

Attachment 1

Sub-Lease Agreement
Between the County of
Santa Barbara
and Rippan Property, LLC

SUBLEASE

THIS SUBLEASE (the "*Sublease*") is made and entered into, effective as of July [●], 2020 (the "*Effective Date*"), by and between RIPPAN PROPERTY, LLC, a California limited liability company ("*Sublessor*"), and COUNTY OF SANTA BARBARA ("*Sublessee*" and, together with Sublessor, individually a "*Party*" and together the "*Parties*"), with reference to the following facts:

RECITALS:

A. RIVIERA DAIRY PROPERTY, LLC, a California limited liability company ("*Master Lessor*"), is the owner of that certain parcel of real property consisting of approximately 9.45 acres of land located at 3845 State Street, Santa Barbara, California, which is commonly identified as Assessor's Parcel No. 051-010-07 (the "*Land*"), and the two-story building situated thereon containing in the aggregate approximately 144,000 rentable square feet of building space (the "*Building*"), and an out-building also situated on the Land and containing approximately 6,250 rentable square feet of building space and formerly operated as an automotive service center (the "*Automotive Center*" and, together with the Land and the Building, the "*Property*").

B. Pursuant to that certain Lease described on Appendix 1 hereto, as amended and assigned (as so amended and assigned the "*Master Lease*"), by and between Master Lessor as "Lessor," and Sublessor as "Lessee," Sublessor leases the Premises from Master Lessor. Each agreement and document comprising the Master Lease shall have the meaning ascribed thereto on Appendix 1 hereto.

C. Sublessee desires to sublease the second floor of the Building, containing approximately 72,000 rentable square feet and depicted on Appendix 2 hereto (the "*Premises*"), and the Parties have agreed to execute this Sublease in order to memorialize the terms and conditions on which Sublessor shall sublease the Premises to Sublessee.

AGREEMENTS:

NOW, THEREFORE, the Parties hereto, intending to be legally bound, do hereby agree as follows:

1. SUBLEASE AND DELIVERY OF POSSESSION

1.1 SUBLEASE OF PREMISES; PARKING. Sublessor hereby subleases the Premises to Sublessee from and after the Effective Date hereof (the "*Commencement Date*"), on the terms and subject to the conditions set forth in this Sublease. In addition to the Premises, Sublessee, its guests, and invitees shall be entitled, at no additional charge, to unreserved use of all parking spaces on the upper parking lot on the side of the Building which faces La Cumbre Road (the "*Parking Spaces*"). Sublessee shall have access to the Premises and the Parking Spaces on a 24 hours/day, 7 days/week, basis.

1.2 POSSESSION. The Parties acknowledge and agree that possession of the Premises was delivered to Sublessee on the Commencement Date. For all purposes under this Ground Lease, the Parties agree that the Premises contains 72,000 rentable square feet.

1.3 "AS IS" CONDITION; DISCLAIMER OF REPRESENTATIONS OR WARRANTIES.

(a) "**AS IS.**" Sublessee hereby accepts the Premises in its condition as of the Commencement Date, AS IS AND WITH ALL FAULTS WHATSOEVER, subject to all applicable laws, ordinances, regulations, covenants and restrictions (including but not limited to the "CC&Rs" described in Section 1.3(b), below).

(i) Sublessee acknowledges and agrees that Sublessor has made no, and hereby expressly disclaims any and all, representations or warranties regarding the condition or the suitability of the Property, the Building, or the Premises for the "Permitted Use" described in Section 7.1, below, and Sublessee waives any implied warranty that the Premises are suitable for Sublessee's Permitted Use.

(ii) Sublessee, at its sole cost and expense, shall be solely responsible for paying all expenses to prepare the Premises for Lessee's occupancy, including but not limited to all cleaning, repairs to and upgrading of all building systems (*e.g.*, the heating, ventilating and air conditioning systems ("**HVAC**"), electrical and plumbing), and installation of new or renovated bathrooms or showers, and any parking lot repair.

(iii) In no event shall Sublessor have any obligation or liability whatsoever for any defects in the Premises or any limitations upon use of the Premises under applicable laws, ordinances, regulations, covenants and restrictions (including but not limited to the "CC&Rs" (as defined below)). Sublessee is advised to verify the actual size prior to executing this Lease. Sublessee acknowledges that it has had the opportunity to inspect the suitability of the Premises for Sublessee's intended use (including but not limited to the electrical, the HVAC, and fire sprinkler systems, security, environmental aspects, and compliance with any building codes, applicable federal, state, county, and municipal laws, regulations, and ordinances and the CC&Rs and other covenants or restrictions of record, including but not limited to the Americans with Disabilities Act and any state counterparts thereto) (collectively, the "**Legal Requirements**"), and to measure the Premises.

(b) **CC&Rs.** Sublessee hereby (i) acknowledges that title to the Property is encumbered by and use of the Premises is governed by that certain Declaration of Establishment of Restrictions and Covenants Affecting Land, which were recorded in the Official Records of Santa Barbara County on July 15, 1966 as Instrument No. 22989 in Book 2158, Page 534, and were amended by that certain First Amendment Amending Declaration of Establishment of Restrictions and Covenants Affecting Land, as recorded in the Official Records of Santa Barbara County on October 27, 1967 as Instrument No. 31511 in Book 2209, Page 1154 (as so amended, the "**CC&Rs**"), (ii) acknowledges having received and reviewed a copy of the CC&Rs, and (iii) covenants and agrees at all times to comply with the terms of the CC&Rs.

(c) **MASTER LEASE.** Sublessee acknowledges having received and reviewed a copy of the Master Lease and, except as otherwise expressly provided in this Sublease, agrees to comply with the terms thereof.

2. REPRESENTATIONS AND COVENANTS OF SUBLESSOR

2.1 REPRESENTATIONS AND WARRANTIES OF SUBLESSOR. Sublessor represents and warrants to Sublessee that (a) Sublessor is not in default or breach of any of the material provisions of the Master Lease; (b) to the knowledge of Sublessor, Master Lessor is not in default of any of its obligations under the Master Lease, and (c) Sublessor has no knowledge of the existence of any fact or circumstance which, with the passage of time or the delivery of notice, would constitute a default under the Master Lease.

