

**LEASE AGREEMENT BETWEEN
COUNTY OF TULARE AND PALOMA DEVELOPMENT CO., INC.**

THIS LEASE (the "Lease") made this ___ day of _____, 2018 by and between the COUNTY OF TULARE, a subdivision of the State of California (the "**County**") and PALOMA DEVELOPMENT CO., INC., a California Corporation (the "**Lessee**" and together with County, the "**Parties**" or, individually, the "**Party**"),

WITNESSETH:

Whereas, County is the owner of the real property described in Exhibit "A" attached here to and by this reference made a part hereof (the "Real Property"); and

Whereas, County wishes to lease to Lessee and Lessee wishes to lease from County that portion of the Real Property shown in Exhibit "B" attached hereto and by this reference made a part hereof (the "Leased Premises");

Whereas, pursuant to the terms and conditions hereinafter described, Lessee shall cause the Real Property to be subdivided into three parcels including the Leased Premises at Lessee's sole cost and expense.

NOW, THEREFORE, the Parties agree as follows:

1. Leased Premises; Lease.

1.1 Parcel Creation. Lessee shall, at Lessee's sole cost and expense, prepare a parcel map (the "Parcel Map") to subdivide the Real Property into three parcels, subject to the terms and conditions imposed by the City of Visalia. Lessee shall prepare a legal description of the "Leased Premises" consisting of approximately 2.26 acres. Lessee shall provide a draft of the Parcel Map to County for County's approval. County shall have ten (10) business days from receipt of the draft Parcel Map (the "Review Period") to review the Parcel Map and notify Lessee in writing if it is acceptable. If the Parcel Map is not acceptable to County, County shall notify Lessee in writing of Lessee's disapproval of the Parcel Map prior to expiration of the Review Period and describe the reasons for County's disapproval. Lessee shall modify the Parcel Map to address County's written comments within ten (10) days of receipt of its written comments and return the Parcel Map to County for further review. This shall continue until County's approval of Parcel Map to County's reasonable satisfaction, provided, however, that this Lease shall terminate if County has not approved the Parcel Map prior to expiration of the Inspection Period hereinafter described. Should County fail to respond in writing to any draft of the Parcel Map prior to expiration of the Review Period, County shall be deemed to have approved the Parcel Map. The Parties agree to amend this Lease to replace Exhibit "B" with the legal description of the Leased Premises when a Memorandum of Lease is recorded or a legal parcel is otherwise created.

1.2 Inspection Period. County hereby leases to Lessee and Lessee hereby leases from County the Leased Premises pursuant to the terms and conditions described hereinafter. County shall maintain in confidence those documents received from Lessee prior to the date hereof consisting generally of Lessee's business plans and financial statements relating to this Lease and to be exempt from disclosure under the California Public Records Act, Government Code Section 6250 et seq., including, without

limitation, pursuant to Sections 6254(h) and (n), to the maximum extent allowed by law. Lessee, at the start of the Term of the Lease agrees to accept the Property "AS IS," subject to the representations, warranties and covenants of County set forth herein. Commencing on the date this Lease Agreement is fully executed and for a period of no greater than six (6) months (the "Inspection Period"), Lessee may terminate this Lease by written notice to County at any time prior to expiration of the Inspection Period and, in that event, neither County nor Lessee shall have any further rights or obligations under this Lease except for those obligations of a Party specifically described in this Lease as surviving the termination of this Lease. In consideration for Lessee's option to terminate this Lease during the Inspection Period and for the Options described in paragraph 2.2, Lessee shall pay to County \$1,000.00 (the "\$1,000.00 Payment") payable upon execution of this Lease and County hereby acknowledges receipt of the \$1,000.00 Payment. Lessee hereby indemnifies, agrees to defend, and holds harmless County from and against all liabilities, claims, demands, damages and costs of any kind whatsoever, arising from or connected with any and all inspections, tests, surveys or studies conducted by Lessee or its agents during the Inspection Period. During the inspection period, County shall have full use of the Premises for parking.

1.3 Development and Use Period. The Inspection Period shall terminate and the Development and Use Period shall commence if Lessee begins any construction or alters any portion of the premises, or after a period of six (6) months after the commencement of this Lease. The Development and Use Period shall also commence the Lessee notifies County of its intent to start the Development and Use Period or begin any construction or alteration.

Upon the commencement of the Development and Use Period, the rental amount under Paragraph 3.1 shall be due. During this Development and use Period, Lessee shall have exclusive use of the premises and the right to develop the premises as more particularly described in Exhibit "C" attached hereto (and by this reference made a part hereof), subject to changes and modifications based on market conditions and approval of the City of Visalia. Any substantive changes to Exhibit "C" shall be subject to approval by the County, and County's approval shall not be unreasonably denied or delayed. During this Development and Use Period, and at Lessee's sole cost and expense, Lessee shall pursue such site work and vertical construction (design of buildings) on the Leased Premises as Lessee deems necessary or convenient for Lessee's Use as hereinafter described and to construct the Development Project.

1.4 Due Diligence Materials. County shall provide Lessee with true and correct copies of all documents which are not confidential in nature, legally proscribed from distribution, or privileged relating to the Leased Premises (the "Due Diligence Materials"). The Due Diligence Materials shall be provided to Lessee promptly after execution of this Lease. The Due Diligence Materials shall include, without limitation, any existing preliminary report, copies of all environmental assessments on the Leased Premises, all notices, letters, or other communications with governmental agencies pertaining to the Leased Premises, and copies of all agreements and contracts relating to the Leased Premises which are not confidential in nature, legally proscribed from distribution, or privileged.

