Lessor: Pacific West Communities, Inc.
an Idaho corporation

Lessee: Rio School District

By: _____

Title: Manager

Lessor: 2500 E VINEYARD AVE LLC
an Idaho limited liability company

By: _____

Caleb Roope
Title: President & CEO

By: _____

John D. Puglisi, Ph. D.
Title: Superintendent

RULES AND REGULATIONS FOR STANDARD OFFICE LEASE

Date: June 30, 2017

By and Between

Lessor: 2500 E. VINEYARD AVE LLC, an Idaho limited liability company

Lessee: Rio School District

Property Address: 2500 Vineyard Ave, 1st Floor, Oxnard, CA
(street address, city, state, zip)

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not keep animals or birds within the Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of 7 P.M. and 7 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to

comply with the applicable rules, regulations, laws and/or agreements.

5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

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INITIALS

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Last Edited: 6/20/2017 1:43 PM

INITIALS

OFGR-2.00, Revised 01-03-2017

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT ("Seller" includes both a vendor and a lessor)

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT ("Buyer" includes both a purchaser and a lessee)

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
 - (b) A duty of honest and fair dealing and good faith.
 - (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.
- An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).

Buyer Seller Lessor Lessee 2500 E VINEYARD AVE LLC, an Idaho limited liability company _____ Date: June, 2017

Buyer Seller Lessor Lessee Rio School District _____ Date: June, 2017

Agent: Lee & Associates - LA North/Ventura, Inc. BRE Lic. #: 01191898
Real Estate Broker (Firm)

By: David Kim BRE Lic. #: 01483179 Date: June 1, 2017
(Salesperson or Broker-Associate)

NOTE:

* When the listing brokerage company also represents Buyer/Lessee: The Listing Agent shall have one Agency Disclosure form signed

by Seller/Lessor and a second Agency Disclosure form signed by Buyer/Lessee.

* When Seller/Lessor and Buyer/Lessee are represented by different brokerage companies: (i) the Listing Agent shall have one Agency Disclosure form signed by Seller/Lessor and (ii) the Buyer's/Lessee's Agent shall have one Agency Disclosure form signed by Buyer/Lessee and either that same or a different Agency Disclosure form presented to Seller/Lessor for signature prior to presentation of the offer. If the same form is used, Seller/Lessor may sign here:

Date: June _____, 2017
Seller/Lessor

Date: June _____, 2017
Lessee

THIS FORM HAS BEEN PREPARED BY AIR CRE. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF THIS FORM FOR ANY SPECIFIC TRANSACTION. PLEASE SEEK LEGAL COUNSEL AS TO THE APPROPRIATENESS OF THIS FORM.

**DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP
CIVIL CODE SECTIONS 2079.13 THROUGH 2079.24 (2079.16 APPEARS ON THE FRONT)**

2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee. (d) "Commercial real property" means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 798.3, or recreational vehicles, as defined in Section 799.29. (e) "Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (f) "Listing agreement" means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (g) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation. (h) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (i) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (j) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller. (k) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (l) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (m) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (n) "Seller" means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor. (o) "Selling agent" means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller. (p) "Subagent" means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, "subagent" does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

2079.14 Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgement of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows: (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a). (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgement of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgement of receipt is required. (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

2079.15 In any circumstance in which the seller or buyer refuses to sign an acknowledgement of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this form.

2079.17 (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer's agent, exclusively as the seller's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller. (c) The confirmation required by subdivisions (a) and (b) shall be in the following form.

(DO NOT COMPLETE, SAMPLE ONLY) is the agent of (check one): the seller exclusively; or both the buyer and seller.

(Name of Listing Agent)

(DO NOT COMPLETE, SAMPLE ONLY) is the agent of (check one): the buyer exclusively; or the seller exclusively; or both the buyer and seller.

(Name of Selling Agent if not the same as the Listing Agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

2079.18 No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as

the listing agent in the transaction.