2.2 COVENANT OF SUBLESSOR: MAINTAIN MASTER LEASE. Sublessor covenants and agrees that (i) Sublessor will maintain the Master Lease in full force and effect throughout the term of this Sublease, and (ii) immediately upon request by Sublessee, Sublessor shall enforce any and all of the obligations of the Master Lessor under the Master Lease.

3. TERM

3.1 INITIAL TERM. Subject to sooner termination by Sublessor pursuant to the express terms hereof, the initial term of this Sublease shall be for six (6) months commencing on the Commencement Date and expiring on _____, 20__¹ (the "**Initial Term**").

3.2 EXTENSION IN TERM. Subject to the conditions set forth in Section 3.2(b), below, Sublessor grants to Sublessee six (6) options (each, a "**Renewal Option**") to extend the Initial Term of this Sublease for a period of ninety (90) days each (each, a "**Renewal Term**" and, together with the Initial Term, the "**Term**"), for total Renewal Terms of eighteen (18) months in the aggregate. Each Renewal Term shall commence on the day immediately following the last day of the Initial Term or the immediately preceding Renewal Term, as applicable.

(a) ELECTION BY SUBLESSEE. Sublessee in its sole discretion may elect to extend the term of the Master Lease pursuant to the exercise of a Renewal Option in accordance with this Section 3.2.

(b) CONDITIONS TO EXERCISE. Sublessee's right to exercise each Renewal Option is subject to the satisfaction of the following conditions precedent:

(i) This Sublease shall be in effect at the time notice of exercise is given and on the last day of the Initial Term or Renewal Term, as applicable, during which such notice of exercise is delivered to Sublessor;

(ii) Sublessor shall not have previously served Sublessee, in good faith, with a three-day notice to pay rent or quit under California Code of Civil Procedure Section 1161;

(iii) Sublessee shall not be in default beyond any applicable cure period at the time notice of exercise is given or on the last day of the Initial Term or the Renewal Term, as applicable, during which such notice of exercise is delivered to Sublessor; and

(iv) Sublessee shall have given notice of exercise of the Option pursuant to this Section 3.2 not less than sixty (60) and not more than ninety (90) days prior to the expiration of the Initial Term or Renewal Term during which such notice of exercise is delivered to Sublessor, as applicable.

(c) RENT DURING RENEWAL TERM. All terms of this Lease, including those applicable to payment of "Base Rent" and "Operating Expenses" (as defined below), shall remain in effect during each Renewal Term under this Sublease.

4. RENT.

4.1 BASE RENT. Sublessee shall pay to Sublessor base rent ("Base Rent") during the Term of this Lease as follows.

(a) BASE RENT RATES.

(i) Initial Rate. Sublessee shall pay Base Rent at a rate of \$0.30 per rentable square foot per month (*i.e.*, \$0.30/r.s.f./month x 72,000 r.s.f. = \$21,600.00 per month) commencing on the Commencement Date of this Sublease.

(ii) Increase for TI Work Storage. Effective on the first date on which Sublessee either undertakes any tenant improvement work to the Premises or stores any equipment or materials

¹ NTD: To insert date that is 6 months following Commencement Date.

at the Premises, Sublessee shall pay Base Rent at a rate of \$0.35 per rentable square foot per month (i.e., \$0.35/r.s.f./month x 72,000 r.s.f. = \$25,200.00 per month).

(iii) Increase for Occupancy. Effective on the first day on which any employees of Sublessee or any other Person occupy the Premises or any health care patients occupy the Premises, Sublessee shall pay Base Rent at a rate of \$0.40 per rentable square foot per month (i.e., \$0.40/r.s.f./month x 72,000 r.s.f. = \$28,800.00 per month).

(b) EFFECT OF INCREASE IN RENT. Upon any increase in the rate of Base Rent pursuant to (i) Section 4.1(a)(ii), such increased rate shall remain in effect until there is a subsequent increase in the rate of Base Rent under Section 4.1(a)(iii), above, or (ii) Section 4.1(a)(iii), above, such increased rate shall remain in effect for the remainder of the Term of this Lease. If any increase in the rate of Base Rent under Section 4.1(a)(ii) or under Section 4.1(a)(iii), above, takes effect in the middle of a calendar month, then within five (5) days following the effective date of such increase, Sublessee shall pay to Sublessor the increased amount of Base Rent due for the remainder of such calendar month, prorated on the basis of a 30-day month.

4.2 PAYMENTS. Base Rent shall be paid on the first day of each calendar month starting on the Commencement Date. Any payment of Base Rent for a partial calendar month shall be prorated on the basis of a 30-day month. Sublessee shall cause payment of all such Base Rent and other amounts payable by Sublessee to Sublessor under this Sublease to be received by Sublessor without deduction, setoff, notice, or demand.

4.3 LATE PAYMENT CHARGES. If Sublessee fails to make any payment of Base Rent or Additional Rent due under this Sublease on the due date thereof, then in addition to other remedies available to Sublessor hereunder, Sublessee shall pay to Sublessor, within ten (10) days following written demand therefor, a late payment charge equal to six percent (6.0%) of the delinquent payment.

4.4 ADVANCE PAYMENT OF RENT. Concurrently with the execution of this Sublease, Sublessee shall pay to Sublessor the aggregate sum of \$32,400.00, representing the sum of (a) Base Rent in the amount \$21,600.00, plus (b) estimated monthly Operating Expenses in the amount of \$10,800. Such amount shall be applied to the Base Rent and estimated Operating Expenses due for the period from the Commencement Date through the last day of the calendar month in which the Commencement Date occurs, and any amount in excess of the amount that is so applied shall be applied to the Base Rent and estimated Operating Expenses coming due in the next succeeding calendar month.