1.5 Conduct During Development Period. Lessee shall (a) comply with any and all laws, ordinances, rules, and regulations applicable to the Leased Premises, (b) in the event Lessee terminates this Lease during the Inspection Period, Lessee shall return the Leased Premises to the condition in which the same was found before any such entry upon the Leased Premises or inspection or examination was undertaken and to the reasonable satisfaction of County, and conduct its activities and the foregoing obligations at its sole cost and expense.

1.6 Use of Leased Premises: Lessee agrees to develop the Leased Premises into a mix of retail shops, food and beverage tenants, and a quick service restaurant to include two buildings as more

particularly described in Exhibit "C" (the "Improvements"). County agrees that, notwithstanding any provision in this Lease to the contrary, Lessee may, subject to County's express written consent, assign this Lease or any interest therein and sublet the Leased Premises as may be convenient to accommodate the foregoing use, including, without limitation, obtaining financing to construct the Improvements and to sublease all or any portion of the Leased Premises to sublessees. Lessee shall provide written notice to County of its intent to assign this Lease or any interest therein or sublet the Leased Premises and County's consent or disapproval shall be in writing and shall not be unreasonably withheld or delayed, provided, however, that if County fails to provide consent or disapproval within 10 days of service of Lessee's notice, County shall be deemed to have consented to the assignment or subletting. Lessee is aware that County will not approve subleases that would operate to unreasonably or unnecessarily impact the County's existing tenants or would conflict with any public uses County may have in the remainder property. Lessee agrees that parking spaces within the 2.26 acre parcel (as defined by Exhibit "B") shall be for Lessee's exclusive use. County agrees to allow Lessee access to easements over the Leased Premises for ingress, egress, and other common uses as more particularly described in Paragraph 10.

2. Term, Options.

2.1 Term. Pursuant to Paragraph 1.3, the term of this Lease shall commence on the next day following expiration of the Inspection Period (the "Commencement Date") and shall expire on _____, 2068 unless sooner terminated as hereinafter described (the "Term").

2.2 Options to Extend. Lessee shall have an option of twenty (20) years the "Option") to extend the Term (the "Extension Term"). If Lessee wishes to exercise the Option, Lessee shall do so by providing written notice to County (the "Option Notice") of exercise of its Option no sooner than two (2) years before the expiration of the Term but no later than one (1) year before the expiration of the Term. If Lessee does not provide written notice of Lessee's desire to exercise the Option, the Option shall forever terminate and be of no further force or effect.

3. Rental, Taxes.

3.1 Rental. Commencing on the Commencement Date, Lessee shall pay to County rental (the "Rental") in the of amount of \$75,000 per year payable monthly in the amount of \$6,250 in advance on the first day of each month during the initial year then increased 2.5% per year thereafter, provided, however, that Rental for any partial month shall be prorated in the proportion that the number of days this Lease is in effect during such month bears to the actual number of days in such month.

Lessee acknowledges that any late payment of rent by Lessee to County of Monthly Rent may cause County to incur charges not contemplated by this lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing, administrative, and accounting charges. If any payment of Monthly Rent is not received by County within five (5) business days of when due, such unpaid amounts shall bear interest at the rate of ten percent (10%) per annum from the date due to the date of payment.

In addition, if any payment of Monthly Rent is not received by County within five (5) business of when due, the Lessee shall immediately pay to County a late charge equal to five percent (5%) of the overdue amount. This late charge represents a reasonable estimate of the costs and expenses and is fair compensation to County for its loss caused by Lessee's nonpayment. If the Lessee pays the late charge but fails to pay all unpaid amounts of Rent due under this Lease, County's acceptance of the late charge

shall not constitute a waiver of Lessee's default with respect to the nonpayment by Lessee, nor prevent County from exercising all other rights and remedies available to County under this Lease or under law. Notwithstanding any provision of this Lease, County may, in its sole discretion, waive any delinquency payment or late charge upon written application of Lessee.

3.2 Taxes. Lessee shall pay all personal and unsecured property taxes and assessments during the Term and Extension Terms that are levied against the Improvements. Lessee understands County is a non-taxed entity. As a result, County shall not be responsible for any increase in tax liability. Lessee further understands leases for a period of time of 35 years or greater (including the initial term and any option periods) may be considered a Change in Ownership per the Revenue and Taxation Code and taxes levied against the leased premises shall be paid by the Lessee.

4. Leasehold Mortgages.

4.1 Leasehold Mortgages Permitted. Lessee shall have the right at any time and from time to time to encumber the Leased Premises and leasehold estate created by this Lease and Lessee's interest in the Improvements and the Lessee's property by a mortgage, deed of trust or other security instrument (any such mortgage, deed of trust, or other security instrument that satisfies the requirements of this Section 4 being herein referred to as a "Mortgage" and the holder of any such Mortgage a "Mortgagee") to secure repayment of a loan (and associated obligations) made to Lessee; provided that the loan secured by a Mortgage shall be payable over not more than the remaining portion of the Lease Term and subject to standard loan underwriting guidelines.