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

2079.23 (a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

(b) A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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Agenda Item Details

Meeting	Jun 21, 2017 - RSD Special Board Meeting
Category	4. Discussion/Action
Subject	4.3 Approval of Resolution No. 1617/35, Approving Amendment to the Purchase and Sale Agreement between the District and Pacific West Communities, Inc., or Its Assignee, for the Surplus Property Commonly Known as the El Rio School Site.
Access	Public
Type	Action, Discussion
Recommended Action	It is recommended that the Board approve the attached resolution, which approves an amendment to the existing Purchase Agreement.

Public Content

Speaker:

Rationale:

In 2013, pursuant to Resolutions No. 1314/03 and 1314/04 and applicable law, the Board of Trustees ("Board") declared the El Rio School property, located at 2714 E. Vineyard Avenue, Oxnard CA 93036, surplus property, and declared its intention to offer the El Rio School property to interested charter schools, certain public agencies, and qualifying nonprofit charitable and public benefit corporations (the "Public Sector"). Subsequently, the District notified the Public Sector of the District's intent to sell the El Rio School site, but the District did not receive any responses from such entities within the timeframe required by law. In 2014, pursuant to Resolution No. 1314/06, the District declared its intent to sell the El Rio School to the private sector. In accordance with applicable law, on May 21, 2014, the District received written proposals from Aldersgate Investment, LLC ("Aldersgate") and Pacific West Builders, Inc. ("Pacific West") for the purchase of the El Rio School site. The Board then accepted oral bids for the property. At an adjourned meeting held on May 28, 2014, the District awarded the bid to Aldersgate, which had the highest oral bid in the amount of \$8,116,250.00. On August 4, 2014, the District and Aldersgate entered into a purchase and sale agreement (the "Purchase Agreement") for the El Rio School property. The Purchase Agreement originally provided for a purchase price of \$8,116,250.00, deposits totaling \$150,000.00 and an outside closing date of August 13, 2016. On June 22, 2016, the Board approved an assignment of the Purchase Agreement from Aldersgate to Pacific West. In accordance with the Assignment of Purchase and Sale Agreement and Joint Escrow Instructions (the "Assignment"), Pacific West was required to pay a total of \$150,000.00 in deposits into escrow. All of these deposits have been timely paid. Additionally, under the Assignment, the outside closing date was extended to August 13, 2017, in order to provide Pacific West sufficient time to process certain entitlements. Pacific West has requested a further amendment to the Assignment with the following terms and conditions. First, the outside closing date would be accelerated to no later than June 30, 2017. Second, Pacific West would provide a total of \$1,116,250.00 in cash at closing, inclusive of the \$150,000.00 in deposits already made, and the District would carry a note secured by a promissory note and first deed of trust in the amount of \$7,000,000.00 at 1.5% interest. The note would be payable in full by the earlier of June 30, 2018, or within 30 days after Pacific West obtains all land use approvals for its intended project, inclusive of the expiration of any applicable appeal periods. Finally, Pacific West would like to further amend the Purchase Agreement by assigning it to 2714 E Vineyard Avenue, LLC, an Idaho limited liability company, which is an entity in which Pacific West, or a wholly-owned affiliate of Pacific West, is the managing member. In the event of any such assignment, Pacific West would not be relieved of its obligations to the District.

The original closing date for the Purchase Agreement was August 13, 2016. This date was extended to August 13, 2017. However, the buyer has not yet obtained certain land use entitlements, such as the annexation of the property into the City of Oxnard. Instead of further extending the closing date, the amendment would accelerate that closing date to June 30, 2017.

Fiscal Analysis The District would obtain \$1,116,250.00 in cash, inclusive of deposits already in escrow, by June 30, 2017, with the remaining \$7,000,000.00 payable no later than June 30, 2018 as evidenced by a promissory note and secured

by a deed of trust, both of which are attached to the amendment and incorporated therein by reference.