5. OPERATING EXPENSES.

5.1 ADDITIONAL RENT. Commencing on the Commencement Date, and in consideration of the use and occupancy of the Premises, Sublessee also shall pay Sublessee's Proportionate Share of the real property taxes, insurance premiums, maintenance and repair costs, and other Operating Costs of the Premises and all other costs, expenses and other charges imposed upon Sublessee under this Sublease (collectively, "**Additional Rent**"), without reduction or set-off. Such Additional Rent shall be due and payable commencing on the Possession Date. All payments due from Sublessee to Sublessor shall be paid in lawful money of the United States of America at Sublessor's address for notices or to such other Person or at such other place as Sublessor may from time to time designate in writing to Sublessee on ten (10) days' notice. Sublessee shall be obligated to pay such Additional Rent in each month during the Term of this Sublease, including each month in which Sublessee is permitted to occupy the Premises without any obligation to pay Base Rent. If Sublessee fails to pay any such Additional Rent when due, then Sublessor shall have, with respect to such delinquency, all remedies available under this Sublease and applicable law for late payment of Base Rent or other rent.

5.2 OPERATING COSTS.

(a) In addition to any other payments due under this Sublease, Sublessee shall pay to Sublessor, as Additional Rent in accordance with Section 5.1, above, Sublessee's Proportionate Share of Sublessor's Operating Costs. For purposes hereof, "**Proportionate Share**" shall mean forty-seven and ninety-two hundredths percent (47.92%). Such payments shall be due with respect to all periods commencing on the Commencement Date and continuing thereafter through the end of the Term.

(i) Sublessee shall pay annual Operating Costs in monthly installments equal to one-twelfth (1/12th) of the estimated annual amount of such Operating Costs. Commencing on the Commencement Date and until changed by Sublessor, Sublessee shall pay \$10,800.00 per month as one-twelfth (1/12th) of the estimated annual amount of such Operating Costs (*i.e.*, 72,000 r.s.f in Premises x \$0.15/r.s.f./month = \$10,800/month). Within ninety (90) days following the end of each calendar year during the Term of this Lease (and the portion of the final calendar year in which the Term of this Sublease expires or is terminated), Sublessor shall reconcile such estimated payments for the preceding calendar year (or portion thereof, as applicable) against the actual amount of Operating Expenses for such period and either (A) bill Sublessee for any balance due, which Sublessee shall pay within ten (10) days of written demand therefor, or (b) credit any overpayment against Operating Expenses thereafter coming due from Sublessee to Sublessor for the then-current year. The foregoing provisions shall survive the expiration or termination of the Term of this Sublease.

(ii) For the purposes of this Sublease, the term "**Operating Costs**" means all costs and expenses whatsoever incurred or accrued by Sublessor directly in connection with the ownership, operation, maintenance, repair, and improvement of the Premises, the Building, and the land upon which the Building is situated (collectively, the "**Property**"). "Operating Costs" shall specifically include, without limitation, all amounts paid or incurred by Sublessor for real property taxes and assessments (as provided in Section 6), and other taxes and assessments of any nature (except Sublessor's income taxes) levied and assessed against Sublessor on account of, and/or against the Premises; parking in-lieu fees and any increase in the amount of such fees; repair, remodeling, renovation, replacement, improvement, and operation of the Premises, including, without limitation, wiring, machinery, and equipment, plumbing, sewers, the roof, load bearing interior and exterior walls, foundations, joists, supports, subflooring, gutters, downspouts, heating, ventilating, and air-conditioning, glass and doors, and reasonable reserves pertaining thereto; attorneys' fees and costs; maintenance of the Premises, including, without limitation, costs of resurfacing and repainting, costs of security, cleaning, sweeping, and other services, supplies, policing, purchase, construction, location, and maintenance of refuse receptacles, maintaining and operating the HVAC equipment and related distribution facilities and controls for the Premises; premiums and deductible amounts payable on insurance purchased by Sublessor as provided herein; all costs of utilities used in connection with the maintenance, operation, and management of the Premises that are not separately metered and billed to particular tenants; insurance premiums; deductible amounts under insurance policies; property management fees not exceeding three percent (3.0%) of the Base Rent and Operating Costs payable by Sublessee hereunder; any costs imposed upon Master Lessor under the CC&Rs; and such other amounts as are designated as Operating Costs in other provisions of this Sublease.

(iii) For the avoidance of doubt, this Sublease is an absolute triple net lease, and if Sublessee is required to reimburse Sublessor hereunder for any Operating Cost or other cost that is treated as a capital expenditure, then Sublessee shall pay the full amount of such Operating Cost or other cost or expense, notwithstanding that the capital asset that is created or improved by such expenditure may have a useful life that extends beyond the expiration of the Term of this Sublease. For the avoidance of doubt, the foregoing provision applies only to expenditures by Sublessor, and shall not apply to expenditures which Sublessee is required in order to prepare the Premises for Sublessee's Permitted Use or to discharge Sublessor's obligations to repair, maintain, and replace the Premises or any portion thereof.

(b) The accounting period for determining Sublessor's total Operating Costs shall be the calendar year, except that (i) the first accounting period shall commence on the Commencement Date and end on the next following December 31st, and (ii) the last accounting period shall end on the date the Term of this Sublease expires or terminates.

(c) Sublessee from time to time (but not more frequently than once in each calendar year) and at its sole cost and expense shall be entitled to inspect Sublessor's books and records to the extent reasonably required to confirm the accuracy of the amounts being billed to Sublessee hereunder as its share of Operating Costs. Each such inspection may occur only during regular weekday business hours at Sublessor's offices and upon at least fourteen (14) days' advance written notice.

(i) If by reason of such audit the Parties determine that (A) Sublessee has been over-charged for any period, then the amount of such over-charge shall be applied to the amount of Operating Costs next coming due under this Sublease, or (B) Sublessee has been under-charged for any period, then the amount of such underpayment shall be due and payable (as Additional Rent hereunder) within ten (10) days of Sublessor's written demand therefor.