4.2 Mortgagee Protections. Any Mortgagee, for so long as the lien of its Mortgage is in existence, shall be entitled to at least the following protections set forth in this Section 4.3, which shall be self-operative and in addition to those granted elsewhere in this Lease. Further, County will enter into one or more separate agreements, in form reasonably acceptable to County, providing any Mortgagee with at least the following protections and County will consider reasonable requests from any Mortgagee for additional protections:

(a) Right to Cure Defaults/Notice of Defaults. To prevent termination of this Lease or any partial interest in this Lease, each Mortgagee shall have the right, but not the obligation, at any time prior to termination of this Lease, to perform any act necessary to cure any default and to prevent the termination of this Lease or any partial interest in this Lease. Each Mortgagee shall have the same amount of time to cure the default as is given to Lessee plus sixty (60) days, plus such other time as may be needed to cure the default and the cure period for each Mortgagee shall begin to run upon the delivery by County to the Mortgagee of notice of the default. Lessee shall cause each Mortgagee to provide written notice to County of Mortgagee's name, address, fax number, telephone number and email address promptly after encumbering the Leased Premises or leasehold estate. Lessee shall also cause each Mortgagee to provide County promptly with written notice of removal of Mortgagee's encumbrance on the Leased Premises or leasehold estate.

(b) Acquisition of Interest. Following acquisition of all or a portion of the Leased Premises or leasehold estate by the Mortgagee, or its assignee or designee, as a result of either foreclosure or acceptance of an assignment in lieu of foreclosure, or by a purchaser at a foreclosure sale, this Lease shall continue in full force and effect.

(c) Mortgagee's Right to Possession, Right to Acquire and Right to Assign. No Mortgagee

shall become liable under the agreements, terms, covenants or conditions of this Lease unless and until it becomes the owner of the Leased Premises or leasehold estate and shall not be relieved of liability thereafter until all defaults of Lessee have been cured. Any owner of the Leased Premises or leasehold estate whose interest shall have been acquired by, through or under any Mortgage or from any holder thereof, shall not be in default under the Lease beyond the applicable cure periods set forth herein at the time of any such assignment provided assignor has cured all defaults occurring prior thereto. Any such assignor shall be relieved of any further liability which may accrue hereunder from and after the date of such assignment of this Lease as long as such assignee shall execute and deliver to County a recordable instrument of assumption wherein such assignee shall assume and agree to perform and observe all the covenants and conditions in this Lease contained on Lessee's part to be performed and observed. It is the intention of the Parties that once the Mortgagee or its nominee shall succeed to Lessee's interest hereunder, any and all subsequent assignments (whether by such Mortgagee, its nominee, or any purchaser at a foreclosure sale or other transferee or assignee from Mortgagee or its nominee) shall upon the aforesaid assumption and agreement by the assignee, effect a release of the assignor's liability hereunder.

(d) No Liability. Any Mortgagee whose interest is held solely for security purposes, shall have no obligation or liability under this Lease prior to the time the Mortgagee succeeds to absolute title to the Leased Premises or leasehold estate. A Mortgagee shall be liable to perform Lessee's obligations under this Lease only for and during the period it directly holds title to the Leased Premises or leasehold estate; provided, however, that promptly after taking title to or possession of the Leased Premises or leasehold estate, the Mortgagee shall cure all defaults under the Lease of which Lessee and all Mortgagees were delivered written notices of default pursuant to Paragraph 9 of this Lease.

(e) Termination. Notwithstanding any provisions in this Lease to the contrary, neither the bankruptcy nor the insolvency of Lessee shall be grounds for terminating this Lease (absent a rejection or disaffirmance pursuant to bankruptcy or insolvency law) so long as all payments and all other monetary charges payable by Lessee under this Lease are paid by the Mortgagee in accordance with the terms of this Lease.

5. Indemnification; Insurance; Confidentiality.

5.1 Lessee Indemnification.

(a) To the fullest extent permitted by law, Lessee must indemnify, defend (at Lessee's sole cost and expense and with legal counsel approved by County, which approval may not be unreasonably withheld or delayed), protect and hold harmless County, and its officers, supervisors, employees, consultants, agents, successors and assigns, (each, an "Indemnified Party" and collectively, the "Indemnified Parties"), from and against all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, court costs) of every kind and nature whatsoever (individually, a "Claim"; collectively, "Claims") to the extent arising out of or relating (directly or indirectly) to the negligence, recklessness, or misconduct of Lessee with respect to any work performed or services provided under this Lease (including, without limitation, Lessee's principals, officers, agents, employees, and contractors,). Except that Lessee's obligation to indemnify shall not apply to the extent that any Claim is caused by County's negligence, recklessness or misconduct. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an Indemnified Party, then Lessee's indemnification obligation shall be reduced in proportion to the established comparative liability.

(b) Lessee shall be obligated to defend the Indemnified Parties in all legal, equitable, administrative, or special proceedings immediately upon written tender to Lessee of the Claim which shall be served on Lessee immediately upon an Indemnified Party's notice of the Claim. In the event Lessee denies responsibility for the Claim, the Indemnified Parties shall proceed with their own defense at their own cost and expense until a final determination of liability for the Claim under any proceeding in which the Claim is being adjudicated. Upon a final determination, including, without limitation, determination on appeal, Lessee shall be liable for reimbursement to County for its defense based on Lessee's percentage of liability as finally determined.

5.2 Insurance. The attached **Exhibit "E"** outlines the minimum scope, specifications, and limits of insurance required under this Agreement. Additional insured endorsements required as outlined in **Exhibit "E"** cannot be used to reduce limits available to County as an additional insured from Lessee's full policy limits. Insurance policies cannot be used to limit liability or to limit the indemnification provisions and requirements of this Agreement or act in any way to reduce the policy coverage and limits available from the insurer(s). If Lessee fails to maintain or renew coverage, or to provide evidence of renewal, then County may consider that failure a material breach of this Agreement. County may also withhold any payment otherwise due to Lessee for failure to provide evidence of renewal until Lessee provides such evidence. County reserves the right to review and revise the insurance requirements every year.

