

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

William W. Bothwell, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
777 South Figueroa Street, Suite 3200
Los Angeles, California 90017

(Space above for Recorder's use)

This document is recorded for the benefit of the County of Orange and the recording is fee-exempt under Sections 27383 and 6103 of the California Governmental Code.

GROUND LEASE (PHASE II)

by and between the

COUNTY OF ORANGE

and the

CAPITAL FACILITIES DEVELOPMENT CORPORATION

Dated as of [DATED DATE]

relating to the

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY
LEASE REVENUE BONDS, SERIES 2018A
(ORANGE COUNTY CIVIC CENTER
INFRASTRUCTURE IMPROVEMENT PROGRAM – PHASE II)**

GROUND LEASE (PHASE II)

This Ground Lease (Phase II) (this “Ground Lease”), dated as of [DATED DATE], is by and between the COUNTY OF ORANGE, a political subdivision of the State of California (the “County”), as lessor, and the CAPITAL FACILITIES DEVELOPMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), as lessee.

W I T N E S S E T H:

WHEREAS, the County desires to provide for the financing of certain public improvements described in Exhibit B to the Facility Lease, hereinafter defined (the “Project”);

WHEREAS, pursuant to this Ground Lease, the County will lease certain real property and the improvements thereon, described in Exhibit A hereto (the “Real Property”), to the Corporation;

WHEREAS, concurrently with the execution of this Ground Lease, the County and the Corporation are entering into a Facility Lease (Phase II) (the “Facility Lease”), dated as of [DATED DATE], whereby the Corporation will lease back to the County the Real Property and the Project (collectively referred to herein as the “Leased Property”);

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “JPA Act”), a number of California cities, counties and special districts, including the County, entered into a joint exercise of powers agreement (the “Agreement”) pursuant to which the California Municipal Finance Authority (the “Authority”) was organized;

WHEREAS, the Authority is authorized by its Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements for all purposes permitted by the JPA Act and described in the Agreement;

WHEREAS, the Authority and ZB, National Association dba Zions Bank, as trustee (the “Trustee”), are entering into an Indenture, dated as of [DATED DATE] (the “Indenture”) pursuant to which the Authority will issue its Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program – Phase II) in an aggregate principal amount of \$XXX,000,000 (the “Bonds”) to provide funds for the financing of the Project;

WHEREAS, the Bonds will be secured by the payments to be made by the County pursuant to the Facility Lease;

WHEREAS, the County is authorized by law to lease the Real Property and the Real Property is necessary and proper for public purposes; 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 RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Leased Property. The County hereby leases to the Corporation and the Corporation hereby rents and hires from the County, on the terms and conditions hereinafter set forth, the Real Property, more particularly described in Exhibit A attached hereto and made a part hereof. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Facility Lease or the Indenture, as applicable.

Section 2. Term.

(a) The term hereof will commence on the Closing Date and shall end on the Expiry Date (as defined in the Facility Lease) unless such term is sooner terminated or is extended as hereinafter provided. If prior to the Expiry Date all Base Rental Payments under the Facility Lease shall have been paid, or provision has been made in accordance with Article X of the Indenture to defease all outstanding Bonds, the term hereof shall end simultaneously therewith.

(b) If the Facility Lease is extended automatically beyond the Expiry Date pursuant to the terms thereof, this Ground Lease shall also be extended to the day following the date of termination of the Facility Lease.

Section 3. Rent. The Corporation shall pay to the County an advance rent of \$1, which, together with the execution and delivery of the Facility Lease, shall constitute full consideration for this Ground Lease over its term. The Corporation hereby waives any right that it may have under the laws of the State of California to receive a rebate of such rent in full or in part in the event there is a substantial interference with the use and right of possession by the Corporation of the Real Property or portion thereof as a result of material damage, destruction or condemnation.

Section 4. Purpose. The Corporation shall use the Real Property solely for the purpose of subleasing the same to the County; *provided*, that in the event of default by the County under the Facility Lease, the Corporation may exercise the remedies provided in the Facility Lease.

Section 5. Owner in Fee. The County covenants that it is the owner of the Real Property free and clear of all liens, claims or encumbrances except Permitted Encumbrances (as defined in the Facility Lease).

Section 6. Assignments and Leases. Unless the County shall be in default under the Facility Lease, the Corporation may not, without the prior written consent of the

County, assign its rights hereunder or sublet the Leased Property, except that the County expressly approves and consents to the assignment and transfer of the Corporation's right, title and interest in this Ground Lease to the Trustee pursuant to Section 9.01 of the Facility Lease.

Section 7. Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 8. Termination. The Corporation agrees, upon the termination hereof, to quit and surrender the Leased Property in the same good order and condition as the same was in at the time of commencement of the terms hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements to the Leased Property at the time of the termination hereof shall remain thereon and title thereto shall vest in the County.

Section 9. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms hereof, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the County may exercise any and all remedies granted by law, except that no merger of this Ground Lease and of the Facility Lease shall be deemed to occur as a result thereof; *provided*, that so long as the Bonds executed and delivered pursuant to the Indenture are Outstanding, the County shall have no power to terminate this Ground Lease by reason of any default on the part of the Corporation, if such termination would affect or impair any assignment of the Facility Lease then in effect between the Corporation and the Trustee.

Section 10. Quiet Enjoyment. The Corporation at all times during the term hereof shall peaceably and quietly have, hold and enjoy the Leased Property.

Section 11. Waiver of Personal Liability. All liabilities hereunder on the part of the Corporation shall be solely corporate liabilities of the Corporation, and the County hereby releases each and every director, officer and employee of the Corporation from any personal or individual liability hereunder. No director, officer or employee of the Corporation shall at any time or under any circumstances be individually or personally liable hereunder for anything done or omitted to be done by the Corporation hereunder.

Section 12. Eminent Domain. In the event the whole or any portion of the Leased Property is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid Base Rental Payments payable under the Facility Lease, and the amount of the unpaid Additional Payments due under the Facility Lease, and the balance of the award, if any, shall be paid to the County.

Section 13. Amendments. This Ground Lease may be amended for the purpose of affecting a Substitution or Removal, as further described in the Facility Lease, and in the manner and under the circumstances described in connection with the amendment of the Facility Lease, as further described in the Facility Lease.

Section 14. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void

or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining agreements, conditions, covenants or terms hereof shall be affected thereby, and each provision of this Ground Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15. Notices. All written notices to be given shall be given by first class mail to the party entitled thereto as its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the County:

County of Orange
333 W. Santa Ana Boulevard
Santa Ana, CA 92701
Attention: Public Finance Director

If to the Corporation:

Capital Facilities Development Corporation
333 W. Santa Ana Boulevard
Santa Ana, CA 92701
Attention: Public Finance Director

If to the Trustee:

ZB, National Association dba Zions Bank
550 South Hope Street, Suite 2875
Los Angeles, CA 90071
Attention: Corporate Trust Services

Section 16. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit scope of any provision hereof.

Section 17. Counterparts. This Ground Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 18. Governing Law. This Ground Lease shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in California.

[This space intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Ground Lease by their duly authorized officers as of the day and year first above written.

COUNTY OF ORANGE

By: _____

Suzanne Luster
Public Finance Director

CAPITAL FACILITIES DEVELOPMENT
CORPORATION

By: _____

[_____
Secretary]

EXHIBIT A

DESCRIPTION OF THE REAL PROPERTY

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

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)
) ss
COUNTY OF ORANGE)

On _____, 2018, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ [SEAL]

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)
) ss
COUNTY OF ORANGE)

On _____, 2018, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ [SEAL]