(ii) Notwithstanding the foregoing provisions of this Section 5.2(c), Sublessee may not inspect Sublessor's books and records with respect to any calendar year (A) more than once, (B) prior to ninety (90) days following the end of such calendar year, or (C) after the expiration of one (1) year following the end of such calendar year.

6. PROPERTY TAXES AND ASSESSMENTS

6.1 PERSONAL PROPERTY TAXES. Sublessee shall pay before delinquency all taxes assessed against any personal property of Sublessee installed or located in or upon the Premises and that are attributable to any period included within the Term, whether or not such taxes are actually payable during the Term.

6.2 REAL PROPERTY TAXES. In addition to all Base Rent and other Additional Rent payable by Sublessee under this Sublease, Sublessee agrees to pay, as Additional Rent, Sublessee's Proportionate Share of real property taxes and other assessments levied and assessed against the Premises. Such payments shall be made as a part of Sublessee's payments of Sublessee's Proportionate Share of Operating Costs, as provided in Section 5, above. Real property taxes for any fractional portion of a fiscal year included in the Term shall be prorated on the basis of a 360-day year.

6.3 TAXES DEFINED; SPECIAL ASSESSMENTS. The term "*real property taxes*" as used in this Sublease shall include, without limitation, all taxes, assessments, improvement bonds, levies and other governmental charges, general and special, ordinary and extraordinary, of any kind and nature whatsoever, levied or assessed against the Premises, or against Sublessor as a result of its ownership of the Premises, including but not limited to, assessments for public improvements or benefits that are levied or assessed against the Premises, and any changes in taxes resulting from a change in ownership or other reassessment, but excluding any franchise, estate, inheritance, succession, capital levy, transfer, income, or excess profits tax imposed upon Sublessor. If at any time during the Term, under the laws of California, or any political subdivision thereof in which the Premises are situated, a tax or excise on rents or other tax, however described, is levied or assessed against Sublessor on account of the rent expressly reserved hereunder, in addition to or as a substitute in whole or in part for taxes assessed or imposed by California or such political subdivision on land and/or buildings, such tax or excise shall be included within the definition of "real property taxes," but only to the extent of the amount thereof that is lawfully assessed or imposed as a direct result of Sublessor's ownership of leases related to the Premises, or of the rental accruing under such leases. With respect to any assessment that may be levied against or upon the Premises, and that, under the laws then in force, may be evidenced by improvement or other bonds, or may be paid in installments, Sublessee shall be required to pay each year only the amount of such installments as Sublessor shall be required to pay during such year (with

appropriate proration for any partial year) and shall have no obligation to continue such payments after the expiration of the Term.

7. USE OF PREMISES

7.1 GENERAL. The Premises may be used and occupied only for the purpose of storing medical equipment and as an overflow facility for occupancy by patients of medical facilities located in Santa Barbara County, some of whom may have low-intensity symptoms of, or be recovering from, Coronavirus and COVID-19 (collectively, the "*Permitted Use*").

7.2 HAZARDOUS SUBSTANCES.

(a) REPORTABLE USES REQUIRE CONSENT. Except for (a) Hazardous Materials contained in products used by Sublessee in *de minimis* quantities for ordinary cleaning and office purposes, (b) propane used in Sublessee's forklifts in the normal course of its business, and (c) Hazardous Materials contained in products stored and/or distributed during Sublessee's normal course of business in their original, sealed, and unopened containers, Sublessee shall not permit or cause any Person to bring any Hazardous Material upon the Premises or transport, store, use, generate, manufacture or release any Hazardous Materials in or about the Premises without Sublessor's prior written consent. The term "*Environmental Requirements*" means all applicable present and future statutes, regulations, ordinances, rules, codes, permits, judgments, orders or other similar enactments of any governmental authority or agency regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. The term "*Hazardous Materials*" means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Sublessee is and shall be deemed to be the "*operator*" of Sublessee's "*facility*" and the "*owner*" of all Hazardous Materials brought on the Premises by Sublessee, its agents, employees, contractors or invitees, and the wastes, by-products, or residues generated, resulting, or produced therefrom. No cure or grace period provided in this Sublease shall apply to Sublessee's obligations to comply with the terms and conditions of this Section 7.2.

(b) DUTY TO INFORM SUBLESSOR. If Sublessee knows, or has reasonable cause to believe, that a Hazardous Material has come to be located in, on, under or about the Premises, other than as previously consented to by Sublessor, Sublessee shall immediately give written notice of such fact to Sublessor, and provide Sublessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Material.

(c) SUBLESSEE REMEDIATION. Sublessee, at its sole cost and expense, shall operate its business in the Premises in strict compliance with all Environmental Requirements and shall investigate, mitigate and remediate in a manner satisfactory to Sublessor any Hazardous Materials introduced or released on or from the Premises by Sublessee, its agents, employees, contractors, or invitees. Sublessee shall complete and certify to disclosure statements as requested by Sublessor from time to time relating to Sublessee's transportation, storage, use, generation, manufacture or release of Hazardous Materials on the Premises.

(d) SUBLESSEE INDEMNIFICATION FOR HAZARDOUS MATERIALS. Sublessee shall indemnify, defend, and hold Sublessor harmless from and against any and all losses (including, without limitation, diminution in value of the Premises and loss of rental income from the Premises), claims, demands, actions, suits, damages (including, without limitation, punitive damages), expenses (including, without limitation, remediation, removal, repair, corrective action, or cleanup expenses), and costs (including, without limitation, actual attorneys' fees, consultant fees or expert fees and including, without limitation, removal or

management of any asbestos brought into the property or disturbed in breach of the requirements of this Section 7.2, regardless of whether such removal or management is required by law) which are brought or recoverable against, or suffered or incurred by Sublessor as a result of any release of Hazardous Materials for which Sublessee is obligated to remediate as provided above or any other breach of the requirements under this Section by Sublessee, its agents, employees, contractors, guests, or invitees, regardless of whether Sublessee had knowledge of such noncompliance. The obligations of Sublessee under this Section 7.2(d) shall survive any termination of this Lease. Notwithstanding anything to the contrary in this subsection, Sublessee shall have no liability of any kind to Sublessor as to Hazardous Materials on the Premises (i) caused by Sublessor or its agents; or (ii) present at the Premises prior to the date Sublessee takes occupancy of the Premises, unless disturbed by Sublessee in violation of this Lease.