5.3 County Indemnification. County shall, at County's sole expense and with counsel reasonably acceptable to Lessee, indemnify, defend and hold harmless Lessee, and its officers, directors, shareholders, supervisors, employees, agents, successors, and assigns from all Claims, judgements, damages, liabilities, penalties, losses, and costs from any cause, to the extent due to an act or omission of County arising out of or relating to this Lease or breach of any representation, warranty, or covenant made by County. The obligations under this Section shall survive the expiration or earlier termination of this Lease.

5.4 Confidentiality. County shall maintain all financial statements, financing documents, Social Security numbers, tax identification numbers, bank loan documents, and all other similar documents and information received from Lessee in confidence to the fullest extent of the law.

6. Signs. Subject to all applicable governmental laws, rules, regulations and codes, and with County consent as to design and content (with consent not to be unreasonably withheld or delayed), Lessee shall have the right to install signs on the Leased Premises, and a monument-type sign along the Akers frontage of the Leased Premises. If County fails to provide its consent or disapproval to the design and content of any sign within 10 days of service of Lessee's written request, County shall be deemed to have approved the design and content. Lessee agrees to maintain any signs in good condition and repair at all times. At the expiration or earlier termination of this Lease, at County's election, Lessee shall remove all signs installed by or at the direction of Lessee and shall repair any damage to the Leased Premises resulting therefrom, all at Lessee's sole cost and expense. If Lessee fails to maintain any such sign, County may do so and Lessee shall reimburse County for such cost. If, without County's prior written consent, Lessee installs any sign, or fails to remove any such item at the expiration or earlier termination of this Lease, County may have such items removed and stored and may repair any damage to the Leased Premises at Lessee's expense.

7. No Hazardous Substances. Neither Lessee nor any lessee of Lessee shall use, generate, store, release or dispose of (or allow the use, generation, storage, release or disposal of) on, under or about the Leased Premises any Hazardous Substance as defined by the Tulare County Ordinance Code except as permitted by and in compliance with all federal, state and local environmental laws. In the event Lessee breaches its obligations hereunder, Lessee shall immediately and forthwith, at its sole cost and expense, remediate any and all contamination resulting from its breach to the satisfaction of all federal, state, and local agencies with jurisdiction over same and Lessee hereby agrees to indemnify, defend, and hold County harmless from all claims directly or indirectly relating to the foregoing. Lessee's obligations hereunder shall survive the expiration or earlier termination of this Lease.

8. Assignment. Lessee shall have the right, upon the written consent or approval of the County, to assign this Lease in whole or in part, to sublet all or any portion of the Leased Premises, and to sell or mortgage the Improvements or Leased Premises and leasehold estate. Such consent by County shall not be unreasonably withheld or delayed, provided, however, that should County fail to approve or reject any written request by Lessee to assign this Lease or sublet the Leased Premises within 10 days of Lessee's service of its request, County shall be deemed to have approved the request.

9. Default Provisions. If Lessee defaults (a) in the payment of Rental and is not cured within ten (10) days after written notice thereof from County, or (b) in performance of any other provision of this Lease and such default remains uncured for thirty (30) days after written notice thereof by the County, or, if same cannot reasonably be cured within 30 days, that Lessee has not commenced its cure within 30 days and proceeded to cure the default within a reasonable time thereafter or (c) should this Lease or the possession of the Leased Premises by operation of law or otherwise pass to any person other than Lessee except by the written consent of County, or as otherwise provided in this Lease, or (d) except as described in Section 4.3(e) if Lessee is adjudged insolvent, makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors or files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, county, city, district or territory thereof, or if a receiver or trustee shall be appointed for all or substantially all of the assets of Lessee and Lessee shall not have had such an appointment discharged within thirty (30) days after Lessee receives written notice of such appointment, the County shall have the right to terminate this Lease, re-enter the Leased Premises and remove all persons and property therefrom at the expense of and for the account of Lessee or to exercise any other remedy according to law or at equity.

10. Easements. County shall grant and convey to Lessee for the Term and any Extension Term the following easements on and over the Leased Premises and County's adjoining premises: reciprocal easements for vehicular and pedestrian access, ingress and egress, including the right to build roads and using existing roads, a temporary easement on, over, across and under the Leased Premises and County's adjoining premises, to be used as necessary for access and staging in connection with the construction, operation and maintenance of the Lessee's use as more particularly described in Section 1.6 (collectively, the "Easements"). The Easements shall be on the Leased Premises and County's adjoining property. The Parties will agree on the location and terms and conditions of the Easements during the Inspection Period and the form and location of the Easements shall be attached hereto as an exhibit or exhibits by an amendment to this Lease signed by the Parties prior to expiration of the Inspection Period, provided that if the Parties are unable to agree on the Easements, this Lease shall terminate and neither Party shall have any further rights or obligations hereunder.

11. Utilities. Lessee shall provide for all utility connections from off-site sources including phone, data, electric, gas, water, sewer and storm drain connections. Existing parking lot lights and any added parking lot lights shall be hooked up to power on a meter(s) installed and paid for by Lessee. Landscaping within the leased premises and any frontage on Akers Street currently maintained by County shall be the responsibility of the Lessee. Irrigation Water for the leased premises shall be provided for by Lessee from Lessee's own water meter(s).

Lessee shall be responsible for disconnecting any parking lot lights on the leased premises from County's existing parking lot lights and keeping County's lights functioning in the after condition. Lessee shall be responsible for disconnecting any irrigation lines on the leased premises from County's existing irrigation system and keeping County's irrigation system functioning in the after condition. Lessee shall notify County prior to disconnecting the parking lot lights, irrigation lines, or any other utility.

