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MARCH LIFECARE CAMPUS

DISPOSITION AND DEVELOPMENT AGREEMENT

between

MARCH JOINT POWERS REDEVELOPMENT AGENCY
a California public agency,

and

MARCH HEALTHCARE DEVELOPMENT, LLC
a California limited liability company

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

Page

TABLE OF CONTENTS
(Continued)

Page

LIST OF EXHIBITS

MARCH LIFECARE CAMPUS

DISPOSITION AND DEVELOPMENT AGREEMENT

This **MARCH LIFECARE CAMPUS DISPOSITION AND DEVELOPMENT AGREEMENT** (the "Agreement") is entered into this 7th day of April, 2010, by and between the **MARCH JOINT POWERS REDEVELOPMENT AGENCY**, a California public agency (the "Agency") and **MARCH HEALTHCARE DEVELOPMENT, LLC**, a California limited liability company (the "Developer") (individually a "Party" and collectively the "Parties").

RECITALS

A. On July 10, 1996, the Agency adopted the Redevelopment Plan for the March Air Force Base Redevelopment Project by Ordinance No. 96-02 (the "Redevelopment Plan"). The purpose of this Agreement is to effectuate the Redevelopment Plan by providing for the disposition and development of certain real property consisting of approximately one hundred sixty (160) acres (the "Property") included within the boundaries of the Redevelopment Project Area, as described in the Redevelopment Plan. The Property is owned by the March Joint Powers Authority (the "Authority"), as shown on the Site Map attached hereto as Exhibit A and incorporated herein by reference. The legal description of the Property is described in Exhibit B attached hereto and incorporated herein by reference.

B. Prior to the First Closing, the Agency and the Authority will have entered into an agreement pursuant to which, among other things, the Authority has agreed to convey the Property, or otherwise make the Property available so as to permit the Agency to comply with its obligations hereunder.

C. On March 20, 2008, the Agency and the Developer entered into a Restated Exclusive Right to Negotiate Agreement (the "ERN") to provide for the exclusive negotiation between the Parties concerning the Developer's acquisition of the Property and development of medical office building(s), hospital(s) and related healthcare facilities (i.e., Healthcare Facilities), as described in the Scope of Development, which will be generally consistent with and implement the General Plan, Redevelopment Plan and the March Air Force Base Reuse Plan. Effective June 17, 2009, the Agency and the Developer entered into a First Amendment to Restated Exclusive Right to Negotiate Agreement (the "First Amendment"), whereby the Negotiation Period under the ERN was extended to and including August 31, 2010.

D. This Agreement requires the Developer, among other things, to (i) remediate Hazardous Substances on and under the Property and within the existing improvements, (ii) design and construct the Backbone Infrastructure, and (iii) to acquire each Acquisition Parcel from the Agency and concurrently sell same to Third Party Developer(s)/End User(s) for the development of Health Care Facilities in accordance with the Entitlements and Scope of Development (the "Project").

E. This Agreement requires the Agency, among other things, to relocate certain tenants and convey each Acquisition Parcel and to reimburse the Developer for the cost of certain Horizontal Improvements pursuant to the Agency Note in the principal amount of Twenty Million, Five Hundred Thousand Dollars ($20,500,000), together with interest thereon, payable from 80% of

Net Property Tax Increment The financial terms of this transaction are set forth in more detail herein and generally described in the Method of Finance.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Agency and the Developer hereby agree as follows:

AGREEMENT

ARTICLE 1. DEFINITIONS

Section 1.01. Defined Terms.

"**Acquisition and Development Agreement**" means that certain agreement between the Developer and each Third Party Developer(s)/End User(s) pursuant to which, among other things, (i) the Third Party Developer/End User commits to acquire one or more Acquisition Parcels, and develop thereon (and in some cases operate) a specified Health Care Facility, and (ii) Agency is the third party beneficiary. The principal terms of the Acquisition and Development Agreement are contained in Exhibit J attached hereto and incorporated herein by reference.

"**Acquisition Parcel(s)**" is defined in Section 3.01.

"**Actual Knowledge**" means, with respect to the Developer, the actual knowledge of Donald Ecker as of the date such representation is made, without having undertaken any independent inquiry or investigation for the purpose of making such representation or warranty and without any duty of inquiry or investigation. With respect to the Agency, "Actual Knowledge" means the actual knowledge of the Executive Director of the Agency, as of the date such representation is made without having undertaken any independent inquiry or investigation for the purpose of making such representation or warranty and without any duty of inquiry or investigation.

"**Additional Purchase Price**" is defined in Section 4.03.

"**Additional Purchase Price Illustration**" is attached hereto as Exhibit H and incorporated herein by reference.

"**Affiliate**" means any entity controlling, controlled by or under common control with the Developer or any Developer-Related Party, or any entity in which the Developer or any Developer-Related Party, directly or indirectly, through one or more intermediaries, is a partner, shareholder, member, beneficiary or otherwise an owner.

"**Agency**" means the March Joint Powers Redevelopment Agency.

"**Agency Note**" is attached hereto as Exhibit I and incorporated herein by reference. The Agency Note shall be executed and interest shall accrue upon acceptance of each element of the Horizontal Improvements by the Authority, with respect to the total amount of the direct and indirect costs actually incurred by Developer for such element of the Backbone Infrastructure.

"**Agency's Conditions Precedent to First Closing**" is defined in Section 5.08.1.

"**Agreement**" means this March Health Care Disposition and Development Agreement.

"**ALTA Survey**" means a survey of land conducted in accordance with the standards established by the American Land Title Association.

"**Anchor User**" means any building where Gross Building Area, excluding parking, exceeds 150,000 square feet.

"**Anchor User Discounts**" means the actual discount provided each Anchor User not to exceed six and one-half percent (6.5%) of aggregate Sales Price of all Acquisition Parcels.

"**Appraisal Process**" is defined in Section 4.04.

"**Appraised Fair Market Value**" is defined in Section 4.04(ii).

"**Army Parcels**" means Parcels B-2C and B-2D and the associated property as shown on the Site Map.

"**Authority**" means March Joint Powers Authority.

"**Authority Offices**" means 23555 and 23533 Meyer Drive as shown on the Site Map.

"**Avigation Easement**" means that certain easement which will be granted to the March Inland Port Airport Authority in substantially the form attached hereto as Exhibit M and incorporated herein by reference.

"**Backbone Infrastructure**" means the central network system for streets, utilities and drainage within the medical campus area, as specifically shown in the Master Plot Plan. Backbone infrastructure includes, without limitation: Riverside Drive, Meyer Drive, bridges, internal roadways providing continuous access to existing uses, water mains, sewer and utility infrastructure (electrical and natural gas), as well as drainage facilities.

"**Breach**" is defined in Section 9.01.

"**Cantonment Fence**" means the boundaries of the March Air Reserve Base as shown on the Site Map.

"**Closing**" is defined in Section 5.05.

"**Closing Date**" is defined in Section 5.05.

"**Completed Improvements**" means the Improvements which have achieved Completion.

"**Completion**" or "**Completed**" means completion of the Improvements with respect to each Acquisition Parcel as evidenced by the issuance of a Release of Construction Covenants.

"**Condition of Title**" is defined in Section 5.06.

"**Conditions Precedent**" is sometimes herein used to refer to the Agency's Conditions Precedent to First Closing, the Developer's Conditions Precedent to First Closing and/or Conditions Precedent Applicable to All Closings, as applicable.

"**Conditions Precedent Applicable to All Closings**" are the Conditions Precedent described in Section 5.09.

"**Conditions Precedent Failure Notice**" means that written notice delivered, as applicable, by the Developer to the Agency under Section 9.04(a) or by the Agency to the Developer under Section 9.05(a), notifying the other Party of its failure to satisfy one or more closing conditions.

"**Conditions Precedent to First Closing**" is defined in Section 5.08.

"**Construction Drawings**" means all plans necessary to commence the Horizontal Improvements and the Vertical Improvements for each Phase.

"**Construction Financing**" is defined in Section 6.13.

"**Construction Loan**" is defined in Section 6.13.

"**Consumer Price Index**" means the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Riverside-Orange County, California "All Items," (1982-1984 = 100). If at any time there shall not exist the Index in this format, the Agency shall substitute any official index published by the Bureau of Labor Statistics or successor or similar governmental agency as may then be in existence that shall, in the Agency's opinion, be most nearly equivalent thereto. The sum to be increased in accordance with the provisions of the Index shall be increased using the following formula: the sum shall be increased by a percentage equal to the percentage increase, if any, in the Index published for the Comparison Month over the Index published for the Base Month; provided, however, in no event shall said sum be less than that which was due immediately preceding the date of adjustment. "Base Month" means July of the prior year. "Comparison Month" means the most recent month published by the Bureau of Labor Statistics prior to the July lst of the year in which the calculation is performed.

"**Costs of Sale(s)**" means escrow and related costs and fees (excluding Sales Commission(s)) incurred by the Developer in connection with the sale of each Acquisition Parcel to a Third Party Developer(s)/End User(s), not to exceed two percent (2%) of the Sales Price.

"**Cross Word Christian Church**" means that certain nonprofit religious organization that owns the leasehold interest in the Cross Word Christian Church Property.

"**Cross Word Christian Church Property**" means Parcel J-1 Building Number 2600 and the associated property as shown on the Site Map.

"**Cross Word Lease**" is defined in Section 8.02(ii).

"**Dark Fibre**" means installed but unused conduit and fibre optic cables.

"**Default**" is defined in Section 9.02.

"**Demolition**" means the demolition of all above ground and underground structures and, unless otherwise approved by the Agency, removal of same from the Property as described in the Scope of Development and the Entitlements.

"**Detention Basin**" is generally shown on the Site Map.

"**Developer**" is a California limited liability company with CEO Strategic Solutions, LLC as its managing member.

"**Developer's Conditions Precedent to First Closing**" is defined in Section 5.08.2.

"**Developer-Related Parties**" means the Developer, and its members partners, and its respective directors, officers, agents and employees.

"**Due Diligence Termination Date**" means one hundred eighty (180) days after the Effective Date.

"**Effective Date**" means that date first referenced hereinabove which is the date of execution of this Agreement by the Parties.

"**Entitlements**" means any and all current and/or prospective ministerial and/or discretionary governmental permits and approvals, including conditions of approval, necessary for the development of the Project on the Property, including, without limitation, the Specific Plan, the Mitigation and Monitoring Plan, and the Master Plot Plan, and any additional conditions imposed with respect to the foregoing imposed as a result of further environmental analysis pursuant to the California Environmental Quality Act.

"**Environmental Laws**" means all federal, state, and local laws, ordinances, rules and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.*, the Solid Waste Disposal Act, 42 U.S.C. § 6901, *et seq.*, the Hazardous Substance Account Act, California Health and Safety Code § 25300, *et seq.*, the Hazardous Waste Control Law, California Health and Safety Code § 25100, *et seq.*, and the Porter-Cologne Water Quality Control Act, California Water Code § 13000, *et seq.*

"**Equity**" is defined in Section 6.13.

"**ERN**" is defined in Recital C.

"**Escrow**" is defined in Section 5.01.

"**Escrow Agent**" is defined in Section 5.01.

"**Exceptions**" is defined in Section 5.06.

"**Exempt Property**" is defined in Section 7.02.

"**Exempt Property Covenant**" is defined in Section 7.02.

"**First Conveyance**" means the conveyance from the Agency to the Developer of the first Acquisition Parcel.

"**Final Conveyance Date**" means the date of the closing of the sale or other final disposition of the fee interest in the last of the Acquisition Parcels to Third Party Developer(s)/End User(s).

"**Final Closing**" means the Closing with respect to the last Acquisition Parcel.

"**Final Closing Outside Date**" is defined in Section 5.05.

"**First Closing**" means the date upon which the First Conveyance is made from the Agency to the Developer.

"**First Closing Outside Date**" is defined in Section 5.05.

"**Force Majeure**" means a circumstance beyond the reasonable control of a Party, including, without limitation, acts, or failure to act (when such governmental body is required by law to act), of any governmental body including, without limitation, the Agency and/or the Authority, war, insurrection, sabotage, embargo, fire, flood, earthquake, strike or other labor disturbance, interruption of or delay in transportation, inability to obtain raw materials, supplies, equipment or power needed for the activity, extraordinary weather conditions, riots, acts of God, acts of the public enemy; acts of terrorism, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions priority, litigation, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, and acts, or failure to act (when such governmental body is required by law to act), of the other Party, including, without limitation, the Agency and/or the Authority, but shall expressly exclude lack of credit, funds, financing or Third Party Developer(s)/End User(s) .

"**General Plan**" means the general plan for the Project Area adopted by Authority Resolution No. 99-12 on September 7, 1999, as it may be amended subsequent to the Effective Date hereof.

"**Governmental Requirements**" means all applicable laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the Authority, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Property, including all applicable state labor standards, the Authority zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions applicable to the Project, including, without limitation, disabled and handicapped access requirements under the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.* The Developer and the Third Party Developer(s)/End User(s), and its contractors and subcontractors shall comply with all Governmental Requirements applicable to public works, including, without limitation, the payment of prevailing wages in compliance with Labor Code Section 1770, *et seq.*, keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto.

"**Grant Deed**" is defined in Section 3.02 and set forth in Exhibit C attached hereto and incorporated herein by reference.

"**Gross Building Area**" means the total square feet of area within the walls of the Vertical Improvements.

"**Gross Property Tax Increment**" means all property tax increment received by the Agency with respect to each Acquisition Parcel pursuant to Health & Safety Code Section 33670(b) from and after each Closing.

"**Hazardous Substances**" means any substance or material that is described as a toxic or hazardous substance, waste, or material, or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws, and includes asbestos, petroleum, petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, and chemicals which may cause cancer or reproductive toxicity.

"**Healthcare Facilities**" means facilities the uses for which are permitted pursuant to Table 4-1 of the Specific Plan.

"**Horizontal Improvements**" means the improvements to be constructed by the Developer hereunder including Backbone Infrastructure, Demolition and Remediation, as set forth in Article 6 and the Scope of Development.

"**Improvements**" means the Horizontal Improvements and Vertical Improvements.

"**Last Sale**" means the earlier to occur of (i) the Closing with respect to the last Acquisition Parcel within the Property, or (ii) termination of this Agreement.

"**Legal Description**" means the legal description of the Property attached hereto as Exhibit B and incorporated herein by reference.

"**Losses**" means any and all losses, liabilities, judgments, suits, claims, damages, settlements, fines penalties, costs and expenses (including reasonable attorneys' fees, investigation costs, remediation costs, and court costs), of any kind or nature.

"**Lost Revenue(s)**" means those rental revenues lost by the Agency and/or the Authority as a result of the Developer's entry upon any portion of the Property prior to Closing for purposes of installing Horizontal Improvements and/or Due Diligence.

"**Master Plot Plan**" means a scaled diagram for the specific plan area to be approved by the Authority, acting in its sole and absolute discretion, showing the following information, in schematic form: campus lot layout; building envelopes for all phases; all internal and external circulation systems, water, sewer, and drainage facilities serving individual parcels and campus as a whole; parking facilities; transportation facilities (e.g. bus shelters, bus/shuttle bay pullouts, bike lanes, etc.); easements; open space (including "public realm zone" areas); dry utilities, including electricity, gas, telephone and cable; any public service facility as needed; architectural design standards for development; grading plan; Phasing Schedule; landscaping plan, public realm zone plan; and any shared parking solutions.

"Memorandum of Agreement" is attached hereto as Exhibit K and incorporated herein by reference.

"**Method of Finance**" is attached hereto as Exhibit L and incorporated herein by reference.

"**Mitigation and Monitoring Plan**" means the Mitigation and Monitoring Plan adopted November 18, 2009 as part of the Environmental Impact Report certified as adequate in connection with the approval of the Specific Plan.

"**Mortgagee**" means the holder of any mortgage, deed of trust or other security interest authorized by this Agreement encumbering any portion of the Property.

"**Navy Parcel**" means Parcel B-1A as shown on the Site Map.

"**Net Project Revenue**" means all revenues of any type or nature from (a) a sale, lease or other disposition of the Property or any portion thereof to a third party, (b) a deemed sale, lease or other disposition of any portion of the Property to a Developer Affiliate, less Anchor User Discounts, Costs of Sale and Sales Commissions. By way of example and not limitation, Net Project Revenues include rents, forfeited earnest money, condemnation awards not applied to costs (except for condemnation awards paid by the Agency and/or the Authority), income from granting easements or other interests in or rights relating to the Property, and interest on Net Project Revenues while invested in interest-bearing accounts established for the Project.

"**Net Project Revenue Statements**" is defined in Section 4.03.

"**Net Property Tax Increment**" means the Gross Property Tax Increment net of any amount required by Redevelopment Law to be set aside for purposes of increasing, improving or preserving the community supply of low and moderate housing and any amounts paid to affected taxing agencies whether by statute or agreement and any amounts paid to the State of California or the County of Riverside as required by statute or agreement. Net Property Tax Increment is estimated, as of the Effective Date, to be twenty seven percent (27%) of the Gross Property Tax Increment.

"**Non-Performing Party's Conditions Notice**" is defined in Section 9.04(a).

"**Permitted Uses**" means all uses permitted by SP-08-01.

"**Phase**" means one or more Acquisition Parcels as identified in the Phasing Schedule.

"**Phase Completion Date**" means that date, described in the Schedule of Performance, by which the Developer shall have completed each Phase.

"**Phasing Schedule**" is defined in Section 3.01.

"**Physical and Environmental Condition of the Property**" is defined in Section 3.03.

"**Project**" is defined in Recital D and described in more detail in the Scope of Development.

"**Property**" is defined in Recital A, shown on the Site Map and described in the Legal Description.

"**Proposed**" means the Vertical Improvements proposed by a Third Party Developer/End User who has been approved by the Agency both as to identity and Construction Financing.

"**Purchase Price**" is defined in Section 4.02.

"**Reciprocal Easement Agreement**" means a recorded agreement by and among the Agency, the Authority, the Developer, and the Third Party Developer(s)/End User(s) governing the development and operation of the Property through the use of reciprocal access, parking and other easements and restrictions on use.

"**Redevelopment Law**" means Health and Safety Code Sections 33000 *et seq.*

"**Redevelopment Plan**" means the Redevelopment Plan for the March Air Force Base Redevelopment Project adopted by Authority Ordinance 96-02 on July 10, 1996.

"**Redevelopment Project Area**" is described in Recital A.

"**Release of Construction Covenants**" is described in Section 6.11 and is attached hereto as Exhibit F and incorporated herein by reference.

"**Relocation Obligations**" means the obligations of the Agency to relocate the existing tenants on the Property, specifically excluding the Cross Word Christian Church Property, the Authority Offices and any tenants relocated by virtue of displacement resulting from activities under a Right of Entry and not a Closing of an Acquisition Parcel. The Relocation Obligations shall be completed in accordance with the Schedule of Performance; provided, however, the Army Parcels cannot be relocated and are, therefore, not available until July 16, 2015 when the current lease expires and the U.S. Vets Property will not be available until October 31, 2013.

"**Remediate**" or "**Remediation**" is defined in Section 6.02.

"**Report**" is defined in Section 5.06.

"**Reuse Plan**" means that certain document entitled "March Air Force Base Final Reuse Plan," dated October 2, 1996.

"**Right of Entry Agreement**" is described in Section 6.06 and attached hereto as Exhibits G-1 (Due Diligence) and G-2 (Horizontal Improvements) and incorporated by reference.

"**RWQCB**" means the Regional Water Quality Control Board with jurisdiction over the Property.

"**Sales Commission(s)**" means real estate commission(s) and/or finder's fee paid in connection with the sale of an Acquisition Parcel, not to exceed three and nine-tenths percent (3.9%) of the Sales Price.

"**Sales Price**" means the gross sales price at which an Acquisition Parcel is sold to a Third Party Developer(s)/End User(s) or, in the case of a sale to a Developer Affiliate, the value determined pursuant to the Appraisal Process.

"**Schedule of Performance**" is defined in Section 6.03 and set forth in Exhibit D attached hereto and incorporated herein by reference.

"**Scope of Development**" is defined in Section 6.01 set forth in Exhibit E.

"**Section 1542**" is defined in Section 3.03.

"**Site Map**" is the map attached hereto as Exhibit A and incorporated herein by reference.

"**Specific Plan**" means SP-08-01, including the Conditions of Approval.

"**Third Party Developer(s)/End User(s)**" means the third party purchaser of each Acquisition Parcel who, by virtue of its Acquisition and Development Agreement with the Developer, will be obligated to purchase the Acquisition Parcel and construct specific Health Care Facilities.

"**Title Review**" is defined in Section 5.06.

"**U.S. Vets Property**" means Building 962 (Dining Facilities) and Building 976 (Dormitory), as shown on the Site Map.

"**Vertical Improvements**" means those Healthcare Facilities to be constructed by the Third Party Developer(s)/End User(s) as described in Section 6.02 and the Scope of Development.

Section 1.02. **Capitalized Terms**. If any capitalized terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them in this Agreement.

ARTICLE 2. TERM OF DISPOSITION AND DEVELOPMENT AGREEMENT

Section 2.01. **Term**. The term of this Agreement (the "Term") shall commence upon the Effective Date of this Agreement, and unless earlier terminated pursuant to this Agreement, shall terminate on the date that is the earlier to occur of:

(i) The Final Conveyance Date; or

(ii) Fifteen (15) years from the First Conveyance.

ARTICLE 3. DISPOSITION OF THE PROPERTY

Section 3.01. **Acquisition Parcels**. The Property shall be divided for purposes of conveyance from the Agency to the Developer, into a number of parcels (each, individually, an "Acquisition Parcel" and collectively the "Acquisition Parcels"). The description, approximate size, and anticipated timing of acquisition of each Acquisition Parcel (the "Phasing Schedule") shall be submitted by the Developer to the Agency for its review and approval within the time set forth in the Schedule of Performance, unless already approved by the Authority pursuant to the Entitlements. During a period not to exceed 30 days after submittal of the Phasing Schedule, the Agency shall have the opportunity to review and approve, conditionally approve or reject, acting in its reasonable discretion, the description, approximate size and anticipated timing of each Acquisition Parcel. The Agency and the Developer shall open an Escrow for conveyance of each successive Acquisition Parcel as set forth in Section 5.01 below.

Section 3.02. **Conveyance**. Subject to the fulfillment of the Conditions Precedent, the Agency shall convey to the Developer each Acquisition Parcel by Grant Deed in the condition provided in this Agreement.

Section 3.03. **Condition of the Property**. The Property shall be conveyed from the Agency to the Developer in an "As Is" condition, without relying upon any representations or warranties, whether express, implied, by statute or otherwise. Without limiting the above, the Developer acknowledges that neither the Agency nor any other party has made any representations or warranties, express or implied, on which the Developer is relying as to any matters, directly or indirectly, concerning the Property, including but not limited to, the land, the square footage of the Property, improvements and infrastructure; if any, development rights and exactions, expenses associated with the Property, taxes, assessments, bonds, permissible uses, title exceptions, water or water rights, topography, utilities, zoning of the Property or any buildings located thereon, soil, subsoil, the purposes for which the Property is to be used, drainage, environmental or building laws, rules or regulations, toxic waste or Hazardous Materials, required scope of Remediation, or any other matters affecting or relating to the Property or any buildings located thereon (the "Physical and Environmental Condition of the Property"). Prior to the First Closing, the Developer acknowledges that it shall have had the opportunity to (i) fully inspect the Property, and (ii) determine whether the Property is suitable for the Developer's proposed use.

The Developer shall have relied solely upon its own investigation concerning its intended use of the Property, the Property's fitness thereof, and the availability of such intended use under applicable statutes, ordinances, and regulations. The Developer further acknowledges and agrees that the Agency's cooperation with the Developer in connection with the Developer's due diligence review of the Property, whether by providing documents or permitting inspection of the Property, has not and shall not be construed as any warranty or representation, express or implied, of any kind with respect to the Property or, except for the Agency's own documents, with respect to the accuracy, completeness, or relevancy of any such document.

The Agency shall not be responsible for any Improvements. It shall be the sole responsibility of the Developer, at the Developer's sole expense, to investigate and determine the soil conditions, building conditions and other constraints related to the use of the Property and the improvements to be constructed by the Developer. If the Physical and Environmental Condition of the Property is not in all respects entirely suitable for the use or uses to which the Property or portions thereof will be put, the Developer may determine in its sole discretion whether development of such Property is financially feasible. In the event the Developer determines that development is not financially feasible, it shall be under no obligation to accept conveyance of the Property and may terminate this Agreement pursuant to Section 9.04(a).

Furthermore, without limiting the generality of the foregoing, the Developer hereby expressly waives, releases and relinquishes any and all claims, causes of action, rights and remedies the Developer may now or hereafter have against the Agency, the Authority, and their officials, officers, employees, and agents, whether known or unknown, with respect to any past, present or future presence or existence of Hazardous Substances on, under or about the Property or any improvements thereon or thereunder or with respect to the Environmental Laws and any and all claims, whether known or unknown, based on nuisance, trespass or any other common law or statutory provisions. Nothing in this paragraph shall operate as a release of any rights or remedies of the Developer against the Agency arising from the migration or release of Hazardous Substances from an adjacent property owned by the Agency.

DEVELOPER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

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

BY INITIALING BELOW, DEVELOPER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES:

DEVELOPER'S INITIALS _____

The waivers and releases by the Developer herein contained shall survive the Closings and the recordation of the Grant Deed(s) and shall not be deemed merged into the Grant Deed(s) upon their recordation.

Notwithstanding the foregoing, nothing in this Section 3.03 is intended to relieve the United States from liability, if any, to the Developer with respect to the Physical and Environmental Condition of the Property resulting from the prior ownership of and use by the United States of the Property. In this regard, the Agency will cooperate with the Developer in enforcing such rights, if any, against the United States including, without limitation, joining with the Developer in any legal action taken against the United States; provided that the Agency does not incur any costs or liabilities in connection therewith; nor is this Section 3.03 intended to relieve the Agency or the Authority of liabilities arising from the migration or release of Hazardous Materials from property adjacent to the Property owned by the Agency and/or the Authority.

ARTICLE 4. CONSIDERATION FOR THE PROPERTY.

Section 4.01. **Deposit**. The Developer shall continue to deposit funds with the Agency from time to time under the Reimbursement Agreement between the Agency and the Developer dated July 24, 2007.

Section 4.02. **Purchase Price**. The Purchase Price for the Property shall be $2.50 per square foot (net of land dedicated for right of way for Backbone Infrastructure) escalated commencing on July 1, 2010 and annually, as of each July 1st thereafter at the greater of (i) three percent (3%) per annum or (ii) the percentage increase in the Consumer Price Index in the prior fiscal year, but in no event greater than five percent (5%) per annum.

Section 4.03. **Additional Purchase Price**. In addition to the Purchase Price described in Section 4.02, the Agency shall be entitled to receive twenty-five (25%) of all Net Project Revenues in excess of Ninety-Five Million Dollars ($95,000,000) (the "Additional Purchase Price"); provided however, in the event that the Agency Note is paid in full prior to December 31, 2021, then the Agency shall not be entitled to receive an Additional Purchase Price. An example of the methodology for the calculation for the Additional Purchase Price is shown in the Additional Purchase Price Illustration. The Additional Purchase Price shall be paid within thirty (30) days after Net Project Revenue exceeds Ninety-Five Million Dollars ($95,000,000) and, thereafter, until and including the Last Sale.

Within thirty (30) days following each Closing, the Developer shall deliver to the Agency closing statements prepared by the Escrow Agent and statements of the Net Project Revenues certified as true and correct by a responsible officer of the Developer (the "Net Project Revenue Statements"). At any time within one (1) year after the receipt of such statement with respect to the Last Sale, the Agency or a reputable nationally recognized accounting firm designated by the Agency shall be entitled to audit all books, records and accounts pertaining thereto at the Agency's expense. Such audit shall be conducted during normal business hours at the principal place of business of the Developer and other places where records are kept. Immediately after the completion of an audit, the Agency shall deliver a copy of the results of such audit to the Developer. If there has been a deficiency in the payment of the Additional Purchase Price, then such deficiency shall become immediately due and payable with interest at the "Reference Rate" of the Bank of America plus five percent (5%) and not to exceed the maximum rate for which the Parties may lawfully contract, such payment to be determined as of accruing from the date that said payment should have been made. In addition, if any of the Net Project Revenue Statements shall be found to have understated the Net Project Revenues by more than five percent (5%) and Agency is entitled to any further Additional Purchase Price as a result of said statement, then the Developer shall pay, in addition to the interest charges referenced hereinabove, all of the Agency's reasonable costs and expenses connected with any audit or review of the Developer's accounts and records. Nothing in this Section 4.03 shall be deemed to limit the Agency's rights pursuant to any applicable statutory periods of limitation for initiating legal proceedings.

Section 4.04. **Further Adjustment to Purchase Price -- Appraised Fair Market Value.** Any Property not yet conveyed on or before the 12th anniversary date of the Effective Date or in the case of a sale to a Developer Affiliate, the applicable Property shall be reappraised and the Purchase Price established pursuant to the following "Appraisal Process."