8. INSURANCE; TENANT INDEMNITY. Sublessee agrees to procure and maintain at its sole cost and expense during the term of this Sublease such policies of insurance, with such coverage and in such amounts, as Sublessee is required to provide under the Master Lease (including Sections 14 and 15 of the Original Ground Lease), *provided that*:

8.1 COVERAGE. In lieu of the coverage amounts and scope of coverage described therein with respect to casualty and liability insurance, such policies shall provide for:

(a) Special Form (formerly known as All Risk) insurance, including fire and extended coverage, sprinkler leakage (including earthquake sprinkler leakage), vandalism, malicious mischief coverage upon property of every description and kind owned by Sublessee and located in the Premises or the Building, or for which Sublessee is legally liable or installed by or on behalf of Sublessee including, without limitation, furniture, equipment, and any other personal property, and all Sublessee's Work, in an amount not less than the full replacement cost thereof. If there is a dispute as to the amount that comprises full replacement cost, the decision of Sublessor or the mortgagees of Sublessor shall be presumptive.

(b) Commercial general liability insurance coverage on an occurrence basis, including personal injury, bodily injury (including wrongful death), broad form property damage, operations hazard, owner's protective coverage, terrorism, contractual liability (including Sublessee's indemnification obligations under this Master Lease), products and completed operations liability, owned/non-owned auto liability, with a general aggregate of not less than Twenty-five Million Dollars (\$25,000,000). Such policy shall insure the contingent liability of Master Lessor and Sublessor and the performance by the Sublessee of its indemnity obligations under this Master Lease.

8.2 ADDITIONAL INSURED. Each such policy shall name Sublessor and Master Lessor and their respective property managers, if any, as additional insureds thereunder, may not be cancelled except upon thirty (30) days' advance written notice to Sublessor and Master Lessor, and shall be evidenced by a certificate duly delivered to Sublessor upon the Commencement Date of this Sublease and prior to each renewal period under such policies of insurance.

8.3 WAIVER OF SUBROGATION. Without affecting any other rights or remedies, Sublessee and Sublessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto (except as otherwise expressly set forth in this Lease). The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Sublessor or Sublessee, as the case may be, so long as the insurance is not invalidated thereby.

8.4 INDEMNITY. Except to the extent of Master Lessor's or Sublessor's gross negligence or willful misconduct, Sublessee shall indemnify, protect, defend and hold harmless the Premises, Sublessor, Master Lessor, and their agents, partners and lenders, from and against any and all claims, loss of rents and/or

damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Sublessee. If any action or proceeding is brought against Sublessor by reason of any of the foregoing matters, Sublessee shall upon notice defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor and Master Lessor, and Sublessor and Master Lessor shall cooperate with Sublessee in such defense. Sublessor and Master Lessor need not have first paid any such claim in order to be defended or indemnified.

8.5 EXEMPTION OF SUBLESSOR, MASTER LESSOR, AND AGENTS FROM LIABILITY. Notwithstanding the negligence (including, without limitation, gross negligence) or breach of this Sublease by Sublessor or its agents, neither Sublessor nor Master Lessor nor any of their respective agents shall be liable under any circumstances (pursuant to any legal or equitable remedy) for (a) injury or damage to the person or goods, wares, merchandise or other property of Sublessee, Sublessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises, or from other sources or places, (b) injury to Sublessee's business or for any loss of income or profit therefrom, or (c) consequential or punitive damages. Instead, it is intended that Sublessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Sublessee is required to maintain pursuant to the provisions of this Sublease.

9. OTHER AGREEMENTS OF PARTIES

9.1 TENANT IMPROVEMENTS TO THE PREMISES. Sublessee shall be solely responsible, at its sole cost and expense, for the cost of all repairs, replacements, and maintenance work that is necessary or convenient for preparing the Premises for occupancy by Sublessee for the Agreed Use (the "*Alterations*").

(a) **PRIOR SUBLESSOR CONSENT.** Prior to undertaking any Alterations, Sublessee first shall submit the plans and specifications therefor to Sublessor and obtain Sublessor's prior consent thereto in writing, which consent may be withheld at Sublessor's sole discretion. All Alterations shall be performed in compliance with applicable law, by licensed contractors. Upon completion of any Alterations, Sublessee shall deliver to Sublessor as-built plans therefore prepared by a licensed architect.

(b) **TREATMENT OF ALTERATIONS.** Unless and to the extent Sublessor otherwise requests, all Alterations so approved and constructed shall become a part of the Premises and shall not be removed, encumbered, transferred, or materially altered, except as provided by this Sublease. All such Alterations shall become Sublessor's property at the expiration or sooner termination of the Term. At any time prior to the ten (10) days following the expiration or sooner termination of this Sublease, Sublessor may elect to have Sublessee remove any such Alterations. In such case, Sublessee shall so remove such items within ten (10) days following Sublessee's receipt of Sublessor's notice of election, and Sublessee shall restore the Premises to the condition in which they existed prior to such removal. Notwithstanding the foregoing, Sublessee shall have the right to make interior, non-structural alterations, additions and improvements to the Premises that it shall deem desirable for the Permitted Use, without Sublessor's consent, provided that any such alteration, addition or improvement shall not diminish the value of the Premises nor impair the structural integrity of the Premises or the building of which the Premises are a part. Such alterations shall be in conformance to all applicable codes.

(c) **MECHANICS' LIENS.** Sublessee shall keep the Premises, the Building, and all other improvements at the Property at all times free of mechanics' liens and other liens for labor, services, supplies, equipment, or material purchased by or directly or indirectly furnished to Sublessee.

