



Orange County Flood Control District Parcels
 Lessee Name
 SART – Option Agreement

OPTION AGREEMENT

THIS OPTION AGREEMENT (“**Option Agreement**”) is made _____, 2024, (“**Effective Date**”) by and between the ORANGE COUNTY FLOOD CONTROL DISTRICT, a body corporate and politic (hereinafter called “**District**”) and _____, a CORPORATE ENTITY (hereinafter called “**Optionee**”). District and Optionee may sometimes hereinafter individually be referred to as “**Party**” or jointly as “**Parties.**”

Recitals

- A. Optionee desires an option to lease certain real property described as the “**Premises**” in Exhibit A to that certain ground lease, attached hereto as and by this reference made a part hereof as Attachment A (“**Lease**”), for the purposes and uses provided in the Lease.
- B. District is the fee owner of the Premises and is willing to enter into an option to lease said Premises to Optionee for such purposes and uses consistent with the terms herein.

NOW THEREFORE, in consideration of the Recitals above, which are incorporated herein by this reference, the Parties do hereby agree as of the date written above as follows:

1. DEFINITIONS (1.0 SR)

The following words in this Lease shall have the significance attached to them in this Clause (DEFINITIONS), unless otherwise apparent from context:

“**Board of Supervisors**” means the Board of Supervisors of the County of Orange, a political subdivision of the State of California, the governing board of the District.

“**Chief Real Estate Officer**” means the Chief Real Estate Officer, County Executive Office, County of Orange, or designee, or upon written notice to Tenant, such other person as may be designated by the Board of Supervisors.

“**Director of OCPW**” means the Director, OC Public Works, County of Orange, or designee.

“**District**” means the Orange County Flood Control District, a body corporate and politic. Any reference to the District herein, unless expressly stated to the contrary, shall refer to the District solely in its capacity as owner of the Premises and not the District in its capacity as a land use or other governmental approval authority.

“**Entitlements**” shall mean, as applicable, all environmental clearances, applications, improvement plans, drawings and specifications, site plans, permits, building permits, licenses, maps, zoning changes, specific plan amendments, general plan amendments, entitlements, approvals, agreements, documents and other instruments, and any modifications or changes thereto that Optionee deems necessary or appropriate to obtain from the City of Orange (or any other entity with legal jurisdiction for the subject matter related thereto) for the design, construction, use, and operation of Optionee’s proposed use of the Premises and all other discretionary and administrative approvals required for use of the Premises by Optionee, and expiration of any related appeal periods.

“**Lease**” means that certain ground lease attached hereto as Attachment A, including any and all addenda, amendments and exhibits hereto.

“**Premises**” means that certain real property referred to as “Segment 1”, an approximately 0.9-acre parcel of land identified as Assessor Parcel Number (“APN”) 232-062-06 (portion) and APN 232-062-04 (portion), the boundaries of which are located near West Chapman Avenue to the south and East Orangewood Avenue to the north, located in the City of Orange. “Segment 2”, an approximately 7.3-acre parcel of land identified as APN 375-301-01 (portion), 375-311-13, and APN 375-311-14 (portion) and 375-311-17 (portion) (Easement), the boundaries of which are located by Katella Avenue and the BNSF Railroad, together with all easements, rights, and privileges appurtenant thereto, to be leased to Optionee pursuant to the Lease for the uses and purposes as set forth therein. The legal description of the Premises is attached to the Lease as Exhibit A. A rendering showing the approximate boundaries of the Premises is also attached to the Lease as Exhibit B.

2. **OPTION (PM03.1 S)**

District hereby grants Optionee the option to lease the Premises in accordance with the covenants and conditions set forth herein and in the Lease, as attached hereto as Attachment A (“**Option**”).

3. **TERM (PM05.1 S) Price**

The term of this Option Agreement shall be _____ (term) (“**Option Term**”) and shall commence on the Effective Date shown above.

4. **OPTION PRICE (PM04.2 N)**

The price of the Option granted herein is _____ (amount) (“**Option Price**”), which shall be paid to District in full on the Effective Date of this Option Agreement.

The Option Price shall be retained by District in consideration for the granting of the Option. No portion of the Option shall be refunded or credited to rent payments due under the Lease regardless of whether Optionee exercises the Option prior to the expiration of the Option Term.