(i) Within thirty (30) days after the Agency receives a written proposal from the Developer as to the Developer's estimate of fair market value of the applicable Property the Agency shall either accept such estimate as the value of the applicable Property or demand an appraisal in writing. In the event the Agency demands an appraisal, the Agency and the Developer shall first attempt for a period of fifteen (15) days after such demand, to agree on a single appraiser to determine the fair market value of the portion of the Property in question. In the event that the Agency and the Developer are unable to agree on the single appraiser, then the appraisal shall be carried out as set forth below.

(ii) Within fifteen (15) days after the demand for appraisal has been given, the Parties shall each appoint one (1) appraiser. Each such appraiser shall determine the fair market value of the portion of the Property in question and complete and submit his or her written appraisal to the Agency and the Developer within sixty (60) days after the appointment of both such appraisers. If the higher appraised fair market value in such two (2) appraisals is not more than one hundred ten percent (110%) of the lower appraised fair market value, then the Appraised Fair Market Value of the Property in question shall be the average of the two (2) appraised values. If it is not, however, then the appraisers so named shall have fifteen (15) days to designate a third appraiser with similar qualifications. If the two appraisers are unable in a timely manner to agree on the third appraiser, then either the Developer or the Agency, by giving prior written notice to the other Party, shall have thirty (30) days to request and obtain appointment of such a qualified appraiser by applying to the Superior Court of the State of California for the County of Riverside. The third appraiser, however selected, shall be a person who has not acted in any capacity for either Party.

(iii) Neither the Agency nor the Developer shall advise the third appraiser of the appraised fair market value determinations delivered by the first two appraisers, and the Agency and the Developer shall instruct the first two appraisers not to advise the third appraiser of such determination. The third appraiser shall conduct an independent appraisal of the parcel to determine the fair market value based upon the factors enumerated in this Section 4.04 and complete and submit his or her written appraisal to the Developer and the Agency within sixty (60) days after his or her appointment. In such case, the Appraised Fair Market Value for the parcel shall be the average of the two (2) of the three (3) appraised fair market values that are closest to each other. Such Appraised Fair Market Value for the parcel shall be conclusive and binding upon the Developer and the Agency.

(iv) All appraisers appointed pursuant to this Section shall be licensed members of the Appraisal Institute, or members of the American Institute of Real Estate Appraisers or any successor thereto, or members of the Society of Real Estate Appraisers or any successor thereto, in each case with not less than ten (10) years' experience appraising mixed use commercial and retail properties, and shall have performed appraisals of not less than three (3) commercial/industrial projects similar in nature to the Project in the five (5) years preceding the date on which the appraisal under this Agreement is to be made. The appraisers shall be instructed to use the market approach to value assuming raw, unimproved, but fully entitled land, and, without considering "value added" due to proximity to adjacent development on the Property. Each Party shall pay the cost of the appraiser selected by such Party and one-half of the cost of the third appraiser, if necessary. The results of such appraisal shall be conclusive and binding on the Agency and the Developer.

Section 4.05. **Payment of the Purchase Price**. The Purchase Price shall be paid all cash at the Closing of each Acquisition Parcel.

ARTICLE 5. PROCESS OF CONVEYANCE

Section 5.01. **Opening Escrow**. The Parties shall open escrow (the "Escrow") with First American Title Insurance Company or another escrow holder mutually satisfactory to both Parties (the "Escrow Agent") by depositing one (1) fully executed copy of this Agreement with Escrow Agent within ten (10) days after execution of this Agreement. Escrow may open one or more escrow accounts to accommodate the series of Closings with respect to the Acquisition Parcels.

Section 5.02. **Costs of Escrow**. The Agency and the Developer shall pay their respective portions of the premium for each Title Policy as set forth in Section 5.07 hereof, the Developer shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of each Acquisition Parcel, and the Developer and the Agency each agree to pay one-half of all other usual fees, charges, and costs which arise from the Escrow.

Section 5.03. **Escrow Instructions**. This Agreement constitutes the joint escrow instructions of the Developer and the Agency, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. All funds received in the Escrow shall, at the option and sole cost of the Party depositing such funds, be deposited in a federally insured interest bearing general escrow account(s) and may be transferred to any other such federally insured interest bearing escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such account.

The Parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. Each Closing shall take place when the Conditions Precedent to such closing have been fulfilled as required hereunder. Escrow Agent is instructed to release the Agency's escrow closing statements and the Developer's escrow closing statements to the Parties for their respective prior written approval.

Without limiting the generality of the foregoing, at the request of the Developer from time to time, the Agency will cooperate at no cost to the Agency with the Developer in executing such further documents, including escrow instructions, as may be necessary to enable the Developer to obtain credit against the Purchase Price of an Acquisition Parcel, for funds deposited in the purchase escrow for any concurrently closing sale of such Acquisition Parcel by the Developer to a Third Party Developer(s)/End User(s); provided the Agency is to receive such funds at Closing.

Section 5.04. **Authority of Escrow Agent**. Escrow Agent is authorized to, and shall, when directed by the Parties with respect to each Closing:

(a) Pay and charge the Agency and the Developer for their respective shares of the premium of the Title Policy and any endorsements thereto as set forth in Section 5.07.

(b) Pay and charge the Agency and the Developer for their respective shares of any escrow fees, charges, and costs payable under Section 5.02 of this Agreement.

(c) Disburse funds, deliver and record in the following order of priority: the Grant Deed, followed by the Reciprocal Easement Agreement and followed by all deeds of trust and other security documents, if any, required as part of the Developer's and/or Third Party Developer'(s)/End User'(s) approved financing; with instructions for the Recorder of Riverside County, California to deliver the Grant Deed to the Developer, and conformed copies of each document, to the Party not receiving the original thereof.

(d) Do such other actions as necessary to fulfill its obligations under this Agreement.

(e) Direct each Party to execute and deliver any instrument, affidavit, and statement and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. The Developer and the Agency each agree, if required, to execute a Certificate of Non-Foreign Status by transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act and comparable forms respecting the State of California as may be required by Escrow Agent, on forms to be supplied by Escrow Agent.

(f) Prepare and file with all appropriate governmental or taxing authorities and the appropriate Party hereunder, a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

Section 5.05. **Closing**. The conveyance of each Acquisition Parcel shall occur, following fulfillment of the Conditions Precedent, within ten (10) days after the Parties have sent written instructions to Escrow directing the Closing of such Acquisition Parcel but, with respect to the First Closing, notwithstanding and without further notice and an opportunity to cure, in no event later

than the second anniversary of the Effective Date, which may be extended for a period not to exceed one (1) additional year for an event of Force Majeure (the "First Closing Outside Date"), and with respect to the Final Closing, in no event later than the 15th anniversary of the First Conveyance (the "Final Closing Outside Date"). The "Closing" shall mean the recordation of the Grant Deed in the Official Records of Riverside County with respect to each Acquisition Parcel. The "Closing Date" shall mean the day on which the Closing occurs.

5.05.1. Closing Procedure. Escrow Agent shall close Escrow with respect to each Acquisition Parcel, as follows:

(a) Record the Grant Deed, with instructions for the Recorder of Riverside County, California to deliver the Grant Deed and conformed copies of each document to the Developer.

(b) Record the Reciprocal Easement Agreement and such other documents as may be instructed by the Parties (such as deeds of trust and other security documents).

(c) Instruct the Title Company to forthwith deliver the Title Policy to the Developer, with a copy to the Agency.

(d) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(e) Deliver the FIRPTA Certificate and other certificate(s) and statement(s) described in Sections 504(e) and (f), if any, to the Agency;

(f) Disburse any funds and documents as may be held in Escrow following the Closing to the Party entitled thereto; and

(g) Deliver to both the Agency and the Developer for each Closing and the corresponding conveyance to Third Party Developer(s)/End User(s), a separate accounting of all funds received and disbursed with respect to each Party and conformed copies of all executed, recorded, or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

Section 5.06. Review of Title. Concurrently with the Effective Date, the Agency shall cause First American Title Company (the "Title Company"), to deliver to the Developer a standard preliminary title report (the "Report") with respect to title to the Property, together with legible copies of the documents underlying the exceptions (the "Exceptions") set forth in the Report. The Developer shall have the right to approve or disapprove (the "Title Review") the Exceptions in its sole discretion as set forth hereinbelow; provided, however, that the Developer hereby disapproves any monetary encumbrances and approves the following Exceptions:

(a) The Redevelopment Plan.

(b) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).

(c) The Avigation Easement.

The Developer shall have forty-five (45) days from the date of its receipt of the Report and legible copies of all Exceptions to give written notice to the Agency and Escrow Holder of the Developer's approval or disapproval of any such Exceptions. The Developer shall be required to obtain, at its expense, an ALTA Survey of the Property and to approve or disapprove the ALTA Survey and all Exceptions to title shown on the ALTA Survey. The Developer's failure to give written approval or disapproval of the Report within such time limit shall be deemed disapproval of the Report. If the Developer expressly notifies the Agency of its disapproval of any Exceptions in the Report, the Agency shall have until the Due Diligence Termination Date to determine whether or not it will undertake the removal of any disapproved Exceptions. If the Agency elects to remove such Exceptions, it shall provide the Developer with written notice of such election prior to the Due Diligence Termination Date and shall diligently proceed to effect the removal of such Exceptions. If the Agency cannot or does not elect to remove any of the disapproved Exceptions on or before the expiration of the Due Diligence Termination Date, the Developer shall have thirty (30) days after the expiration of the Due Diligence Termination Date to either give the Agency written notice that the Developer elects to proceed with the purchase of the Property subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate this Agreement. The Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "Condition of Title." The Developer shall have the right to approve or disapprove any additional and previously unreported Exceptions reported by the Title Company after the Developer has approved the Condition of Title for the Property (which are not created by the Developer). The Agency shall not voluntarily create any new exceptions to title following the Date of Agreement. If, following Developer's approval of the Condition of Title, any Third Party Developer(s)/End User(s), who have not entered the Property prior to the Due Diligence Termination Date pursuant to the Right of Entry Agreement, disapproves of an Exception previously approved by Developer, the Agency agrees to work in good faith with Developer to reasonably cure said matters, at no cost to Agency, in order to allow the subject Acquisition and Development Agreement(s) with such Third Party Developer(s)/End User(s) to proceed.

Section 5.07. **Title Insurance**. Concurrently with recordation of the Grant Deed conveying title to each Acquisition Parcel, there shall be issued by Title Company to the Developer, a CLTA or, at the Developer's request, an ALTA extended coverage owner's policy of title insurance (the "Title Policy"), in an amount equal to the Purchase Price of each Acquisition Parcel together with such endorsements as are requested by the Developer, insuring that as of the date and time of recordation of such Grant Deed, title to or all right of possession for each Acquisition Parcel is vested in the Developer in the condition required by Section 5.06 and this Section 5.07. The Agency agrees to remove on or before each Closing any deeds of trust or other monetary liens against the applicable Acquisition Parcel and any other items which the Agency has agreed to remove pursuant to Section 5.06. The Agency shall pay that portion of the premium for the Applicable Title Policy equal to the cost of a CLTA title policy in the amount of the Purchase Price, and any endorsements necessary to acquire such CLTA title policy. Any additional costs, including the cost of endorsements requested by the Developer which are not necessary to obtain the CLTA title policy, or additional premiums to obtain an ALTA policy, shall be borne by the Developer.

Section 5.08. **Conditions of First Closing**. The First Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below (the "Conditions Precedent to the First Closing"). Except for a breach of one of the Party's obligations under this Agreement, the failure of any condition set forth in this Section 5.08 to be either satisfied or waived prior to the date specified in the Schedule of Performance shall not constitute a Default pursuant to

Section 9.02, but shall be cause for termination of this Agreement, by the Party for whose benefit such condition has been imposed.

5.08.1. Agency's Conditions of the First Closing. The Agency's obligation to proceed with the First Closing is subject to the fulfillment, or waiver by the Agency, of each and all of the conditions precedent (a) through (c), inclusive, described below (the "Agency's Conditions Precedent to First Closing"), which are solely for the benefit of the Agency, and which shall be fulfilled, or waived in its sole discretion, within the time periods provided for herein, or if no time frame is provided, prior to the First Closing Outside Date:

(a) **Title Review and Physical and Environmental Condition of the Property**. The Developer shall have approved the Title Review and Physical and Environmental Condition of the Property, pursuant to Section 3.03 and Section 5.06 and shall not have elected to cancel Escrow and terminate this Agreement, pursuant to Section 3.03 and Section 5.06, and neither the Condition of Title nor the Physical and Environmental Condition of the Property has materially changed, in a manner that would increase the cost of Improvements by not less than Five Hundred Thousand Dollars ($500,000), as reasonably determined by the Developer.

(b) **Title Insurance**. The Title Company shall have agreed that, upon payment of Title Company's regularly scheduled premium, it shall provide to the Developer a policy of title insurance, insuring that the title to the Property is vested in the Developer.

(c) **Entitlements**. The Entitlements shall have been granted.

Any waiver by the Agency of any of the preceding conditions must be expressly made in writing.

5.08.2. Developer's Conditions of First Closing. The Developer's obligation to proceed with the First Closing is subject to the fulfillment or waiver by the Developer of each and all of the conditions precedent (a) through (d), inclusive, described below (the "Developer's Conditions Precedent to First Closing"), which are solely for the benefit of the Developer, and which shall be fulfilled, or waived in its sole discretion, within the time periods provided for herein, or if no time is set forth, by the First Closing Outside Date:

(a) **Title Review and Physical and Environmental Condition of the Property**. The Developer shall have approved the Title Review and Physical and Environmental Condition of the Property, pursuant to Section 3.03 and Section 5.06, and shall not have elected to cancel Escrow and terminate this Agreement, pursuant to Section 3.03 and Section 5.06 and neither the Condition of Title nor the Physical and Environmental Condition of the Property has materially changed, in a manner that would increase the cost of Improvements by not less than Five Hundred Thousand Dollars ($500,000), as reasonably determined by the Developer.

(b) **Title Insurance**. The Title Company shall have agreed that, upon payment of Title Company's regularly scheduled premium, it shall provide to the Developer a policy of title insurance, insuring that the title to the Property is vested in the Developer.

(c) **Entitlements**. The Entitlements shall have been granted.

(d) **Department of Industrial Relations Determination**. The Developer shall have received a determination from the State of California Department of Industrial Relations regarding the applicability of prevailing wages to the Project which is reasonably acceptable to the Developer.

Any waiver by the Developer of any of the preceding conditions must be expressly made in writing.

Section 5.09. Conditions Precedent Applicable to All Closings. All Closings are conditioned upon the following:

(a) **No Default**. Neither Party shall be in Breach or Default under any of its obligations under the terms of this Agreement.

(b) **Execution and Delivery of Documents**. Both Parties shall have executed and, as necessary for recordation, shall have acknowledged, any documents required hereunder.

(c) **Payment of Funds**. The Parties shall have deposited into Escrow all of the required costs of the Closing.

(d) **No Litigation**. No litigation is pending or threatened challenging the validity of this Agreement or implementation thereof.

(e) **Design Approvals**. The Third Party Developer(s)/End User(s) which ultimately acquires the Acquisition Parcel in question shall have obtained approval by the Agency and the Authority of the Construction Drawings for the Vertical Improvements as set forth in Article 6 and the Developer shall have obtained approval by the Agency and the Authority of the Construction Drawings for the Horizontal Improvements as set forth in Article 6 which are required to serve the portion of the Property being acquired, and the Developer and the Third Party Developer(s)/End User(s) shall have satisfied all conditions to issuance of building permits by the Authority for such Horizontal Improvements and Vertical Improvements, including payment of fees. The issuance to the Developer and the Third Party Developer(s)/End User(s), as the case may be, of building permits by the Authority for both Horizontal Improvements and Vertical Improvements shall be deemed to be satisfaction of this condition precedent.

(f) **Insurance**. The Developer shall have provided proof of insurance as required by Section 6.14 hereof.

(g) **Approval of the Third Party Developer(s)/End User(s)**. The Developer shall have submitted and the Agency shall have approved the identity of the Third Party Developer(s)/End User(s) for each Closing, exercising reasonable discretion, based on financial capability (including availability of equity and debt capital),as set forth in Section 6.13 and development and/or operating experience, as applicable with respect to the Vertical Improvements (i.e., Health Care Facilities) proposed.

(h) **Approval of the Acquisition and Development Agreement**. The Developer shall have submitted and the Agency shall have determined, exercising reasonable

discretion, that the Acquisition and Development Agreement with respect to each Closing, substantially conforms to Exhibit J.

(i) **Relocation of Tenants**. The Agency shall have completed the Relocation Obligations with respect to the relevant Acquisition Parcel(s).

(j) **Construction Financing**. The Agency shall have approved evidence of Construction Financing for the Horizontal Improvements and Vertical Improvements and any required Construction Financing shall record and commence funding concurrently with each Closing and concurrent conveyance of the Acquisition Parcel(s) to the Third Party Developer(s)/End User(s), as set forth in Section 6.13.

(k) **General Contractor Contract**. The Developer shall have provided or caused to be provided to the Agency a copy of a valid and binding contract between (i) the Developer, and one or more California-licensed general contractors, and (ii) the Third Party Developer(s)/End User(s) and one or more California licensed general contractors for the construction of the Horizontal Improvements and Vertical Improvements, respectively, certified by the Developer and the Third Party Developer(s)/End User(s), as applicable, to be a true and correct copy thereof.

(l) **Property Tax Agreement**. If required, pursuant to Section 7.02, the Agency and Third Party Developer(s)/End User(s) shall have entered into an Exempt Property Covenant and recorded same concurrently with the Closing.

The Conditions Precedent described in paragraphs (a), (b), (c), (d), (e) and (i) are for the benefit of both Parties and the Conditions Precedent described in paragraphs (f), (g), (h), (j), (k) and (l) are the benefit of the Agency.

Section 5.10. Representations and Warranties.

5.10.1. Agency Representations. The Agency represents and warrants to the Developer as follows:

(a) **Authority**. The Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000), which has been authorized to transact business pursuant to action of the Authority and the execution, performance and delivery of this Agreement by the Agency has been fully authorized by all requisite actions on the part of the Agency.

(b) **No Conflict**. The Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Agency is a party or by which it is bound.

(c) **Litigation**. The Agency has no Actual Knowledge of, nor has the Agency received any notice of or knows of any basis for, any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against the Agency with respect to the Property.

(d) **Notices of Violation**. The Agency has no Actual Knowledge of, nor has the Agency received any notice of or knows of any basis for, any violations of laws, statutes,

regulations, ordinances, other legal requirements with respect to the Property, or any part thereof, or with respect to the use, occupancy or construction thereof, or any investigations by any governmental or quasi governmental authority into potential violations thereof. In the event the Agency receives notice of any such violations or investigations affecting the Property prior to the First Closing, the Agency promptly shall notify the Developer thereof. The Agency has disclosed to the Developer all documentation in the Agency's possession regarding the Physical and Environmental Condition of the Property, consisting of: Findings of Suitability to Transfer, Asbestos Surveys and Lead Based Paint Surveys, if any.

The Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of each Closing, immediately give written notice of such fact or condition to the Developer. Such exception(s) to a representation shall not be deemed a Breach by the Agency hereunder, but shall constitute an exception which the Developer shall have a right to approve or disapprove if the Developer, in its sole discretion, determines such exception would materially adversely affect the value, development, financing, maintenance, and/or operation of the Improvements. If the Developer elects, acting in its sole discretion, to close the Escrow following disclosure of such information, the Agency's representations and warranties contained herein shall be deemed to have been made as of such Closing, subject to such exception(s). If, following the disclosure of such information, the Developer, acting in its sole discretion, elects to not close the Escrow, then the Developer shall give notice to the Agency of such election within ten (10) days after disclosure of such information, and this Agreement and the Escrow shall thereafter automatically terminate, and neither Party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section, subject to any such exceptions, shall survive each Closing.

5.10.2. Developer's Representations. The Developer represents and warrants to the Agency as follows:

(a) **Authority**. The Developer is a duly organized limited liability company established within and in good standing under the laws of the State of California, and is authorized to do business in the State of California. The copies of the documents evidencing the organization of each of the entities comprising the Developer which have been delivered to the Agency are true and complete copies of the originals, as amended to the Date of this Agreement. The execution, performance and delivery of this Agreement by the Developer has been fully authorized by all requisite actions on the part of the Developer.

(b) **FIRPTA**. The Developer is not a "foreign person" within the parameters of FIRPTA or any similar state statute, or is exempt from the provisions of FIRPTA or any similar state statute.

(c) **No Conflict**. The Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a Party or by which it is bound.

(d) **No Bankruptcy**. The Developer is not the subject of a bankruptcy proceeding and is not insolvent.

(e) **Litigation**. The Developer has no Actual Knowledge of, nor has the Developer received any notice of or knows of any basis for, any actual or pending litigation or

proceeding by any organization, person, individual or governmental agency against the Developer with respect to the Property.

The Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Closing, immediately give written notice of such fact or condition to the Agency. Such exception(s) to a representation shall not be deemed a Breach by the Developer hereunder, but shall constitute an exception which the Agency shall have a right to approve or disapprove if the Agency, in its sole discretion, determines that such exception would have an effect on the value of the Property. If the Agency, acting in its sole discretion, elects to close the Escrow following disclosure of such information, the Developer's representations and warranties contained herein shall be deemed to have been made as of each Closing, subject to such exception(s). If, following the disclosure of such information, the Agency elects, acting in its sole discretion, to not close the Escrow, then the Agency shall give notice to the Developer of such election within ten (10) days after disclosure of such information and this Agreement and the Escrow shall thereafter automatically terminate and neither Party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section, subject to such exception(s), shall survive each Closing.

Section 5.11. Post Closing Obligations.

5.11.1. Developer Precautions After Each Closing. Upon and after each Closing, with respect to the Horizontal Improvements as to Developer and with respect to the Vertical Improvements as to the Third Party Developer(s) End User(s) as set forth in each Acquisition and Development Agreement, and, thereafter, Developer or Third Party Developer(s)/End User(s), as applicable, shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Acquisition Parcel(s) conveyed at such Closing. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, each Third Party Developer(s)/End User(s) shall install and utilize such equipment and implement and adhere to such legally required or commercially reasonable procedures for the disclosure, storage, use, removal and disposal of any Hazardous Materials. This provision shall survive the termination, expiration, invalidation or performance in full or in part of this Agreement, and, without limiting the foregoing, shall survive each Closing.

5.11.2. Indemnity. The Developer shall incorporate in each Acquisition and Development Agreement a provision that the Third Party Developer(s)/End User(s) shall indemnify, defend and hold the Agency and the Authority and their elected officials, employees, officers, volunteers, representatives, consultants, attorneys and agents harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys' fees) (collectively, the "Environmental Liabilities"), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the applicable Acquisition Parcel, and (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the applicable Acquisition Parcel. This indemnity shall include, without limitation, any damage, liability, fine, penalty, parallel indemnity after closing cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment,

nuisance, contamination, leak, spill, release or other adverse effect on the environment. At the request of the applicable Third Party Developer(s)/End User(s), the Agency shall cooperate with and assist the applicable Third Party Developer(s)/End User(s) in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance. This indemnity shall survive the termination, expiration, invalidation, or performance in full or in part of this Agreement, and, without limiting the foregoing, shall survive each Closing.

ARTICLE 6. DEVELOPER OBLIGATIONS

Section 6.01. **Scope of Development**. The Property shall be developed in accordance with the Entitlements and generally consistent with the Scope of Development.

Section 6.02. **Developer Obligations**. The Developer shall have the responsibility for (i) remediation of soil (to the extent legally required), remediation of contamination of existing buildings and building materials (to the extent legally required), as described in the Scope of Development and Entitlements ("Remediation"), Demolition and design and construction of the Backbone Infrastructure in accordance with the Entitlements (collectively "Horizontal Improvements), and (ii) acquisition of each Acquisition Parcel from the Agency and concurrent sale of each Acquisition Parcel to Third Party Developer(s)/End User(s) which Third Party Developer(s)/End User(s) shall develop a specific Health Care Facility, including in-tract infrastructure pursuant to an Acquisition and Development Agreement in substantially the form attached hereto as Exhibit J (the "Vertical Improvements"). The Agency may, at its election, perform or pay the cost of a portion of the Remediation and/or Demolition and/or pay for construction of the Backbone Infrastructure, in which case the principal amount of the Agency Note shall be reduced by an amount equal to that paid by the Agency toward such Remediation Demolition or construction of the Backbone Infrastructure. The Agency shall notify the Developer at least thirty (30) days before performing any such Remediation and/or Demolition. Notwithstanding anything herein to the contrary, Phase 1 shall include a medical office facility (which may include a clinic and/or medical lab facility) of not less than one hundred twenty thousand (120,000) square feet of Gross Building Area.

Section 6.03. **Schedule of Performance**. It is the intent of the Parties that the Property be developed in an expeditious manner, consistent with the Schedule of Performance, Exhibit D.

Subject to any delay due to Force Majeure, the Parties shall fulfill their obligations in accordance with the Schedule of Performance; provided, however, in the event consideration of any matter subject to the Schedule of Performance requires additional environmental analysis pursuant to the California Environmental Quality Act then the time for performance shall be extended until such analysis is completed. Failure to comply with the Schedule of Performance shall be a Default hereunder following notice and opportunity to cure entitling the non-defaulting Party to terminate and otherwise pursue its remedies under Article 9; provided, however, in addition to the Specific provisions of Section 5.08 which permit termination without further notice and opportunity to cure with respect to the First Closing Outside Date set forth in Section 5.05, in the event that the Developer fails to cause Completion of (i) a minimum of 1,340,000 square feet (Gross Building Area) of Vertical Improvements on or before the sixth (6th) anniversary of the Effective Date, (ii) a minimum of an additional 1,131,000 square feet (Gross Building Area) of Vertical Improvements on or before the eleventh (11th) anniversary date of the Effective Date, or (iii) a minimum of an

additional 1,076,000 square feet (Gross Building Area) of Vertical Improvements on or before the fifteenth (15th) anniversary of the Effective Date, then this Agreement may be terminated and, if the reason for termination is other than the Developer's inability to close an Acquisition Parcel as a result of the operation of the penultimate sentence of Section 5.10.1 then, upon termination, interest shall toll on the Agency Note as of the operative anniversary date described in (i) through (iii) above.

Section 6.04. **Payment of Costs**. Except to the extent of the Relocation Obligations required to be fulfilled by the Agency as set forth in Section 8.02 and Remediation, Demolition and construction of the Backbone Infrastructure paid for and/or performed by the Agency as set forth in Section 6.02, and the Agency's obligations under the Agency Note, the Developer and/or Third Party Developer(s)/End User(s), as applicable, shall be solely responsible for all costs incurred in connection with the development of the Property, including all Horizontal Improvements.

Section 6.05. **Authority and Other Governmental Permits; Governmental Requirements**. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Property, the Developer and Third Party Developer(s)/End User(s) shall, at their own expense, secure or cause to be secured any and all permits which may be required by the Authority or any other governmental agency affected by such construction, development or work and otherwise comply with Governmental Requirements. The Developer and Third Party Developer(s)/End User(s), as the case may be, shall carry out construction and operation of the Improvements in conformity with the Entitlement(s) and all Governmental Requirements. The Acquisition and Development Agreements shall require the Third Party Developer(s)/End User(s) to carry out the construction and operation of the Vertical Improvements in accordance with all Governmental Requirements. In the event that any Third Party Developer/End User(s) would otherwise be exempt from local zoning and land use controls such Third Party Developer(s)/End User(s) shall nonetheless be bound pursuant to this Agreement and the Acquisition and Development Agreement to comply with the terms of the Entitlements and all other Governmental Requirements.

Section 6.06. **Right of Entry**. At all times prior to the conveyance of any portion of the Property from the Agency to the Developer, the Developer may enter upon the Property, subject to the execution of the Right of Entry Agreement (Due Diligence) attached as Exhibit G-1, for the purposes of conducting surveys, collecting soil samples and performing other such studies including borings necessary for determining the Physical and Environmental Condition of the Property, and subject to the execution of the Right of Entry Agreement (Horizontal Improvements) attached as Exhibit G-2 for the purpose of (i) conducting preliminary work on the Property; and (ii) completing the Horizontal Improvements on the Property. Prior to any such entry upon the Property, the Developer shall notify the Agency of the purpose of such entry and the location of any sampling or work to be performed and the time such sampling or work shall occur. Concurrently with the execution of Exhibit G-2, Developer and Agency will execute a further agreement with the Agency which would include, without the limitation, the assumption by the Developer of the Relocation Obligations and payment for Lost Revenues, if applicable. The Developer shall indemnify, defend and hold the Agency and the Authority, its employees, officers, agents and representatives harmless against any claim for damages to person or property whatsoever arising solely from any activities of the Developer, its employees, officers, agents, representatives, contractors, subcontracts or consultants on, under or adjacent to the Property.

Section 6.07. **Assessed Value**. The Third Party Developer(s)/End User(s) and their successor and assigns shall not appeal the assessed value of the property and improvements owned by such Third Party Developer(s)/End User(s)after Completion so as to achieve an assessed value

less than the assessed value which is the greater of the assessed value imposed in (i) the fiscal year of Completion, or (ii) the fiscal year following the fiscal year in which Completion occurred.