12. Attorney's Fees. In the event any action or proceeding is instituted arising out of or relating to this Lease or by reason of any failure by a Party to perform any of the terms, covenants or conditions of this Lease, the prevailing Party shall be entitled to recovery of its attorney's fees and actual costs.

13. Eminent Domain. If all or a material portion of the Leased Premises is taken by any lawful authority by exercise of the right of eminent domain, or sold to prevent a taking or under condemnation, either Lessee or County may terminate this Lease effective as of the date possession is required to be surrendered to the authority. All compensation paid for the taking of the Leased Premises (including severance damages) shall be the property of the Lessee. Relocation benefits and payments attributable to the leasehold interest shall be the property of Lessee. In the event that the Leased Premises, the Improvements thereon, or any portions thereof, are damaged by fire or other casualty during the Term or any Extension Term, and if in Lessee's sole judgment, the damage is of such nature or extent that it is uneconomical to repair and restore the Leased Premises or the Improvements thereon, as the case may be, Lessee or County may terminate this Lease by written notice to the other. The proceeds of any casualty insurance policy maintained by Lessee shall be for the sole benefit of Lessee.

14. Heirs and Assigns. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, legal representatives, assigns and successors in interest.

15. Further Assurances. The Parties agree, subject to each Party's reasonable approval, that they shall do such acts as appropriate or necessary in order to effectuate the terms, intent and purpose of this Lease, including, but not limited to, execution and delivery by County of such documents and instruments as are necessary to carry out its purposes.

16. Governing Law. This Lease shall be governed by and construed according to the laws of the State of California.

17. Survival. All covenants of County or Lessee which reasonably would be intended to survive the expiration or sooner termination of this Lease, shall survive and continue to be binding upon and inure to the benefit of the respective Parties and their successors and assigns.

18. Memorandum of Lease. County and Lessee shall execute, acknowledge and cause to be recorded with the Office of the County Recorder of Tulare County, California a memorandum of this Lease in the form of the Memorandum of Lease Agreement attached hereto as Exhibit "D" and incorporated herein by reference (the "Memorandum"). The recorded Memorandum shall be delivered to Lessee following

recording. In the event this Lease and the Option expire or are terminated for any reason, Lessee agrees to cooperate in good faith and use its best efforts to remove the Memorandum as a matter appearing of record against the Leased Premises, including, but not limited to, the execution and acknowledgement of a release of the Memorandum or a quitclaim deed in favor of County.

19. Counterparts. This Lease may be executed in one or more counterparts, each of which shall constitute an original and all of which shall be one and the same agreement.

20. Binding. This Agreement shall inure to the benefit of and be binding upon County and Lessee and, to the extent provided in any assignment or other transfer under Section 8 hereof, any assignee, and their respective heirs, transferees, or successors, and all persons claiming under them.

21. Notices. All notices or other communications required or permitted by this Lease shall be in writing and shall be deemed given when personally delivered, or in lieu of such personal service, three (3) days after deposit in the United States mail, first class, postage prepaid, certified, or the next business day if sent by reputable overnight courier, provided receipt is obtained and charges prepaid by the delivering party or by confirmed facsimile transmission or when sent by electronic mail ("email"). Any notice shall be addressed as follows:

If to County: Board of Supervisors
County of Tulare Administration Building
2800 W. Burrel
Visalia, CA 93291

w/copy to: Tulare County General Services Agency
Attn: Property Management
2637 W. Burrel Ave., Suite 200
Visalia, CA 93291

If to Lessee: Paloma Development Company, Inc.
Attn: Harvey May
222 North Garden Street, Suite 200
Visalia, California 93291
Fax – (559) 713-0784
Email - hmay@palomadev.com

Any party may change his, her, or its address for purposes of this paragraph by giving written notice of such change to the other parties in the manner provided in this paragraph.

22. Entire Agreement; Amendments. This Lease constitutes the entire agreement between County and Lessee respecting its subject matter. Any agreement, understanding or representation respecting this Lease, or any matter referenced herein not expressly set forth in this Lease, or in a subsequent writing signed by both Parties, is null and void. This Lease shall not be modified or amended except in a writing signed by both Parties.

23. Partial Invalidity. Should any provision of this Lease be held in a final and unappealable decision by a court of competent jurisdiction to be either invalid, void or unenforceable, the remaining provisions hereof shall remain in full force and effect and unimpaired by the court's holding.

24. Drafting Interpretations. The Parties acknowledge that each party and their respective legal counsel have reviewed this Lease and agree that this Lease is the product of negotiations between the Parties. This Lease shall be interpreted without reference to the rule of interpretation of documents that uncertainties or ambiguities therein shall be determined against the Parties so drafting the Lease. Preparation of this Lease has been a joint effort of both the Parties and the resulting document shall not be construed more severely against one of the Parties than against the other.

25. Waiver. The waiver by either Party of any breach by the other of any term, covenant or condition herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant and condition.

26. Captions. The captions appearing in this Lease are for convenience only, are not part of this Lease, and shall not be considered in interpreting this Lease.

27. Time of Essence. Time is of the essence with respect to performance of every provision of this Lease in which time or performance is a factor.

28. Holding Over. If Lessee holds over after the expiration of the term or any option period without written consent or earlier termination of the Lease, then without waiver of any right on the part of County as a result of Lessee's failure to timely surrender possession of the Leased Premises to County, Lessee shall become a tenant at sufferance upon the terms and conditions set forth in this Lease so far as applicable (including Lessee's obligation to pay all costs, expenses, and any other consideration under this Lease), but at a monthly Rental equal to 115% of the monthly Rental applicable to the Leased Premises immediately prior to the date of such expiration or earlier termination. The lease shall then be a year to year tenancy and annual payments shall be paid in advance.