5. **OPTION TERM EXTENSION (PM06.1 N)**

Provided Optionee is not in default under this Option Agreement, and is diligently pursuing the Entitlements, and additional time is required in order to process or approved the Entitlements for any reason, Optionee may further extend the Option Term up to an additional _____ (term) (“**Extended Option Term**”) following the expiration of the Option, so long as each of the following acts are accomplished by Optionee prior to the expiration of the Option Term:

A. At least thirty (30) days prior to expiration of the Option Term, Optionee has submitted written notice to the Chief Real Estate Officer of its election to extend the Option Term, clearly declaring the length of such extension.

B. At least thirty (30) days prior to expiration of the Option Term, Optionee has submitted to the Chief Real Estate Officer an “**Extension Fee**” in the form of a cashier’s check made payable to the “*Orange County Flood Control District*” in an amount equal to _____ (amount).

The Extension Fee is in addition to the Option Price. Whether or not Optionee exercises the Option in accordance with the terms of this Option Agreement, said Extension Fee shall be retained by District as consideration for the granting of the Extended Option Term. No portion of the Extension Fee shall be refunded or credited to rent payments under the Lease regardless of whether Optionee exercises the Option prior to the expiration of the Extended Option Period.

Additional Extended Option Terms may be approved at the sole and absolute discretion of the Chief Real Estate Office under the same terms and conditions as described above.

6. CONDITIONS (PM07.1 N)

The Option may not be exercised until the following terms and conditions shall have been met:

A. Preliminary Plans

Within ninety (90) days following the Effective Date of this Option Agreement, Optionee shall submit preliminary plans for the development and use of the Premises ("**Preliminary Plans**"), as allowed under the terms of the Lease, for the Chief Real Estate Officer's approval. The Preliminary Plans shall be prepared by an architect licensed in the State of California and shall include:

- 1) A detailed site plan of the Premises showing all of the following:
 - a. all improvements planned for the Premises
 - b. any existing and/or proposed easements affecting the Premises
 - c. ingress and egress to and from the Premises
 - d. parking
 - e. location of all utilities
 - f. drainage plan
 - g. grade elevations of all structures;
- 2) Finalized landscape development plans including irrigation plans;
- 3) Structural, mechanical, and lighting systems;
- 4) Colored rendering or model of the planned development;
- 5) An Urban Runoff Management Plan;
- 6) A detailed cost estimate of all improvements; and
- 7) A detailed estimate of the construction schedule.

Within thirty (30) days of receipt of the Preliminary Plans, the Chief Real Estate Officer will approve, rule on, reject or comment on the Preliminary Plans. The Chief Real Estate Officer's review shall be limited only to reviewing plans for conformity with this Option Agreement and shall not provide any representations or warranties regarding the sufficiency of the plans for the required land use approvals or for construction.

Within ten (10) days following the Chief Real Estate Officer's approval of the Preliminary Plans, Optionee shall submit the plans to the City of Orange ("**City**") and apply for approval of the planned

development through the City's normal permit process.

B. Environmental Requirements

Concurrently with or prior to the submission of the Preliminary Plans to the City, Optionee shall submit to the City a draft Initial Study, prepared at Optionee's expense, in order for the City to determine whether a Negative Declaration or an Environmental Impact Report will be necessary for the proposed development. Such determination will be made in accordance with the City's normal procedures.

If the City determines that a Negative Declaration is appropriate, Optionee shall submit all necessary documentation and cooperate with the City in order to provide the Chief Real Estate Officer with written proof of environmental clearance on this project from the appropriate governmental authority.

If an Environmental Impact Report is mandated by the City, Optionee shall obtain a screen check Environmental Impact Report and draft Environmental Impact Report at its own expense and shall process same in accordance with the City's procedure. Optionee shall, prior to commencement of any construction on the Premises, provide supporting documentation to Chief Real Estate Officer, evidencing that Optionee has received environmental clearance on this project from the appropriate authority governing this matter.

C. General Plan Conformity

Optionee shall request a finding from the City that the proposed development is in conformance with the City's General Plan pursuant to Government Code Section 65402 and provide written evidence of such conformity to the Chief Real Estate Officer.