Section 6.08. **Antidiscrimination During Construction**. The Developer, for itself and its successors and assigns, agrees that in the construction of the Improvements the Developer will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

Section 6.09. **Public Financing for Horizontal Improvements**. The Agency will cooperate with the Developer, in accordance with applicable laws and statutorily prescribed hearings and findings, to assist with and permit the formation of community facilities districts, assessment districts or other such financing districts for the construction of the Horizontal Improvements.

Section 6.10. **Security Financing; Rights of Holders**.

(a) **Holder Not Obligated to Construct Improvements**. No Mortgagee shall be obligated by the provisions of this Agreement to construct or complete the Improvements or to guarantee such construction or completion, nor shall any covenant or any other provision in any grant deed for any Acquisition Parcel be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Property to any uses or to construct any Improvements thereon other than those uses or improvements provided for or authorized by this Agreement.

(b) **Failure of Holder to Complete Improvements**. In any case where, thirty (30) days after Default by the Developer under this Agreement, or after default by a Third Party Developer(s)/End User(s) under an Acquisition and Development Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the applicable Acquisition Parcel, or any portion thereof, has not cured such Default, or if it has commenced cure but has not proceeded diligently therewith, the Agency may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the applicable Acquisition Parcel has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance of such Acquisition Parcel from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

(i) The unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(ii) All expenses with respect to foreclosure;

(iii) The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Property;

(iv) The costs of any authorized improvements made by such holder; and

(v) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency.

(c) **Right of Agency to Cure Mortgage, Deed of Trust or Other Security Interest Default**. In the event of a default or breach by the Developer of a mortgage, deed of trust or other security interest with respect to the Property prior to the completion of the Improvements or transfer of the Property, and the holder has not exercised its option to complete the development, the Agency shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the Agency in curing the default. The Agency shall also be entitled to a lien upon the Property to the extent of such costs and disbursements. Any such lien shall be subject to mortgages, deeds of trust or other security interests executed for the sole purpose of obtaining funds to purchase and develop the Property as authorized herein.

Section 6.11. Release of Construction Covenants. Promptly after completion of Improvements for each Acquisition Parcel in conformity with this Agreement, the Agency shall deliver to the Developer and the applicable Third Party Developer(s)/End User(s), a Release of Construction Covenants executed and acknowledged by the Agency with respect to the Improvements on such Acquisition Parcel. The Agency shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Improvements with respect to such Acquisition Parcel, and the Release of Construction Covenants shall so state. Following the issuance of a Release of Construction Covenants, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Improvements shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement with respect to the construction of the Improvements; however, any such party shall be subject to those continuing covenants described herein.

If the Agency refuses or fails to furnish a Release of Construction Covenants in accordance with the preceding paragraph, and after written request from the Developer and/or the applicable Third Party Developer(s)/End User(s), the Agency shall, within fifteen (15) days after receipt of such written request therefore, provide the Developer and/or the applicable Third Party Developer(s)/End User(s), with a written statement of the reasons the Agency refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Agency's opinion of the actions the Developer and/or the applicable Third Party Developer(s)/End User(s), must take or cause to be taken to obtain the Release of Construction Covenants. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer and/or the applicable Third Party Developer(s)/End User(s), to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

Section 6.12. Department of Industrial Relations. The obligations of the Developer hereunder are expressly conditioned upon receipt (or waiver) by the Developer of a determination by the State of California Department of Industrial Relations regarding the applicability of prevailing wages to the Project which determination is acceptable to the Developer in its reasonable discretion.

Section 6.13. Approval of Construction Financing. As an Agency Condition Precedent to the Closing and to entry pursuant to a Right of Entry Agreement, the Developer shall submit to the

Agency prior to the Closing or prior to entry pursuant to Right of Entry, as the case may be, evidence that the Developer and the Third Party Developer(s)/End User(s) have obtained sufficient equity ("Equity") and, if required, have obtained firm and binding commitments for a construction loan ("Construction Loan") from institutional lender(s) each with a net worth of not less than One Hundred Million Dollars ($100,000,000) necessary to undertake the development and construction of the Horizontal Improvements or Vertical Improvements, as the case may be, in accordance with this Agreement and the applicable Acquisition and Development Agreement (Equity and/or Construction Loan are referred to herein as "Construction Financing"). The Agency shall approve or disapprove the evidence of Construction Financing within thirty (30) days of receipt of a complete submission with respect to each. Approval shall not be unreasonably withheld or delayed. If the Agency shall disapprove any such evidence of Construction Financing, the Agency shall do so by notice to the Developer stating the reasons for such disapproval and the Developer shall promptly either resubmit evidence addressing the reason(s) for disapproval or obtain and submit new evidence of Construction Financing. The Agency shall approve or disapprove such resubmittal or new evidence of Construction Financing in the same manner and within the same times established in this Section 6.13 for the approval or disapproval of the evidence of Construction Financing as initially submitted to the Agency.

Such evidence of Construction Financing, as applicable, shall include the following: (i) a copy of the loan commitment obtained from one or more financial institutions for the mortgage loan or loans for financing to fund the construction, completion, operation and maintenance of the Improvements during the term of the loan, subject to such lenders' reasonable, customary and normal conditions and terms (ii) disbursement instructions for the disbursement of the Purchase Price by the proposed construction lender; and (iii) other documentation satisfactory to the Agency as evidence of other sources of Equity funds and/or Construction Loan proceeds sufficient to demonstrate that the Developer and/or the Third Party Developer(s)/End User(s) have adequate funds.

Section 6.14. Insurance.

6.14.1. General Liability Insurance Requirements. Without limiting the Agency's or the Authority's right to indemnification, the Developer with respect to the Horizontal Improvements and Third Party Developer(s)/End User(s), with respect to the Vertical Improvements, as required pursuant to the Acquisition and Development Agreement, shall, prior to commencing any activities under this Agreement, secure or cause to be secured from a company or companies licensed to conduct insurance business in the State of California, pay for, and maintain in full force and effect from and after the First Conveyance, and continuing until the issuance of the Release of Construction Covenants with respect to Vertical Improvement for each Acquisition Parcel, a policy of commercial general liability insurance issued by an "A:VII" or better rated insurance carrier as rated by A.M. Best Company as of the date that the Developer obtains or renews its insurance policies, on an occurrence basis, in which the Agency, the Authority and their respective officers, employees, agents and representatives are named as additional insureds. Similar insurance shall be required by the Right of Entry Agreement. The Developer shall furnish a certificate of insurance to the Agency prior to the First Conveyance, and shall furnish complete copies of such policy or policies upon request by the Agency. Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached hereto, the protection offered by the policy shall:

(a) Include an endorsement naming the Agency and the Authority, their officers, employees, agents, representatives and attorneys as additional insureds;

(b) Provide a combined single limit policy for both personal injury and property damage in the amount of $5,000,000, which will be considered equivalent to the required minimum limits;

(c) Bear an endorsement or shall have attached a rider providing that the Agency shall be notified not less than thirty (30) days before any expiration, cancellation, nonrenewal, reduction in coverage, increase in deductible, or other material modification of such policy or policies, and shall be notified not less than ten (10) days after any event of nonpayment of premium.

(d) Provide for waivers of subrogation for the benefit of the Authority and the Agency.

6.14.2. Workers' Compensation Insurance. The Developer and the Third Party Developer(s)/End User(s) shall provide to the Agency certificates of insurance evidencing that both maintain workers' compensation insurance covering their respective employees, as required by California law. Also, the Developer and the Third Party Developer(s)/End User(s) (i) shall ensure that any contractors hired by the Developer, which are involved in construction of the Horizontal Improvements or Vertical Improvements, as applicable, carry workers' compensation insurance on their respective employees, and (ii) shall require said contractors to ensure that their subcontractors, if any, carry workers' compensation covering their respective employees.

6.14.3. Property Insurance. The Developer and Third Party Developer(s)/End User(s) shall secure, maintain, and pay for the following all-risk property insurance; provided, however, in the case of builder's risk insurance, the Developer may cause the required builder's risk insurance to be secured, maintained, and paid for:

Prior to the start of construction and continuing until the issuance of the Release of Construction Covenants: all-risk builder's risk (course of construction) insurance coverage in an amount equal to the full cost of the Horizontal Improvements or Vertical Improvements, as applicable. Such insurance shall be written on an all-risk form, and shall cover, at a minimum: all work, materials, and equipment to be incorporated into the applicable Improvements during construction; the completed applicable Improvements until such time as it is accepted by the Agency and the Authority; and storage and transportation risks. Such insurance shall protect/insure the interests of the Developer and the Developer's construction contractor, and other contractor(s), and all subcontractors, as each of their interests may appear. If such insurance includes an exclusion for "design error," such exclusion shall only be for the object or portion which failed. Such insurance shall include an insurer's waiver of subrogation in favor of each protected/insured party thereunder. The Agency shall be named as an additional loss payee, as its interests may appear, with a loss payable endorsement, which shall be delivered to the Agency prior to the start of construction.

Section 6.15. Developer's Indemnity. The Developer and the Third Party Developer(s)/End User(s), following the closing of each Acquisition Parcel, shall defend, indemnify, assume all responsibility for, and hold the Agency and the Authority, and their elected officials, volunteers, officers, employees, consultants, attorney and agents, harmless from all claims, demands, damages, defense costs or liability for any damages to property or injuries to persons, including accidental death (including reasonable attorneys fees and costs), which may be caused by any acts or omissions of the Developer and/or Third Party Developer(s)/End User(s), as applicable, under this Agreement and/or the Third Party Developer(s)/End User(s) under the applicable Acquisition and

Development Agreement and/or with respect to the development, ownership and/or operation of each Acquisition Parcel by the Developer/ Third Party Developer(s)/End User(s), as applicable, whether such activities or performance thereof be by the Developer or by the Third Party Developer(s)/End User(s), as the case may be, or by anyone directly or indirectly employed or contracted with by either of the same, and whether such damage shall accrue or be discovered before or after termination or expiration of this Agreement. Notwithstanding the foregoing, neither the Developer nor any third Party Developer(s)/End User(s) shall be liable for property damage or bodily injury to the extent caused by the sole negligence or willful misconduct of the Agency or the Authority or their respective officers, agents or employees. This Indemnity shall survive the termination, expiration, invalidation or performance in full or in part of this Agreement, and, without limiting the foregoing, shall survive the First Conveyance. The Developer shall cause a similar provision to be included in each Acquisition and Development Agreement pursuant to which the Third Party Developer(s)/End User(s) will indemnify the Agency and the Authority as set forth above.

ARTICLE 7. USE OF THE PROPERTY

Section 7.01. Uses. The Developer agrees to devote the Property to the Permitted Uses during the Term.

Section 7.02. **Limitation on Conveyance to Tax Exempt Entity**. The Developer agrees for itself and shall incorporate a covenant in each Acquisition and Development Agreement and the grant deed conveying each Acquisition Parcel that, unless otherwise approved by the Agency acting in its sole and absolute discretion, at such time as the Gross Building Area of Completed or Proposed Vertical Improvements that are exempt in whole or in part from secured and/or unsecured property taxes ("Exempt Property") exceeds twenty percent (20%) of the Gross Building Area of all Completed or Proposed Vertical Improvements then, thereafter the Developer, the Third Party Developer(s)/End User(s) and their respective successors and assigns, as evidenced by a mutually acceptable agreement to be recorded against the applicable Acquisition Parcel(s), shall refrain, in perpetuity, from seeking, or otherwise taking advantage of any exemption from the payment, in whole or in part, of secured and/or unsecured property taxes on the applicable Acquisition Parcel and/or Improvements; provided that in the event that the applicable Acquisition Parcel(s) and/or Improvements nonetheless become exempt, in whole or in part, from secured and/or unsecured property taxation then, in such event, the Developer or the applicable Third Party Developer(s)/End User(s), as applicable, shall cause to be paid to the Agency, as evidenced by a mutually acceptable agreement to be recorded against the applicable Acquisition Parcel(s), including provisions securing payment, in lieu property taxes equal to the Gross Property Tax Increment that would have been due to the Agency had the applicable Acquisition Parcel(s) been subject to the payment of property taxes; provided, however in no event shall the Gross Building Area of the Exempt Property exceed thirty three (33%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements; provided further that during such time as the Gross Building Area of the Exempt Property exceeds twenty (20%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements, the interest on the Agency Note shall toll. Notwithstanding the foregoing, the Exempt Property may not exceed twenty (20%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements for a period of longer than three (3) years. The obligations of the Developer, Third Party Developer(s)/End User(s), and their respective successors and assigns are hereinafter referred to as the "Exempt Property Covenant." Without limiting the effect of the foregoing, the Agency agrees that nothing contained in the foregoing restriction shall apply to the conveyance of dedication of any portion of the Property to any governmental agency in

connection with the granting of easements or permits to facilitate and as a condition of the construction of the Improvements.

Section 7.03. **Nondiscrimination Covenants**. The Developer herein covenants by and for itself, and shall incorporate a provision in each Acquisition and Development Agreement that shall require each Third Party Developer(s)/End User(s) to agree, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(a) **In deeds**: The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(b) **In leases**: The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(c) **In contracts**: There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

The Agency shall be a third-party beneficiary of such provisions in each Acquisition and Development Agreement.

Section 7.04. Effect and Duration of Covenants.

(a) **Duration**. The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Agreement and the Grant Deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, and any successor in interest to the Property or any part thereof.

(b) **Agency as Beneficiary**. The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other Parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Property, any Acquisition Parcel or subparcel, or in the Redevelopment Project Area, as described in the Redevelopment Plan. The Agency shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law

or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and the covenants may be entitled.

ARTICLE 8. AGENCY OBLIGATIONS

Section 8.01. Agency Note. The Agency shall reimburse the Developer pursuant to the Agency Note for the total amount of the direct and indirect costs actually incurred by the Developer in connection with the construction of the Backbone Infrastructure in the principal amount of not to exceed Twenty Million, Five Hundred Thousand Dollars ($20,500,000) including interest at the rate of six percent (6%) per annum. In this regard, the principal amount of the Agency Note shall, from time to time, be in an amount equal to the total amount of the direct and indirect costs actually incurred by the Developer in connection with the construction of the Backbone Infrastructure that has been Completed. The principal amount shall not include any amounts contributed by Agency toward Demolition, Remediation, and/or Backbone Infrastructure by the Agency pursuant to Section 6.02 hereof. Interest shall toll on the Agency Note if to the extent, and during the period, that the Developer is in Breach and/or Default under the Schedule of Performance or in violation of the Exempt Property Covenant. Repayment of the Note shall not be a general obligation of the Agency but shall be solely from eighty percent (80%) of the Net Property Tax Increment derived from each Acquisition Parcel.

Section 8.02. Relocation Obligations. The Agency shall complete all Relocation Obligations with respect to each Acquisition Parcel prior to the Closing of such Acquisition Parcel in accordance with the Schedule of Performance; provided, however, that:

(i) with respect to the Authority Offices, Developer may, at its cost and expense and at no cost and expense to the Agency, relocate the Authority Offices so that it has no relocation or occupancy expense, in which event and following such relocation, the Authority Offices shall be included within the Property and made part of the Project in accordance with the terms and conditions set forth herein;

(ii) with respect to the Cross Word Christian Church Property, which is subject to a long-term lease with the Agency (the "Cross Word Lease"), the Developer and representatives of Cross Word Christian Church are negotiating for the relocation of Cross Word Christian Church at a different location within the Property. In the event of such relocation of Cross Word Christian Church, the Agency will suffer Lost Revenues. In order to mitigate the impact of such Lost Revenues, the Developer agrees to cause the termination of the Cross Word Lease only when it is prepared to concurrently acquire the Cross Word Christian Church Property as an Acquisition Parcel in accordance with the Agreement and further to cause Vertical Improvements to be developed on the Cross Word Christian Church Property which will have an assessed value for purposes of property taxation, of at least $46 million as evidenced by a covenant to that effect in the Grant Deed conveying the Cross Word Christian Church Property. The Agency agrees that replacing the Cross Word Christian Church with Vertical Improvements having such assessed value, will compensate the Agency for the loss of such lease revenue and, accordingly, the Agency agrees to cooperate in the termination of the Cross Word Lease in accordance with the preceding provisions; and

(iii) with respect to the U. S. Vets Property, the Lessee of the U. S. Vets Property is currently seeking a lease from the Veterans Administration to construct a facility at the Riverside National Cemetery property. Accordingly, the U. S. Vets Property will be available on the earlier to occur of October 31, 2013 or earlier vacation of the U. S. Vets Property by the Lessee thereof.

ARTICLE 9. BREACH, DEFAULTS, REMEDIES AND TERMINATION

Section 9.01. **Breach**. Subject to any extensions of time by mutual consent of the Parties, the rights and procedures set forth in this Agreement, and the cure provisions set forth herein, any failure or unreasonable delay by either Party to perform any material term or provision of this Agreement shall constitute a "Breach."

Section 9.02. **Cure of Breach: Default Defined**. In the event of an alleged Breach of any terms or conditions of this Agreement, the Party alleging such Breach shall give the other Party notice in writing specifying the nature of the alleged Breach and the manner in which said Breach may be satisfactorily cured and a reasonable period of time in which to cure, that shall in no event be less than thirty (30) days, or if such Breach cannot reasonably be cured within thirty (30) days, a period of time that is sufficient to allow for such cure. Failure to cure such Breach following the notice and opportunity to cure set forth above shall be a "Default."

Section 9.03. **Remedies After Expiration of Cure Period**. After notice and expiration of the cure period, if the Default has not been cured in the manner set forth in the notice, the nondefaulting Party may at its option:

(i) institute legal proceedings to obtain appropriate judicial relief, including but not limited to mandamus, specific performance, injunctive relief, or termination of this Agreement; or

(ii) give the defaulting party notice of intent to terminate this Agreement; or

(iii) pursue any other remedy available at law or in equity that is not expressly waived in this Agreement, provided that in no event shall either party be liable to the other for consequential, incidental or special damages, or lost profits.

Section 9.04. **Termination by Developer**.

(a) **Failure of Conditions Precedent**. If any of the Developer's Conditions Precedent are not satisfied or waived on or before a Closing Date for the transfer of an Acquisition Parcel for reasons other than Default by the Agency, then the Developer shall deliver to the Agency a Conditions Precedent Failure Notice notifying the Agency of those conditions that have not been satisfied or otherwise waived by the Developer. The Agency shall have twenty (20) business days after the Developer has delivered to the Agency the Conditions Precedent Failure Notice to notify the Developer in writing of the Agency's election either to (a) take such actions as may be necessary to cure such matters to the Developer's satisfaction prior to the Closing Date (as same may be extended), or (b) advise the Developer that the Agency will not cure such matters (the "Non-Performing Party's Conditions Notice"). If the Agency elects to cure such matters as set forth in the Conditions Precedent Failure Notice, the Agency shall promptly take any and all actions as may be necessary to cure same, and the date of the Closing shall be extended accordingly. If the Agency has advised the Developer that it elects not to cure a matter or matters that has not been deemed satisfied by the Developer or the non-satisfaction thereof waived by the Developer, then the Developer shall have the right at its sole election either to waive the Conditions Precedent in question and proceed with the transfer of an Acquisition Parcel or, in the alternative, terminate this Agreement only with respect to such Acquisition Parcel, and the obligations of the Agency and the Developer

that have not accrued under this Agreement prior to the date of termination shall terminate with respect to such Acquisition Parcel without liability to either Party from and after the date set forth in the notice of termination. Notwithstanding anything to the contrary contained in this Agreement, in no event shall the Agency be liable to the Developer for any consequential, incidental or special damages, lost profits or lost revenues. It is understood and agreed that for purposes of this Section 9.04(a), penalties or fines associated with any matter, third party claims for personal injury, and the cost of repairing or replacing damaged property shall be deemed to constitute direct damages and therefore not subject to the limitation set forth in the previous sentence of this Section 9.04(a).

(b) **Termination for Default by Agency**. If a Default by the Agency exists, the Developer may terminate this Agreement. Upon such termination, except to the extent such other obligations as are expressly stated to survive the termination of this Agreement, the obligations of the Agency and the Developer that have not accrued under this Agreement prior to the date of termination shall terminate without liability to either Party from and after the date set forth in the notice of termination. Notwithstanding anything to the contrary contained in this Agreement, in no event shall the Agency be liable to the Developer for any consequential, incidental or special damages, or lost profits.

Section 9.05. Termination by Agency.

(a) **Failure of Conditions Precedent**. In addition to the termination provisions described in Sections 5.08 and 6.03, if the Agency's Conditions Precedent to close are not satisfied or waived on or before a Closing Date for any reason other than a Default by the Developer, then the Agency shall deliver to the Developer a Conditions Precedent Failure Notice. The Developer shall have twenty (20) business days after the Agency has delivered to the Developer the Conditions Precedent Failure Notice to deliver to the Agency a notice stating whether or not the Developer will cure such matter. It shall not be a Default by the Developer if the Developer elects not to cure such matter. If the Developer elects to cure such matters as set forth in the Conditions Precedent Failure Notice, the Developer shall promptly take any and all actions as may be necessary to cure same, and the date of the closing shall be extended accordingly. If the Developer has advised the Agency that it elects not to cure a matter or matters that has not been deemed satisfied by the Agency or the non-satisfaction thereof waived by the Agency, then the Agency shall have the right at its sole election either to waive the contingency(ies) in question and proceed with the transfer of the Acquisition Parcel or, in the alternative, terminate this Agreement with respect only to such Acquisition Parcel.

(b) **Termination for Default by Developer**. In addition to the termination provisions described in Sections 5.08 and 6.03, if a Default by the Developer exists, the Agency may terminate this Agreement. Upon such termination, except to the extent such other obligations as are expressly stated to survive the termination of this Agreement, the obligations of the Agency and the Developer that have not accrued under this Agreement prior to the date of termination shall terminate without liability to either Party from and after the date set forth in the notice of termination. Notwithstanding anything to the contrary contained in this Agreement, in no event shall the Developer be liable for any consequential, incidental or special damages or lost profits.

Section 9.06. Effect of Termination. From and after the First Conveyance of an Acquisition Parcel to the Developer, and notwithstanding any other provision of this Agreement relating to termination hereof, the termination of this Agreement with respect to any portion of the

Property shall not affect any obligations of the Agency or the Developer that exist at the time of such termination with respect to those Acquisition Parcels that have been transferred by the Agency to the Developer prior to the date of termination, and this Agreement shall remain in full force and effect with respect to such previously conveyed Acquisition Parcels.

Section 9.07. **Agency Right of Reentry**. The Agency has the right, at its election, to reenter and take possession of an Acquisition Parcel, with all Improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer and thereafter, to the Third Party Developer(s)/End User(s), if after the Closing for the conveyance to the Developer but prior to the recordation of the Release of Construction Covenants, the Developer or the Third Party Developer(s)/End User(s), as the case may be, shall:

(a) fail to start the construction of the Improvements as required by the Agreement for a period of thirty (30) days after written Notice thereof from the Agency; or

(b) abandon or substantially suspend construction of the Improvements required by the Agreement for a period of thirty (30) days after written Notice thereof from the Agency; or

(c) contrary to the provisions of Article 10, Transfer (as defined in Section 10.01 below) or suffer any involuntary Transfer in violation of the Agreement.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by the Agreement; or

2. Any rights or interests provided in the Agreement for the protection of the holders of such mortgages or deeds of trust.

Upon the revesting in the Agency of title to the Acquisition Parcel as provided in this Section 9.07, the Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Acquisition Parcel as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or Parties (as determined by the Agency) who will assume the obligation of making or completing the Improvements, or such improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for the Acquisition Parcel in the Redevelopment Plan. The Developer acknowledges that there may be substantial delays experienced by the Agency if the Agency must remarket the Acquisition Parcel following the revesting of the Acquisition Parcel in the Agency. Upon such resale of the Acquisition Parcel, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Acquisition Parcel which is permitted by the Agreement, shall be applied:

(i) First, to reimburse the Agency, on its own behalf or on behalf of the Authority, all costs and expenses incurred by the Agency, excluding the Authority and the Agency staff costs, but specifically including, but not limited to, any expenditures by the Agency or the Authority in connection with the recapture, management and resale of the Acquisition Parcel (but less any income derived by the Agency from the Acquisition Parcel in connection with such management); all taxes, assessments and water or sewer charges with respect to the Acquisition

Parcel which the Developer and/or the Third Party Developer(s)/End User(s) have not paid; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Acquisition Parcel at the time or revesting of title thereto in the Agency, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer or any Third Party Developer(s)/End User(s), as the case may be; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Acquisition Parcel; and any amounts otherwise owing to the Agency, and in the event additional proceeds are thereafter available, then

(ii) Second, to reimburse the Developer and/or the Third Party Developer(s)/End User(s), as the case may be; up to the amount equal to the costs incurred for the acquisition and development of the Acquisition Parcel and for the Improvements existing on the Acquisition Parcel at the time of the reentry and possession.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The rights established in this Section 9.07 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein. These rights are to be interpreted in light of the fact that the Acquisition Parcel has been conveyed to the Developer and each Third Party Developer(s)/End User(s) for redevelopment purposes, particularly for development and operation of the applicable portions of the Project thereon, and not for speculation in undeveloped land.

ARTICLE 10. ASSIGNMENT AND TRANSFER

Section 10.01. Prohibition. The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Developer. Accordingly, commencing on the date of this Agreement and continuing until the end of the Term, (i) no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, (ii) the Developer shall not make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Property (collectively referred to herein as a "Transfer"), without the prior written approval of the Agency, except as expressly set forth herein. Notwithstanding anything herein to the contrary, no transfer shall be permitted unless it is with respect to the entirety of the Project.

Section 10.02. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, the Agency approval of a Transfer shall not be required in connection with any of the following:

(a) A Transfer to a Third Party Developer(s)/End User(s) pursuant to an Acquisition and Development Agreement, provided that both have been approved pursuant to Section 5.09 hereof.

(b) The conveyance or dedication of any portion of the Property to the Authority or other appropriate governmental agency for the granting of easements or permits to facilitate construction of the Improvements.

(c) Any requested assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 6.13 herein).

(d) A Transfer to an Affiliate.

In the event of a Transfer by the Developer under subparagraphs (a) through (d), inclusive, not requiring the Agency's prior approval, the Developer nevertheless agrees that at least thirty (30) days prior to such Transfer it shall give written notice to the Agency of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement of all of the obligations of this Agreement.

Section 10.03. Agency Consideration of Requested Transfer. The Agency agrees that it will not unreasonably withhold approval of a request for approval of a Transfer made pursuant to this Section 10.03, provided the Developer delivers written notice to the Agency requesting such approval be accompanied by evidence regarding the proposed transferee's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 10.03 and as reasonably determined by the Agency. The Agency may, in considering any such request, take into consideration such factors as (i) the proposed transferee's past performance with respect to similar developments, and (ii) the current financial condition of the proposed transferee, and similar factors. The Agency agrees not to unreasonably withhold its approval of any such requested Transfer, taking into consideration the foregoing factors.

An assignment and assumption agreement in form reasonably satisfactory to the Agency Counsel shall also be required for all proposed Transfers. Within thirty (30) days after the receipt of the Developer's written notice requesting the Agency approval of a Transfer pursuant to this Section 10.03, the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested.

Section 10.04. Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided, unless the context dictates otherwise. More specifically and without limiting the generality of the foregoing, Third Party Developer(s)/End User(s), upon acquisition of an Acquisition Parcel, are obligated to the terms and conditions of this Agreement and the Acquisition and Development Agreement. Except as otherwise provided herein, upon such acquisition, the Developer shall be released from any obligation to Complete the Vertical Improvements. In the event of any inconsistency between this Agreement and the applicable Acquisition and Development Agreement, this Agreement shall govern.

Section 10.05. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project. The Developer agrees to

indemnify, hold harmless and defend the Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture between the Agency and the Developer with respect to the development, operation, maintenance or management of the Property or the Project.

ARTICLE 11. GENERAL PROVISIONS

Section 11.01. **Incorporation of Recitals and Introductory Paragraph**. The Recitals contained in this Agreement, and the introductory paragraph preceding the Recitals, are hereby incorporated into this Agreement as if fully set forth herein.

Section 11.02. **Status of the Parties**. Nothing in this Agreement shall be construed to make the Agency and the Developer joint venturers or partners or to create any relationship of principal and agent, but rather the relationship of the Parties shall be that of buyer and seller. Neither party shall have the authority to commit or bind the other Party without such Party's prior written consent.

Section 11.03. **Successors and Assigns**. This Agreement shall apply to, bind and inure to the benefit of successors-in-interest of the Parties hereto, including their legal representatives, the Agency's constituent members and its successors-in-office, and the Developer's successors-in-interest or assigns whether they succeed by operation of law or voluntary acts of either or both of the Parties. This Agreement may be assigned, in whole or in part, by the Developer, in accordance with Article 10 above.

Section 11.04. **Severability**. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a particular situation, is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual written consent of the Parties.