2714 E Vineyard - final package for agenda.pdf (757 KB)

Administrative Content

Executive Content

RIO SCHOOL DISTRICT

RESOLUTION NO. 1617/35

**APPROVING AMENDMENT TO THE PURCHASE AND SALE AGREEMENT
BETWEEN THE DISTRICT AND PACIFIC WEST BUILDERS, INC.,
OR ITS ASSIGNEE, FOR THE SURPLUS PROPERTY
COMMONLY KNOWN AS THE EL RIO SCHOOL SITE**

WHEREAS, Rio School District (the “District”) is the owner of that certain parcel of real property located at 2714 E. Vineyard Avenue, Oxnard California 93036, which is more particularly described in Exhibit A attached hereto and incorporated herein by reference (the “Site”); and

WHEREAS, on October 16, 2013, pursuant to Resolution No. 1314/03, the Board of Trustees (“Board”) declared the Site surplus property (*i.e.*, property which is no longer needed for classroom purposes); and

WHEREAS, on November 4, 2013, pursuant to Resolution No. 1314/04, the Board declared its intention to offer the Site to interested charter schools, certain public agencies, and qualifying nonprofit charitable and public benefit corporations (the “Public Sector”), and in accordance with certain surplus property laws set forth in the Education Code and Government Code, the District notified the Public Sector of the District’s intent to sell the Site, but the District did not receive any responses from such entities within the timeframe required by law; and

WHEREAS, on February 19, 2014, pursuant to Resolution No. 1314/06, the District declared its intent to sell the Site to the private sector and authorized staff to prepare a Request for Proposals and Statements of Qualifications for the sale of the site to the private sector; and

WHEREAS, at its regularly-held meeting on May 21, 2014, the District received written proposals from Aldersgate Investment, LLC (“Aldersgate”) and Pacific West Builders, Inc. (“Pacific West”) for the purchase of the Site, and accepted oral bids for the acquisition of the Site; and

WHEREAS, at an adjourned meeting held on May 28, 2014, the District awarded the bid to Aldersgate, which had the highest oral bid in the amount of \$8,116,250.00; and

WHEREAS, on August 4, 2014, the District and Aldersgate entered into a purchase and sale agreement (the “Purchase Agreement”) for the Site, with a purchase price of \$8,116,250.00, deposits totaling \$150,000.00 and an outside closing date of August 13, 2016; and

WHEREAS, on or about June 22, 2016, the Board approved an assignment of the Purchase Agreement from Aldersgate to Pacific West (the “Assignment”), pursuant to which Pacific West agreed to purchase the Site for \$8,116,250.00, inclusive of \$150,000.00 in deposits, and further pursuant to which the outside closing date was extended to August 13, 2017, in order to provide Pacific West sufficient time to process certain entitlements; and

WHEREAS, Pacific West has requested an amendment to the Purchase Agreement, as assigned, with the following terms and conditions: an acceleration of the outside closing date to June 30, 2017; Pacific West, or its assignee, will remit a total of \$1,116,250.00 in cash at closing, inclusive of the \$150,000.00 in deposits already made, and the District will carry a note secured by a promissory note and first deed of trust in the amount of \$7,000,000.00 at 1.5% interest, with the note payable in full by the earlier of June 30, 2018, or within 30 days after Pacific West, or its assignee, obtains all land-use approvals for its intended project, inclusive of the expiration of any applicable appeal periods; and

WHEREAS, Pacific West has also requested to amend the Purchase Agreement by assigning it to 2714 E Vineyard Avenue, LLC, an Idaho limited liability company, which is an entity in which Pacific West, or a wholly-owned affiliate of Pacific West, is the managing member, which District administration and consultants support so long as Pacific West is not released from its obligations to the District; and

WHEREAS, Pacific West's assignee, 2714 E Vineyard Avenue LLC, and the District have now finalized negotiations regarding the proposed amendment, inclusive of the promissory note and first deed of trust, all of which are attached hereto as Exhibit "B" (the "First Amendment");

NOW, THEREFORE, be it hereby resolved that:

1. The foregoing recitals are true and correct.
2. The Board hereby delegates authority to the Superintendent, or the Superintendent's designee, to take such action as may be required to effectuate the purpose of this Resolution, including the execution of the First Amendment with Pacific West's assignee, 2714 E Vineyard Avenue LLC, provided that Pacific West is not released from its obligations to the District.