D. Construction Contract Documents

Within thirty (30) days following the date of the Chief Real Estate Officer's approval of the Preliminary Plans, Optionee shall submit to the Chief Real Estate Officer the construction contract documents ("**Construction Contract Documents**") and cost estimates for development of the Premises. Such Construction Contract Documents shall consist of the following:

- 1) Complete architectural, landscape, and engineering working drawings;
- 2) Complete specifications;
- 3) Construction contract form; and
- 4) Construction schedule.

The Chief Real Estate Officer will approve, rule on, reject, or comment on the Construction Contract Documents within thirty (30) days following Chief Real Estate Officer's receipt of the Construction Contract Documents.

Within fifteen (15) days following the Chief Real Estate Officer's review of the Construction Contract Documents as provided above, Optionee shall complete all corrections and adjustments to the Construction Contract Documents as required by the Chief Real Estate Officer and resubmit the documents to Chief Real Estate Officer for approval. Within five (5) days following Chief Real Estate

Officer's approval of the corrected Construction Contract Documents, Optionee shall submit the approved Construction Contract Documents to the City for plan check.

E. City and County Permits

Chief Real Estate Officer shall not unreasonably withhold consent to any application by Optionee with respect to any permits or approvals related to activities or development plans approved by District in accordance with this Option Agreement which may be required by any governmental or regulatory agency.

Optionee shall provide Chief Real Estate Officer with satisfactory evidence that Optionee has met all City requirements and has obtained all necessary clearances and permits from the City to commence construction of the planned development as preliminarily approved by the Chief Real Estate Officer.

Optionee acknowledges agrees that no grading, or other construction activities shall be permitted on the Premises until all applicable permits and clearances have been obtained from the City and District.

F. Lease Requirements

Optionee shall submit to the Chief Real Estate Officer:

- 1) Satisfactory evidence of Optionee's ability to finance the cost of the development planned for said Premises in accordance with the requirements of the Lease. If Optionee plans to hypothecate the leasehold as security for a loan, Optionee shall submit all documents proposed in the loan transaction along with a request and processing fees for District's consent to the proposed hypothecation in accordance with the terms of the Lease.
- 2) A cashier's or certified check made payable to the "*Orange County Flood Control District*" in an amount equal to one month's rent, which will be applied against the first month's rent due under the Lease.
- 3) The \$_____ (amount) security deposit as required by Section 14 (Security Deposit) of the Lease.

7. REVIEW BY DISTRICT (PM08.1 N)

Optionee hereby acknowledges that one of the purposes of this Option Agreement is to afford Optionee and the District the opportunity to determine whether Optionee is able to meet the various conditions of this Option Agreement and Optionee is able to obtain the required approvals as set forth in this Option Agreement. Several of those conditions involve obtaining reviews and approvals from officers, employees or agents of the District, and/or the City. Each of those reviews shall be conducted in an independent manner and nothing contained herein shall be deemed to limit the jurisdiction or authority otherwise possessed by said officers, employees or agents in the conduct of such review.

Nothing contained in this Option Agreement shall be deemed to imply that required approvals will be forthcoming, and the failure to issue any such approval or permit by any officer, employee or agent of the District, and/or the City shall not be deemed in any manner a breach of this Option Agreement, nor shall any

such denial give rise to any claim, liability, obligation, or cause of action with respect to this Option Agreement or the attached Lease.

No permit, approval, or consent given by the District, and/or the City, or their officers, employees, or agents, acting in its/their governmental capacity, shall affect or limit Optionee's obligations under this Option Agreement or under the Lease, nor shall any approvals or consents given under this Option Agreement by District, as a Party hereto, or by the Chief Real Estate Officer be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules, and/or regulations.

8. DISCLAIMER OF REPRESENTATIONS OF WARRANTIES (PM015.1 N)

Optionee agrees that the District has made no representations, warranties, or agreements as to any matters concerning the Premises, including, but without being limited to, the land, marketability of title, topography, climate, air, water, water rights, utilities, present or future zoning, soil, subsoil, hazardous substances, waste or materials, the purposes for which the Premises is suited, drainage, access to public roads, proposed routes of roads or extensions thereof or the availability of governmental permits or approvals of any kind. Optionee represents and warrants to District that it and its representatives and employees have made or will make their own independent inspection and investigation of such matters concerning the Premises.