Section 11.05. **Other Necessary Acts**. The Parties, at any time after the execution of this Agreements, will execute, acknowledge and deliver any further assignments, conveyances and other assurances, documents, estoppels and instruments reasonably requested by the other Party for the purpose of performing the obligations created hereunder. Unless otherwise required by law or this Agreement, all approvals by the Agency shall be administrative approvals. A Party's representative in any matter related to this Agreement shall have appropriate background, experience, and knowledge about the Property and shall be available on a timely basis to consult with the other Party's representative and to facilitate decisions and the resolution of disputes. Except as expressly provided elsewhere in this Agreement, any Party's approval that has not been denied within one hundred eighty (180) days after written request therefore shall be deemed given. The Executive Director shall have the discretion to permit extensions of time for the Developer's performance under this Agreement and the Schedule of Performance each of which extensions may be for a period of up to ninety (90) days in the aggregate without governing board approval.

Section 11.06. **Construction**. Each reference in this Agreement to this Agreement shall be deemed to refer to this Agreement, as it may be amended from time to time, whether or not the particular reference refers to such possible amendment. Each Party has had an adequate opportunity to obtain such advice with respect to the terms of this Agreement, and matters related to the foregoing, from such financial, legal and other advisors as such Party has determined to consult.

Further, this Agreement has been reviewed and revised by legal counsel for the Agency and the Developer, and no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement.

Section 11.07. **Other Miscellaneous Terms**. The singular shall include the plural; the masculine gender shall include the feminine; "shall" or "will" is mandatory; "may" is permissive.

Section 11.08. **Notices**. Any notice or communication required hereunder between the Parties must be in writing, and may be delivered either personally, by telefacsimile (with original forwarded by regular U.S. Mail) by registered or certified mail (return receipt requested), or by Federal Express or other similar courier promising overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days Written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to the Agency:	March Joint Powers Redevelopment Agency Attn: Executive Director 23555 Meyer Drive Riverside, CA 92518 Tel: (951) 656-7000 Fax: (951) 653-5558
With a copy to:	Stradling Yocca Carlson & Rauth Attn: Thomas P. Clark 660 Newport Center Drive, Suite 1600 Newport Beach, CA 92660 Tel: (909) 686-1450 Fax: (909) 686-3083
If to the Developer:	March Healthcare Development, LLC Attn: Donald N. Ecker 609 Deep Valley Drive, Suite 340 Rolling Hills Estates, CA 90274 Tel: 310-377-5151 Fax: 310-377-4933
With a copy to:	Gresham Savage Nolan & Tilden Attn: Mark A. Ostoich

550 East Hospitality Lane, Suite 300
San Bernardino, CA 92408-4205
Tel: (909) 723-1704
Fax: (909) 890-9690

Section 11.09. **Conflicts of Interest**. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. The Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

Section 11.10. **Nonliability of Agency Officials and Employees**. No member, official or employee of the Agency shall be personally liable to the Developer in the event of any default or breach by the Agency or for any amount which may become due to the Developer or on any obligations under the terms of this Agreement.

Section 11.11. **Obligations Non-Recourse**. Notwithstanding anything to the contrary set forth in this Agreement, no elective or appointive board, commission, officer, agent or employee of the Agency or the Authority, and no person who is, directly or indirectly, a partner, member, officer, director, shareholder, trustee, beneficiary, employee or agent of the Developer, shall be personally liable with respect to any of the obligations of the Agency, the Developer or the Authority herein, and each Party shall look solely to the assets of the Agency, the Developer or the Authority (as the case may be) and shall have no right of recourse against the assets of any such other person herein specified.

Section 11.12. **Enforced Delay: Extension of Times of Performance**. In addition to the specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in Default where delays or defaults are due to Force Majeure, provided, however, that the Party claiming the extension notifies the other Party of the nature of the matter causing the delay. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause. If, however, notice by the Party claiming such extension is sent to the other Party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Agreement may also be extended in writing by the Agency and the Developer.

Section 11.13. **Confidentiality**. Subject to the Agency's and the Authority's limitations under state law, for the purpose of avoiding the dissemination of market information that would be detrimental to the maximization of the benefits of the Project to the Agency, the Developer and the Authority, the Parties will establish an appropriate procedure to maintain the confidentiality of documents, financial statements, reports or other information, including, without limitation, strategies and development concepts, and the Developer's proprietary information, provided to, or generated for or relating to the Property and the Project and not otherwise publicly available, and deemed "confidential" by a Party (the "Designated Confidential Information"). All Designated Confidential Information shall be clearly marked as confidential by the Party desiring to maintain its confidentiality, and the Agency, the Developer and the Authority will keep confidential all Designated Confidential Information in accordance with such procedures, and will not disclose any such information to any person other than (i) those employed by the Agency, the Developer or the

Authority for use in the course of their work on Property matters or the Project; (ii) those who are actively and directly participating in the evaluation of the Property and the negotiation and execution of this Agreement or the purchase of the Property and (iii) governmental, administrative, regulatory or judicial authorities, including, without limitation, the Authority in its capacity of regulating the Project, in the investigation of the compliance of the Property with applicable legal requirements. Notwithstanding the above, disclosure shall be permitted when (x) required by order of a court of competent jurisdiction, (y) in the reasonable opinion of the Agency's legal counsel, following notice to the Developer and opportunity to object, such disclosure is required by relevant provisions of state or federal law, or (z) subject to public disclosure requirements during the course of litigation between the Agency and the Developer. The provisions of this Section will survive the termination of this Agreement.

Section 11.14. Amendments to Agreement. This Agreement may be amended or modified only by a writing signed by the Agency, or, if authorized by Section 11.05, the Executive Director and the Developer.

Section 11.15. Tax Consequences. The Developer acknowledges that it may experience tax consequences as a result of this Agreement and agrees that it shall bear any and all responsibility, liability, costs and expenses, if any, connected in any way therewith.

Section 11.16. Rights Not Granted Under Agreement. This Agreement is not, and shall not be construed to be, a development agreement under Government Code Section 65864 *et seq.*, and shall not be construed to be an approval or an agreement to issue permits or a granting of any entitlement by the Agency concerning the Project or any other project, development, or construction by the Developer. This Agreement does not, and shall not be construed to, exempt the Developer from the application and/or exercise of the Agency's or the Authority's power of eminent domain or their, police power, including, but not limited to, the regulation of land uses and the taking of any actions necessary to protect the health, safety, and welfare of their citizenry.

Section 11.17. Governing Law. This Agreement shall be governed by the laws of the State of California.

Section 11.18. Jurisdiction and Venue. Any legal action or proceeding concerning this Agreement shall be filed and prosecuted in the appropriate California state court in the County of Riverside, California. Each Party hereto irrevocably consents to the personal jurisdiction of that court. The Agency and the Developer each hereby expressly waive the benefit of any provision of federal or state law or judicial decision providing for the filing, removal, or change of venue to any other court or jurisdiction, including, without implied limitation, federal district court, due to any diversity of citizenship between the Agency and the Developer, due to the fact that either the Authority or the Agency is a party to such action or proceeding or due to the fact that a federal question or federal right is involved or alleged to be involved. Without limiting the generality of the foregoing, the Developer and the Agency specifically waive any rights provided to it pursuant to California Code of Civil Procedure Section 394, except that the Developer may require appointment of an out-of-County judge. The Developer acknowledges that the provisions of this Section 11.18 are material consideration to the Agency for its entry into this Agreement.

Section 11.19. Entire Agreement. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous

agreements between the Parties with respect to all or any part of the subject matter hereof. Notwithstanding the foregoing, nothing herein shall be construed to replace or supersede the Entitlements. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer. Upon the written request made following the expiration or termination of this Agreement, either Party shall execute in recordable form any documents which may be necessary to remove the Memorandum of Agreement from record title to the Property.

Section 11.20. **Counterparts**. This Agreement may be executed in three (3) counterpart originals which, when taken together, shall constitute but one and the same instrument.

Section 11.21. **Right of First Refusal**. For a period of five (5) years from the Effective Date, and provided Developer is not at that time in Breach and/or Default, the Developer shall have the right of first refusal ("Right of First Refusal") subject to and subordinate to the rights of the owners of such property to acquire any land owned by the Agency or the Authority within the boundaries of the northeast quadrant of the March Air Force Base Redevelopment Project Area, as shown on the Site Map, that is proposed for use for Health Care Facilities ("Right of First Refusal Parcels"). The Agency shall give notice to the Developer of any proposal it receives for the development of any of the Right of First Refusal Parcels with Health Care Facilities, along with a copy of the proposal. The Developer shall have thirty (30) days from the date of receipt of such notice to give written notice to the Agency of its election to exercise the Right of First Refusal in question, on the same or better terms and conditions as those set forth in the proposal.

Section 11.22. **Navy Parcel**. The Navy Parcel is currently owned by the United States Navy and is subject to certain federal legislation which permits, but does not require, the U. S. Navy to convey the Navy Parcel to the Authority. For a period of five (5) years from the Effective Date, and provided Developer is not, at that time, in Breach and/or Default hereunder, if the United States Navy elects to convey the Navy Parcel to the Authority the Navy Parcel shall thereupon become part of the "Property" hereunder.

Section 11.23. **Exclusive Right to Negotiate**. For a period of five (5) years from the Effective Date, the Developer shall have the exclusive right to negotiate the acquisition of Parcels A-2, A-4, A-5 and/or A-8, as shown on the Site Map ("Exclusive Right Parcels"); provided that, as to Parcels A-4 and A-5, the uses thereon are relocated within the boundaries of the Cantonment Fence. During the Negotiation Period, the Agency and the Developer shall diligently and in good faith negotiate the terms, conditions, covenants, restrictions and agreements of a Disposition and Development Agreement between them with regard to the Exclusive Right Parcels. In addition, during the Negotiation Period, the Agency governing body and the Agency staff shall not negotiate with any third party regarding the sale or lease or the redevelopment of the Exclusive Right Parcels. Nothing herein shall be construed to prohibit or limit the right of the Federal Government to negotiate with any person or entity regarding the Exclusive Right Parcels.

Section 11.24. **Dark Fibre**. The Agency and the Developer will negotiate with respect to the installation, maintenance and use of Dark Fibre on the Property. Such negotiations will include, without limitation, negotiations regarding the economic participation of the Agency and the Developer in any Dark Fibre opportunity.

Section 11.25. **Access to Detention Basin**. Agency will, at no cost to Agency, cooperate with Developer in negotiating access to the Detention Basin, as shown on the Site Map, across property owned by the United States Government. The Detention Basin shall be acquired as an Acquisition Parcel when needed and developed as a park, fully irrigated and landscaped, in accordance with the Entitlements.

Section 11.26. **Memorandum of Agreement**. The Memorandum of Agreement will be recorded concurrently with the Closing of each Acquisition Parcel.

Section 11.27. **Legal Challenges**. Nothing herein shall be construed to require Agency and/or Authority to defend any third party claims and suits challenging any action taken by Agency and/or Authority with regard to any procedural or substantive aspect of Agency and/or Authority's approval of development of the Property, the Entitlements, the Project, this Agreement, the environmental process, or the proposed uses of the Property. The Developer may, however, in its sole and absolute discretion appear as real party in interest in any such third party action or proceeding and, through its legal counsel, defend Agency and/or Authority (if Agency and/or Authority chooses not to itself defend against such action or proceeding) and, in that event, the Developer shall be responsible for all attorneys' fees and costs in connection with such defense. In the event that Agency and/or Authority elects to itself defend against such action or proceedings, the Developer shall be responsible to reimburse Agency and/or Authority for all of its reasonable attorneys' fees and costs, in their entirety, which may be incurred by Agency and/or Authority in defense of such action or proceeding.

The Developer may, at any time, notify Agency and/or Authority in writing of its decision to terminate the defense of any such action or proceedings, in which event the Developer shall have no obligation to reimburse Agency and/or Authority for its attorneys' fees and costs already incurred plus such additional fees and costs reasonably necessary in order to permit Agency and/or Authority to terminate its defense of such action or proceeding and pay any attorneys' fees or costs as may be awarded by the court. Notwithstanding any provision herein to the contrary, Agency and/or Authority shall consult with the Developer for purposes of deciding whom to retain as legal counsel for Agency and/or Authority to defend any such action or proceeding; provided, however, that Agency and/or Authority shall have the right to select such legal counsel as Agency and/or Authority deems reasonable and appropriate. Additionally, during each phase of litigation, the retained legal counsel for Agency and/or Authority shall prepare and submit an estimated budget for said defense of Agency and/or Authority and the Developer has the right to approve said budget. If the Developer disapproves said budget and, as a result thereof, Agency and/or Authority terminates its defense of such action or proceeding, the Developer shall reimburse Agency and/or Authority for all fees and costs necessary to permit Agency and/or Authority to terminate its defense of such action or proceeding.

Section 11.28. **Attorneys' Fees**. In the event that any action or proceeding is commenced by either Agency or the Developer against the other to establish the validity of this Agreement or to enforce any one or more of its terms, the prevailing party in any such action or proceeding shall be entitled to recover from the other, in addition to all other legal and equitable remedies available to it, its actual attorneys' fees, and litigation costs, including filing fees, service fees, deposition costs, arbitration costs, expert witness fees, actual costs, and attorneys' fees on appeal.

[Signatures begin on following page]

SIGNATURE PAGE TO
MARCH LIFECARE CAMPUS
DISPOSITION AND DEVELOPMENT AGREEMENT

AGENCY:

MARCH JOINT POWERS REDEVELOPMENT AGENCY, a California public agency

By: _____
Chairperson
March Joint Powers Redevelopment Agency

[Seal]

ATTEST:

_____
Secretary
March Joint Powers Redevelopment Agency

APPROVED AS TO LEGAL FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Agency Counsel

SIGNATURE PAGE TO
MARCH LIFECARE CAMPUS
DISPOSITION AND DEVELOPMENT AGREEMENT

DEVELOPER:

MARCH HEALTHCARE DEVELOPMENT, LLC,
a California limited liability company

By: CEO STRATEGIC SOLUTIONS, LLC,
a California limited liability company

By: _____
Donald N. Ecker, Managing Member

EXHIBIT A

SITE MAP

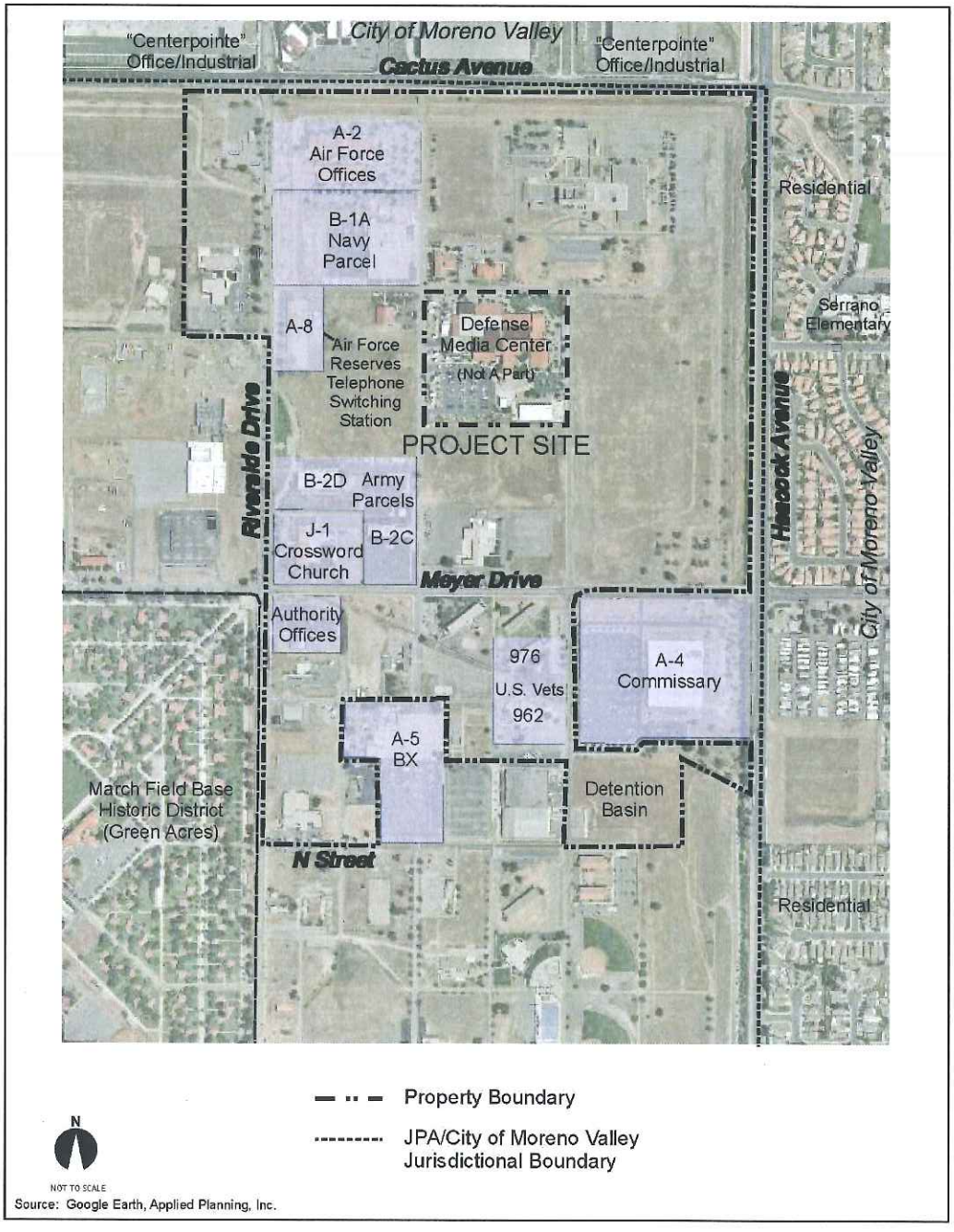
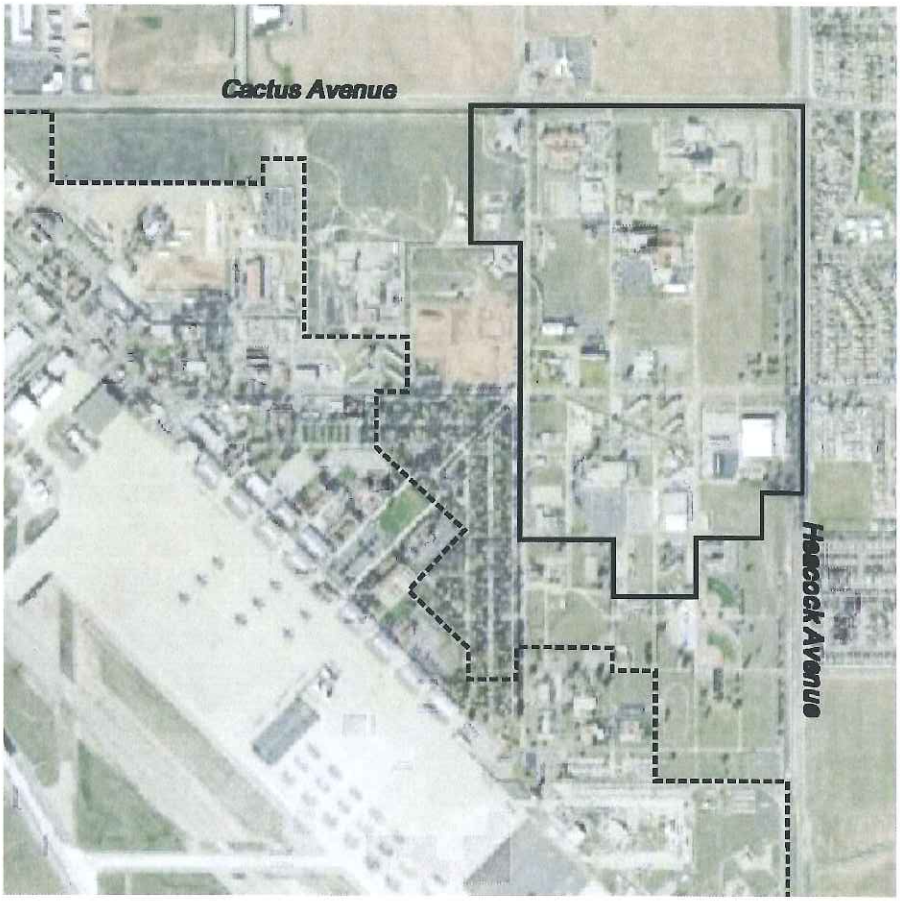


Exhibit A
Page 1



Northeast Quadrant of the March Air Force Base Redevelopment Project Area

Cantonment Fence

N

NOT TO SCALE

Source: Google Earth, Applied Planning, Inc.

Exhibit A
Page 2

EXHIBIT B

LEGAL DESCRIPTION

LEGAL DESCRIPTION
DDA BOUNDARY

Those portions of Lots 1 and 8 in Block 262, and Lots 1 through 8, inclusive, in Block 261, and Lots 1 through 8, inclusive, in Block 280, and Lots 1 through 8, inclusive, in Block 281 of Map No. 1 of Bear Valley and Alessandro Development Co., as shown by map on file in Book 11 of Maps at page 10, thereof, Records of San Bernardino County, California, lying in Sections 13 and 24, Township 3 South, Range 4 West, San Bernardino Meridian, described as follows:

BEGINNING at the intersection of the centerline of Cactus Avenue with the centerline of Heacock Street (30.00 feet in half width), as shown on Record of Survey on file in Book 124 of Records of Survey at pages 69 through 81, inclusive thereof, Records of Riverside County, California, said centerline of Heacock Street being the easterly line of said Blocks 261 and 280;

Thence South 00°26'00" West along said centerline of Heacock Street, a distance of 2640.57 feet to a point of intersection with the centerline of John F. Kennedy Drive as shown on Tract No. 19711 on file in Book 182 of Maps at pages 38 through 42, inclusive thereof, Records of Riverside County, California, said centerline of Heacock Street also being the westerly line of Block 144 of said Map No. 1 of Bear Valley and Alessandro Development Co.;

Thence South 00°26'44" West along said centerline of Heacock Street, a distance of 26.65 feet to a point of intersection with the easterly prolongation of the northerly line of Parcel 5 of Record of Survey on file in Book 121 of Records of Survey at pages 83 through 90, inclusive thereof, Records of Riverside County, California, said centerline of Heacock Street also being the easterly line of said Block 281;

Thence along the boundary line of said Parcel 5 the following seven (7) courses and distances:

1) North 89°34'43" West, a distance of 858.46 feet to the beginning of a non-tangent curve, concave to the southeast, having a radius of 100.00 feet, the radial line from said point bears South 00°27'54" West;

2) Westerly, southwesterly and southerly along said curve, to the left, through a central angle of 90°00'55", an arc distance of 157.11 feet;

3) South 00°26'59" West, a distance of 71.74 feet to the beginning of a tangent curve, concave to the west, having a radius of 75.00 feet;

4) Southerly along said curve, to the right, through a central angle of 06°50'44", an arc distance of 8.96 feet;

5) South 07°17'43" West, a distance of 92.07 feet to the beginning of a tangent curve, concave to the east, having a radius of 75.00 feet;

6) Southerly along said curve, to the left, through a central angle of 06°50'44", an arc distance of 8.96 feet;

7) South 00°26'59" West, a distance of 569.36 feet to the southwesterly corner of said Parcel 5, said corner also being the northwesterly corner of that certain parcel of land conveyed to The March Joint Powers Authority described as Parcel K-5D-B1050 on Quitclaim Deed recorded November 05, 2007 as Document No. 2007-0674220, Official Records of Riverside County, California;

Thence along said boundary line of Parcel 5 and along the boundary line of said Parcel K-5D-B1050 the following eight (8) courses and distances:

1) South 89°33'04" East, a distance of 5.00 feet to the beginning of a non-tangent curve, concave to the southeast, having a radius of 15.00 feet;

2) Northeasterly along said curve, to the right, through a central angle of 90°00'30", an arc distance of 23.56 feet;

3) South 89°33'04" East, a distance of 303.98 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 55.00 feet;

4) Northeasterly along said curve, to the left, through a central angle of 85°54'06", an arc distance of 82.46 feet;

5) South 89°33'04" East, a distance of 252.16 feet;

6) North 00°26'26" East, a distance of 160.24 feet;

7) South 89°33'04" East, a distance of 183.69 feet;

8) North 62°09'21" East along said boundary line and along the northeasterly prolongation thereof, a distance of 177.05 feet to a point on said centerline of Heacock Street;

Thence South 00°26'44" West along said centerline, a distance of 477.28 feet to a point thereon;

Thence North 89°33'16" West, a distance of 29.79 feet to a point on westerly right of way line of said Heacock Street, said point being the southeasterly corner of said Parcel K-5D-B1050;

Thence along said boundary line of Parcel K-5D-B1050 the following eight (8) courses and distances:

1) North 47°27'01" West, a distance of 88.64 feet;

2) North 65°55'13" West, a distance of 206.62 feet;

3) South 00°24'35" East, a distance of 446.13 feet;

4) North 89°37'53" West, a distance of 325.02 feet;

5) North 00°06'18" West, a distance of 15.17 feet;

6) North 88°47'08" West, a distance of 347.43 feet to the beginning of a tangent curve, concave to the northeast, having a radius of 20.00 feet;

7) Northwesterly along said curve, to the right, through a central angle of 89°13'01", an arc distance of 31.14 feet

8) North 00°25'53" East, a distance of 362.61 feet to a point of intersection with the easterly prolongation of the northerly line of that certain parcel of land conveyed to the March Joint Powers Authority described as Parcel J-4-B960 on said Quitclaim Deed recorded November 05, 2007 as Document No. 2007-0674220, Official Records of Riverside County, California;

Thence North 89°38'33" West along said easterly prolongation and along said northerly line, a distance of 685.72 feet to a point on the easterly boundary line of Parcel 4 of said Record of Survey on file in Book 121 of Records of Survey at pages 83 through 90, inclusive thereof, Records of Riverside County, California;

Thence along the boundary line of said Parcel 4 the following six (6) courses and distances:

1) North 00°21'11" East, a distance of 45.80 feet;

2) South 89°45'19" East, a distance of 18.14 feet;

3) North 00°20'40" East, a distance of 305.07 feet;

4) North 89°38'45" West, a distance of 547.07 feet;

5) South 00°21'13" West, a distance of 330.00 feet;

6) South 89°38'51" East, a distance of 167.04 feet;

Thence South 00°21'03" West along said boundary line and along the southerly prolongation thereof, a distance of 424.47 feet to a point on the southerly line of that certain parcel of land conveyed to The March Joint Powers Authority described as "4th Street South and Vicinity Streets" on Quitclaim Deed recorded September 21, 2007 as Document No. 2007-0594725, Official Records of Riverside County, California;

Thence North 89°35'04" West along said southerly line, a distance of 187.77 feet to an angle point thereon;

Thence North 89°39'20" West continuing along said southerly line, a distance of 460.19 feet to a point on the westerly line of that certain parcel of land conveyed to The March Joint Powers Authority described as "Riverside Drive" on Quitclaim Deed recorded June 27, 2007 as Document No. 2007-0416182, Official Records of Riverside County, California;

Thence along said westerly line of parcel so conveyed the following five (5) courses and distances:

1) North 00°25'58" East, a distance of 1292.52 feet

2) North 01°07'52" West, a distance of 111.70 feet;

3) North 00°42'13" East, a distance of 738.58 feet;

4) South 89°17'47" East, a distance of 7.67 feet;

5) North 00°13'55" East, a distance of 489.86 feet to the southeasterly corner of that certain parcel of land conveyed to The March Joint Powers Authority described as "Castle Street" on said Quitclaim Deed recorded September 21, 2007 as Document No. 2007-0594725, said point being the beginning of a non-tangent curve, concave to the southwest, having a radius of 45.00 feet, the radial line from said point bears South 89°47'49" West;

Thence northerly, northwesterly and westerly along the southerly line of said parcel so conveyed and along said curve, to the left, through a central angle of 89°20'52", an arc distance of 70.18 feet;

Thence North 89°05'07" West along said southerly line, a distance of 358.82 feet to a point of intersection with the southerly prolongation of the easterly line of that certain parcel of land conveyed to The March Joint Powers Authority described as Parcel B2595 on Quitclaim Deed recorded October 25, 2006 as Document No. 2006-0783417, Official Records of Riverside County, California;

Thence North 00°33'08" East along said southerly prolongation and along said easterly line, a distance of 1311.87 feet to a point on the northerly line of March Air Reserve Base as shown on said Record of Survey, said line also being the centerline of said Cactus Avenue as shown on said Map No. 1 of Bear Valley and Alessandro Development Co.;

Thence South 89°33'32" East along said northerly line and along said centerline, a distance of 420.28 feet to an angle point thereon;

Thence continuing along said northerly line and along said centerline South 89°34'42" East, a distance of 2640.23 feet to the **POINT OF BEGINNING.**

EXCEPTING THEREFROM Parcels 1, 2 and 3 of said Record of Survey on file in Book 121 of Records of Survey at pages 83 through 90, inclusive thereof, Records of Riverside County, California and Parcel 1 of Record of Survey on file in Book 106 at page 87 thereof, Records of Riverside County, California.