29. Representations and Warranties of Lessee. Lessee represents and warrants as follows:

29.1 Organization. Lessee is a corporation, duly organized, validly existing, and in good standing under the laws of the State of California.

29.2 Authorization. The execution and delivery of this Lease by the Lessee and the consummation by the Lessee of the transactions contemplated herein have been duly authorized by all necessary action on the part of the Lessee and all required consents and approvals have been obtained.

29.3 Insolvency. No attachments or execution proceedings and no assignments for the benefit of creditors or insolvency, bankruptcy, reorganization or other proceedings are pending or, to Lessee's knowledge, threatened against Lessee, nor are any such proceedings contemplated by Lessee.

29.4 Conflicts. Neither the execution and delivery of this Lease by Lessee nor the consummation of the transactions contemplated hereby and thereby will conflict with, result in a breach of, or permit any party to terminate or accelerate the provisions of, any obligation, indenture, agreement, permit, or other instrument to which Lessee is a party or any statute or law or any order, decree, judgment, rule or regulation of any court or governmental agency or authority having jurisdiction over Lessee.

30. Representations and Warranties of County. County represents and warrants as follows:

30.1 Fee Title. County is the current holder of fee title of the Leased Premises.

30.2 Authorization. The execution and delivery of this Lease by the County and the consummation by the County of the transactions contemplated herein have been duly authorized by all necessary action on the part of the County and all required consents and approvals have been obtained.

30.3 No Assignment. County has not granted, assigned, conveyed or mortgaged its right to the Leased Premises or its rights as landlord under the Lease to any third party.

30.4 Conflicts. Neither the execution and delivery of this Lease by County nor the consummation of the transactions contemplated hereby and thereby will conflict with, result in a breach of, or permit any party to terminate or accelerate the provisions of, any obligation, indenture, agreement, permit, or other instrument to which County is a party or any statute or law or any order, decree, judgment, rule or regulation of any court or governmental agency or authority having jurisdiction over County.

30.5 Exemption from Prevailing Wage Law. Lessee's project shall not be subject to the Prevailing Wage Laws of California Labor Code Sections 1770 et seq., including, without limitation, any requirement to pay to contractors or subcontractors or their employees or others involved in construction of the Improvements prevailing rates or prevailing wages as determined therein.

30.6 Hazardous Materials. There are no Hazardous Materials (hereinafter defined) present on the Leased Premises nor are the Lease Premises contaminated with same, there are no underground storage tanks located on the Leased Premises, County has not manufactured, introduced, released or discharged from or onto the Leased Premises, the soil or the groundwater any Hazardous Materials nor permitted the same, and County has not used or permitted the use of the Leased Premises or any part thereof for the generation, treatment, storage, handling or disposal of any Hazardous Materials. "**Hazardous Materials**" means without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous substances, toxic substances, pollutants, contaminants, radon, asbestos, lead or lead based paint, oil and petroleum products and their by-products, polychlorinated biphenyls or related materials, and mold, dangerous fungi, bacterial or microbial matter contamination or pathogenic organisms that reproduce through the release of spores or the splitting of cells, as those terms may be used or defined in any Environmental Law.

30.7 Indemnification. In the event of a material breach of any of the representations and warranties under this Section 29, Lessee and its successors and assigns shall be indemnified and held harmless by County from and against any claims, costs, wages, remediation, lost profits, and other expenses brought against or incurred by Lessee as a consequence of such breach.

[The remainder of this page is intentionally blank. Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Lease by the respective duly authorized officers of the undersigned as of the date first written above.

COUNTY

COUNTY OF TULARE

Date: _____

By: _____
Chairman, Board of Supervisors

LESSEE

PALOMA DEVELOPMENT CO., INC.

Date: _____

By: _____

Date: _____

By: _____

[Pursuant to Corporations Code section 313, County policy requires that contracts with a **Corporation** be signed by both (1) the chairman of the Board of Directors, the president or any vice-president (or another officer having general, operational responsibilities), and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer (or another officer having recordkeeping or financial responsibilities), unless the contract is accompanied by a certified copy of a resolution of the corporation's Board of Directors authorizing the execution of the contract. Similarly, pursuant to California Corporations Code section 17703.01, County policy requires that contracts with a **Limited Liability Company** be signed by at least two managers, unless the contract is accompanied by a certified copy of the articles of organization stating that the LLC is managed by only one manager.]

ATTEST: JASON T. BRITT
County Administrative Officer/
Clerk of the Board of Supervisors

By _____
Deputy Clerk

Approved as to form:
County Counsel

By _____
Deputy County Counsel

Matter No.

EXHIBIT "A"
Legal Description of Real Property

THE REAL PROPERTY

The land referred to is situated in the City of Visalia, County of Tulare, State of California and is described as follows:

Parcels No. 1 and 2 of Parcel Map No. 4404 recorded August 26, 1999 in Book 45, Page 9 of Parcel Maps, in the Official Records of Tulare County, California.