(d) **COOPERATION BY SUBLESSOR.** Sublessor agrees, upon Sublessee's request, to join with Sublessee to execute and deliver such documents and instruments as may be necessary or proper for

applying for or obtaining any permits, licenses, approvals, or records as may be necessary or appropriate to the construction of the improvements and operation of the Premises for the Permitted Use. Sublessor shall incur no expense and no liability as a result of such cooperation. Sublessor shall have the right to approve any conditions imposed by any governmental agency in connection with obtaining any such permits, or other documents or approvals, that may affect the Premises separate and apart from Sublessee's occupancy thereof, which approval shall not be withheld unreasonably.

9.2 PASS-THROUGH OF TERMS. Except to the extent inconsistent with any express provision of this Sublease, all applicable terms and conditions of the Master Lease are hereby incorporated into and made a part of this Sublease, substituting the word "Sublessor" in place of "Landlord," and "Sublessee" in place of "Tenant," in each place where such respective term appears therein.; *provided, however:*

(a) **EXCLUDED PROVISIONS OF MASTER LEASE.** Notwithstanding the foregoing, the Parties acknowledge and agree that the terms and conditions set forth in the following Sections of the Master Lease shall not apply to the rights and duties of Sublessor and Sublessee under this Sublease:

(i) Sections 1, 2, 3, 4, 5, 18, 24, 28, 29, 30, 31, 37, and 39 of the Original Ground Lease.

(ii) The terms of the Second Amendment to Original Ground Lease.

(iii) The terms of the Tri-Party Agreement.

(iv) The terms of the 2006 Letter Agreement.

(v) Section 2 of the Third Amendment to Original Ground Lease.

(b) All references to the "leasehold interest" under the Master Lease shall be deemed to be references to Sublessee's subleasehold interest under this Sublease.

9.3 ASSUMPTION OF DUTIES. Except as otherwise provided in Section 9.2, above, Sublessee assumes and agrees to perform Sublessor's obligations as "Lessee" under the Master Lease during the term hereof to the fullest extent that these obligations are applicable to the Premises. Sublessee shall not commit or suffer any act or omission that will violate any of the provisions of the Master Lease. If the Master Lease terminates, then at the option of Master Lessor, this Sublease shall terminate and the Parties will be relieved of any further liability or obligation under this Sublease; *provided, however*, if the Master Lease terminates as a result of a default or breach by Sublessor or Sublessee under this Sublease or the Master Lease, then the defaulting Party shall be liable to the nondefaulting Party for the damage suffered as a result of the termination.

9.4 ASSIGNMENT AND SUBLETTING. Notwithstanding any other provision of this Sublease or the Master Lease to the contrary, in no event shall Sublessee be entitled to assign its rights under this Sublease or to sublease all or any portion of the Premises.

9.5 SIGNAGE. Sublessee, at Sublessee's sole expense, shall be permitted to place building-standard signage on the exterior of the Premises. All signage shall be approved in advance by Sublessor, in writing, and shall be in accordance with government regulations and the CC&Rs.

9.6 SUBLESSEE'S MAINTENANCE. This Sublease is intended to be and shall be construed as an absolute triple net sublease, and in furtherance thereof, Sublessee, at its sole cost and expense shall be solely obligated to keep the Premises in good condition and repair and to pay, as Additional Rent hereunder, the entire cost of maintaining, repairing, and replacing the Premises and such improvements to the extent necessary to keep the same in first-class condition and repair, reasonable wear and tear excepted. Sublessee

shall be solely responsible for all interior janitorial services for the Premises. In furtherance of and without limiting the generality of the foregoing provisions of this Section 9.6, Sublessee agrees:

(a) To maintain in good condition and repair (i) the structural components of the Building affecting the Premises, which structural components are limited to the foundation, the exterior walls, all load-bearing walls, and the roof; (ii) the exterior of the Building; and (iii) any heating, ventilating, and air conditioning systems at the Building serving the Premises;

(b) To maintain throughout the Term in good and sanitary order, condition and repair, all portions of the Premises, including, without limitation, (i) the interior of the Premises, including flooring, exposed plumbing and wiring, ceiling tiles, paint, and finish; (ii) any windows and lights, (iii) any portion of the Premises fronting on the exterior of the Building; (iv) any heating, ventilating, and air conditioning that serves only the Premises; and (v) any personal property of Sublessee situated in or upon the Premises;

(c) To notify Sublessor promptly of any damage to the Premises resulting from or attributable to the acts or omissions of Sublessee, its invitees, or its authorized representatives, or any other Person or any other cause whatsoever, and thereafter to promptly repair all such damage; and

(d) To keep the exterior of the Premises adjacent to any property line and any refuse area used by Sublessee clean and neat at all times, and to remove immediately therefrom any litter, debris, or other unsightly or offensive matter placed or deposited thereon by Sublessee's agents, guests, and invitees.

9.7 UTILITIES. Sublessee shall be solely responsible for procuring and paying all costs of obtaining access to and using all utilities that will serve the Premises.

9.8 SUBLESSEE OBLIGATION UPON EXPIRATION OR TERMINATION. Upon expiration or termination of this Sublease, Sublessee shall (a) have the Premises thoroughly cleaned by an environmental cleaning service sufficient to eliminate all residue of any Coronavirus or COVID-19; (b) remove all partitions and other personal property brought to the Premises by Sublessee; (c) remove all improvements which Sublessee installs and which Sublessor determines to interfere with Sublessor's use of the Premises following expiration of the term of the Sublease; and (d) leave the Premises in broom-clean condition.

9.9 CERTIFIED ACCESS SPECIALIST. In accordance with California Civil Code Section 1938, Sublessor hereby discloses that, as of the Effective Date of this Sublease, the Property and the Premises have not been inspected by a Certified Access Specialist (CASp), and Sublessor shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards under Applicable Requirements. The following disclosure is hereby made pursuant to applicable California law:

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or Lessee from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." [Civil Code Section 1938(e)]."