ALSO EXCEPTING THEREFROM that certain parcel of land conveyed to The March Joint Powers Authority described as Parcel J-1 on Quitclaim Deed recorded May 17, 2006 as Document No. 2006-0359740, Official Records of Riverside County, California.

ALSO EXCEPTING THEREFROM that portion of that certain parcel of land conveyed to The March Joint Powers Authority described as Parcel K-5C Area 5 on Quitclaim Deed recorded October 25, 2006 as Document No. 2006-0783417, Official Records of Riverside County, described as follows:

BEGINNING at the northerly end of that certain course on the westerly line of said parcel as shown on said Quitclaim Deed being South 03°17'51" West 121.41 feet (record being South 03°17'58" West 121.40 feet), said point also being the beginning of a tangent curve, concave to the southeast, having a radius of 40.00 feet;

Thence northeasterly along said westerly line and along said curve, through a central angle of 87°10'33", an arc distance of 60.86 feet to a point on the northerly line of said parcel;

Thence South 89°31'36" East along said northerly line, a distance of 326.43 feet to a point thereon;

Thence South 00°27'14" West, a distance of 199.10 feet;

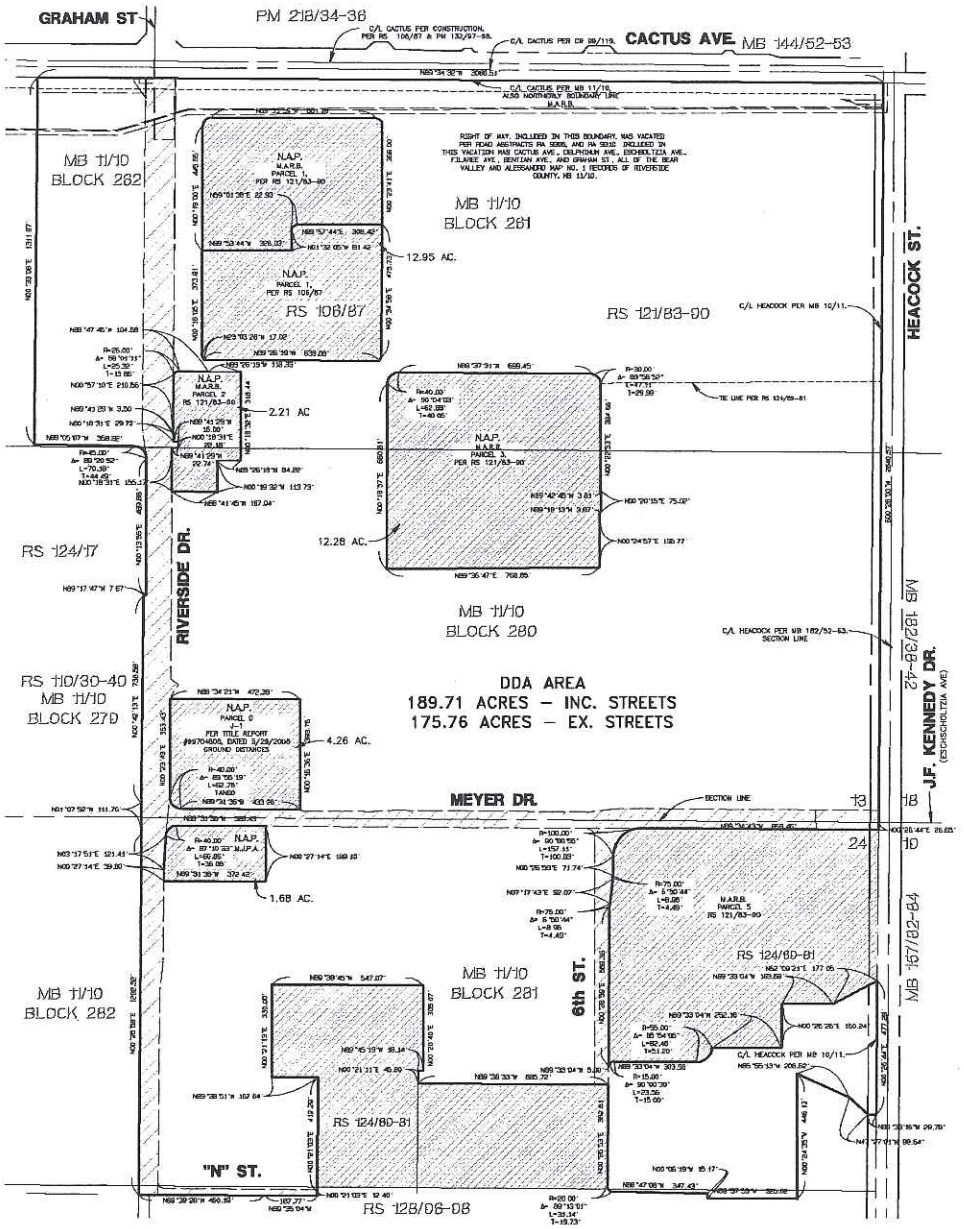
Thence North 89°31'36" West, a distance of 372.42 feet to a point on said westerly line;

Thence North 00°27'14" East, along said westerly line, a distance of 39.80 feet to an angle point thereon;

Thence North 03°17'51" East along said westerly line, a distance of 121.41 feet to the **POINT OF BEGINNING.**

Containing 189.71 acres, more or less.

IT IS NOT INTENDED THAT THIS LEGAL DESCRIPTION INCLUDE THE LANDFILL LOCATED ON LAND OWNED BY THE CITY OF MORENO VALLEY LOCATED AT THE SOUTHEAST CORNER OF THE BOUNDARY DESCRIBED ABOVE.



DDA BOUNDARY - EXHIBIT
MARCH HEALTHCARE DEVELOPMENT

IT IS NOT INTENDED THAT THIS BOUNDARY EXHIBIT INCLUDE THE LANDFILL LOCATED ON LAND OWNED BY THE CITY OF MORENO VALLEY LOCATED AT THE SOUTHEAST CORNER OF THE BOUNDARY SHOWN ABOVE.

NOT TO SCALE

ALBERT A. WEBB ASSOCIATES
CIVIL ENGINEERS
3788 McCRAY ST.
RIVERSIDE CA. 92506
(951) 686-1070

G:\2008\08-0301\08-301 March Lifecare DDA Bdry.pro 3/30/2010

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY
AND
WHEN RECORDED MAIL TO:

March Healthcare Development LLC
c/o Gresham Savage Nolan & Tilden
A Professional Corporation
550 E. Hospitality Lane, Suite 300
San Bernardino, California 92408
Attn: Mark A. Ostoich

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

FOR VALUE RECEIVED, THE MARCH JOINT POWERS REDEVELOPMENT AGENCY ("Grantor"), grants to MARCH HEALTHCARE DEVELOPMENT, LLC, a California limited liability company ("Grantee"), all that certain real property (the "Property") situated in the County of Riverside, State of California, more particularly described on Attachment No. 1 attached hereto and by this reference incorporated herein, subject to the existing easements, restrictions and covenants of record and the following:

THE PROPERTY IS CONVEYED TO GRANTEE WITHOUT WARRANTY OR COVENANT OF ANY KIND, EXCEPT THOSE IMPLIED COVENANTS PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1113.

1. **The DDA.** This Grant Deed is given pursuant to that certain Disposition and Development Agreement between Grantor and Grantee dated _____, 2010 which is on file with the Secretary of the Grantor (the "DDA"). All capitalized terms not defined herein shall have the meanings set forth in the DDA. All references to Grantee shall apply to Grantee, and its successors and assigns including, without limitation, the Third Party Developer(s)/End User(s).

2. **Nondiscrimination Covenants**. Grantee herein covenants by and for itself, and shall incorporate a provision in each Acquisition and Development Agreement that shall require each Third Party Developer(s)/End User(s) to agree, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the

selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(a) **In deeds**: The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(b) **In leases**: The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11,

and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(c) **In contracts**: There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

3. **Additional Purchase Price**. The Grantor shall be entitled to receive twenty-five (25%) of all Net Project Revenues in excess of Ninety-Five Million Dollars ($95,000,000) (the "Additional Purchase Price"); provided however, in the event that the Agency Note is paid in full prior to December 31, 2021, then the Grantor shall not be entitled to receive an Additional Purchase Price. Further details regarding the Additional Purchase Price are found in Sections 4.03 and 4.04 of the DDA.

4. **Grantee Precautions After Each Closing**. With respect to the Horizontal Improvements as to the Grantee, and with respect to the Vertical Improvements as to the Third Party Developer(s)/End User(s), Grantee or the Third Party Developer(s)/End User(s), as applicable, shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, each Third Party Developer(s)/End User(s) shall install and utilize such equipment and implement and adhere to such legally required or commercially reasonable procedures for the disclosure, storage, use, removal and disposal of any Hazardous Materials. This obligation shall survive the recordation of this Grant Deed and the subsequent recordation of a grant deed from Grantee.

5. **Indemnity**. Grantee and its successors and assigns shall indemnify, defend and hold the Grantor and the Authority and their elected officials, employees, officers, volunteers, representatives, consultants, attorneys and agents harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys' fees) (collectively, the "Environmental Liabilities"), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Property, and (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Property.

This indemnity shall include, without limitation, any damage, liability, fine, penalty, parallel indemnity after closing cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on

the environment. Upon written request of Grantee, the Grantor shall cooperate with and assist the Grantee in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Grantor shall not be obligated to incur any expense in connection with such cooperation or assistance. This indemnity shall survive the termination, expiration, invalidation, or performance in full or in part of this Agreement.

6. **Scope of Development**. The Property shall be developed in accordance with the Entitlements and generally consistent with the Scope of Development.

7. **Assessed Value**. The Grantee shall not appeal the assessed value of the Property and Improvements after Completion so as to achieve an assessed value less than the assessed value which is the greater of the assessed value imposed in (i) the fiscal year of Completion, or (ii) the fiscal year following the fiscal year in which Completion occurred.

8. **Antidiscrimination During Construction**. The Grantee, for itself and its successors and assigns, agrees that in the construction of the Improvements, the Grantee will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

9. **Security Financing; Rights of Holders**.

(a) Holder Not Obligated to Construct Improvements. No Mortgagee shall be obligated by the provisions of the DDA and/or this Grant Deed to construct or complete the Improvements or to guarantee such construction or completion. Nothing in the DDA and/or this Grant Deed shall be deemed to construe, permit or authorize any such holder to devote the Property to any uses or to construct any Improvements thereon other than those uses or improvements provided for or authorized by the DDA and/or this Grant Deed.

(b) Failure of Holder to Complete Improvements. In any case where, thirty (30) days after Default by the Grantee under the DDA, or after default by a Third Party Developer(s)/End User(s) under an Acquisition and Development Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Property, or any portion thereof, has not cured such Default, or if it has commenced cure, has not proceeded diligently therewith, the Grantor may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Property has vested in the holder, the Grantor, if it so desires, shall be entitled to a conveyance of the Property from the holder to the Grantor upon payment to the holder of an amount equal to the sum of the following:

(i) The unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(ii) All expenses with respect to foreclosure;

(iii) The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Property;

(iv) The costs of any authorized improvements made by such holder; and

(v) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Grantor.

(c) Right of Grantor to Cure Mortgage, Deed of Trust or Other Security Interest Default. In the event of a default or breach by the Grantee of a mortgage, deed of trust or other security interest with respect to the Property prior to the completion of development or transfer of the Property to a Third Party Developer(s)/End User(s), and the holder has not exercised its option to complete the development, the Grantor shall be entitled to reimbursement from the Grantee of all costs and expenses incurred by the Grantor in curing the default. The Grantor shall also be entitled to a lien upon the Property to the extent of such costs and disbursements. Any such lien shall be subject to mortgages, deeds of trust or other security interests executed for the sole purpose of obtaining funds to purchase and develop the Property as authorized herein.

10. Release of Construction Covenants. Promptly after completion of Improvements for the Property in conformity with the DDA and the Acquisition and Development Agreement, the Grantor shall deliver to the Grantee and the Third Party Developer(s)/End User(s), a Release of Construction Covenants executed and acknowledged by the Grantor with respect to the Improvements on the Property ("Release"). The Grantor shall not unreasonably withhold such Release. The Release shall be a conclusive determination of satisfactory completion of the Improvements with respect to the Property, and the Release shall so state. Following the issuance of a Release, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Improvements shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under the DDA or the Acquisition and Development Agreement with respect to the construction of the Improvements; however, any such party shall be subject to those continuing covenants described herein and in the DDA and the Acquisition and Development Agreement.

If the Grantor refuses or fails to furnish the Release in accordance with the preceding paragraph, and after written request from the Grantee and/or the Third Party Developer(s)/End User(s), the Grantor shall, within fifteen (15) days after receipt of such written request therefor, provide the Grantee and/or the Third Party Developer(s)/End User(s), with a written statement of the reasons the Grantor refused or failed to furnish the Release. The statement shall also contain the Grantor's opinion of the actions the Grantee and/or the Third Party Developer(s)/End User(s), must take or cause to be taken to obtain the Release. The Release shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee and/or the Third Party Developer(s)/End User(s), to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Improvements, or any part thereof. The Release is not a notice of completion as referred to in Section 3093 of the California Civil Code.

11. Grantee's Indemnity. The Grantee shall defend, indemnify, assume all responsibility for, and hold the Grantor and the Authority, and their elected officials, volunteers, officers, employees, consultants, attorney and agents, harmless from all claims, demands, damages, defense costs or liability for any damages to property or injuries to persons, including accidental death (including reasonable attorneys fees and costs), which may be caused by any acts or omissions of the Grantee, as applicable, under the Grant Deed and/or with respect to the development, ownership and/or operation of the Property by the Grantee(s), whether such activities or performance thereof be by the Grantee or by anyone directly or indirectly employed or contracted with by either of

the same, and whether such damage shall accrue or be discovered before or after termination or expiration of this Agreement. Notwithstanding the foregoing, the Grantee shall be liable for property damage or bodily injury to the extent caused by the sole negligence or willful misconduct of the Grantor or the Authority or their respective officers, agents or employees.

12. Uses. The Grantee agrees to devote the Property to the Permitted Uses during the Term of the DDA; provided, however, that such requirement shall not limit Grantee's, or its successors' and assigns' right to request a variance to, or amendment of, the Entitlements.

13. **Limitation on Conveyance to Tax Exempt Entity**. The Grantee agrees for itself, and shall incorporate a covenant in any grant deed subsequently conveying the Property, or any portion thereof, that, unless otherwise approved by the Grantor acting in its sole and absolute discretion, at such time as the Gross Building Area of Completed or Proposed Vertical Improvements that are exempt in whole or in part from secured and/or unsecured property taxes ("Exempt Parcels") exceeds twenty percent (20%) of the Gross Building Area of all Completed or Proposed Vertical Improvements, then, thereafter the Grantee, the Third Party Developer(s)/End User(s) and their respective successors and assigns shall refrain, in perpetuity, from seeking, or otherwise taking advantage of any exemption from the payment, in whole or in part, of secured and/or unsecured property taxes on the Property and/or Improvements; provided that, in the event that the Property and/or Improvements nonetheless become exempt, in whole or in part, from secured and/or unsecured property taxation then, in such event, the Grantee or the Third Party Developer(s)/End User(s), as applicable, shall cause to be paid to the Grantor, pursuant to a mutually agreeable and recorded agreement, including provisions securing payment, in-lieu property taxes equal to the Gross Property Tax Increment that the Grantor would have received had the Property been subject to the payment of property taxes; provided, however in no event shall the Gross Building Area of the Exempt Property exceed thirty three (33%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements; provided further that during such time as the Gross Building Area of the Exempt Property exceeds twenty (20%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements, the interest on the Agency Note shall toll. Notwithstanding the foregoing, the Exempt Property may not exceed twenty (20%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements for a period of longer than three (3) years. The obligations of the Grantee, Third Party Developer(s)/End User(s), and their respective successors and assigns are hereinafter referred to as the "Exempt Property Covenant." Without limiting the effect of the foregoing, the Grantor agrees that nothing contained in the foregoing restriction shall apply to the conveyance of dedication of any portion of the Property to any governmental agency in connection with the granting of easements or permits to facilitate and as a condition of the construction of the Improvements.

14. **Effect and Duration of Covenants**.

(a) **Duration**. The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Grant Deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Grantor, its successors and assigns, and any successor in interest to the Property or any part thereof.

(b) **Grantor as Beneficiary**. The Grantor is deemed the beneficiary of the covenants set forth in this Grant Deed and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other Parties, public or private, in whose favor and for whose benefit the Grant Deed and the covenants running with the

land have been provided. The Grant Deed and the covenants shall run in favor of the Grantor without regard to whether the Grantor has been, remains or is an owner of any land or interest therein in the Property, or in the Redevelopment Project Area, as described in the Redevelopment Plan. The Grantor shall have the right, if this Grant Deed or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Grant Deed and the covenants may be entitled.

15. **Grantor Right of Reentry**. The Grantor has the right, at its election, to reenter and take possession of the Property, with all Improvements thereon, and terminate and revest in the Grantor the estate conveyed to the Grantee and its successors and assigns, if, after the recordation of this Grant Deed but prior to the recordation of the Release, the Grantee or its successors and assigns shall:

(a) fail to start the construction of the Improvements as required by the DDA or the Acquisition and Development Agreement for a period of thirty (30) days after written Notice thereof from the Grantor; or

(b) abandon or substantially suspend construction of the Improvements required by the DDA or the Acquisition and Development Agreement for a period of thirty (30) days after written Notice thereof from the Grantor; or

(c) contrary to the provisions of Article 10 of the DDA, Transfer or suffer any involuntary Transfer in violation of the DDA.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

(i) Any mortgage or deed of trust permitted by the DDA; or

(ii) Any rights or interests provided in the DDA for the protection of the holders of such mortgages or deeds of trust.

16. **Conflict**. In the event of any inconsistency between the DDA or this Grant Deed and the Acquisition and Development Agreement, then the DDA or this Grant Deed, as the case may be, shall govern.

(Signatures on next page)

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of this day of _____, 20___.

GRANTOR:

MARCH JOINT POWERS REDEVELOPMENT AGENCY

By: _____
Chairperson, March Joint Powers Redevelopment Agency

(Seal)

ATTEST:

_____
Secretary, March Joint Powers Redevelopment Agency

APPROVED AS TO LEGAL FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Agency Counsel

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of this day of _____, 20___.

GRANTEE:

MARCH HEALTHCARE DEVELOPMENT, LLC, a California limited liability company

By: _____
Donald N. Ecker, Managing Director

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 OF NOTARY PUBLIC

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT D

SCHEDULE OF PERFORMANCE

It is the intent of the Agency and the Developer that construction of the Horizontal Improvements will commence based on a Right of Entry Agreement from the Agency. It is also the intent of the Agency and the Developer that Horizontal Improvements sufficient to serve Vertical Improvements constructed on each Acquisition Parcel will be in place at such time as operation of such Vertical Improvements by the applicable Third Party Developer/End User is ready to occur. The Agency and the Developer agree that market forces will dictate the actual timing of all activities under the Agreement, including the construction of the Horizontal Improvements, the conveyance of Acquisition Parcels and the construction of Vertical Improvements and that the following Schedule of Performance is the best estimates of the Agency and the Developer as of the date of the Agreement. In the event of any conflict between the provisions of this Schedule of Performance and the provisions of the Agreement, the conflicting provision of the Agreement shall supersede and control. Notwithstanding the foregoing, Action numbers 3, 4, 7, 8, 9, 10, 11 12, 13, 14 and 15 are absolute dates, the failure of which would entitle either party to terminate the DDA in accordance with Section 6.03.

	ACTION	DATE
1.	Execution of the Agreement by the Developer. The Developer shall execute the Agreement and deliver it to the Agency.	Prior to the date on which Agency published notice of hearing to approve the Agreement.
2.	Execution of Agreement by the Agency. The Agency shall hold a public hearing on the Agreement, shall authorize execution and execute the Agreement, and shall deliver the Agreement to Developer.	Initial hearing is scheduled for April 7, 2010.
3.	Project Entitlements. The Developer shall complete all necessary studies and planning required to apply for Master Plot Plan and Master Tentative Map approval with respect to the entire Project.	Within twelve (12) months following approval of the Agreement by the Agency but in no event later than April 7, 2011.
4.	Submission – Infrastructure Drawings and Design Plans. Developer shall submit to the Agency for approval, infrastructure drawings and design plans for the Phase 1 Backbone Infrastructure.	Within twelve (12) months following the Effective Date but in no event later than April 7, 2011.

	ACTION	DATE
5.	Approval – Infrastructure Drawings and Design Plans. The Agency shall approve, conditionally approve or disapprove the infrastructure drawings and design plans submitted by the Developer for the Phase 1 Backbone Infrastructure.	Within sixty (60) days following submission by the Developer.
6.	Right of Entry/(Horizontal Improvements). The Parties shall execute the Right of Entry Agreement/(Horizontal Improvements) for Phase 1 Horizontal Improvements.	Concurrently with issuance of permits for the Horizontal Improvements.
7.	Conveyance. The Parties shall cause the First Conveyance to occur.	Upon the request of the Developer and upon completion of all of the conditions to Closing as set forth in Sections 5.08 and 5.09 of the Agreement, but in no event later than the First Closing Outside Date.
8.	Construction of Phase 1A Horizontal Improvements. Developer shall commence construction of Phase 1A Horizontal Improvements.	Within ten (10) days following issuance of permits with respect to the Phase 1A Horizontal Improvements.
9.	Completion of Construction of Phase 1A Horizontal Improvements. Developer shall complete construction of Phase 1A Horizontal Improvements.	Within one (1) year following commencement of construction of the Phase 1A Horizontal Improvements.
10.	Construction of Phase 1B Horizontal Improvements. Developer shall commence construction of Phase 1B Horizontal Improvements.	Within ten (10) days following issuance of permits with respect to the Phase 1B Horizontal Improvements.
11.	Completion of Construction of Phase 1B Horizontal Improvements. Developer shall complete construction of Phase 1B Horizontal Improvements.	Within one (1) year following commencement of construction of the Phase 1B Horizontal Improvements.
12.	Schedule for Phase 2 and Phase 3. Developer shall submit Phasing Schedules for Phase 2 and Phase 3.	On or before thirty-six (36) months prior to the date for Completed Improvements. Developer shall submit a description, approximate size and anticipated timing of acquisition of each Acquisition Parcel for each such Phase as set forth in 14 and 15 below, respectively.

	ACTION	DATE
13.	Phase 1 Improvements. Subject to the provisions of the Agreement, the Developer shall cause the completion of a minimum of 1,340,000 SF (Gross Building Area) of Vertical Improvements.	Within six (6) years after the Effective Date.
14.	Improvements for Phase 2. Developer shall cause the Completion of a minimum of an additional 1,131,000 square feet (Gross Building Area) of Vertical Improvements for Phase 2.	On or before the eleventh (11th) anniversary date of the Effective Date.
15.	Improvements for Phase 3. Developer shall cause the completion of a minimum of an additional 1,076,000 square feet (Gross Building Area) of Vertical Improvements for Phase 3.	On or before the fifteenth (15th) anniversary date of the Effective Date

EXHIBIT E

SCOPE OF DEVELOPMENT

Unless otherwise defined herein, all capitalized terms in this Scope of Development shall have the same meanings as are attributed to those terms in the Agreement.

A. Developer Responsibilities

1. General

The Property consists of approximately 160 acres of land, on which the Developer intends to construct, or cause to be constructed, integrated, state-of-the art Healthcare Facilities. Except as may be otherwise set forth in this Scope of Development, all capitalized terms shall have the same meanings as are attributed to those terms in the Agreement.

The Project shall be developed in accordance with the Entitlements. The description below is a general overview and not meant to describe the entire scope of the project. In the event of any inconsistency between the Entitlements and the Scope of Development, the Entitlements shall govern.

2. Horizontal Improvements

Development of the Project will require demolition, remediation and installation of Backbone Infrastructure (the "Horizontal Improvements"). The Horizontal Improvements shall include, but not be limited to:

(a) Complete demolition and removal of all existing structures. Removal or remedying of soil or building contamination and recycling non-hazardous materials associated with demolition activities shall be completed pursuant to the Mitigation Monitoring Plan;

(b) Replace all existing water pipelines, sewer mains, and drainage facilities within the Project, pursuant to provisions within the Entitlements;

(c) Preserve materials from a historic resource known as the Works Progress Administration ("WPA") Channel which crosses the Project south of Meyer Drive; and

(d) Mitigate impacts to off-site streets and drainage facilities pursuant to the Entitlements.

3. Backbone Infrastructure

Development of the Project will require the installation of Backbone Infrastructure, including, but not be limited to:

(a) Upgrade Riverside Drive and Meyer Drive, pursuant to provisions of the Entitlements;

(b) Extend Gilbert Street southerly into the Project pursuant to the Entitlements;

(c) Improve road crossings and culverts at Riverside Drive at Cactus Avenue; Gilbert Street at Cactus Avenue; and Meyer Drive at Heacock Street;

(d) Replace all existing water pipelines, sewer mains, and utilities along Riverside Drive, Meyer Drive and Gilbert Street as required by the Entitlements; and

(e) Install master drainage facilities pursuant to the Entitlements.

The Horizontal Improvements will be developed in three (3) main phases, each of which will be implemented in construction sub-phases as identified within the Master Plot Plans. Project phasing shall be subject to conditions of approval associated with the Entitlements.

4. Vertical Improvements.

The Project is designed to be a lot-sale program. Vertical Improvements will be developed in sequence by Third Party Developer(s)/End User(s) as defined in this Agreement, and as outlined in the Entitlements.

5. Phasing

(a) Phase 1

The Schedule of Performance (Exhibit D) provides, subject to the provisions of the Agreement, that the Developer will cause the completion of a minimum of 1,340,000 square foot (Gross Leasable Area) of Vertical Improvements within six (6) years after the Effective Date. Without limiting the effect of such outside date, Developer presently intends to begin Remediation, Demolition and construction of the Backbone Infrastructure in Phase 1A (see delineation of Phase 1A in Method of Finance – Exhibit L), during second quarter 2010 and to complete construction of the same within one (1) year thereafter. In addition, the Developer presently intends to commence Remediation, Demolition and construction of the Backbone Infrastructure in Phase 1B, during first quarter 2011 and to complete the same within one (1) year thereafter. Based on the foregoing schedule with respect to the Phase 1 Horizontal Improvements and also without limiting the effect of the aforementioned outside date, the Developer presently anticipates that construction of Phase 1 Vertical Improvements will commence in fourth quarter 2010 and will proceed continuously until all of the Phase 1 Vertical Improvements have been completed (with the first improvements to be completed in late 2011). Also without limiting the effect of the aforementioned outside date, the Developer presently anticipates that all of the Phase 1 Vertical Improvements will be completed by December 31, 2014.

Phase 1 shall include a medical office facility (which may include a clinic and/or medical lab facility) of not less than one hundred twenty thousand (120,000) square feet of Gross Building Area.

(b) Phase 2 and Phase 3

The Developer shall provide the Agency with a Phasing Schedule for Phase 2 and Phase 3 Improvements not later than thirty six (36) months prior to the date scheduled for Completion of Phase 2 and Phase 3 Improvements, as set forth in the Schedule of Performance.

In the event of any conflict between the provisions of the Scope of Development and the provisions of the Entitlements, the provisions of the Entitlements shall govern.

EXHIBIT F

RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

March Joint Powers Redevelopment Agency
23555 Meyer Drive
Riverside, California 92518
Attention: Executive Director

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

RELEASE OF CONSTRUCTION COVENANTS

This RELEASE OF CONSTRUCTION COVENANTS (the "Release") is made by the MARCH JOINT POWERS REDEVELOPMENT AGENCY, a public body, corporate and politic (the "Agency"), in favor of MARCH HEALTHCARE DEVELOPMENT, LLC, a California limited liability company ("MHD"), and _____, a _____ (the "Third Party Developer/End User"), as of the date set forth below.

RECITALS

A. The Agency and MHD have entered into that certain Disposition and Development Agreement dated _____, 20___, which is on file with the Agency Secretary (the "DDA") concerning the redevelopment of the Property (as defined in the DDA) situated within the Redevelopment Project Area. All capitalized terms not otherwise defined herein shall have the meanings set forth in the DDA.

B. As referenced in Section 6.11 of the DDA, the Agency is required to furnish MHD and Third Party Developer/End User with this Release upon completion of construction of the Improvements on an Acquisition Parcel, which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Riverside County. This Release is conclusive determination of satisfactory completion of the construction and development required by the DDA of the Improvements on the real property as described in Attachment No. 1 attached hereto and incorporated herein by reference ("Released Property").

C. The Agency has conclusively determined that such construction and development of the Improvements on the Released Property has been satisfactorily completed.

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The Improvements to be constructed by MHD and the Third Party Developer/End User on the Released Property have been fully and satisfactorily completed in conformance with the DDA and are free of any claims and/or liens. Any operating requirements and all use, maintenance,

security or nondiscrimination covenants contained in the DDA and other documents executed and recorded pursuant to the DDA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA.