APN: 087-460-008-000, 087-460-007-000

EXHIBIT "B"
Description of Leased Premises

LAND LEASE LEGAL DESCRIPTION

That portion of Parcel No. 1 of Parcel Map No. 4404 recorded in Book 45 of Parcel Maps at Page 9 on August 26, 1999 in the office of the Tulare County Recorder more particularly described as follows described as follows:

Beginning at the Northeast corner of said Parcel 1 thence South 00° 12' 16" East along the East line of said Parcel No. 1 a distance of 287.58 feet to the Southeast corner of said Parcel No. 1;

Thence North 89° 53' 35" West along the South line of said Parcel No. 1 a distance of 343.00 feet;

Thence North 00° 12' 16" West parallel with the East line of said Parcel No. 1 a distance of 287.58 feet to a point on the North line of said Parcel No. 1;

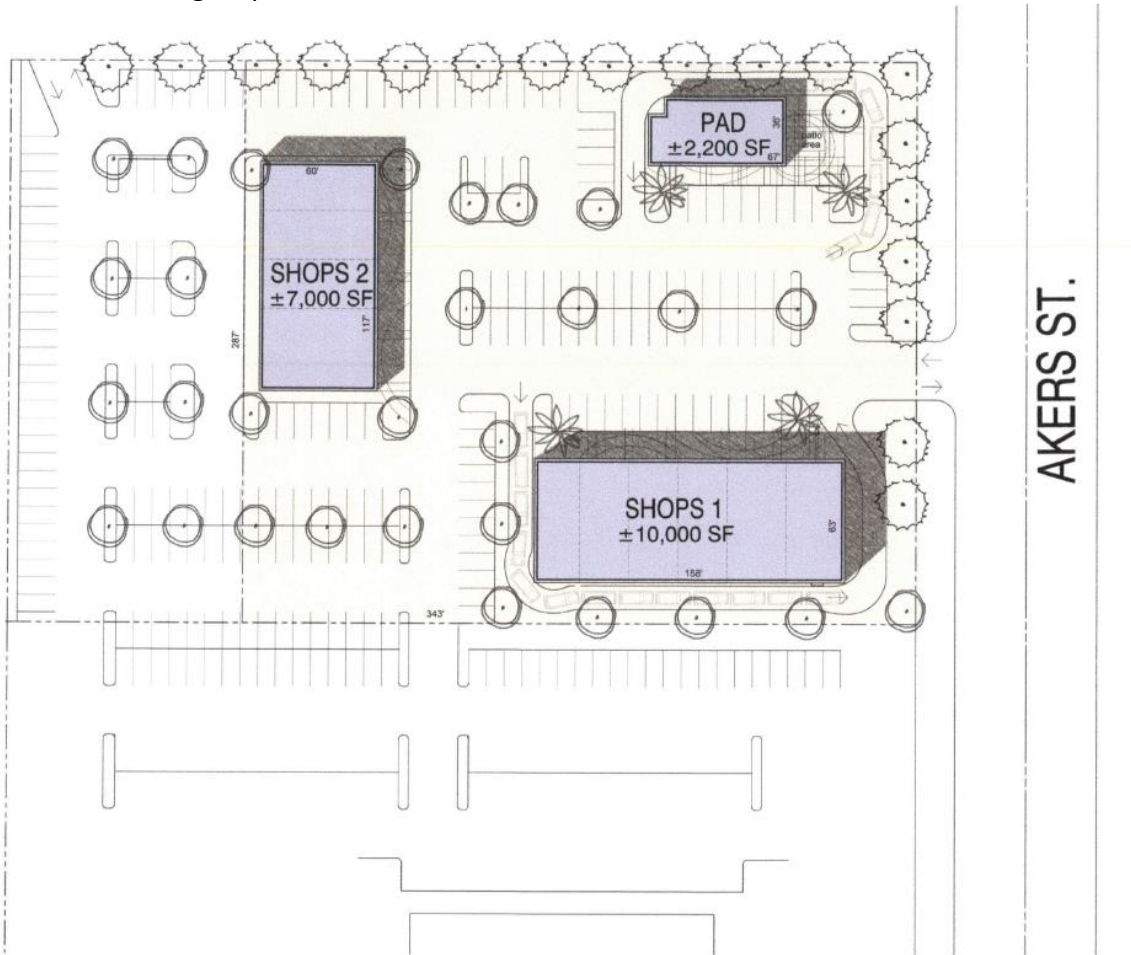
Thence South 89° 53' 35" East along the North line of said Parcel 1 to the Northeast corner of said Parcel 1 and point of beginning.

Said described parcel containing 2.26 acres more or less.

The Basis of Bearings of this description is the East line of Parcel 1 taken as South 00° 12' 16" East per said Parcel Map 4404.

EXHIBIT "C"
Description of Development

The Commons at Akers Plaza will be a retail based center to provide a range of goods, services and food to the ever growing neighborhood. Development will include a mix of retail shops and a quick service restaurant (QSR). Phase I of the proposed project will include one QRS pad and a 10,000 square foot shop. Should the market response support additional development, Phase II of the project may include a third 7,000 square foot building. The site plan, as depicted below, takes advantage of the Akers frontage for visibility and access, but also as an infill project, promotes a walkable group of stores and restaurants.



PRELIMINARY SITE PLAN

AKERS ST. & TULARE AVE.
VISALIA, CALIFORNIA

EXHIBIT "D"
Memorandum of Lease

Recording Requested by:

Paloma Development Co., Inc.

When recorded, mail to:

Paloma Development Co., Inc.
Attn: Harvey May
222 North Garden Street, Suite 300
Visalia, California 93291

(This space for Recorders use only.)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum"), dated as of _____, 201__, is made and entered into by and between the County of Tulare, a subdivision of the State of California (the "**County**") and Paloma Development Co., Inc., a California Corporation (the "**Lessee**").