PASSED AND ADOPTED by the Board of Trustees at a special meeting held on the 21st day of June, 2017 by the following vote on roll call:

AYES:

NOES:

ABSENT:

ABSTAIN:

Joe Esquivel, President of the Board of Trustees

Eleanor Torres, Clerk of the Board of Trustees

EXHIBIT A

**LEGAL DESCRIPTION
2714 E. VINEYARD AVENUE, OXNARD, CA 93036**

All that certain real property situated in the County of Ventura, State of California, described as follows:

A portion of Lot 90 of the Rancho Santa Clara Del Norte, in the County of Ventura, State of California, as per Map recorded in Book 3, Page 26 of Maps, Records of said County, described as follows:

Beginning at a point in the easterly line of that public road 50.00 feet wide known as Vineyard Avenue from which a 4" x 4" post common to Lots 90 and 91 bears north 50° 20' 30" west a distance of 10.09 feet; thence

- 1st: South 50° 20' 30" east along the line common to Lots 90 and 91 a distance of 882.80 feet to a 4" x 4" post set at the northwest corner of Cloverdale Subdivision as recorded in Book 8, Page 38 of Maps; thence
- 2nd: South 39° 41' west along the westerly line of said Cloverdale Subdivision a distance of 492.55 feet to a point; thence
- 3rd: North 57° 50' west a distance of 810.77 feet to a point in the easterly line of Vineyard Avenue; thence
- 4th: North 32° 10' east a distance of 603.38 feet along said easterly line of Vineyard Avenue to the point of beginning.

Except that portion conveyed to the state of California for the widening of Vineyard Avenue as described in Grant Deed recorded November 3, 1970 in Book 3743, Page 290 of Official Records

EXHIBIT B

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "First Amendment") is entered into as of June 21, 2017 (the "Effective Date") by and between the Rio School District, a political subdivision of the State of California ("Seller"), Pacific West Communities, Inc., an Idaho corporation ("Pacific West"), and 2714 E Vineyard Avenue LLC, an Idaho limited liability company, which is an affiliate of Pacific West. Seller, Pacific West, and 2714 E Vineyard Avenue LLC are sometimes individually referred to herein as a "Party" and sometimes collectively referred to herein as the "Parties." Capitalized terms not otherwise defined herein shall have the meaning set forth in the Purchase Agreement, which is defined below.

RECITALS

A. Seller and Aldersgate Investment, LLC, a Delaware limited liability company ("Aldersgate") entered that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated August 6, 2014 (the "Purchase Agreement") for the sale of that certain parcel of real property located at 2714 E. Vineyard Avenue in the sphere of influence of the City of Oxnard, in the County of Ventura, State of California, together with all appurtenant improvements, rights, interests, easements, tenements and estates, which is identified by APN 145-0-231-015 and more fully described on Exhibit "A" to the Purchase Agreement (the "Property").

B. Pursuant to the Purchase Agreement, Seller and Aldersgate opened Escrow for the consummation of the Property's sale. The Escrow was opened through Lawyers Title Company, Oxnard, California, with Escrow No. OXL20639-LT155-SF.

C. With Seller's consent, Aldersgate and Pacific West executed that certain Assignment of Purchase and Sale Agreement and Joint Escrow Instructions, dated as of June 22, 2016 (the "Aldersgate Assignment"), pursuant to which Aldersgate assigned all of its rights, title, and interest in the Purchase Agreement to Pacific West. In accordance with the Aldersgate Assignment, Pacific West has paid deposits totaling One Hundred Thousand Fifty Dollars (\$150,000.00) into Escrow. The Aldersgate Assignment also extended the outside Closing Date to August 13, 2017.

D. Pacific West now desires to assign the Purchase Agreement to 2714 E. Vineyard Avenue LLC, Seller and Pacific West now desire to further amend the Purchase Agreement as specified herein.

NOW, THEREFORE, in consideration of the foregoing recitals, the promises and covenants of the parties to this First Amendment, and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

1. Closing Date. The outside Closing Date, which was originally set forth in Section 1.6 of the Purchase Agreement and subsequently amended per the Aldersgate Assignment, shall be June 30, 2017.