IN WITNESS WHEREOF, the Agency has executed this Release this _____ day of _____, 20___.

AGENCY:

MARCH JOINT POWERS REDEVELOPMENT AGENCY, a California public agency

By: _____
Chairperson
March Joint Powers Redevelopment Agency

[Seal]

ATTEST:

_____
Secretary
March Joint Powers Redevelopment Agency

APPROVED AS TO LEGAL FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Agency Counsel

ATTEST:

_____
Assistant Secretary

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF RELEASED PROPERTY

[to be attached]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ , before me, _____, Notary Public,
(Print Name of Notary Public)

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 of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

Individual
Corporate Officer

_____
Title(s)

Partner(s) Limited
General

Attorney-In-Fact
Trustee(s)
Guardian/Conservator
Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

EXHIBIT G-1

RIGHT OF ENTRY AGREEMENT
(Due Diligence)

This Right of Entry Agreement ("Agreement") is executed to be effective as of the _____ day of _____, 20__ ("Effective Date"), by and between the **MARCH JOINT POWERS REDEVELOPMENT AGENCY**, a California public agency ("Agency"), and **MARCH HEALTHCARE DEVELOPMENT, LLC**, a California limited liability company, ("Developer").

RECITALS

WHEREAS, Agency owns, or has the right to acquire and convey to the Developer, certain real property located within the March Air Force Base Redevelopment Project ("Property"), which Property is more particularly described and depicted in Attachment Nos. 1 and 2, respectively, and incorporated herein by this reference;

WHEREAS, Agency and Developer have entered into that certain March Lifecare Campus Disposition and Development Agreement between them dated _____, 2010 concerning (i) Developer's acquisition and subdivision of the Property into separate legal parcels (each, an "Acquisition Parcel"), and (ii) Developer's development on the Property of medical office buildings, hospitals and related health care facilities ("DDA"). Capitalized terms not defined herein shall have the meaning set forth in the DDA unless the context dictates otherwise;

WHEREAS, Developer intends to enter into an Acquisition and Development Agreement with various Third Party Developer(s)/End User(s), pursuant to which the Third Party Developer(s)/End User(s) will be required to acquire certain Acquisition Parcels and develop a specified Health Care Facility thereon;

WHEREAS, Developer desires to conduct certain tests of the Property to be used by Developer in determining the suitability of the Property for Developer's intended purposes;

WHEREAS, Developer anticipates that the Third Party Developer(s)/End User(s) will desire to conduct certain tests of the Acquisition Parcel(s) to be used by the Third Party Developer(s)/End User(s) in determining the suitability of the Acquisition Parcel(s) for the Third Party Developer(s)/End User(s)' intended purposes; and

WHEREAS, Developer and Agency desire to enter into this Agreement to permit Developer, and, as necessary, the Third Party Developer(s)/End User(s), to enter the Property or the applicable Acquisition Parcel(s) to conduct the desired tests.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the foregoing Recitals, which Recitals are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and Agency agree as follows:

1. Right of Entry. Subject to the execution of this Agreement, and at all times prior to the conveyance of any portion of the Property to Developer, Developer, the Third Party Developer(s)/End User(s), and/or their authorized agents shall have the right to enter onto the Property for the purposes of conducting surveys, borings, collecting soil samples and performing such other studies necessary for determining the suitability of the Property. Notwithstanding the foregoing, prior to, and as a condition of, any such entry on the Property, Developer shall notify and receive approval from the Agency regarding the purpose, location and time of such entry.

2. Term. The term of this Agreement shall be one (1) year from the Effective Date hereof.

3. Indemnity. Developer shall indemnify, defend, and hold Agency and the March Joint Powers Authority ("Authority"), their respective employees, officers, agents and representatives harmless from and against any and all claims and liens arising out of any act or failure to act of Developer, the Third Party Developer(s)/End User(s), or their authorized agents as a result of their respective activities on the Property. In no event shall Developer be required to indemnify Agency or Authority for Agency's or Authority's (or their respective agents') own negligence or willful misconduct.

4. General Liability Insurance Requirements. Without limiting Agency's or Authority's right to indemnification, Developer shall, prior to commencing any activities under this Agreement, secure or cause to be secured from a company or companies licensed to conduct insurance business in the State of California, pay for, and maintain in full force and effect a policy of commercial general liability insurance issued by an "A:VII" or better rated insurance carrier as rated by A.M. Best Company as of the date that Developer obtains or renews its insurance policies, on an occurrence basis, in which the Agency, the Authority and their respective officers, employees, agents and representatives are named as additional insureds. Developer shall furnish a certificate of insurance to the Agency, and shall furnish complete copies of such policy or policies upon request by the Agency. Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached thereto, the protection offered by the policy shall:

a. Include an endorsement naming the Agency and the Authority, their officers, employees, agents, representatives and attorneys as additional insureds;

b. Provide a combined single limit policy for both personal injury and property damage in the amount of $5,000,000, which will be considered equivalent to the required minimum limits;

c. Bear an endorsement or shall have attached a rider providing that the Agency shall be notified not less than thirty (30) days before any expiration, cancellation, nonrenewal, reduction in coverage, increase in deductible, or other material modification of such policy or policies, and shall be notified not less than ten (10) days after any event of nonpayment of premium. and

d. Provide for waivers of subrogation for the benefit of the Authority and the Agency.

5. Workers' Compensation Insurance. Developer and the Third Party Developer(s)/End User(s) shall maintain workers' compensation insurance covering their employees, as required by

California law. Also, Developer (i) shall ensure that any contractors hired by Developer or the Third Party Developer(s)/End User(s) carry workers' compensation insurance on their respective employees, and (ii) shall require said contractors to ensure that their subcontractors, if any, carry workers' compensation covering their respective employees.

6. Attorneys' Fees. In the event of a suit by either party against the other arising out of this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable costs and expenses of suit, including attorneys' fees and the fees of other professionals.

7. Entire Agreement. This Agreement and the DDA contain the entire agreement between Agency and Developer concerning the subject matter of this Agreement, and there are no other terms, conditions, promises, undertakings, statements or representations, express or implied, concerning the subject matter of this Agreement.

8. Modifications. The terms of this Agreement may not be amended, waived or terminated orally, but only by an instrument in writing signed by both Agency and Developer.

9. Survival. All covenants herein shall survive the expiration or earlier termination of this Agreement for a period of five (5) years.

10. Counterparts. This Agreement may be executed in three (3) counterpart originals which, when taken together, shall constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement to be effective as of the Effective Date.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

SIGNATURE PAGE TO
RIGHT OF ENTRY AGREEMENT

AGENCY:

MARCH JOINT POWERS REDEVELOPMENT AGENCY, a California public agency

By: _____
Chairperson
March Joint Powers Redevelopment Agency

[Seal]

ATTEST:

_____
Secretary
March Joint Powers Redevelopment Agency

APPROVED AS TO LEGAL FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Agency Counsel

SIGNATURE PAGE TO
RIGHT OF ENTRY AGREEMENT

DEVELOPER:

MARCH HEALTHCARE DEVELOPMENT, LLC,
a California limited liability company

By: CEO STRATEGIC SOLUTIONS, LLC,
a California limited liability company

By: _____
Donald N. Ecker, Managing Member

ATTACHMENT NO. 1

LEGAL DESCRIPTION

[To be inserted]

EXHIBIT G-2

RIGHT OF ENTRY AGREEMENT
(Horizontal Improvements)

This Right of Entry Agreement ("Agreement") is executed to be effective as of the _____ day of _____, 20__ ("Effective Date"), by and between the **MARCH JOINT POWERS REDEVELOPMENT AGENCY**, a California public agency ("Agency"), and **MARCH HEALTHCARE DEVELOPMENT, LLC**, a California limited liability company ("Developer").

RECITALS

WHEREAS, Agency owns, or has the right to acquire and convey to Developer, certain real property located within the March Air Force Base Redevelopment Project ("Property"); and

WHEREAS, Agency and Developer have entered into that certain March Lifecare Campus Disposition and Development Agreement between them dated _____, 2010 ("DDA") concerning Developer's acquisition of the Property and development thereon of the Health Care Facilities. Except as may be otherwise set forth in this Agreement, all capitalized terms will have the same meanings as are attributed to those terms in the DDA; and

WHEREAS, the DDA contemplates that the Property will be divided into a number of Acquisition Parcels for purposes of conveyance from the Agency to Developer, and that Developer will acquire the Acquisition Parcel(s) in phases; and

WHEREAS, due to the size and phasing of the Project, Developer may determine that it is in its best interests to construct certain Horizontal Improvements in a manner that affects certain parcels of the Property which Developer has not yet acquired (each, an "Unacquired Parcel" and collectively, the "Unacquired Parcels"). The Unacquired Parcel(s) which is [are] the subject matter of this Agreement is [are] described in Attachment No. 1 and depicted in Attachment No. 2 and incorporated herein by reference; and

WHEREAS, to the extent applicable, Developer and Agency desire to enter into this Agreement to memorialize the terms and conditions upon which Developer shall be permitted to enter the Unacquired Parcels to construct Horizontal Improvements and perform remediation and demolition; and

WHEREAS, Agency and Developer have concurrently herewith entered into that certain agreement addressing Lost Revenues as required in the DDA.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the foregoing Recitals, which Recitals are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and Agency agree as follows:

1. Right of Entry. Subject to the execution of this Agreement, and at all times prior to the conveyance of all of the Unacquired Parcel(s) to Developer, Developer and/or its authorized agents shall have the right to enter onto the Unacquired Parcels for the purpose of constructing and

completing Horizontal Improvements. Notwithstanding the foregoing, prior to and as a condition to entry upon such Unacquired Parcel(s), Developer shall notify and receive approval from the Agency regarding the purpose, location and time of such entry.

2. Term. This Agreement shall expire and be of no further force and effect on the date which is the earlier of (a) two (2) years from the Effective Date hereof, or (b) the Close of Escrow of the Unacquired Parcels by Developer.

3. Indemnity. Developer shall indemnify, defend, and hold Agency and the March Joint Powers Authority ("Authority"), their respective employees, officers, agents and representatives harmless from and against any and all claims and liens arising out of any act or failure to act of Developer or its authorized agents as a result of their respective activities on the Property. In no event shall Developer be required to indemnify Agency or Authority for Agency's or Authority's (or their respective agents') own negligence or willful misconduct.

4. General Liability Insurance Requirements. Without limiting Agency's or Authority's right to indemnification, Developer shall, prior to commencing any activities under this Agreement, secure or cause to be secured from a company or companies licensed to conduct insurance business in the State of California, pay for, and maintain in full force and effect a policy of commercial general liability insurance issued by an "A:VII" or better rated insurance carrier as rated by A.M. Best Company as of the date that Developer obtains or renews its insurance policies, on an occurrence basis, in which the Agency, the Authority and their respective officers, employees, agents and representatives are named as additional insureds. Developer shall furnish a certificate of insurance to the Agency, and shall furnish complete copies of such policy or policies upon request by the Agency. Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached hereto, the protection offered by the policy shall:

a. Include an endorsement naming the Agency and the Authority, their officers, employees, agents, representatives and attorneys as additional insureds;

b. Provide a combined single limit policy for both personal injury and property damage in the amount of $5,000,000, which will be considered equivalent to the required minimum limits;

c. Bear an endorsement or shall have attached a rider providing that the Agency shall be notified not less than thirty (30) days before any expiration, cancellation, nonrenewal, reduction in coverage, increase in deductible, or other material modification of such policy or policies, and shall be notified not less than ten (10) days after any event of nonpayment of premium.

d. Provide for waivers of subrogation for the benefit of the Authority and the Agency.

5. Workers' Compensation Insurance. Developer shall provide to the Agency certificates of insurance evidencing that Developer maintains workers' compensation insurance covering its employees, as required by California law. Also, Developer (i) shall ensure that any contractors hired by Developer, which are involved in construction of the Horizontal Improvements, carry workers' compensation insurance on their respective employees, and (ii) shall require said

contractors to ensure that their subcontractors, if any, carry workers' compensation covering their respective employees.

6. Attorneys' Fees. In the event of a suit by either party against the other arising out of this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable costs and expenses of suit, including attorneys' fees and the fees of other professionals.

7. Entire Agreement. This Agreement and the DDA contain the entire agreement between Agency and Developer concerning the subject matter of this Agreement, and there are no other terms, conditions, promises, undertakings, statements or representations, express or implied, concerning the subject matter of this Agreement.

8. Modifications. The terms of this Agreement may not be amended, waived or terminated orally, but only by an instrument in writing signed by both Agency and Developer.

9. Survival. All covenants herein shall survive the termination of this Agreement for as long as necessary to enforce same.

10. Counterparts. This Agreement may be executed in three (3) counterpart originals which, when taken together, shall constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement to be effective as of the Effective Date.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

SIGNATURE PAGE TO
RIGHT OF ENTRY AGREEMENT

AGENCY:

MARCH JOINT POWERS REDEVELOPMENT AGENCY

By: _____
Chairperson
March Joint Powers Redevelopment Agency

[Seal]

ATTEST:

_____
Secretary
March Joint Powers Redevelopment Agency

APPROVED AS TO LEGAL FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Agency Counsel

SIGNATURE PAGE TO
RIGHT OF ENTRY AGREEMENT

Developer:

MARCH HEALTHCARE DEVELOPMENT, LLC.
a California limited liability company

By:_____
Donald N. Ecker
Its: Managing Director

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF UNACQUIRED PARCELS

[To be inserted]

ATTACHMENT NO. 2

DEPICTION OF UNACQUIRED PARCELS

[To be inserted]

EXHIBIT H

ADDITIONAL PURCHASE PRICE ILLUSTRATION

Updated 3/2/10

Exhibit H
Additional Purchase Price.

		Totals	% of Gross Sales Rev
Addittional Purchase Price Calculation			
Gross Sales Revenue		$114,000,000	
(Less) Anchor User Discount		($7,410,000)	6.5%
(Less) Cost of Sale		($2,280,000)	2.0%
(Less) Sales Commissions		($4,446,000)	3.9%
Net Sales Revenue		**$99,864,000**	
JPA Particpation	**(Net Sales Revenue less $95M)x25% =**	**$1,216,000**	

EXHIBIT I

AGENCY NOTE

$20,500,000 Riverside, California
_____, 20___

RECITALS

A. On _____, 2010, the March Joint Powers Redevelopment Agency, a California public agency ("Agency") and March Healthcare Development, LLC, a California limited liability company ("MHD") entered into a Disposition and Development Agreement ("Agreement") relating to the redevelopment of certain real property located in the unincorporated area of Riverside County, California and more particularly described in the Agreement. A true copy of the Agreement is on file with the Secretary of Agency at 23555 Meyer Drive, Riverside, California 92518.

B. Agency and MHD have executed and delivered this Promissory Note ("Agency Note") pursuant to Section 8.01 of the Agreement. All capitalized terms not otherwise defined herein shall have the same meanings as are attributed to those terms in the Agreement.

NOW, THEREFORE, Agency and MHD agree as follows:

1. Promise to Pay. FOR VALUE RECEIVED, Agency promises to pay to the order of MHD, at 609 Deep Valley Drive, Suite 340, Rolling Hills Estate, California 90274, or at such other address as MHD may from time to time designate, a principal amount not to exceed Twenty Million, Five Hundred Thousand Dollars ($20,500,000), in accordance with the following:

2. Interest Rate. Interest on the unpaid principal balance owed hereunder shall accrue at the rate of six percent (6%) per annum, commencing on the date hereof and continuing thereafter until all principal and interest due hereunder have been paid in full. The accrual of interest shall be tolled during any period in which MHD is in Breach and/or Default (as defined in Section 9.02 of the Agreement) of an obligation set forth in the Schedule of Performance referred to in Section 6.03 of the Agreement or at any time the square feet (Gross Building Area) of the Exempt Property exceeds twenty percent (20%) of the square feet (Gross Building Area) of the Completed Improvements (as described in Section 7.02).

3. Installment Payments. Until all principal and interest due hereunder have been paid in full, Agency shall make annual payments of principal and interest to MHD. Each payment shall be made on a date which is thirty (30) days after the date on which Agency receives a distribution of Gross Property Tax Increment (as defined in Section 1.01 of the Agreement). Each payment shall be in an amount equal to eighty percent (80%) of the Net Property Tax Increment (as defined in Section 1.01 of the Agreement) received by Agency with respect to each Acquisition Parcel after the date of conveyance of the same by MHD. All such payments shall first be applied to reduce accrued interest and then applied to reduce unpaid principal.

4. Principal Reduction. If at any time Agency pays the cost of Demolition and/or Remediation and/or Backbone Infrastructure (as defined in the Agreement), Agency shall receive a dollar-for-dollar credit for all such payments against principal due hereunder.

5. Payment Source. Agency and MHD acknowledge and agree that payment of all amounts due hereunder shall be made from Net Property Tax Increment received by Agency with respect to each Acquisition Parcel after conveyance of the same by MHD. Agency covenants to take all reasonable actions to timely file statements of indebtedness and reconciliation statements pursuant to California Health and Safety Code Section 33675. In the event that any future constitutional, legislative or judicial amendment, act, ruling or decision interferes with Agency's ability to receive the amount of Net Property Tax Increment anticipated herein and in the Agreement, Agency and MHD, in good faith, seek to establish an alternate payment procedure which shall most closely achieve the economic equivalent, for both Agency and MHD, of the situation contemplated herein. In addition, until all principal and interest due hereunder have been paid in full, Agency shall not pledge or otherwise encumber the Net Property Tax Increment received by Agency with respect to each Acquisition Parcel after the date of conveyance of the same by MHD, so as to impair MHD's rights hereunder.

6. Prepayment. Agency shall have the right at any time to prepay all or any portion of the unpaid principal balance owing hereunder.

7. General Provisions. All amounts payable hereunder shall be due and payable in lawful money of the United States of America. In the event any payment due hereunder is not paid by Agency within fifteen (15) days after it is due, such payment shall bear interest from and after such date at the rate of ten percent (10%) per annum until paid in full. If any action is instituted to enforce this Agency Note, the losing party in any such action promises to pay all attorneys' fees and costs of the winning party (the identity of the losing party and the identity of the winning party shall be determined by the Court in such action). This Agency Note has been executed in the State of California and shall be construed and interpreted according to the laws of the State of California. If any provision hereof is held by a Court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall have no effect upon the remaining provisions hereof and Agency and MHD shall negotiate in good faith to modify this Agency Note to fulfill as closely as possible the original intents and purposes hereof.

[SIGNATURES FOLLOW]

AGENCY:

MARCH JOINT POWERS REDEVELOPMENT AGENCY

By: _____
Chairperson, March Joint Powers Redevelopment Agency

MHD:

MARCH HEALTHCARE DEVELOPMENT, LLC,
a California limited liability company

By: CEO STRATEGIC SOLUTIONS, LLC, a California limited liability company

By: _____
Donald N. Ecker, Managing Member

(Seal)

ATTEST:

_____
Secretary, March Joint Powers Redevelopment Agency

APPROVED AS TO LEGAL FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Agency Counsel

EXHIBIT J

ACQUISITION AND DEVELOPMENT AGREEMENT

BETWEEN

_____,
a _____
("BUYER")

AND

MARCH HEALTHCARE DEVELOPMENT, LLC,
a California limited liability company
("SELLER")

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

Page

EXHIBITS

ACQUISITION AND DEVELOPMENT AGREEMENT

This ACQUISITION AND DEVELOPMENT AGREEMENT ("Agreement"), is entered into by and between MARCH HEALTHCARE DEVELOPMENT, LLC, a California limited liability company ("Seller"), and _____, a _____ ("Buyer"). Hereafter, Seller and Buyer are sometimes individually referred to as a "Party" and collectively, as the "Parties".

RECITALS

This Agreement is made with reference to the following facts:

A. Seller has the contractual right to purchase certain unimproved real property located in the County of Riverside, State of California, consisting of approximately 160 acres of land, which property is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference ("Property") pursuant to that certain Disposition and Development Agreement between Seller and the March Joint Powers Redevelopment Agency ("Agency") dated _____, 20__ ("DDA"), concerning the development of Healthcare Facilities. Capitalized terms not defined herein shall have the meaning set forth in the DDA unless the context dictates otherwise.

B. The Property is included within the boundaries of the Redevelopment Project Area described in the Redevelopment Plan for the March Air Force Base Redevelopment Project by Ordinance No. 96-2 ("Redevelopment Plan").

C. Pursuant to the DDA, the Property will be subdivided into separate Acquisition Parcel(s) (i) on which Demolition and Remediation will occur and developed roadways, dry utilities, storm water and sewer systems and water storage and delivery systems required to serve the Project (collectively, "Horizontal Improvements"), and (ii) further developed with specific Healthcare Facilities and in-tract infrastructure (collectively, "Vertical Improvements").

D. Buyer desires to purchase from Seller certain Acquisition Parcel(s) and to develop the Vertical Improvements, and Seller desires to sell to Buyer the Acquisition Parcel(s) pursuant to the terms and conditions set forth herein and in the DDA.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the foregoing Recitals, which Recitals are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the mutual covenants contained herein, the Parties agree as follows:

ARTICLE I
Purchase - Purchase Price

1.1. Purchase. Seller shall sell, and Buyer shall purchase, the Acquisition Parcel(s) designated on Exhibit "B" attached hereto and incorporated herein by this reference.

1.2. Purchase Price. The purchase price of the Acquisition Parcel(s) ("Purchase Price") shall be $_____ per square foot, calculated based on the gross square footage of the Acquisition Parcel(s).

1.3. Payment of Purchase Price. The Purchase Price shall be paid as follows:

(a) The Option Consideration ("Option Consideration") paid pursuant to that certain Option Agreement between Buyer and Seller dated _____, 20___, in the amount of $_____ shall be credited against the Purchase Price; and

(b) The balance of _____and No/100 Dollars ($_____) shall be paid on the date of the Closing (as defined in Section 2.3, below) by certified check or Federal wire transfer.

ARTICLE II
Process of Conveyance

2.1. Opening Escrow. The Parties shall open escrow ("Escrow") with First American Title Insurance Company or another escrow holder mutually satisfactory to both Parties (the "Escrow Agent") by depositing one (1) fully executed copy of this Agreement with Escrow Agent within ten (10) days after execution of this Agreement. This Agreement shall constitute Escrow instructions. In the event of any inconsistency between any supplemental Escrow instructions required by Escrow Agent and this Agreement, this Agreement shall control, notwithstanding the fact that either Party may have intentionally or inadvertently executed such inconsistent instructions.

2.2. Costs of Escrow. Seller and Buyer shall pay their respective portions of the premium for the Title Policy (as defined in Section 2.6, below), Seller shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of the Acquisition Parcel(s), and Buyer and Seller each agree to pay one-half of all other usual fees, charges, and costs which arise from the Escrow.

2.3. Closing. Subject to satisfaction or waiver of all applicable conditions precedent, the conveyance of the Acquisition Parcel(s) shall occur on that date and concurrently with the Closing under the DDA (the "DDA Closing"). Seller and Buyer agree to reasonably cooperate with each other, the Agency and Escrow Agent to cause the close of escrow of the transaction contemplated hereunder to occur concurrently with the DDA Closing, by taking actions including, but not limited to, executing any documents reasonably requested by either Party and delivering funds and other closing deliveries as reasonably requested by either Party. The "Closing" or the "Close of Escrow" shall mean the recordation of the Grant Deed (as defined in Section 2.6, below) in the Official Records of Riverside County with respect to the Acquisition Parcel(s). The "Closing Date" shall mean the day on which the Closing occurs.

2.4. Condition of the Property. The Acquisition Parcel(s) shall be conveyed from Seller to Buyer in an "As-Is" condition, without relying upon any representations or warranties, whether express, implied, by statute or otherwise. Without limiting the foregoing, Buyer acknowledges that neither Seller nor any other party has made any representations or warranties, express or implied, on which Buyer is relying as to any matters, directly or indirectly, concerning the Acquisition Parcel(s), including but not limited to, the land, the square footage of the Acquisition Parcel(s), improvements and infrastructure, if any, development rights and exactions, expenses associated with the Acquisition

Parcel(s), taxes, assessments, bonds, permissible uses, title exceptions, water or water rights, topography, utilities, zoning of the Acquisition Parcel(s) or any buildings located thereon, soil, subsoil, the purposes for which the Acquisition Parcel(s) are to be used, drainage, environmental or building laws, rules or regulations, toxic waste or Hazardous Materials (as defined hereinbelow), required scope of Remediation (as defined in Section 3.1, below), or any other matters affecting or relating to the Acquisition Parcel(s) or any buildings located thereon (collectively, the "Physical and Environmental Condition of the Acquisition Parcel(s)").

As used herein, "Hazardous Materials" shall mean any substance or material that is described as a toxic or hazardous substance, waste, or material, or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws, and includes asbestos, petroleum, petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, and chemicals which may cause cancer or reproductive toxicity. "Environmental Laws" shall mean "Environmental Laws" means all federal, state, and local laws, ordinances, rules and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.*, the Solid Waste Disposal Act, 42 U.S.C. § 6901, *et seq.*, the Hazardous Substance Account Act, California Health and Safety Code § 25300, *et seq.*, the Hazardous Waste Control Law, California Health and Safety Code § 25100, *et seq.*, and the Porter-Cologne Water Quality Control Act, California Water Code § 13000, *et seq.*

Buyer acknowledges that, during the Option Period prior to the Effective Date, Buyer has reviewed and approved the Physical and Environmental Condition of the Acquisition Parcel(s), provided that, in the event that, prior to the Close of Escrow, there is a material change in the Physical and Environmental Condition of the Acquisition Parcel(s) previously approved by Buyer, Buyer shall have five (5) days from the date Buyer first learns of such change, to approve or disapprove of such change. If Buyer approves of such matters, Buyer shall provide written notice of such approval to Seller and Escrow Agent ("Approval Notice"), in which event this Agreement shall continue in full force and effect. If Buyer provides Seller and Escrow Agent written notice disapproving of such matters ("Disapproval Notice"), thereafter, this Agreement shall terminate and neither Party shall have any further rights or obligations hereunder, except those obligations which expressly survive the Closing or earlier termination of this Agreement. In that event, Seller shall retain the Option Consideration. In the event that Buyer fails to provide an Approval Notice or Disapproval Notice with respect to any such new matters within five (5) days from the date Buyer first learns of such change, Buyer shall be deemed to have provided an Approval Notice.

Buyer shall have relied solely upon its own investigation concerning its intended use of the Acquisition Parcel(s), the Acquisition Parcel(s)' fitness for Buyer's intended use, and the availability of such intended use under applicable statutes, ordinances, and regulations. Buyer further acknowledges and agrees that Seller's cooperation with Buyer in connection with Buyer's due diligence review of the Acquisition Parcel(s), whether by providing documents or permitting inspection of the Acquisition Parcel(s), has not and shall not be construed as any warranty or representation, express or implied, of any kind with respect to the Acquisition Parcel(s) or, with respect to the accuracy, completeness, or relevancy of any such document.

Furthermore, without limiting the generality of the foregoing, Buyer hereby expressly waives, releases and relinquishes any and all claims, causes of action, rights and remedies Buyer may

now or hereafter have against Seller, the Agency, the JPA, and their officials, officers, employees, and agents, whether known or unknown, with respect to any past, present or future presence or existence of Hazardous Materials on, under or about the Acquisition Parcel(s) or any improvements thereon or thereunder or with respect to the Environmental Laws and any and all claims, whether known or unknown, based on nuisance, trespass or any other common law or statutory provisions. Nothing in this paragraph shall operate as a release of any rights or remedies of Buyer against Seller, the Agency, the JPA, or their officials, officers, employees and agents arising from the migration or release of Hazardous Materials from an adjacent property owned by Seller or the JPA.

IN CONNECTION WITH THE FOREGOING RELEASE OF SELLER, THE AGENCY AND THE JPA, BUYER AGREES, REPRESENTS, AND WARRANTS THAT BUYER REALIZES AND ACKNOWLEDGES THAT FACTUAL MATTERS NOW UNKNOWN TO IT MAY HAVE GIVEN OR MAY HEREAFTER GIVE RISE TO CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES, AND EXPENSES WHICH ARE PRESENTLY UNKNOWN, UNANTICIPATED, AND UNSUSPECTED, AND BUYER FURTHER AGREES, REPRESENTS AND WARRANTS THAT THE WAIVERS AND RELEASES HEREIN HAVE BEEN NEGOTIATED AND AGREED ON IN LIGHT OF THAT REALIZATION, AND BUYER WOULD NEVERTHELESS RELEASE, DISCHARGE, AND ACQUIT SELLER, THE AGENCY, THE JPA, AND THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AND AGENTS FROM ANY SUCH UNKNOWN CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES, AND EXPENSES WHICH MIGHT IN ANY WAY BE INCLUDED IN THE WAIVERS AND MATTERS RELEASED AS SET FORTH IN THIS AGREEMENT. BUYER ALSO AGREES THAT THE AFOREMENTIONED PROVISIONS ARE MATERIAL AND WOULD BE INCLUDED AS A MATERIAL PORTION OF THE CONSIDERATION GIVEN TO SELLER BY BUYER IN EXCHANGE FOR SELLER'S PERFORMANCE UNDER THIS AGREEMENT.