9. OPTIONEE'S RIGHT TO ENTER PREMISES, INDEMNIFICATION (PM09.1.1 S)

Subject to prior written approval and conditions as may be specified by the Chief Real Estate Officer, Optionee and its authorized representatives shall have the right to enter upon, to pass and to repass over and along said Premises, and to do the surveying and testing necessary for Optionee to prepare the above-described Preliminary Plans and Construction Contract Documents. Optionee hereby agrees to indemnify District and hold District, its officers, and employees harmless from any loss, claims, liability, or costs arising out of or incurred by reason of such investigation. Whether or not this Option Agreement terminates or expires, Optionee agrees to repair any and all damages caused to the Premises by reason of any such investigation or investigations.

10. HOLD HARMLESS (PMGE10.1 S)

Optionee hereby releases and waives all claims and recourse against District, including the right of contribution for loss or damage of persons or property, arising from, growing out of or in any way connected with or related to this Option Agreement except claims arising from the concurrent active or sole negligence of District, its officers, agents, employees and contractors. Optionee hereby agrees to indemnify, defend (with counsel approved in writing by District), and hold harmless, the County of Orange, the District, its elected and appointed officials, officers, agents, employees and contractors against any and all claims, losses, demands, damages, cost, expenses or liability for injury to any persons or property, arising out of the Optionee's exercise of the rights under this Option Agreement, except for liability arising out of the concurrent active or sole negligence of District, its elected and appointed officials, officers, agents, employees or contractors including the cost of defense of any lawsuit arising therefrom. If District or the County of Orange is named as co-defendant in a lawsuit, Optionee shall notify District of such fact and shall represent District and/or County of Orange in such legal action unless District undertakes to represent itself as co-defendant in such legal action, in which event, Optionee shall pay to District its litigation costs, expenses, and attorneys' fees. If judgment is entered against District and Optionee by a court of competent jurisdiction because of the concurrent active negligence of District and Optionee, District and Optionee agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

Optionee acknowledges that it is familiar with the language and provisions of California Civil Code Section 1542 which provides as follows:

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 or released party.

Optionee, being aware of and understanding the terms of Section 1542, hereby waives all benefit of its provisions to the extent described in this paragraph.

11. INSURANCE (PM09.2.2S)

A. General Requirements

Optionee agrees to purchase all required insurance at Optionee's expense and to deposit with District certificates of insurance, including all endorsements required herein, necessary to satisfy District that the insurance provisions of this Option Agreement have been complied with and to keep such insurance coverage and the certificates and endorsements therefor on deposit with District during the entire term of this Option Agreement and any extension thereof.

The Option shall automatically terminate at the same time Optionee's insurance coverage is terminated. If within ten (10) business days after termination under this Section, Optionee obtains and provides evidence of the required insurance coverage acceptable to Chief Real Estate Officer, this Option Agreement may be reinstated at the sole discretion of Chief Real Estate Officer. Optionee shall pay District Seven Hundred Fifty Dollars (\$750.00) for processing the reinstatement of this Option Agreement.

Optionee agrees that Optionee shall not operate on the Premises at any time the required insurance is not in full force and effect as evidenced by a certificate of insurance and necessary endorsements or, in the interim, an official binder being in the possession of Chief Real Estate Officer. In no cases shall assurances by Optionee, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Chief Real Estate Officer will only accept valid certificates of insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. Optionee also agrees that upon cancellation, termination, or expiration of Optionee's insurance, District may take whatever steps are necessary to interrupt any operation from or on the Premises until such time as the Chief Real Estate Officer reinstates the Option.

If Optionee fails to provide Chief Real Estate Officer with a valid certificate of insurance and endorsements, or binder at any time during the term of the Option, District and Optionee agree that this shall constitute a material breach of this Option Agreement. Whether or not a notice of default has or has not been sent to Optionee, said material breach shall permit District to take whatever steps necessary to interrupt any operation from or on the Premises, and to prevent any persons, including, but not limited to, members of the general public, and Optionee's employees and agents, from entering the Premises until such time as Chief Real Estate Officer is provided with adequate evidence of insurance required herein. Optionee further agrees to hold District harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from District's action.

