

VERSIONED UP

TO BE RECORDED AND WHEN RECORDED

RETURN TO:

Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, 32nd Floor
Monterey, California 90017
Attention: Laura Gao

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE

GROUND LEASE

by and between

COUNTY OF MONTEREY

and

**COUNTY OF MONTEREY
PUBLIC IMPROVEMENT CORPORATION**

Dated as of _____ 1, 2015

GROUND LEASE

THIS GROUND LEASE (this “Ground Lease”), executed and entered into as of _____ 1, 2015, is by and between the COUNTY OF MONTEREY, a county and political subdivision of the State of California organized and existing under and by virtue of the laws of the State of California (the “County”), as lessor, and the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”), as lessee.

RECITALS

WHEREAS, the County desires to finance a portion of the costs of the acquisition, construction, rehabilitation and installation of certain administration, court and court related facilities (the “Project”);

WHEREAS, in order to finance the Project, the County will lease certain real property and the improvements thereto (the “Property”) to the Corporation pursuant this Ground Lease, and the County will sublease the Property back from the Corporation pursuant to a Lease Agreement, dated as of the date hereof (the “Lease Agreement”);

WHEREAS, the Property is more particularly described in Exhibit A hereto;

WHEREAS, the County and the Corporation have determined that it would be in the best interests of the County and the Corporation to provide the funds necessary to finance the Project through the sale and delivery of County of Monterey Certificates of Participation (2015 Public Facilities Financing), evidencing direct, fractional undivided interests in the base rental payments to be made by the County under the Lease Agreement; and

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

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Except as otherwise defined herein, or unless the context clearly otherwise requires, words and phrases defined in Section 1.01 of the Lease Agreement shall have the same meanings in this Ground Lease.

ARTICLE II

LEASE OF THE PROPERTY; RENTAL

Section 2.01. Lease of Property. The County hereby leases to the Corporation, and the Corporation hereby leases from the County, for the benefit of the Owners of the Certificates, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of this Ground Lease.

Section 2.02. Rental. (a) The Corporation shall pay to the County as and for rental of the Property hereunder, the sum of not to exceed \$_____ (the “Ground Lease Payment”). The Ground Lease Payment shall be paid from the proceeds of the Certificates; provided, however, that in the event the available proceeds of the Certificates are not sufficient to enable the Corporation to pay such amount in full, the remaining amount of the Ground Lease Payment shall be reduced to an amount equal to the amount of such available proceeds.

(b) The County shall deposit the Ground Lease Payment in one or more separate funds or accounts to be held and administered for the purpose of the costs of the Project. The Corporation and the County hereby find and determine that the amount of the Ground Lease Payment does not exceed the fair market value of the leasehold interest in the Property which is conveyed hereunder by the County to the Corporation. No other amounts of rental shall be due and payable by the Corporation for the use and occupancy of the Property under this Ground Lease.

ARTICLE III

QUIET ENJOYMENT

The parties intend that the Property will be leased back to the County pursuant to the Lease Agreement for the term thereof. Subject to any rights the County may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the County hereby covenants and agrees that it will not take any action to prevent the Corporation from having quiet and peaceable possession and enjoyment of the Property during the term hereof and will, at the request of the Corporation and at the County’s cost, to the extent that it may lawfully do so, join in any legal action in which the Corporation asserts its right to such possession and enjoyment.

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

Section 4.01. Waste. The Corporation agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Section 4.02. Further Assurances and Corrective Instruments. The County and the Corporation agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description

of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Ground Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

Section 4.03. Waiver of Personal Liability. (a) All liabilities under this Ground Lease on the part of the Corporation shall be solely liabilities of the Corporation as a joint powers authority, and the County hereby releases each and every director, officer and employee of the Corporation of and from any personal or individual liability under this Ground Lease. No director, officer or employee of the Corporation shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the County or to any other party whomsoever for anything done or omitted to be done by the Corporation hereunder.