2. **Payment of Purchase Price.** Section 6.3 of the Purchase Agreement provides that before Closing, Buyer shall deposit with Escrow Holder the Purchase Price, less the Deposit, and Buyer's share of the closing costs and prorations. Section 6.3 shall be replaced in its entirety with the following:

Before the Closing, Buyer shall deposit with Escrow Holder the sum of Nine Hundred Sixty-Six Thousand Two Hundred Fifty Dollars (\$966,250.00), which is One Million One Hundred Sixteen Thousand Two Hundred Fifty Dollars (\$1,116,250.00) less the Deposit of One Hundred Fifty Thousand Dollars (\$150,000.00), and Buyer's share of closing costs and prorations as provided in Article VII Below, in immediately available funds. The sum of Seven Million Dollars (\$7,000,000.00), which is the balance of the Purchase Price (the "Balance"), shall be paid to Seller in accordance with that certain Promissory Note, which is attached hereto as Exhibit "F" and incorporated herein by reference, and that certain First Deed of Trust, which is attached hereto as Exhibit "G" and incorporated herein by reference. The Promissory Note and First Deed of Trust specify, *inter alia*, that the Balance shall accrue interest at a rate of one point five percent (1.5%) and that the Balance, plus any interest, shall be paid in full by the earlier of June 30, 2018 or within thirty (30) days after Buyer obtains all land use Approvals for its intended project on the Property.

3. **Potential Reacquisition of a Portion of the Property.** As consideration for extending the timeline for payoff of the Purchase Price from August 13, 2017 to no later than June 30, 2018, the Parties agree that Seller shall have an option (the "Option") to purchase an approximately one (1)-acre portion of the Property identified on Exhibit "H," which is attached hereto and incorporated herein by reference, for use as Seller's new administrative offices (the "Option Property"). Seller shall not be entitled to exercise the Option to purchase the Option Property until after January 1, 2019 (the "Option Commencement Date"); provided, however, that if entitlements and annexation of the Property is complete prior to the Option Commencement Date, construction of the new administrative offices may nevertheless commence on the Option Property. Any such construction shall be in accordance with applicable law, including, but not limited to, any public bidding and prevailing wage laws. The purchase price for Seller's purchase of the Option Property shall be calculated by (a) determining the price per square foot for the entire Property based upon the Purchase Price, and (b) multiplying that same price per square foot by the total square footage of the Option Property to be purchased by Seller. Notwithstanding the generality of the foregoing, if planning and land use approvals are not secured or the Option Property is otherwise not available for legal transfer or sale to Seller by or before January 1, 2022, the Option shall be extinguished and this Agreement shall not be invalidated or otherwise effected by such failure of the Option.

4. **Assignment.** In accordance with Section 19.1 of the Purchase Agreement, Pacific West hereby assigns and transfers all its rights, title and interest in the Purchase Agreement to 2714 E. Vineyard Avenue, LLC (the "Pacific West Assignment"). 2714 E. Vineyard Avenue LLC accepts the Pacific West Assignment, and agrees to assume and perform all obligations of Pacific West under the Purchase Agreement. Seller consents to the Pacific West Assignment.

Notwithstanding the generality of the foregoing, the Parties acknowledge and agree that the Pacific West Assignment shall not release Pacific West from any obligations to Seller under the Purchase Agreement.

5. Remaining Terms. Except as specifically provided in this First Amendment, the terms and conditions of the Purchase Agreement remain unmodified and in full force and effect.

6. Counterparts. This First Amendment may be executed in counterparts, each of which shall constitute an original, and all of which, together, shall constitute one document. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signatures thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by the other Party. Counterparts may be delivered by facsimile or scanned PDF and transmitted by email, provided that original executed counterparts are delivered to the recipient on the next business day following the facsimile or email transmission.

IN WITNESS WHEREOF, the Parties have executed this First Amendment as of the Effective Date.