All contractors performing work on behalf of Optionee pursuant to this Option Agreement shall obtain insurance subject to the same terms and conditions as set forth herein for Optionee. Optionee shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by District from the Optionee under this Option Agreement. It is the obligation of the Optionee to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Premises. Such proof of insurance must be maintained by Optionee through the entirety of this Option Agreement and be available for inspection by a District representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of \$50,000 shall specifically be approved by County Executive Office/Office of Risk Management, or designee (“**Risk Manager**”). The District reserves the right to require current audited financial reports from Optionee. If Optionee is self-insured, Optionee will indemnify and defend District for any and all claims resulting or arising from Lessee’s use of the premises, services, or other performance in accordance with the indemnity provision stated in this Lease.

If the Optionee fails to maintain insurance acceptable to District for the full term of this Option Agreement, District may terminate this Option Agreement.

B. Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best’s Rating) and VIII (Financial Size Category) as determined by the most current edition of the Best’s key Rating Guide/Property-Casualty/United States or ambest.com.

If the insurance carrier does not have an A.M. Best rating of A-/VIII, the Risk Manager retains the right to approve or reject a carrier after a review of the company’s performance and financial ratings.

C. Minimum Limits

The policy or policies of insurance maintained by the Optionee shall provide the minimum limits and coverage as set forth below:

<u>Coverages</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned or scheduled, non-owned and hired vehicles	\$1,000,000 combined single limit each accident
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per accident or disease

D. Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage as broad.

E. Required Endorsements

- 1) The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:
 - a. an Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the District and the County of Orange its elected and appointed officials, officers, employees, agents as Additional Insureds. Blanket coverage may also be provided which will state- As Required by Written Contract.
 - b. a primary non-contributing endorsement using ISO form CG 20 01 04 13 or a form as broad evidencing that the Optionee's insurance is primary and any insurance or self-insurance maintained by District shall be excess and non-contributing; and
- 2) All insurance policies required by this contract shall waive all rights of subrogation against the District, County of Orange and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.
- 3) The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against District, County of Orange, and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees.
- 4) All insurance policies required by this contract shall give the District thirty (30) days' notice in the event of cancellation and ten (10) days for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the Certificate of Insurance.

F. Severability of Interest Clause - Commercial General Liability

The Commercial General Liability policy shall contain a severability of interests clause, also known as a "separation of insureds" clause (standard in the ISO CG 001 policy).

G. Delivery

Insurance certificates should be forwarded to District address provided in Section 17 (Notices) below or to an address provided by the Chief Real Estate Officer. Optionee has ten (10) business days to provide adequate evidence of insurance or this Option Agreement may be cancelled.

H. Insurance Requirement Changes

District expressly retains the right to require Optionee to increase or decrease insurance of any of the above insurance types throughout the term of this Option Agreement. Any increase or decrease in insurance will be as deemed by the Risk Manager as appropriate to adequately protect District.

Chief Real Estate Officer shall notify Optionee in writing of changes in the insurance requirements. If Optionee does not deposit copies of acceptable certificates of insurance and endorsements with District incorporating such changes within thirty (30) days of receipt of such notice, this Option Agreement may be in breach without further notice to Optionee, and District shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Optionee's liability hereunder nor to fulfill the indemnification provisions and requirements of this Option Agreement, nor in any way to reduce the policy coverage and limits available from the insurer.

12. ASSIGNMENT (PM010.1 S)

This Option shall not be sold, assigned, or otherwise transferred without the prior written consent of District, which consent may be withheld in the District's sole and absolute discretion. Failure to obtain District's required written consent shall render said sale, assignment, or transfer void.

If Optionee hereunder is a corporation or an unincorporated association or partnership, the sale, transfer, or assignment of any stock or interest in said corporation, association, or partnership in the aggregate exceeding twenty-five percent (25%) shall be deemed an assignment within the meaning of this clause.

13. EXERCISE OF OPTION TO LEASE (PM011.1 S)

If at any time during the Option Term Optionee has performed all of the conditions as set forth in Clause 6 (CONDITIONS) to the satisfaction of the Chief Real Estate Officer, Optionee may exercise the Option by giving the Chief Real Estate Officer written notice of election do so, accompanied by properly executed copies of the Lease in triplicate.

14. EXECUTION OF LEASE (PM012.1 N)

Acting as District's representative, Chief Real Estate Officer shall execute the Lease within fifteen (15) days of receipt of Optionee's notice of election to exercise the Option and the copies of the signed Lease executed by Optionee.