(b) All liabilities under this Ground Lease on the part of the County shall be solely liabilities of the County as a city and municipal corporation, and the Corporation hereby releases each and every member, officer and employee of the County of and from any personal or individual liability under this Ground Lease. No member, officer or employee of the County shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the Corporation or to any other party whomsoever for anything done or omitted to be done by the County hereunder.

Section 4.04. Taxes. The County covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 4.05. Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Section 4.06. Representations of the County. The County represents and warrants to the as follows:

(a) the County has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the County;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the County in order for the County to perform its governmental function relating to public education.

Section 4.07. Representations of the Corporation. The Corporation represents and warrants that the Corporation has the full power and authority to enter into, to execute and to deliver this Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of this Ground Lease.

ARTICLE V

ASSIGNMENT, SELLING AND SUBLEASING

Section 5.01. Assignment, Selling and Subleasing. This Ground Lease may be assigned or sold, and the Property may be subleased, as a whole or in part, by the Corporation, without the necessity of obtaining the consent of the County, if an event of default occurs under the Lease Agreement. The Corporation shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the County a true and correct copy of such assignment, sublease or sale, as the case may be.

Section 5.02. Restrictions on County. The County agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of this Ground Lease.

ARTICLE VI

IMPROVEMENTS

Title to all improvements made on the Property during the term hereof shall vest in the County.

ARTICLE VII

TERM; TERMINATION

Section 7.01. Term. The term of this Ground Lease shall commence as of the date of commencement of the term of the Lease Agreement and shall remain in full force and effect from such date to and including August 1, 20__, unless such term is extended or sooner terminated as hereinafter provided; provided, however, that, so long as no Event of Default shall have occurred and be continuing under the Lease Agreement, upon the filing of a Written Certificate of the County stating that the Courthouse Project has been completed and that all costs of the Courthouse Project have been paid, the term of this Ground Lease with respect to the Other Property shall terminate, unless such term is sooner terminated as hereinafter provided, and, from and after the date of such termination, the description of the Other Property set forth in Exhibit A hereto shall be deemed to have been deleted therefrom and the term "Property" shall, for all purposes hereof, be deemed not to include the Other Property.

Section 7.02. Extension; Early Termination. If, on August 1, 20__, the Certificates shall not be fully paid, or provision therefor made in accordance with Article X of the Trust Agreement, or the Trust Agreement shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, then the term of this Ground Lease shall be automatically extended until the date upon which all Certificates shall be fully paid, or provision therefor made in accordance with Article X of the Trust Agreement, and the Trust Agreement shall be discharged by its terms, except that the term of this Ground Lease shall in no event be extended more than ten years. If, prior to August 1, 20__, all Certificates shall be fully paid, or provisions therefor made in accordance with Article X of the

Trust Agreement, and the Trust Agreement shall be discharged by its terms, the term of this Ground Lease shall end simultaneously therewith.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon the County, the Corporation and their respective successors and assigns.

Section 8.02. Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.03. Amendments; Substitution and Release. This Ground Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Lease Agreement. The County shall have the right to substitute alternate real property for the Property or to release portions of the Property as provided in the Lease Agreement.

Section 8.04. Assignment. The Corporation and County acknowledge that the Corporation has assigned its right, title and interest in and to this Ground Lease to the Trustee pursuant to the Assignment Agreement. The County consents to such assignment.

Section 8.05. Captions. The captions or headings in this Ground Lease are for convenience only and in no way define or limit the scope or intent of any provision of this Ground Lease.

Section 8.06. Governing Laws. This Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 8.07. Execution in Counterparts. This Ground Lease may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Ground Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first written above.

COUNTY OF MONTEREY

By: _____

**COUNTY OF MONTEREY PUBLIC
IMPROVEMENT CORPORATION**

By: _____

EXHIBIT A

DESCRIPTION OF THE PROPERTY

Courthouse and Schilling Complex Property

All that real property situated in the County of Monterey, State of California, described as follows, and any improvements thereto:

Other Property

All that real property situated in the County of Monterey, State of California, described as follows, and any improvements thereto:

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____, 2015, before me, _____, Notary Public, personally appeared _____, 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 _____ [SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____, 2015, before me, _____, Notary Public, personally appeared _____, 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 _____ [SEAL]