IN THAT REGARD, BUYER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

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

BUYER HAS SET FORTH ITS INITIALS BELOW TO INDICATE ITS AWARENESS AND ACCEPTANCE OF EACH AND EVERY PROVISION OF THIS SECTION 2.4. THE PROVISIONS OF THIS SECTION 2.4 SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT.

BUYER'S INITIALS _____

2.5. Review of Title. Buyer acknowledges that, during the Option Period prior to the Effective Date, Buyer has reviewed and approved the condition of title to the Acquisition Parcel(s); provided, however, that Buyer has disapproved any monetary encumbrances and approved the following encumbrances on the Acquisition Parcel(s):

(a) The Redevelopment Plan;

(b) The Avigation Easement

(c) The Declaration of Conditions, Covenants and Reciprocal Easements regulating the occupation and use of the Project, which will be recorded on or before the Closing Date;

(d) The Memorandum of Disposition and Development Agreement, which will be recorded on or before the Closing Date; and

(e) The lien of any non-delinquent property taxes and assessments (to be prorated at Close of Escrow).

Notwithstanding the foregoing, Buyer shall have the right to approve or disapprove any additional and previously unreported matters reported by the Title Company (which are not created by Buyer) which arise following Buyer's previous approval of the condition of title to the Acquisition Parcel(s) ("Buyer's Title Approval Notice"). Seller shall not voluntarily create any new Exceptions to title following the Effective Date.

2.6. Title and Deed. The Acquisition Parcel(s) shall be conveyed to Buyer by grant deed from Seller ("Grant Deed" or "Deed"), and shall be free and clear of all liens, charges, encumbrances, easements, restrictions, rights of way, conditions, tenancies, uses, exceptions and restrictions of any kind or character, except the Permitted Exceptions (as hereinafter defined). Those exceptions which are approved by Buyer in its Title Approval Notice, including, without limitation, the standard exceptions to coverage contained in the Policy (as defined hereinbelow) not endorsed-over, shall be referred to as "Permitted Exceptions". At the Closing, Buyer shall also be able to obtain an ALTA Extended Owner's Title Insurance Policy issued by the Title Company, insuring marketable title to Buyer in the full amount of the Purchase Price and containing no exceptions or conditions other than the Permitted Exceptions, and containing the CLTA Endorsements which Buyer or its lender shall require (the "Title Policy"). Seller shall pay the cost of the CLTA portion of the Policy, and Buyer shall pay the difference in the cost of a CLTA policy and ALTA extended coverage.

2.7. Conditions to Closing. The Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below (the "Conditions Precedent to the Closing"). Except in the event of a breach under this Agreement, the failure of any condition set forth in this Section 2.7 to be either satisfied or waived prior to the Closing Date shall not constitute a default pursuant to Article 6 hereof, but shall be cause for termination of this Agreement by the Party for whose benefit such condition has been imposed.

2.7.1 Seller's Conditions to Closing. Seller's obligation to proceed with the Closing is subject to the fulfillment, or waiver by Seller, of each of the conditions precedent described below ("Seller's Conditions Precedent to Closing"), which are solely for the benefit of Seller, and which shall be fulfilled, or waived in its sole discretion, prior to the Outside Closing Date:

(a) Entitlements. Any and all discretionary governmental permits and approvals necessary for the development of the Acquisition Parcel(s), including without limitation SP-08-01, the Mitigation and Monitoring Plan, and the Master Plot Plan (collectively, "Project Entitlements") shall have been granted.

(b) Property. Seller shall have acquired the Acquisition Parcel. Without limiting the generality of the foregoing, Buyer acknowledges and agrees as follows:

(i) That Seller's rights relating to the Acquisition Parcel(s) are limited by the rights of Seller under the DDA;

(ii) That in no event shall Seller have any responsibility whatsoever to Buyer for any acts or omissions of the Agency and/or JPA relating to the Acquisition Parcel(s); and

(iii) That Seller's obligations to cause the close of escrow under the DDA to occur shall be limited to complying with Seller's obligations pertaining to the same under the DDA and using good-faith efforts to cause the Agency and JPA to comply with its obligations pertaining to the same thereunder; provided, however, that in no event shall Seller have any obligation to (x) commence or pursue any litigation or other proceedings against the Agency and/or JPA, or (y) acquire the Acquisition Parcel(s) at any time when Seller determines that its acquisition of the Acquisition Parcel(s) and/or the development of the Acquisition Parcel(s) is or has become commercially infeasible, in Seller's good faith but sole discretion.

(c) Insurance. Buyer shall have provided proof of insurance as required by Section 4.6 below.

(d) Approval of Buyer. The Agency shall have approved Buyer as a purchaser of the Acquisition Parcel(s), based on Buyer's financial capability (including availability of equity and debt capital) and development/operating experience with respect to the proposed Vertical Improvements.

(e) Right of Entry. Seller shall have reserved, if necessary, a right of entry after Close of Escrow to complete the Horizontal Improvements in a form reasonably satisfactory to Buyer and Seller.

Any waiver by Seller of any of the preceding conditions must be expressly made in writing. Notwithstanding anything to the contrary contained in this Section 2.7.1, above, the obligations set forth in Section 2.7.1(d) cannot be waived by either Party.

2.7.2 Buyer's Conditions to Closing. Buyer's obligation to proceed with the Closing is subject to the fulfillment or waiver by Buyer of each of the conditions precedent described below ("Buyer's Conditions Precedent to Closing"), which are solely for the benefit of Buyer, and which shall be fulfilled, or waived in its sole discretion, prior to the Outside Closing Date:

(a) Title Review and Physical and Environmental Condition of the Acquisition Parcel(s). Buyer shall have approved the Title Review and Physical and Environmental Condition of the Acquisition Parcel(s), pursuant to Sections 2.4 and 2.5, above.

(b) Title Insurance. The Title Company shall have agreed that, upon payment of Title Company's regularly scheduled premium, it shall provide to Buyer the Title Policy.

(c) Entitlements. The Entitlements necessary to develop the Acquisition Parcel(s) (collectively, "Acquisition Parcel Entitlements") shall have been granted.

(d) Horizontal Improvements. Seller shall have completed or provided Buyer evidence reasonably satisfactory to Buyer that it will complete so much of the Horizontal Improvements as are necessary to serve the Vertical Improvements on the Acquisition Parcel(s) no later than completion of the Vertical Improvements.

Any waiver by Buyer of any of the preceding conditions must be expressly made in writing.

2.7.3. Conditions Precedent to the Closing for Both Parties' Benefit. The obligation of either Seller or Buyer to proceed with the Closing is also subject to the fulfillment, or waiver by such Party, of each of the conditions precedent described below, which are for the benefit of both Parties, and which shall be fulfilled, or waived in their respective sole discretion, prior to the Outside Closing Date:

(a) No Default. The other Party shall not be in default of any of its obligations under the terms of this Agreement.

(b) Execution and Delivery of Documents. The other Party shall have executed and, as necessary for recordation, shall have acknowledged, any documents required hereunder.

(c) Payment of Funds. The other Party shall have deposited into Escrow all of the required costs of the Closing pursuant to Article 8 hereof.

(d) No Litigation. No litigation is pending or threatened challenging the validity of this Agreement or implementation thereof.

(e) Approval of the Acquisition and Development Agreement. Seller shall have submitted, and the Agency shall have approved, this Agreement, the identity of the Buyer and Construction Financing for the Buyer pursuant to the DDA.

(f) Buyer's Offsite Parking. The Parties shall have entered into an agreement whereby Buyer shall be granted offsite parking rights for the benefit of the Acquisition Parcel(s), as contemplated in the Declaration of Covenants, Conditions and Reciprocal Easements referred to in Section 2.5(c) above.

Any waiver by the Parties of any of the preceding conditions must be expressly made in writing. Notwithstanding anything to the contrary contained in this Section 2.7.3, above, the obligations set forth in Section 2.7.3(e) cannot be waived by either Party.

2.8. Termination by Seller for Failure of Conditions Precedent. If Seller's Conditions Precedent to Closing are not satisfied or waived on or before the Closing Date for any reason other than a default by Buyer, then Seller may deliver to Buyer a Conditions Precedent Failure Notice. Buyer shall have twenty (20) business days after Seller has delivered to Buyer the Conditions Precedent Failure Notice to deliver to Seller a notice stating whether or not Buyer will cure such matters. If Buyer elects to cure such matters as set forth in the Conditions Precedent Failure Notice, Buyer shall promptly take any and all actions as may be necessary to cure same, and the Closing shall be extended for ten (10) business days if such extension is necessary in order to accomplish such cure. If Buyer has advised Seller that it elects not to cure a matter or matters that has not been

deemed satisfied by Seller or the non-satisfaction thereof waived by Seller, then Seller shall have the right at its sole election either to waive the contingency(ies) in question and proceed with the Closing or, in the alternative, terminate this Agreement, and neither Party shall have any further rights or obligations hereunder, except those obligations which survive the Closing or earlier termination of this Agreement. In that event, Seller shall retain the Option Consideration.

2.9. Termination by Buyer for Failure of Conditions Precedent. If any of Buyer's Conditions Precedent to Closing are not satisfied or waived on or before the Closing Date for reasons other than default by Seller, then Buyer shall provide Seller with written notice of those conditions that have not been satisfied or otherwise waived by Buyer ("Conditions Precedent Failure Notice"). Seller shall have twenty (20) business days after Buyer has delivered to Seller the Conditions Precedent Failure Notice to notify Buyer in writing of Seller's election either to (a) take such actions as may be necessary to cure such matters to Buyer's satisfaction prior to the Closing Date, or (b) advise Buyer that Seller will not cure such matters (the "Seller's Conditions Notice"). If Seller elects to cure such matters as set forth in the Conditions Precedent Failure Notice, Seller shall promptly take any and all actions as may be necessary to cure same, and the Closing shall be extended accordingly if such extension is necessary in order to accomplish such cure. If Seller has advised Buyer that it elects not to cure a matter or matters that has not been deemed satisfied by Buyer or the non-satisfaction thereof waived by Buyer, then Buyer shall have the right at its sole election either to waive the contingency(ies) in question and proceed with the Closing or, in the alternative, terminate this Agreement, and neither Party shall have any further rights or obligations hereunder, except those obligations which survive the Closing or earlier termination of this Agreement. In that event, Seller shall retain the Option Consideration. Notwithstanding anything to the contrary contained in this Agreement, in no event shall Seller be liable to Buyer for any damages whatsoever.

2.10. Seller Representations and Warranties. Seller represents and warrants to Buyer as follows:

(a) Authority. Seller is a duly organized limited liability company established within and in good standing under the laws of the State of California, and is authorized to do business in the State of California. The copies of the documents evidencing the organization of Seller which have been delivered to Buyer are true and complete copies of the originals, as amended to the Effective Date of this Agreement. The execution, performance and delivery of this Agreement by Seller have been fully authorized by all requisite actions on the part of Seller.

(b) No Conflict. Seller's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Seller is a party or by which it is bound.

(c) Litigation. Seller has no actual knowledge of, nor has Seller received any notice of or know of any basis for, any actual or pending litigation or proceeding by any organization, person, individual or governmental agency with respect to the Property that could adversely affect Buyer's development of the Acquisition Parcel(s). As used herein, Seller's "actual knowledge" shall mean the actual knowledge of Donald Ecker, as of the date such representation is made, without having undertaken any independent inquiry or investigation for the purpose of making such representation or warranty and without any duty of inquiry or investigation.

Seller shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the Closing, immediately give written notice of such fact or condition to Buyer. Such exception(s) to a representation shall not be deemed a breach by Seller hereunder, but shall constitute an exception which Buyer shall have a right to approve or disapprove if Buyer, in its reasonable discretion, determines such exception would materially and adversely affect the value, development, financing, maintenance, and/or operation of the Vertical Improvements. If Buyer elects, acting in its sole discretion, to Close Escrow following disclosure of such information, Seller's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Buyer, acting in its reasonable discretion, elects to not Close Escrow, then Buyer shall give written notice to Seller of such election within ten (10) days after disclosure of such information, and this Agreement and the Escrow shall thereafter automatically terminate, and neither Party shall have any further rights, obligations or liabilities hereunder, except those obligations which survive the Closing or earlier termination of this Agreement. In that event, Seller shall retain the Option Consideration. The representations and warranties set forth in this Section, subject to any such exceptions, shall survive the Closing.

2.11. Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows:

(a) Authority. Buyer is a duly organized _____ established in _____, is in good standing under the laws of the State of California, and is authorized to do business in the State of California. The copies of the documents evidencing the organization of Buyer which have been delivered to Seller are true and complete copies of the originals, as amended to the Effective Date of this Agreement. The execution, performance and delivery of this Agreement by Buyer have been fully authorized by all requisite actions on the part of Buyer.

(b) FIRPTA. Buyer is not a "foreign person" within the parameters of FIRPTA or any similar state statute, is exempt from the provisions of FIRPTA or any similar state statute, or has otherwise complied with FIRPTA.

(c) No Conflict. Buyer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Buyer is a party or by which it is bound.

(d) No Buyer Bankruptcy. Buyer is not the subject of a bankruptcy proceeding.

(e) Litigation. Buyer has no actual knowledge of, nor has Buyer received any notice of or know of any basis for, any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Buyer that could adversely affect Buyer's development of the Acquisition Parcel(s). As used herein, Buyer's "actual knowledge" shall mean the actual knowledge of _____, as of the date such representation is made, without having undertaken any independent inquiry or investigation for the purpose of making such representation or warranty and without any duty of inquiry or investigation.

Buyer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of Closing, immediately give written notice of

such fact or condition to Seller. Such exception(s) to a representation shall not be deemed a breach by Buyer hereunder, but shall constitute an exception which Seller shall have a right to approve or disapprove if Seller, in its reasonable discretion, determines that such exception would adversely affect Seller's interest in the Project. If Seller, acting in its reasonable discretion, elects to Close Escrow following disclosure of such information, Buyer's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Seller elects, acting in its sole discretion, to not Close Escrow, then Seller shall give notice to Buyer of such election within ten (10) days after disclosure of such information and this Agreement and the Escrow shall thereafter automatically terminate, and neither Party shall have any further rights, obligations or liabilities hereunder, except those obligations which survive the Closing or earlier termination of this Agreement. In that event, Seller shall retain the Option Consideration. The representations and warranties set forth in this Section, subject to such exception(s), shall survive the Closing.

2.12. Post-Closing Obligations and Indemnity.

2.12.1. Buyer Precautions After the Closing. Upon and after the Closing, Buyer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Acquisition Parcel(s). Such precautions shall include compliance with all Governmental Requirements (as defined hereinbelow) with respect to Hazardous Materials. In addition, Buyer shall install and utilize such equipment and implement and adhere to such legally required or commercially reasonable procedures for the disclosure, storage, use, removal and disposal of any Hazardous Materials. This provision shall survive the termination, expiration, invalidation or performance in full or in part of this Agreement, and, without limiting the foregoing, shall survive the Closing. As used herein, the "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County of Riverside, the JPA, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over Seller, Buyer, or the Property, including all applicable state labor standards, zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions applicable to the Project, including without limitation disabled and handicapped access requirements under the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.* Buyer and its contractors and subcontractors shall pay comply with all Governmental Requirements related to public works, including without limitation, the payment of prevailing wages in compliance with Labor Code Section 1770, *et seq.*, keeping of all records pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto. However, nothing contained herein shall require compliance with such Governmental Requirements, if and to the extent compliance is not required by applicable law.

2.12.2. Indemnity. Buyer agrees to indemnify, defend and hold Seller and its employees, officers, volunteers, representatives, consultants, attorneys and agents harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys' fees) resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Acquisition Parcel(s), and (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use,

generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Acquisition Parcel(s) based on facts arising after the Close of Escrow (collectively, "Environmental Liabilities"). This indemnity shall include, without limitation, any damage, liability, fine, penalty, parallel indemnity after Closing, cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment. At the request of Buyer, Seller shall cooperate with and assist Buyer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that Seller shall not be obligated to incur any expense in connection with such cooperation or assistance. This indemnity shall survive the termination, expiration, invalidation, or performance in full or in part of this Agreement, and, without limiting the foregoing, shall survive the Closing.

ARTICLE III
Additional Seller Obligations

3.1. Seller Obligations. Seller shall have the responsibility for remediation of contamination of existing buildings and building materials located on the Acquisition Parcel(s) (to the extent legally required) (collectively "Remediation"); design and construction of such Horizontal Improvements as are necessary to reasonably service the Acquisition Parcel(s), with utilities stubbed to close proximity to the Acquisition Parcel(s).

ARTICLE IV
Additional Buyer Obligations

4.1. Development of Acquisition Parcel(s). Buyer shall have the responsibility for developing the Acquisition Parcel(s) with the Vertical Improvements in accordance with the Site Entitlements.

4.2. Payment of Costs. Except to the extent of the Demolition, Remediation and the construction of the Backbone Improvements performed by Seller as set forth in Section 3.1, above, Buyer shall be solely responsible for all costs incurred in connection with the development of the Acquisition Parcel(s), including all Vertical Improvements.

4.3. Authority and Other Governmental Permits; Governmental Requirements. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Acquisition Parcel(s), Buyer shall, at its own expense, secure or cause to be secured any and all permits which may be required by any governmental agency affected by such construction, development or work. Buyer shall develop, construct and operate the Vertical Improvements in conformity with all Governmental Requirements. Notwithstanding anything herein to the contrary, Buyer shall be obligated to conform to all Governmental Requirements even if Buyer is an entity that would otherwise be exempt by law from such Governmental Requirements.

4.4. Antidiscrimination During Construction. Buyer, for itself and its successors and assigns, agrees that in the construction of the Vertical Improvements, Buyer will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

4.5. Security Financing; Rights of Holders.

(a) Holder Not Obligated to Construct Improvements. No holder of any mortgage, deed of trust or other security interest authorized by this Agreement encumbering any portion of the Acquisition Parcel(s) or any portion thereof ("Mortgagee") shall be obligated by the provisions of this Agreement to construct or complete the Vertical Improvements or to guarantee such construction or completion, nor shall any covenant or any other provision in the Grant Deed be construed so to obligate such Mortgagee. Nothing in this Agreement shall be deemed to construe, permit or authorize any Mortgagee to devote the Acquisition Parcel(s) to any uses or to construct any improvements thereon other than those uses or improvements provided for or authorized by this Agreement.

(b) Failure of Holder to Complete Improvements. In any case where, thirty (30) days after default by Buyer prior to completion of development of the Acquisition Parcel(s), a Mortgagee has not cured such default, or if it has commenced a cure but has not proceeded diligently therewith, Seller may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Acquisition Parcel(s) has vested in the Mortgagee, Seller, if it so desires, shall be entitled to a conveyance of the Acquisition Parcel(s) from the Mortgagee to Seller upon payment to the Mortgagee of an amount equal to the sum of the following:

(i) The unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the Mortgagee (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(ii) All expenses with respect to foreclosure;

(iii) The net expenses, if any (exclusive of general overhead), incurred by the Mortgagee as a direct result of the subsequent management of the Acquisition Parcel(s);

(iv) The costs of any authorized improvements made by such Mortgagee; and

(v) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt, and such debt had continued in existence to the date of payment by Seller.

(c) Right of Seller to Cure Mortgage, Deed of Trust or Other Security Interest Default. In the event of a default by Buyer of a mortgage, deed of trust or other security interest with respect to the Acquisition Parcel(s) prior to the completion of development, and the Mortgagee has not exercised its option to complete the development, Seller shall be entitled to reimbursement from Buyer of all costs and expenses incurred by Seller in curing the default. Seller shall also be entitled to a lien upon the Acquisition Parcel(s) to the extent of such costs and disbursements. Any such lien shall be subject to mortgages, deeds of trust or other security interests executed for the sole purpose of obtaining funds to purchase and develop the Acquisition Parcel(s) as authorized herein.

4.6. Insurance.

4.6.1. General Liability Insurance Requirements. Without limiting Seller's right to indemnification, Buyer shall, prior to commencing any activities under this Agreement, secure or cause to be secured from a company or companies licensed to conduct insurance business in the State of California, pay for, and maintain in full force and effect from and after the Closing, and continuing until the issuance of a certificate of occupancy for the Vertical Improvements, a policy of commercial general liability insurance issued by an "A:VII" or better rated insurance carrier as rated by A.M. Best Company as of the date that Buyer obtains or renews its insurance policies, on an occurrence basis, in which Seller, the JPA, and their respective officers, employees, agents and representatives are named as additional insureds. Similar insurance shall be required by the Right of Entry Agreement. Buyer shall furnish a certificate of insurance to Seller prior to the Closing, and shall furnish complete copies of such policy or policies upon request by Seller. Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached thereto, the protection offered by the policy shall:

(a) Include an endorsement naming Seller, the JPA, and their officers, employees, agents, representatives and attorneys as additional insureds;

(b) Provide a combined single limit policy for both personal injury and property damage in the amount of $5,000,000, which will be considered equivalent to the required minimum limits;

(c) Bear an endorsement or shall have attached a rider providing that Seller shall be notified not less than thirty (30) days before any expiration, cancellation, nonrenewal, reduction in coverage, increase in deductible, or other material modification of such policy or policies, and shall be notified not less than ten (10) days after any event of nonpayment of premium.

(d) Provide for waivers of subrogation for the benefit of Seller and the JPA.

4.6.2. Workers' Compensation Insurance. Buyer shall provide to Seller certificates of insurance evidencing that Buyer maintains workers' compensation insurance covering its respective employees, as required by California law. Also, Buyer (i) shall ensure that any contractors hired by Buyer, which are involved in construction of the Vertical Improvements, carry workers' compensation insurance on their respective employees, and (ii) shall require said contractors to ensure that their subcontractors, if any, carry workers' compensation covering their respective employees.

4.6.3. Property Insurance. Buyer shall secure, maintain, and pay for the following all-risk property insurance; provided, however, in the case of builder's risk insurance, Buyer may cause the required builder's risk insurance to be secured, maintained, and paid for:

Prior to the start of construction and continuing until the issuance of a certificate of occupancy for the Vertical Improvements: all-risk builder's risk (course of construction) insurance coverage in an amount equal to the full cost of the Vertical Improvements. Such insurance shall be written on an all-risk form, and shall cover, at a minimum: all work, materials, and equipment to be incorporated into the Vertical Improvements during construction; and storage and transportation risks. Such insurance shall protect/insure the interests of Buyer and Buyer's construction contractor,

and other contractor(s), and all subcontractors, as each of their interests may appear. If such insurance includes an exclusion for "design error," such exclusion shall only be for the object or portion which failed. Such insurance shall include an insurer's waiver of subrogation in favor of each protected/insured party thereunder. Seller and the JPA shall be named as additional loss payees, as their interests may appear, with a loss payable endorsement, which shall be delivered to Seller prior to the start of construction.

4.7. Buyer's Indemnity. Buyer shall defend, indemnify, assume all responsibility for, and hold Seller, its volunteers, officers, employees, consultants, attorney and agents, harmless from all claims, demands, damages, defense costs or liability for any damages to property or injuries to persons, including accidental death (including reasonable attorneys' fees and costs), which may be caused by any acts or omissions of Buyer under this Agreement and/or with respect to the development, ownership and/or operation of the Acquisition Parcel(s) by Buyer, whether such activities or performance thereof be by Buyer, or by anyone directly or indirectly employed or contracted with by Buyer, and whether such damage shall accrue or be discovered before or after termination or expiration of this Agreement. Notwithstanding the foregoing, Buyer shall not be liable for property damage or bodily injury to the extent caused by the sole negligence or willful misconduct of Seller, or its officers, agents or employees. This indemnity shall survive the termination, expiration, invalidation or performance in full or in part of this Agreement, and, without limiting the foregoing, shall survive the Closing.

4.8. Assessed Value. Buyer and its successors and assigns shall not appeal the assessed value of the Acquisition Parcels and the improvements owned by Buyer after Completion of the Vertical Improvements so as to achieve an assessed value less than the assessed value which is the greater of the assessed value imposed in (i) the fiscal year of Completion of the Vertical Improvements, or (ii) the fiscal year following the fiscal year in which Completion occurred for the Vertical Improvements.

4.9 Exempt Property Covenant. The Buyer acknowledges that, unless otherwise approved by the Agency acting in its sole and absolute discretion, at such time as the Gross Building Area of Completed or Proposed Vertical Improvements (as such terms are defined in the DDA) that are exempt in whole or in part from secured and/or unsecured property taxes ("Exempt Parcels") exceeds twenty percent (20%) of the Gross Building Area of all Completed or Proposed Vertical Improvements then, thereafter, the Buyer, and its successors and assigns, as evidenced by a mutually acceptable agreement to be recorded against the Acquisition Parcel, shall refrain, in perpetuity, from seeking, or otherwise taking advantage of any exemption from the payment, in whole or in part, of secured and/or unsecured property taxes on the applicable Acquisition Parcel and/or Improvements; provided that, in the event that the applicable Acquisition Parcel(s) and/or Improvements nonetheless become exempt, in whole or in part, from secured and/or unsecured property taxation then, in such event, the Buyer shall cause to be paid to the Agency, as evidenced by a mutually acceptable agreement to be recorded against the Acquisition Parcel, including provisions securing payment, in lieu property taxes equal to the Gross Property Tax Increment that would have been due to the Agency had the applicable Acquisition Parcel(s) been subject to the payment of property taxes; provided, however in no event shall the Gross Building Area of the Exempt Property exceed thirty three (33%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements. Notwithstanding the foregoing, the Exempt Property may not exceed twenty (20%) percent of the Gross Building Area of the Completed or Proposed Vertical Improvements for a period of longer than three (3) years. The obligations of the Buyer and its successors and assigns are hereinafter referred to as the "Exempt Property Covenant." Without limiting the effect of the

foregoing, the Seller agrees that nothing contained in the foregoing restriction shall apply to the conveyance or dedication of any portion of the Property to any governmental agency in connection with the granting of easements or permits to facilitate, and as a condition of, the construction of the Improvements.

ARTICLE V
Use of the Property

5.1. Uses. Buyer agrees to limit the use of the Property to those uses permitted by the Entitlements during the term of the Redevelopment Plan DDA.

5.2. Nondiscrimination Covenants. Buyer herein covenants by and for itself, its successors and assigns, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Acquisition Parcel(s), nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Acquisition Parcel(s). The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(a) In deeds: The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(b) In leases: The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(c) In contracts: There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

5.3. Effect and Duration of Covenants. The covenants against discrimination shall remain in effect in perpetuity.

ARTICLE VI
Default - Remedies

6.1. Default. Time is of the essence of this Agreement and failure to comply with this Agreement and/or the DDA, following notice and opportunity to cure as provided herein, shall be a material breach of this Agreement. If the Escrow fails to close as provided herein, Buyer or Seller may at any time thereafter give written notice to Escrow Agent to cancel the Escrow. Escrow Agent shall comply with such notice without further consent from any other Party to the Escrow or from any broker involved in the transaction. Cancellation of Escrow as provided herein shall be without prejudice to whatever legal rights Buyer and Seller may have against each other.

6.1.1. Default by Buyer. If Buyer defaults under the terms of this Agreement, and such default continues after the delivery of written notice and expiration of the cure period specified in Section 6.1.3 below, Seller's sole remedy shall be the termination of this Agreement. Thereafter,

neither Party shall have any further rights or obligations hereunder, except those obligations which survive the Closing or earlier termination of this Agreement. In that event, Seller shall retain the Option Consideration

6.1.2. Default by Seller. If Seller defaults under the terms of this Agreement, and such default continues after the delivery of written notice and expiration of the cure period specified in Section 6.1.3, below, Buyer's sole remedy shall be the termination of this Agreement. Thereafter, neither Party shall have any further rights or obligations hereunder, except those obligations which survive the Closing or earlier termination of this Agreement. In that event, Seller shall return one-half (½) the Option Consideration to Buyer and shall retain one-half (½) the Option Consideration.

In no event shall Buyer be entitled to any remedy other than as set forth in this Section 6.1.2, and in no event shall Seller be liable to Buyer for any damages whatsoever.

6.1.3. Notice of Default. In the event that either Party is in default of any provision hereof, the non-defaulting Party, as a condition precedent to its remedies, must give the defaulting Party written notice of the default. The defaulting Party shall have ten (10) business days from the receipt of such notice to cure the default. If the default is timely cured, this Agreement shall continue in full force and effect. If the default is not timely cured, the non-defaulting Party may pursue its applicable remedies set forth in this Agreement.

ARTICLE VII
Assignment

7.1. Prohibition. The qualifications and identity of Buyer are of particular concern to Seller. It is because of those qualifications and identity that Seller has entered into this Agreement with Buyer. Accordingly, commencing on the date of this Agreement and continuing until the issuance of a certificate of occupancy for the Vertical Improvements by the public agency having jurisdiction thereof, (i) no voluntary or involuntary successor-in-interest of Buyer shall acquire any rights or powers under this Agreement, (ii) Buyer shall not make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Acquisition Parcel(s) (collectively, "Transfer"), without the prior written approval of Seller, except as expressly set forth herein. Notwithstanding anything herein to the contrary, no Transfer shall be permitted unless it is with respect to the entirety of the Acquisition Parcel(s).