2714 E VINEYARD AVENUE LLC
an Idaho limited liability company

By: PACIFIC WEST COMMUNITIES, INC.
an Idaho corporation, Manager

By: _____
Caleb Roope, President/CEO

"2714 E Vineyard Avenue LLC"

PACIFIC WEST COMMUNITIES, INC.,
an Idaho corporation

By: _____
Caleb Roope, President/CEO

"Pacific West"

RIO SCHOOL DISTRICT, a political subdivision
of the State of California

By: _____
Dr. John D. Puglisi, Superintendent

By: _____
Kristen Pifko, Assistant Superintendent

"Seller"

EXHIBIT "F"
PROMISSORY NOTE

PROMISSORY NOTE SECURED BY DEED OR TRUST

\$7,000,000.00

June 30, 2017

FOR VALUE RECEIVED, the undersigned, 2714 E VINEYARD AVENUE LLC, an Idaho limited liability company ("**Borrower**"), hereby promises to pay to RIO SCHOOL DISTRICT, a political subdivision of the State of California ("**Lender**"), at 25000 E Vineyard Avenue, Oxnard, California 93036 (or such address directed in writing by Lender), in lawful money of the United States of America, the principal sum of **Seven Million and No/100ths Dollars (\$7,000,000.00)** ("**Principal**"), plus accrued interest, on the terms and in the manner as specified below.

1. Payments of Principal and Interest. Principal under this Promissory Note (this "**Note**") shall be payable together with interest thereon at the rate of 1.5% per annum, which shall be paid in arrears, in monthly payments of interest only, commencing on August 1, 2017, and continuing on the first day of each month thereafter until the earlier of June 30, 2018 or within 30 days after all land-use approvals necessary for the development, and the expiration of all appeal periods, of the project proposed to be constructed at 2714 E Vineyard Avenue in Oxnard, are completed, at which time Principal and all accrued interest shall be due payable in full.

2. Prepayment. This Note may be prepaid at any time without penalty at borrower's option.

3. Events of Default. The following are each an "**Event of Default**" and collectively, "**Events of Default**":

(a) Any failure by Borrower to perform or observe any of the covenants, terms or provisions of this Promissory Note or the Deed of Trust executed by Borrower of even date herewith (the "**Deed of Trust**"), and Borrower fails to cure such default after a period of five (5) business days; or

(b) If Borrower (i) admits in writing Borrower's inability to pay generally Borrower's debts as they mature, or (ii) makes a general assignment for the benefit of creditors, or (iii) is adjudicated as bankrupt or insolvent, or (iv) files a voluntary petition in bankruptcy, or (v) takes advantage, as against Borrower's creditors, of any bankruptcy law or statute of the United States or any state or subdivision thereof now or hereafter in effect, or (vi) has a petition or proceeding filed against Borrower under any provision of any bankruptcy or insolvency law or statute of the United States or any state or subdivision thereof, which petition or proceeding is not dismissed within sixty (60) days after the date of the commencement thereof, or (vii) has a receiver, liquidator, trustee, custodian, conservator, sequestrator or other such person appointed by any court to take charge of Borrower's affairs or assets or business and such appointment is not vacated or discharged within sixty (60) days thereafter.

4. Remedies on Default. If any Event of Default shall occur and be continuing, Lender shall, in addition to any and all other available rights and remedies, have the right, at its option (a) to declare the unpaid principal balance of this Note, together with all unpaid accrued interest hereunder, to be immediately due and payable, and (b) to pursue any and all available remedies for collection.

5. Default Interest Payments. So long as any uncured default exists hereunder, regardless of whether or not there has been an acceleration of the indebtedness evidenced hereby, and at all times after maturity of the indebtedness evidenced hereby (whether by acceleration or otherwise), interest shall accrue on the outstanding principal balance of this Note at a rate per annum of twelve percent (12%), which interest shall be immediately due and payable.

6. Deed of Trust to Secure Loan. This Note and Borrower's obligations hereunder are secured by all of Borrower's interest in that certain real property situated in the City of Oxnard, County of Ventura, California, commonly known as 2714 E Vineyard Ave, Oxnard, California, and such other property

and upon such terms and conditions as more fully set forth in the Deed of Trust. The Deed of Trust and the provisions thereof shall be interpreted together with the provisions of this Note.

7. Cumulative Remedies. No right or remedy conferred upon Lender under this Note is intended to be exclusive of any other right or remedy contained herein and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and/or now or hereafter existing at law or in equity.