Any CASp inspection shall be at the sole cost and expense of Sublessee, shall be conducted in compliance with reasonable rules in effect at the Property with regard to such inspections, and shall be subject to Sublessor's prior written consent. All repairs or other construction required to bring the Premises into

compliance with Applicable Requirements with respect to accessibility shall be at the sole cost and expense of Sublessee.

9.10 ENTRY. Sublessor reserves the right to enter the Premises on reasonable notice to Sublessee to inspect the Premises or the performance by Sublessee of the terms and conditions of this Sublease. In an emergency, no notice will be required for entry regardless of the time or purpose of such entry.

9.11 ATTORNMENT. If the Master Lease terminates, then upon Master Lessor's request, Sublessee shall attorn to Master Lessor and recognize Master Lessor as the "Sublessor" hereunder.

9.12 BROKERS. Sublessor and Sublessee each (a) represents and warrants to each other that except for Radius Group Commercial Real Estate, Inc. ("**Broker**"), which represents both Sublessor and Sublessee and will be compensated solely by Sublessor, such Party has not engaged and is not obligated to pay any commission or other compensation to any real estate broker or agent with respect to the transaction described in this Sublease, and (b) agrees to indemnify the other Party for any breach of the foregoing representation and warranty by the indemnifying Party.

10. DEFAULTS AND REMEDIES

10.1 DEFAULTS. The occurrence of any of the following shall constitute a material default and breach of this Sublease by Sublessee:

(a) BREACHES UNDER MASTER LEASE. The occurrence of any event specified in Section 20 of the Original Ground Lease, substituting the word "Sublessor" for "Landlord," and "Sublessee" for "Tenant," in each place where such terms appear therein.

(b) BREACHES UNDER SUBLEASE. Any default by Sublessee in the performance of its obligations under this Sublease, which is not cured within (i) five (5) days after Sublessor's delivery of written notice thereof, with respect to a default arising from a failure to pay any money due hereunder, or (ii) fifteen (15) days after Sublessor's delivery of written notice thereof, with respect to a default arising from any other act or omission hereunder (except to the extent that any other provision of this Sublease provides that no cure period shall be applicable to any breach thereof).

10.2 REMEDIES. Upon any default by Sublessee hereunder (and subject to the cure period, if any, applicable thereto under the Master Lease or this Sublease, as applicable), Sublessor may exercise with respect to such default all remedies that Master Lessor would have under the Master Lease or applicable law upon any default by Sublessor, as "Tenant," under the Master Lease.

10.3 MUTUAL COVENANT RE NOTICES OF DEFAULT. Sublessor and Sublessee each hereby covenants and agrees that if such Party receives from Master Lessor a notice of default under the Master Lease, then such Party immediately shall deliver a copy thereof to the other Party to this Sublease.

11. MISCELLANEOUS.

11.1 NOTICES. All notices, requests, demands or other communications permitted or required under this Sublease shall be effective only if in writing, and shall be deemed to have been given, received and delivered (a) when personally delivered; (b) upon actual delivery or refusal of acceptance when deposited in the United States mail, certified or registered mail, return receipt requested, postage prepaid; (c) on the date on which transmitted by facsimile, email, or other electronic means generating a receipt or other confirmation of a successful transmission if transmitted before 6:00 p.m. on a Business Day at the recipient's location, and if transmitted after 6:00 p.m. or on a non-Business Day at the recipient's location, then on the next Business Day; or (d) on the next Business Day after the day on which deposited with a public carrier regulated for overnight delivery (*e.g.*, Federal Express), with a return receipt (or equivalent thereof administered by such regulated

public carrier) requested, in a sealed envelope addressed to the Party for whom intended at the street address or facsimile number indicated for such Party on the signature page hereof, or such other street address or facsimile number, notice of which is given in a manner permitted by this Section 11.1. For purposes hereof, the term "**Business Day**" means any day other than a Saturday, Sunday, or other day on which the banks in Los Angeles, California, are permitted or required to be closed.

11.2 BINDING EFFECT; COMPLETE AGREEMENT. Sublessor and Sublessee agree that each of the provisions, conditions, and obligations of this Sublease shall extend to and bind, or inure to the benefit of (as the case may require), Sublessor and Sublessee, and each and every one of their respective heirs, executors, administrators, representatives, successors, and assigns. This Sublease, the Master Lease, and the exhibits and any appendices to this Sublease, constitute the entire agreement between the Parties regarding the subject matter hereof, and supersede all prior and contemporaneous understandings, whether oral or written, including but not limited to that certain letter of intent dated June 2, 2020, and may not be altered, amended, modified, or extended, except by an instrument in writing signed by all Parties. The Parties respectively acknowledge and agree that neither has made any representations or warranties to the other not expressly set forth herein. This Sublease supersedes any proposals regarding the leasing of the Premises, whether written or oral. Any such proposals will be terminated, and of no force or effect, effective upon the execution of this Sublease.

11.3 ATTORNEYS' FEES. If any legal action is instituted by either of the Parties to enforce or construe any of the provisions, conditions, or covenants of this Sublease, or the validity thereof, the Party prevailing in any such action shall be entitled to recover from the other Party all court costs and reasonable attorneys' fees to be set by the court, and the costs and fees incurred in enforcing any judgment entered therein. Attorneys' fees and costs, whenever mentioned in this Sublease, shall include those incurred with respect to arbitration proceedings, if any.

11.4 PARTIAL INVALIDITY. If any term or provision, in whole or in part, of this Sublease or the application thereof to any Person or circumstance shall, to any extent, be invalid, unenforceable, or inapplicable in the stated circumstances or for stated purposes, in any jurisdiction, then the remainder of this Sublease, or the application of such term or provision to Persons or circumstances other than those to which it is held invalid, unenforceable, or inapplicable, shall not be affected thereby. Each term and provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by law.

11.5 NO RECORDING . Neither Party shall record in the Official Records of Santa Barbara County either this Sublease or a memorandum hereof.

11.6 TIME. Time is of the essence of this Sublease and each and every term, covenant, and condition hereof.

11.7 HEADINGS. Section headings in this Sublease are for ease of reference only and shall not affect the interpretation or construction of this Sublease.