15. LEASE DATE (PM013.1 S)

It is understood and agreed to by the Parties hereto that the effective date of the Lease shall be the date of execution of the Lease by District.

16. TERMINATION (PM014.1 S)

Failure of Optionee to fully and satisfactorily meet the terms and conditions of this Option Agreement within the time limits stated herein shall absolutely and conclusively terminate Optionee's rights hereunder, notwithstanding the fact that District may choose to negotiate a lease with Optionee within a reasonable time after the expiration of this Option Agreement.

Upon execution of this Option Agreement, the Optionee shall execute, acknowledge, and deliver to the Chief

Real Estate Officer a quitclaim deed, in a form as approved by the Chief Real Estate Officer, quitclaiming all right title and interest created by this Option Agreement back to the District (“**Quitclaim Deed**”). The Quitclaim Deed shall be retained by the Chief Real Estate Officer for the duration of this Option Agreement and shall be recorded in the event of the termination of this Option Agreement for any reason to remove any cloud on title created by this Option Agreement.

17. NOTICES (PM018.1 N)

All notices, documents, correspondence and communications concerning this Option Agreement shall be addressed as set forth in this Clause 17, or as the Parties may hereafter designate by written notice, and shall be sent through the United States mail, return receipt requested or with other proof of delivery, with postage prepaid, by personal delivery, Federal Express or similar courier service, or by facsimile. Notices so given shall be deemed to have been given upon receipt with the exception of transmittals via facsimile which shall be deemed delivered on the day transmitted provided transmitted by 4:30 P.M. (PT) on the receiving Party’s regular business day, otherwise delivery shall be deemed to have been given on the next business day.

DISTRICT:

Orange County Flood Control District
 c/o CEO-Real Estate
 Thomas Miller, Chief Real Estate Officer
 400 West Civic Center Drive, 5th Floor
 Santa Ana, CA 92702

OPTIONEE:

NAME
 COMPANY
 ADDRESS
 ADDRESS
 Attn: CONTACT

Either Party may change the address for notices by giving the other Party at least ten (10) calendar days’ prior written notice of the new address.

18. VENUE (PMES13.1S)

The Parties hereto agree that this Option Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of California. In the event of any legal action to enforce or interpret this Option Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in the County of Orange, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties hereto specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

19. SEVERABILITY (PMES15.1S)

If any term, covenant, condition, or provision of this Option Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

20. ATTORNEYS' FEES (PMES16.1S)

In any action or proceeding brought to enforce or interpret any provision of this Option Agreement, or where

any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees and costs.

21. SUCCESSORS AND ASSIGNS (PMES18.1S)

The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of the Parties hereto.

22. AUTHORITY (PMES20.1S)

The Parties to this Option Agreement represent and warrant that it has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.

23. ENTIRE AGREEMENT (PM017.1 S)

This instrument contains the entire agreement between the Parties relating to the Option granted herein and all negotiations and agreements between the Parties hereto or their agents with respect to this transaction are merged herein. Any oral representations, modifications, or waivers concerning this instrument shall be of no force and effect, except in a subsequent instrument made in writing and signed by both Parties. Time is of the essence in the performance of the Parties' respective obligations herein contained. Subject to the restrictions against sale, assignment, or other transfer above, this Option Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs, successors, and assigns.

This Option Agreement may be executed in one or more electronic or original counterparts, each of which will be deemed an original signature but all of which together will constitute one and the same instrument.

(intentionally left blank)

IN WITNESS WHEREOF, the Parties have executed this Option Agreement the day and year first above written.

OPTIONEE

NAME
a California corporation

By: _____

Name:

Title:

By: _____

Name:

Title:

DISTRICT

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIR OF THE BOARD
OF SUPERVISORS PER
GC § 25103, RESO. 79-1535

ORANGE COUNTY FLOOD CONTROL DISTRICT,
a body corporate and politic

ATTEST:

Chair, Board of Supervisors
Orange County, California

Clerk of the Board of Supervisors
Orange County, California

APPROVED AS TO FORM:
COUNTY COUNSEL

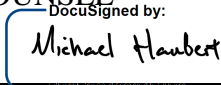
By:  _____
Deputy 7B6E2C12961F4B3...

EXHIBIT A
GROUND LEASE
[to be attached]