8. Waivers; Course of Dealing. Borrower hereby waives presentment for payment, protest, dishonor, nonpayment, default, and notice of any and all of the foregoing. No course of dealing between Borrower and Lender, or any failure or delay on the part of Lender in exercising any rights or remedies, or any single or partial exercise of any rights or remedies, shall operate as a waiver or preclude the exercise of any other rights or remedies available to Lender.

9. Governing Law. This Note shall be deemed to be a contract made under the laws of the State of California and shall be governed by, and construed in accordance with, the laws of the State of California.

10. Collection Costs. In the event that Lender shall, during the continuance of an Event of Default, turn this Note over to an attorney for collection, Borrower shall further be liable for and shall pay to Lender all collection costs and expenses incurred by Lender, including reasonable attorneys' fees and expenses; and Lender may take judgment for all such amounts in addition to all other sums due hereunder.

11. Binding Effect. This Note shall be binding upon Borrower and Borrower's successors and assigns and shall inure to the benefit of Lender, and any subsequent Lenders of this Note, and their successors and assigns.

12. Time. All times provided for in this Note for the performance of any act will be strictly construed, time being of the essence.

DATED effective as of the date of making set forth above.

"BORROWER"

2714 E VINEYARD AVENUE LLC,
an Idaho limited liability company

By: PACIFIC WEST COMMUNITIES, INC.
an Idaho corporation

Its: Manager

By: _____

Name: _____

Its: _____

EXHIBIT "G"

FIRST DEED OF TRUST

RECORDING REQUESTED BY:

RIO SCHOOL DISTRICT

WHEN RECORDED MAIL TO:

RIO SCHOOL DISTRICT
2500 E Vineyard Avenue
Suite 100
Oxnard, CA 93036

Exempt from Recording Fees: Go

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 145-0-232-010

DEED OF TRUST AND ASSIGNMENT OF RENTS - DUE ON SALE

This **DEED OF TRUST**, made 6/30/2017, between 2714 E VINEYARD AVENUE LLC, an Idaho limited liability company, herein called Trustor, whose address is 430 E State Street, Suite 100, Eagle, ID 83616 and LAWYERS TITLE COMPANY, herein called TRUSTEE, and RIO SCHOOL DISTRICT, a political subdivision of the State of California, herein called BENEFICIARY,

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in the County of Ventura, State of California, described as:

2714 E. Vineyard Avenue, Oxnard, CA 93036, and more further described in Exhibit "A" attached hereto.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: (1) Performance of each agreement of Trustor incorporated by reference or contained herein. (2) Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the **PRINCIPAL SUM OF \$7,000,000.00** executed by Trustor in favor of Beneficiary or order. (3) Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it so secured.

ALIENATION PROVISION: In the event Trustor(s) or their successor(s) sell, convey, alienate or transfer, in any manner, voluntarily or involuntarily, in whole or in part, the property described in the Deed of Trust, without the written consent of the beneficiary, the whole amount of the then unpaid principal sum and interest thereon shall become immediately due and payable, at the option of the beneficiary.

DO NOT RECORD

The following is a copy of provisions (1) to (14), inclusive, of the fictitious Deed of Trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as set forth at length therein.

To protect the Security of this Deed of Trust, Trustor Agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such

order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do, without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving onto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the

property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

Dated: _____

STATE OF CALIFORNIA }
 }ss
COUNTY OF _____ }

On _____ before me

_____, Notary Public,

personally appeared _____

_____ personally known to me (or 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.

SPACE ABOVE RESERVED FOR NOTARY SEAL

Signature _____

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE
To be used only when note has been paid.

A reconveyance will be issued upon presentation to _____ of this request properly signed and accompanied by the reconveyance fee, the Deed of Trust, the original Note or Notes secured by said Deed of Trust, and any receipt or document evidencing any other indebtedness secured thereby.

TO: _____, TRUSTEE:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now hold by you under the same.

Dated:

MAIL TAX RECONVEYANCE TO:

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee at for cancellation before reconveyance will be made.