11.8 WAIVER. No waiver of any term, provision or condition of this Sublease, the breach or default thereof, by conduct or otherwise, in one or more instances shall be deemed to be either a continuing waiver or a waiver of a subsequent breach or default of any such term, provision or condition of this Sublease. The failure of any Party hereto to enforce at any time any provision of this Sublease shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Sublease or any part hereof or the right of any Party thereafter to enforce each and every such provision. No waiver of any breach of this Sublease shall be held to constitute a waiver of any other or subsequent breach. A waiver hereunder shall be effective only if in writing and signed by the Party to whom was due the performance or other obligation that is being waived.

11.9 CONSTRUCTION. This Sublease is the result of negotiations between the Parties and neither of the Parties entering into this Sublease has acted under any duress or compulsion, whether legal, economic or

otherwise. The Parties hereby waive the application of any rule of law that ambiguous or conflicting terms or provisions should be construed against the Party who (or whose attorney) prepared this Sublease or any earlier draft of the same. The language in all parts of this Sublease shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against Sublessor or Sublessee. In this Sublease, the word "**Person**" means and includes any individual, corporation, limited liability company, trust, fiduciary, governmental entity, or other entity or status of any kind that is recognized under applicable law as a separate legal Person, and the word "**include(s)**" means "include(s), without limitation," and the word "**including**" means "including, but not limited to." Unless the context of this Sublease otherwise clearly requires, references to the plural include the singular and the singular the plural. Unless otherwise expressly indicated herein, the words "**hereof**," "**hereunder**," and similar terms in this Sublease refer to this Sublease as a whole and not to any particular provision of this Sublease. All references to "**Section**" herein shall refer to the sections and paragraphs of this Sublease unless specifically stated otherwise. The section and other headings, if any, contained in this Sublease are inserted for convenience of reference only, and they neither form a part of this Sublease nor are they to be used in the construction or interpretation of this Sublease.

11.10 COUNTERPARTS; ELECTRONIC SIGNATURES. This Sublease may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument, binding on each signatory thereto. A copy of this Sublease that is executed by a Party (by use of an electronic signature software program (*e.g.*, "DocuSign")) and transmitted by that Party to the other Party by facsimile or as an attachment (*e.g.*, in ".tif" or ".pdf" format) to an email or by use of an electronic signature software program (*e.g.*, "DocuSign") shall be binding upon the signatory to the same extent as a copy hereof containing that Party's original signature.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Parties hereto have executed this Sublease, effective as of the Effective Date set forth above.

"SUBLESSOR:"

"SUBLESSEE:"

RIPPAN PROPERTY, LLC, a California limited liability company, as sublessor

COUNTY OF SANTA BARBARA

By _____
Daniel A. Panizzon, Manager

By _____
Name & title:

By _____
Steve Riparetti, Manager

Address and Facsimile No. for Notices:

Address and Facsimile No. for Notices:

5058 Santa Susana Avenue
Santa Barbara, California 93111

Email: _____

Email: dpanizzon@cox.net and
steveripster@gmail.com

With a copy to:

Reicker, Pfau, Pyle & McRoy LLP
Attn: Michael E. Pfau, Esq.
1421 State Street, Suite B
Santa Barbara, CA 93101

Email: mpfau@rppmh.com

[Consent of Master Lessor appears on the following page.]

MASTER LESSOR'S CONSENT TO SUBLEASE

THE UNDERSIGNED "Master Lessor" identified in the foregoing Sublease hereby (a) consents to the foregoing Sublease without waiver of any restriction in the Master Lease concerning further assignment or subletting, (b) certifies that, as of the date on which this Consent is being executed, the undersigned is not aware of any default by either party to the Master Lease, or of any fact or circumstance that, with notice or the passage of time, would constitute a default thereunder, and (c) agrees that if, during the term of the foregoing Sublease, the undersigned delivers to Sublessor any notices of default under the Master Lease, then concurrently therewith, the undersigned shall deliver a copy thereof to Sublessee.

RIVIERA DAIRY PROPERTY, LLC, a California limited liability company

Date

By _____
Daniel A. Panizzon

Date

By _____
Steve Riparetti

Address and Facsimile No. for Notices:

5058 Santa Susana Avenue
Santa Barbara, California 93111

Email: dpanizzon@cox.net and
steveripster@gmail.com

With a copy to:

Reicker, Pfau, Pyle & McRoy LLP
Attn: Michael E. Pfau, Esq.
1421 State Street, Suite B
Santa Barbara, CA 93101

Email: mpfau@rppmh.com

Appendix 1

Description of Master Lease

The "Master Lease" consists of the following agreements and documents, as the leasehold interest and rights and obligations of the "Tenant" thereunder have been assigned to Sublessor:

1. The "Lease" dated as of October 22, 1965, originally by and between P. Paul Riparetti, Pauline Riparetti, Attilio Panizzon, Marguerite Panizzon, Angelina L. Cockrane, also known as Angie Cockran, Jimmy Riparetti and Robert Panizzon, as landlord, and La Cumbre Associates, a partnership, as Sublessee, as evidenced by that certain Memorandum of Lease, recorded February 2, 1966, as Instrument No. 3595, in Book 2138, Page 845 in the Official Records of Santa Barbara County, California (the "**Original Ground Lease**").
2. Amendment of Lease dated November 17, 1965 ("**First Amendment to Original Ground Lease**").
3. Second Amendment to Lease dated May 22, 1996 ("**Second Amendment to Original Ground Lease**").
4. Tri-Party Rent Adjustment Agreement dated March 17, 2006 ("**Tri-Party Agreement**").
5. Letter dated March 17, 2006, from Hollister & Brace to Alan Riley Company, Inc. ("**2006 Letter Agreement**").
6. Amendment of Lease dated July 1, 2016 (the "**Third Amendment to Original Ground Lease**").

Appendix 2

Depiction of Premises

(attached)