WHEREAS, on or about _____, 2018, County and Lessee entered into that certain lease entitled "Lease Agreement between County of Tulare and Paloma Development Co., Inc. (the "**Lease**") for the real property described on **Exhibit A** attached hereto and by this reference made a part hereof (the "**Leased Premises**"); and

WHEREAS, County and Lessee wish to record this Memorandum to give constructive notice of Lessee's rights under the Lease to all third parties.

For good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. The Inspection Period described in the Lease commenced as of the date of the Lease and continues for up to six (6) months. The Term of the Lease commences after expiration of the Inspection Period and continues for fifty (50) years thereafter. Lessee has an option to extend the Term for an additional twenty (20) years.
2. The Leased Premises will be developed into a mix of retail shops, food and beverage tenants, and a quick service restaurant.
3. The Lease contains certain other terms and provisions, all of which are incorporated herein by this reference. If there is any inconsistency between the provisions of this Memorandum and the provisions of the Lease, the provisions of the Lease shall control.
4. This Memorandum may be executed in counterparts and the respective signature pages for each party shall thereafter be attached to the body of this Memorandum to constitute one integrated Memorandum which is as fully effective and binding as if the entire document had been signed at one time.

IN WITNESS WHEREOF, the Parties have executed this Lease by the respective duly authorized officers of the undersigned as of the date first written above.

COUNTY

COUNTY OF TULARE

Date: _____

By: _____
Chairman, Board of Supervisors

LESSEE

PALOMA DEVELOPMENT CO. INC.

Date: _____

By: _____

Date: _____

By: _____

[Pursuant to Corporations Code section 313, County policy requires that contracts with a **Corporation** be signed by both (1) the chairman of the Board of Directors, the president or any vice-president (or another officer having general, operational responsibilities), and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer (or another officer having recordkeeping or financial responsibilities), unless the contract is accompanied by a certified copy of a resolution of the corporation's Board of Directors authorizing the execution of the contract. Similarly, pursuant to California Corporations Code section 17703.01, County policy requires that contracts with a **Limited Liability Company** be signed by at least two managers, unless the contract is accompanied by a certified copy of the articles of organization stating that the LLC is managed by only one manager.]

ATTEST: JASON T. BRITT
County Administrative Officer/
Clerk of the Board of Supervisors

By _____
Deputy Clerk

Approved as to form:
County Counsel

By _____
Deputy County Counsel

Matter No.

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA)
)
COUNTY OF TULARE)

ss.

On _____ , before me, _____, Notary Public, personally appeared, _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or entity on behalf of which the person acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA)
)
COUNTY OF TULARE)

ss.

On _____, before me, _____, Notary Public, personally appeared, **John Harvey May**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or entity on behalf of which the person 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.

Notary Public

EXHIBIT E

LEASES WITH COUNTY AS LESSOR **INSURANCE REQUIREMENTS**

LESSEE shall procure and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, performance under the Agreement by the LESSEE, his agents, representatives, employees and subcontractors, if applicable.

A. Minimum Scope & Limits of Insurance

1. Insurance Services Office Commercial General Liability coverage of \$1,000,000 combined single limit per occurrence (occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury and personal & advertising injury. If a general aggregate applies, either the general aggregate limit shall apply separately to this location or the general aggregate shall be \$2,000,000.
2. Insurance Services Office Form Number CA 00 01 covering Automobile Liability, (any auto) of \$1,000,000 per occurrence. If an annual aggregate applies it must be no less than \$2,000,000.
3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. Property Insurance against all risks of loss on all real property being leased, that the COUNTY owns, including improvements and betterment. Limits of full replacement cost with no coinsurance penalty provision.

B. Specific Provisions of the Certificate

1. If any of the required insurance is written on a claims made form, the retroactive date must be before the date of the contract and must be maintained and evidence of insurance must be provided for at least three (3) years after completion of the contract work.
2. The General Liability and Property Insurance policies must be endorsed and endorsements must be provided to COUNTY reflecting the following provisions:
 - a. *The COUNTY, its officers, agents, officials, employees and volunteers are to be covered as additional insureds with respect to liability arising out of work or operations performed by or on behalf of the Lessee including materials, parts, or equipment furnished in connection with such work or operations in the form of an endorsement to the Lessee's policy at least as broad as ISO CG 20 10.*
 - b. *For claims related to this lease, the LESSEE's insurance coverage shall be primary insurance as respects the COUNTY, its officers, agents, officials, employees and volunteer and shall be at least as broad as ISO CG 20 01 04 13. Any insurance or self-insurance maintained by the COUNTY, its officers, agents, officials, employees or volunteers shall be excess of the LESSEE's insurance and shall not contribute with it.*
 - c. *Each insurance policy required by this agreement shall be endorsed to state that coverage shall not be canceled, except after written notice has been provided to the COUNTY.*
 - d. *LESSEE hereby grants to COUNTY a waiver of any right to subrogation which any insurer of the LESSEE may acquire against the COUNTY by virtue of the payment of any loss under such insurance. LESSEE agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.*

3. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the COUNTY for all work performed by the LESSEE, its employees, agents and subcontractors. LESSEE waives all rights against the COUNTY and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.

C. Deductibles and Self-Insured Retentions

Self-insured retentions must be declared and the COUNTY Risk Manager must approve any deductible or self-insured retention that exceeds \$100,000.

D. Acceptability of Insurance

Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A-:VII and a Standard & Poor's Rating (if rated) of at least BBB and from a company approved by the Department of Insurance to conduct business in California. Any waiver of these standards is subject to approval by the County Risk Manager.

E. Verification of Coverage

Prior to approval of this Agreement by the COUNTY, the LESSEE shall file with the Tulare County Board of Supervisors, certificates of insurance with original endorsements effecting coverage in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.