7.2. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Seller's approval of a Transfer shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Acquisition Parcel(s) to the appropriate governmental agency for the granting of easements or permits to facilitate construction of the Vertical Improvements.

(b) Any requested assignment for financing purposes.

In the event of a Transfer by Buyer under subparagraphs (a) or (b) not requiring Seller's prior approval, Buyer nevertheless agrees that at least thirty (30) days prior to such Transfer it shall give written notice to Seller of such assignment and satisfactory evidence that the assignee has assumed in

writing through an assignment and assumption agreement of all of the obligations of this Agreement. Such assignment shall not, however, release Buyer from any obligations hereunder.

7.3. Seller Consideration of Requested Transfer. Seller agrees that it will not unreasonably withhold approval of a request for approval of a Transfer made pursuant to this Section 7.3, provided Buyer delivers written notice to Seller requesting such approval be accompanied by evidence regarding the proposed transferee's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable Seller to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 7.3 and as reasonably determined by Seller. The Seller may, in considering any such request, take into consideration such factors as (i) the proposed transferee's past performance as buyer of similar developments, and (ii) the current financial condition of the proposed transferee, and similar factors. The Seller agrees not to unreasonably withhold its approval of any such requested Transfer, taking into consideration the foregoing factors.

An assignment and assumption agreement in form reasonably satisfactory to Seller's counsel shall also be required for all proposed Transfers. Within thirty (30) days after the receipt of Buyer's written notice requesting Seller approval of a Transfer pursuant to this Section 7.3, Seller shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, Seller reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Buyer shall promptly furnish to Seller such further information as may be reasonably requested.

ARTICLE VIII
Closing Costs

8.1. Closing Costs. Notwithstanding anything to the contrary contained herein, or in the Escrow instructions, the Closing costs shall be paid as follows:

8.1.1. By Seller:

(a) Title insurance premium for a standard form CLTA policy;

(b) Expenses of placing title in proper condition to the extent required hereunder;

(c) Preparation and recording of Grant Deed, which Grant Deed shall be in substantially the form of Exhibit "C," attached hereto and incorporated by reference;

(d) All documentary, stamp and transfer taxes;

(e) Broker's commission pursuant to Section 9.1, below; and

(f) One half (1/2) the Escrow fee, if any.

8.1.2. By Buyer:

(a) Cost of the Survey;

(b) Title insurance premium for difference in standard form CLTA policy and an ALTA extended coverage policy and any endorsements requested by Buyer;

(c) Preparation of Mortgage, Deed of Trust or other applicable financing instruments;

(d) Recording fees for financing instruments; and

(e) One half (1/2) the Escrow fee, if any.

ARTICLE IX
Miscellaneous

9.1. Brokerage Fees. Both Parties represent that no broker has been involved in connection with this Agreement and each Party agrees to indemnify the other against brokerage or commission claims arising out of the indemnifying Party's actions.

9.2. Confidentiality. Subject to the JPA's limitations under state law, for the purpose of avoiding the dissemination of market information that would be detrimental to the maximization of the benefits of the Project to the Parties, and the Parties shall establish an appropriate procedure to maintain the confidentiality of documents, financial statements, reports or other information, including, without limitation, strategies and development concepts, and Seller's and Buyer's respective proprietary information, provided to, or generated for or relating to the Property and the Project and not otherwise publicly available, and deemed "confidential" by a Party. Notwithstanding the foregoing, disclosure shall be permitted when (a) required by order of a court of competent jurisdiction, (b) in the reasonable opinion of Seller's legal counsel, following notice to Buyer and opportunity to object, such disclosure is required by relevant provisions of state or federal law, or (c) subject to public disclosure requirements during the course of litigation between Seller and Buyer. The provisions of this Section shall survive the Closing or earlier termination of this Agreement. Without limiting the generality of the foregoing, prior to the Closing, all contact by Buyer with either the JPA or the March Joint Powers Commission or their respective representatives, shall be made through Seller.

9.3. Notices. Any and all communications required or permitted to be given hereunder shall be in writing and shall be sent by: (i) certified or registered mail, postage prepaid, return receipt requested, (ii) personal delivery, or (iii) a recognized overnight carrier that provides proof of delivery, and shall be addressed as follows:

If to Seller:	If to Buyer:
March Healthcare Development, LLC	_____
Attn: Donald N. Ecker	_____
609 Deep Valley Drive, Suite 340	_____
Rolling Hills Estates, CA 90274	_____
With a copy to:	With a copy to:
Gresham Savage Nolan and Tilden	_____
A Professional Corporation	_____
550 East Hospitality Lane, Suite 300	_____
San Bernardino, CA 92408-4205	_____
Attn: Mark A. Ostoich, Esq.	

Notices shall be deemed effective upon receipt or rejection only.

9.4. Severability. If any provision of this Agreement is found by any court of competent jurisdiction to be invalid, illegal, or unenforceable, then such portion shall be deemed severed from this Agreement and the Parties shall negotiate in good faith to modify this Agreement to fulfill as closely as possible the original intent and purpose of this Agreement.

9.5. Entire Agreement; Amendment. This Agreement contains the entire agreement between the Parties with respect to the subject matter herein and supersedes any and all prior or contemporaneous negotiations, correspondence, or oral or written agreements between the Parties. No supplement, amendment, or modification of any provision of this Agreement shall be effective unless it is in writing and executed by both Parties.

9.6. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of the Parties hereto and their respective successors, heirs, administrators, and permitted assigns.

9.7. Waivers. A waiver of any provision hereof shall not be binding, unless such waiver is made in writing and executed by the Party making the waiver. Notwithstanding the foregoing, no waiver of any provision hereof shall be deemed a waiver of any other provision hereof, or of any subsequent breach by either Party of the same or any other provision.

9.8. Survival. All covenants, agreements, representations, warranties, and indemnities contained herein shall survive the Closing or earlier termination of this Agreement.

9.9. Further Acts. The Parties shall take such further actions and execute any additional documents as may be required from time to time to carry out the intent of this Agreement.

9.10. No Partnership. Nothing in this Agreement shall be construed to create a partnership or joint venture between the Parties.

9.11. Attorneys' Fees. In the event of a suit by either Party against the other arising out of this Agreement, the prevailing Party shall be entitled to recover from the other Party all reasonable costs and expenses of suit, including attorneys' fees and the fees of other professionals.

9.12. Time of the Essence. Time is strictly of the essence with respect to each and every term, condition, obligation, and provision of this Agreement.

9.13. Counterparts. This Agreement may be signed in counterparts, each of which shall be deemed an original, but both of which, taken together, shall constitute one in the same Agreement.

9.14. Effective Date. The Effective Date of this Agreement shall be the last date on which both Parties have executed this Agreement.

9.15. Days; Dates of Performance. All references in this Agreement to days shall be deemed to be references to calendar days, unless expressly stated otherwise. In the event that any date for performance by either Party of any obligation hereunder required to be performed by such Party falls on a Saturday, Sunday, or nationally-established holiday, the time for performance of such obligation shall be deemed extended until the next business day following such date.

9.16. Jurisdiction and Venue. Any legal action or proceeding concerning this Agreement shall be filed and prosecuted in the appropriate California state court in the County of Riverside, California. Each Party hereto irrevocably consents to the personal jurisdiction of that court.

9.17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

9.18. Third Party Beneficiaries. Seller and Buyer acknowledge and agree that the Agency and JPA are third-party beneficiaries of Buyer's obligations hereunder. Except as otherwise expressly provided hereinabove, this Agreement is made solely for the benefit of the Parties and their respective successors and assigns, and no other person, firm, or entity shall be entitled to rely upon or receive any benefit from this Agreement or any provision herein.

9.19. DDA. Seller and Buyer agree that, notwithstanding the provisions herein, upon the Close of Escrow with respect to the Acquisition Parcel(s), Buyer hereunder thereby assumes all of the obligations of Developer and Third Party Developer(s)/End User(s) under the DDA and is subject to the terms thereof as though a party thereto. In the event of any conflict between the terms of the DDA and the terms of this Agreement, including without limitation, a conflict in terms with regard to brokerage fees, the terms of the DDA shall govern.

9.20. Construction. No provision of this Agreement shall be construed in favor of, or against, any particular Party by reason of any presumption with respect to the drafting of this Agreement; both Parties, having the opportunity to consult legal counsel, having fully participated in the negotiation of this Agreement.

9.21. Headings. The headings herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this document nor in any way affect the terms and provisions hereof.

9.22. Number and Gender. As used in this Agreement, the singular and the plural shall each be deemed to include the other, and the masculine, the feminine, and the neuter shall each be deemed to include the others, where the context so indicates.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the respective dates set forth below.

SELLER:	**BUYER:**
MARCH HEALTHCARE DEVELOPMENT, LLC, a California limited liability company	_____, a _____
BY:_____	BY:_____
ITS: _____	ITS: _____
DATE: _____	DATE: _____

Exhibit "A"

Legal Description of the Property

[to be attached]

Exhibit "B"

Acquisition Parcel(s)

[to be attached]

Exhibit "C"

Form of Grant Deed

[to be attached]

EXHIBIT K

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY:
AND WHEN RECORDED MAIL TO:

March Joint Powers Redevelopment Agency
23555 Meyer Drive
Riverside, California 92518
Attention: Executive Director

Exempt from Recording Fees per Govt. Code §27383

MEMORANDUM OF
MARCH LIFECARE CAMPUS
DISPOSITION AND DEVELOPMENT AGREEMENT

This MEMORANDUM OF MARCH LIFECARE CAMPUS DISPOSITION AND DEVELOPMENT AGREEMENT ("Memorandum") is entered into as of this 7th day of April, 2010, by and between MARCH JOINT POWERS REDEVELOPMENT AGENCY, a California public agency ("Agency"), MARCH HEALTHCARE DEVELOPMENT, LLC, a California limited liability company ("Developer").

RECITALS

WHEREAS, Agency owns or has the right to acquire and convey to Developer certain real property located in the March Air Force Base Redevelopment Project, as more particularly described on Attachment No. 1, attached hereto and incorporated herein by this reference ("Property");

WHEREAS, Agency and Developer have entered into an agreement between them entitled "March Lifecare Campus – Disposition and Development Agreement" dated as of April 7, 2010 ("Agreement") pursuant to which Agency has agreed to convey to Developer the Property. Copies of the Agreement are on file with the Secretary of the Agency at the Agency's offices located at 23555 Meyer Drive, Riverside, California 92518, and are available for inspection and copying by interested persons as a public record during the Agency's regular business hours;

WHEREAS, the Agreement contains certain redevelopment covenants running with the land of the Property and other agreements between Developer and the Agency; and

WHEREAS, this Memorandum is intended to be a supplement to the Agreement, and incorporates herein by reference, all of the terms of the Agreement, as though those provisions were set forth in full herein.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the foregoing Recitals, which Recitals are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the mutual covenants contained herein, the parties agree as follows:

1. Incorporation by Reference; Notice. This Memorandum incorporates by reference all of the terms set forth in the Agreement as though set forth in full herein. Capitalized terms not defined herein shall have the meaning set forth herein unless the context dictates otherwise. All successors-in-interest to each of the parties herein are hereby placed on notice that each of the parties herein shall, under the circumstances specified in the Agreement, have certain rights and remedies with respect to the Property. This Memorandum is intended to provide notice of the existence of the Agreement. It does not amend or otherwise modify the Agreement in any manner. In the event of any conflict or inconsistency between the terms of this Memorandum and the Agreement, the terms of the Agreement shall control.

2. Recording. The parties agree that this Memorandum shall be recorded in the public records of the County of Riverside concurrently with and with respect to the Closing of each Acquisition Parcel. The legal description of such Acquisition Parcel is attached hereto as Attachment No. 2 and incorporated herein by reference.

3. Binding Effect/Amendment. This Memorandum shall be binding upon the parties hereto, their administrators, heirs, successors or assigns and can be changed only by written agreement signed by all parties.

4. Counterparts. This Memorandum may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same document.

This Memorandum is dated as of April 7, 2010, and has been executed on behalf of Developer and the Agency by and through the respective signatures of their respective authorized representative(s) set forth below.

[SIGNATURES TO FOLLOW]

SIGNATURE PAGE TO
MEMORANDUM OF AGREEMENT

AGENCY:

MARCH JOINT POWERS REDEVELOPMENT AGENCY

By: _____
Chairperson
March Joint Powers Redevelopment Agency

[Seal]

ATTEST:

_____
Secretary
March Joint Powers Redevelopment Agency

APPROVED AS TO LEGAL FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Agency Counsel

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 OF NOTARY PUBLIC

SIGNATURE PAGE TO
MEMORANDUM OF AGREEMENT

DEVELOPER:

MARCH HEALTHCARE DEVELOPMENT, LLC,
a California limited liability company

By: CEO STRATEGIC SOLUTIONS, LLC,
a California limited liability company

By: _____
Donald N. Ecker, Managing Member

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 OF NOTARY PUBLIC

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF THE PROPERTY

[to be attached]

ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE ACQUISITION PARCEL

[to be attached]

EXHIBIT L

METHOD OF FINANCE

I. **PREDEVELOPMENT COST, INCLUDING ENTITLEMENT COST**. The Developer has previously covered and intends to continue to cover all predevelopment cost, including entitlement cost, from a combination of loans, capital and revenues.

II. **DEVELOPER'S PAYMENT OF THE DIRECT AND INDIRECT COST OF REMEDIATION, DEMOLITION AND BACKBONE INFRASTRUCTURE**. The Developer projects that the total direct and indirect cost of Remediation, Demolition and Backbone Infrastructure for all phases will be $56,657,307 inflated at three percent (3%) per year through 2018. Because much of the Remediation, Demolition and Backbone Infrastructure will not be required until future phases, the Developer intends to cover the difference between the total cost of Remediation, Demolition and Backbone Infrastructure and the amount of net proceeds of the Recovery Zone Facility Bonds issue ($17 million), described below, from a combination of loans, capital and revenues from land sales to Third Party Developer(s)/End User(s), including option consideration.

The Developer intends to construct the Phase 1 Infrastructure in two subphases, known as Phase 1A and Phase 1B. As set forth on Attachment No. 1, the Developer estimates that the total direct and indirect cost of Remediation, Demolition and Backbone Infrastructure in Phase 1A is $16,584,712 and that the total direct and indirect cost of Remediation, Demolition and Backbone Infrastructure in Phase 1B is $23,515,427.

Attachment No. 1 attached hereto illustrates the schedule for the Phase 1 Remediation, Demolition and Backbone Infrastructure for all Phases and the source of payment for same.

The Developer has been selected by the Riverside County Economic Development Agency, as the recipient of an allocation of Recovery Zone Facility Bond proceeds in the amount of $17 million pursuant to the American Recovery and Reinvestment Act (Public Law Section 111-5). By law, the Recovery Zone Facility Bonds must be issued no later than December 31, 2010. The Developer's allocated share of the proceeds of the Recovery Zone Facility Bonds will be used to fund the cost of the Phase 1A Remediation, Demolition and Backbone Infrastructure.

While conceptual at this time, it is anticipated that the direct and indirect cost of the Phase 1B Remediation, Demolition and Backbone Infrastructure will be funded first from any excess Recovery Zone Facility Bond proceeds, second from revenues from land sales to Third Party Developer(s)/End User(s), including option consideration, third from loans (no loans have yet been sought) and last, from capital. While no financing plan for the cost of the Phase 2 Remediation, Demolition and Backbone Infrastructure (estimated direct and indirect cost of $7,690,721) and the Phase 3 Remediation, Demolition and Backbone Infrastructure (estimated direct and indirect cost of $8,866,446) exists at this time, it is anticipated that such cost will be funded first from loans (no loans have yet been sought), second from revenues from land sales to Third Party Developer(s)/End User(s), including option consideration and last, from capital.

Notwithstanding any other provision of the Agreement, the Developer agrees not to initiate Phase 1A, Phase 1B, Phase 2 and/or Phase 3 Remediation, Demolition or Backbone Infrastructure construction until it verifies to the Agency that it has cash on hand or access to cash, in amounts sufficient to pay the direct and indirect cost of each phase of Remediation, Demolition and Backbone Infrastructure, that it wishes to initiate.

III. **DEVELOPER'S PURCHASE PRICE FOR ACQUISITION PARCELS**. The Developer will pay the Purchase Price of each Acquisition Parcel, in cash, at the Closing of each purchase. The Developer will pay the Purchase Price of the Acquisition Parcels from the proceeds of the sale of each such Acquisition Parcel by the Developer to Third Party Developer(s)/End User(s).

A. **Purchase Price**. The Developer will pay the Purchase Price of each Acquisition Parcel, in cash, at the Closing of each purchase. The Developer will pay the Purchase Price of the Acquisition Parcels from the proceeds of the sale of each such Acquisition Parcel by the Developer to Third Party Developer(s)/End User(s), which will close concurrently with the closing of the Developer's purchase of such Acquisition Parcel from the Agency.

B. **Additional Purchase Price**. In addition to the Purchase Price described in Section 4.02 of the Agreement, the Agency will be entitled to receive twenty-five (25%) of all Net Project Revenues in excess of Ninety-Five Million Dollars ($95,000,000). An example of the methodology for the calculation for the Additional Purchase Price is shown in Exhibit H of the Agreement (Additional Purchase Price Illustration).

Section 4.03 of the Agreement sets forth the methodology for reporting Net Project Revenue.

IV. **THIRD PARTY DEVELOPER(S)/END USER(S) PAYMENT OF THE DIRECT AND INDIRECT COST OF VERTICAL IMPROVEMENTS**. Pursuant to the Agreement, the Developer is functioning as a master developer of the Project, whose responsibility is to entitle the Property, remediate and demolish improvements and construct required Backbone Infrastructure, acquire Acquisition Parcels and concurrently sell them to qualified Third Party Developer(s)/End User(s). Each Third Party Developer(s)/End User(s) will be responsible for funding the direct and indirect cost of construction of the Vertical Improvements on each Acquisition Parcel.

The Developer intends to assist each Third Party Developer/End User in arranging financing to fund the Direct and Indirect Costs of construction of the Vertical Improvements; provided, however, that the Developer will not undertake liability in connection with such financing. To that end, the Developer is working with Siebert Brandford Shank & Co., LLC to develop a project-wide funding program for the Vertical Improvements, with the intent being to make the funding program available to each Third Party Developer/End User, on an incremental basis, with respect to the Vertical Improvements on the Acquisition Parcel acquired by such Third Party Developer/End User.

A. As a multi-use development project, there are numerous financing options available depending on the type of use for each of the sub-components of the project. The tax treatment for each type of financing will depend on the designated use of the facility to be financed and the source of the payment. For example, healthcare facilities will

be determined based on public use or private use, and public payment or private payment. Housing units will depend on rental as compared to sale, market as compared to affordable, and infrastructure improvements will depend on public space as compared to private facilities ("inside the fence") as determined by tax counsel.

How the rating agencies and potential (Third Party Developer(s)/End User(s)) perceive the underlying credit of a bond issue will be important. To mitigate the underlying risk of the bonds, it is the intent that the Third Party Developer/End User would enter into one or more operating leases with non-profit, tax-exempt entities. The strength of each operating lease (based on the tenant's creditworthiness) will vary and will have a direct impact on the overall credit quality of the bonds. The Third Party Developer/End User will not take on the liability with respect to the credit of the user; that is, provide any underlying guaranty of the performance of the user. Inasmuch as longer, triple-net leases will always be viewed more positively than short-term leases that do not cover all operation and maintenance costs, the use of long-term, triple-net operating leases will be encouraged.

B. Subject to Section 7.02, to the extent that it is financially feasible for a Third Party Developer/End User to pay the direct and indirect cost of Vertical Improvements from a tax-exempt bond issue, the Third Party Developer/End User would arrange for the facilities (but not necessarily the land) to be owned and operated by a non-profit, tax-exempt entity, with the Gross Tax Increment which would have been payable to the Agency if the Vertical Improvements were owned by a private, tax-paying entity, either (i) continuing to be paid to the Agency by virtue of the non-profit, tax-exempt entity refraining from claiming an exemption for secured and unsecured property taxes or (ii) in the form of in lieu tax payments, subject to approval by the Agency. Subject to Section 7.02, all land will be owned by private, tax-paying entities, who will enter into a ground lease for the land to the non-profit, tax-exempt developer/owner of the facility. Subsequently, the tax-exempt developer/owner will enter into an operating lease with a tax-exempt, non-profit operating company.

A typical financing scenario with respect to a specific Acquisition Parcel, will involve the issuance of bonds by an entity having the authority to issue bonds. The proceeds of bonds will be used to fund the direct and indirect cost of the applicable facilities; to fund the debt service reserve for the bonds; and to pay related costs of issuance associated with the bonds. Repayment of the bonds will be secured by payments by the facility owner (likely under a loan agreement), as evidenced and secured by notes issued pursuant to the provisions of a master trust indenture, and by a mortgage and security agreement on the facility property and lease-hold interest upon which it is developed. In addition, certain funds and accounts established pursuant to the trust agreement under which the bonds are to be issued, will serve as additional security.

Principal and interest owed on the bonds will be paid by the facility owner from rent it receives from the facility operator. The facility operator will lease, on a long-term triple-net basis, the facility and actually operate the facility. The facility operator will agree to pay rent that will enable the facility owner to repay the bonds. The strength of the balance sheet of the facility operator will affect the rating for the bonds, inasmuch as the facility owner's revenue will correlate to the facility operator's lease

payments. Inasmuch as the financial strength of the facility operator will be critical in the success of the funding program, facility operators will be limited to financially strong entities.

Neither the Agency nor Authority is obligated under the Agreement to issue bonds for the above purposes.

V. ECONOMIC GAP

A. This Method of Finance assumes repayment of the Developer's economic gap by the Agency from Net Property Tax Increment generated only from the Project.

B. The Agreement provides that the amount of the economic gap is Twenty Million, Five Hundred Thousand Dollars ($20,500,000). In the event that the assessed value from the Project and the resulting 80% of the Net Property Tax Increment (Net Property Tax Increment is currently 27% of Gross Property Tax Increment) generated by the Project is great enough to discharge the Agency Note, principal amount and interest at six percent (6%) per year, by December 31, 2021, the Developer will have no obligation to pay the Agency any Additional Purchase Price. All excess tax increment after the completion of the payment of the Developer's economic gap, whenever achieved, will be retained by the Agency for other Redevelopment Project Area costs.

Notwithstanding the above, if there is any conflict between the body of this Agreement and this Exhibit L, the terms of the body of the Agreement shall control.

ATTACHMENT NO. 1

TOTAL DIRECT AND INDIRECT COST OF REMEDIATION, DEMOLITION AND BACKBONE INFRASTRUCTURE (PHASES 1A , PHASE 1B, PHASE 2 AND PHASE 3)

	Phase 1A	*Phase 1B*	*Phase 2*	*Phase 3*
Direct Cost	$ 12,557,132	$ 18,572,068	$5,143,975	$ 7,698,866
Indirect Cost	$ 4,027,580	$ 4,943,359	$2,546,746	$ 1,167,580
Total	$ 16,584,712	$ 23,515,427	$7,690,721	$ 8,866,446
Total Direct Cost	$ 43,972,041			
Total Indirect Cost	$ 12,685,265			
Total Phases 1 - 3	$ 56,657,306			

Costs inflated at 3% per year to 2018
Predevelopment costs of $4,809,711 not included above.

EXHIBIT M

AVIGATION EASEMENT

When recorded mail to:

Authority Secretary's Office
March Inland Port Airport Authority
23555 Meyer Dr.
Riverside, CA 92518

FREE RECORDING

This instrument is for the benefit of the
March Inland Port Airport Authority
and is entitled to be recorded without fee
(Government Code Section 27383)

FOR RECORDER'S OFFICE USE ONLY

Project:

A.P.N.:

Avigation Easement
(March Air Reserve Base and March Inland Port)

WHEREAS _____, hereinafter Called the "Grantor", is/are the owner(s) in fee of that certain real property as described in Exhibit "A" attached hereto and incorporated herein by this reference, located in the City of _____, County of Riverside, State of California, hereinafter called "Grantor's Property" and

WHEREAS Grantor's property is located within the Air Installation Compatible Use Zone (AICUZ) for March Air Reserve Base and the Airport Land Use Plan for March Inland Port, ("March Airfield"), in the City of _____, State of California that is operated as a joint use airport facility for both military operations and civilian uses (passenger and/or cargo air traffic), and within the airport influence area for aircraft operating from said March Airfield; and

WHEREAS the Grantor has sought approval from the [City/County] of _____ for the development of Grantor's property by the project above-referenced; and

WHEREAS the City/County of _____ has conditioned the approval of such project by requiring the granting of an avigation easement to the March Inland Port Airport Authority over the property of the Grantor; and

WHEREAS, Section 21652 of the Public Utilities Code authorizes the March Inland Port Airport Authority to acquire an avigation easement in such airspace above the surface of property where necessary to permit imposition upon such property of excessive noise, vibration, discomfort, inconvenience, interference with use and enjoyment, and any consequent reduction in market value, due to the operation of aircraft to and from the March Airfield;

NOW, THEREFORE FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Grantor does hereby grant to the MARCH INLAND PORT AIRPORT AUTHORITY, a California Airport Authority , its successors, assigns, lessees, sub lessees, licensees and invitees, (herein after referred to as "Grantee"), for the use and benefit of the public, including, but not limited to the United States Air Force, a perpetual easement and right of flight for the passage of aircraft, military and civilian, by whomsoever owned and operated in the airspace above the surface of the property of the Grantor as described in said Exhibit "A," together with the right to cause in said airspace such noise, sound or shock waves, vibrations, dust, smoke, light, odors, fumes, thermal waves, fuel particles, air quality changes, and any other related condition that may be inherent in the operation of aircraft, (hereinafter called "aircraft operation effects"). "Aircraft" is defined for the purposes of this instrument as any contrivance now known or hereinafter invented, used or designed for navigation of or flight in the air.

Grantor hereby acknowledges that March Airfield is an operating joint use airport facility subject to increases in the intensity of use and operation, including present and future aircraft operation effects, and Grantor hereby fully waives, remises and releases any right or cause of action which Grantor may now or in the future have against Grantee, its successors, assigns, lessees, sub lessees, licensees and invitees, due to such aircraft operation effects that may be caused by the operation of aircraft landing at or taking off from, or operating at or near the site of said March Airfield. Said waiver and release shall include, but not be limited to, claims known or unknown for damages for physical or emotional injuries, discomfort, inconvenience, property damage, interference with use and enjoyment of property, diminution of property values, nuisance or inverse condemnation or for injunctive or other extraordinary or equitable relief.

Grantor agrees not to construct or permit the construction or growth of any structure, tree or other object that obstructs or interferes with the use of rights herein granted or that creates interference with communication between any installation at March Airfield and aircraft, or to cause difficulty for pilots to distinguish between airport lights and other lights or impair visibility in the vicinity of March Airfield, or to otherwise endanger the landing, take-off, or maneuvering of aircraft on or at said March Airfield.

Grantor agrees that Grantee shall have the right to mark and light as obstructions to air navigation any such building, structure, tree or other object now upon, or that in the future may be placed upon Grantor's property, together with the right of ingress to, egress from and passage over and within Grantor's Property for the purpose of accomplishing such marking and lighting.

The foregoing grant of easement shall not be considered as otherwise prohibiting the use of Grantor's property for any lawful purpose below minimum flight altitudes for aircraft presently authorized or hereafter authorized by the appropriate federal or state authority, provided all applicable federal, state and local regulations pertaining to height restriction are adhered to.

IT IS UNDERSTOOD AND AGREED that this easement and the rights and restrictions herein created shall run with the land and shall be binding upon the Grantor and the heirs, administrative, executors, successors, and assigns of Grantor.

Date _____

_____

_____

_____

_____

CERTIFICATE OF ACCEPTANCE

(Government Code Section 27281)

THIS IS TO CERTIFY that the interest in real property conveyed by the within instrument to the March Inland Port Airport Authority is hereby accepted by the undersigned officer on behalf of the March Inland Port Airport Authority, a government entity, pursuant to authority conferred by Resolution No. MP-01-01 adopted May 16, 2001 and the grantee consents to recordation thereof by its duly authorized officer.

MARCH INLAND PORT AIRPORT AUTHORITY

_____ Dated _____

Executive Director

GENERAL ACKNOWLEDGEMENT

State of California

County of _____}ss

On, _____ before me
(date)

_____
(name)

a Notary Public in and for said State, personally appeared

_____.
Name(s) of Signer(s)

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 within instrument and acknowledged to me that he/she/they executed the same in 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.

WITNESS my hand and official seal.

_____
Signature

OPTIONAL SECTION

CAPACITY CLAIMED BY SIGNER

( ) Attorney-in-fact
( ) Corporate Officer(s)

Title _____
Title _____

( ) Guardian/Conservator
( ) Individual(s)
( ) Trustee(s)
( ) Other

_____
_____

( ) Partner(s)
( ) General
( ) Limited

The party(ies) executing this document is/are representing: _____