

WHEN RECORDED RETURN TO:

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This document is recorded for the benefit of the County of Santa Barbara and the recording is fee-exempt under Section 27383 of the California Government Code.

**LEASE
(SANTA BARBARA COUNTY)**

by and between the

COUNTY OF SANTA BARBARA

and the

SANTA BARBARA COUNTY FINANCE CORPORATION, INC.

Executed and entered into as of September 1, 2011

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LEASE
(SANTA BARBARA COUNTY)

This Lease, dated as of September 1, 2011, between the COUNTY OF SANTA BARBARA, a political subdivision duly organized and existing under and by virtue of the Constitution and laws of the State of California (as further defined in Section 1 hereof, the "County"), as lessor, and the SANTA BARBARA COUNTY FINANCE CORPORATION, INC., a nonprofit public benefit corporation, duly organized and existing under the laws of the State of California (as further defined in Section 1 hereof, the "Corporation"), as lessee;

W I T N E S S E T H:

WHEREAS, the County presently owns the parcels of real property described in Exhibit A attached hereto and by this reference incorporated herein, and the County wishes to lease said parcels of real property and all buildings, structures, fixtures and improvements thereon (the "Demised Premises") to the Corporation; 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 the 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 Lease;

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

SECTION 1. Definitions.

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Sublease.

"Assignment Agreement" means that certain Assignment Agreement executed and entered into as of the date hereof by and between the Corporation and the Bank, as such may be amended from time to time.

"Bank" means Wells Fargo Bank, N.A.

"Corporation" means the Santa Barbara County Finance Corporation, Inc., a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, any surviving, resulting or transferee corporation.

"County" means the County of Santa Barbara, a political subdivision duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Demised Premises” means the improvements, the real property on which the improvements are located, and access easements, as required, all as shown in Exhibit A attached hereto.

“Expiry Date” means _____ 1, ____.

“Lease” means this lease, as originally executed and entered into and as it may from time to time be amended in accordance herewith.

“Series B Base Rental Payments” means the Base Rental Payments set forth in Exhibit B-2 attached to the Sublease.

“Series B Demised Premises” means the Santa Maria Social Services Building “C” and the real property on which it is located, all as shown in Exhibit A attached to the Sublease.

“Sublease” means that certain sublease entitled “Sublease (Santa Barbara County),” dated as of the date hereof, entered into between the Corporation, as sublessor, and the County, as sublessee, as originally executed and entered into and as it may from time to time be amended in accordance therewith.

SECTION 2. Purpose and Term.

The County hereby leases to the Corporation and the Corporation hereby hires from the County, on the terms and conditions hereinafter set forth, the Demised Premises. The parties hereto hereby agree that said lease of the Demised Premises by the County to the Corporation serves the public purposes of the County and the Corporation by enabling the County to reduce the rental payments payable by the County for the Demised Premises.

The term of this Lease shall commence on _____ 1, 2011 or the date the Lease is recorded, whichever is earlier, and shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Expiry Date, the principal components of the Base Rental Payments and all Additional Rental attributable to the Demised Premises shall not have been paid, or provision therefor made in accordance with Section 8.02 of the Sublease, for any reason, including, without limitation, because the Base Rental Payments shall have been abated at any time and for any reason, then the term hereof with respect to such Demised Premises shall be extended until 10 days after all the principal components of the Base Rental Payments and all Additional Rental attributable to the Demised Premises have been paid, or provision therefor made in accordance with Section 8.02 of the Sublease, except that the term hereof shall in no event be extended beyond 10 years after the Expiry Date. If prior to the Expiry Date, the principal components of the Base Rental Payments and all Additional Rental attributable to the Demised Premises have been paid, or provision therefor made, the term hereof with respect to such Demised Premises shall end 10 days thereafter or 10 days after written notice by the Corporation to the County, whichever is earlier.

The Series B Demised Premises shall be released from this Lease, and title to the Series B Demised Premises shall vest in the County, on _____ 1, ____, or such later date

as all Series B Base Rental Payments shall have been paid. Upon such expiration, the Corporation shall execute such documents as may be necessary to effect such vesting of record.

SECTION 3. Rental.

The Corporation agrees to transfer \$_____ to the County, as advance rental for the use and right to possession of the Demised Premises for the term of this Lease. Said advance rental shall be paid from proceeds of the sale of the Sublease to the Bank. The Corporation shall not be obligated to pay such advance rental other than from the proceeds of the sale of the Sublease. The Corporation hereby waives any right that it may have under the laws of the State of California to a rebate of such rental in full or in part in the event there is substantial interference with the use and right to possession by the Corporation of the Demised Premises or portion thereof as a result of material damage, destruction or condemnation.

SECTION 4. Default.

The Corporation shall be deemed to be in default hereunder:

(a) if the Corporation shall fail to keep, observe or perform any term, covenant or condition contained herein to be kept or performed by the Corporation, or

(b) if (1) the Corporation's interest in this Lease or any part thereof be assigned or transferred without the written consent of the County, either voluntarily or by operation of law or otherwise, or if (2) any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency or similar law or any law providing for the appointment of a receiver, liquidator, trustee or similar official of the Corporation or of all or substantially all of its assets is instituted by or with the consent of the Corporation, or is instituted without its consent and is not permanently stayed or dismissed within sixty (60) days, or if the Corporation offers to the Corporation's creditors to effect a composition or extension of time to pay the Corporation's debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for readjustment of the Corporation's debts, or if the Corporation shall make a general assignment or any assignment for the benefit of the Corporation's creditors.

Upon any such default it shall be lawful for the County to exercise any and all rights and remedies available pursuant to law, except that no merger of this Lease and of the Sublease shall be deemed to occur as a result thereof; provided, however, that the County shall have no power to terminate this Lease by reason of any default on the part of the Corporation.

Neither the County nor the Corporation shall in any event be in default in the performance of any of its obligations hereunder or imposed by law unless and until the County or the Corporation (as the case may be) shall have failed to perform such obligations within sixty (60) days or such additional time as is reasonably required to correct any such default after notice by the Corporation or the County to the nonperforming party properly specifying wherein such party has failed to perform any such obligation.

In the event the County shall prevail in any action brought to enforce any of the terms and provisions of this Lease, the Corporation agrees to pay a reasonable amount as and for attorneys' fees incurred by the County to enforce any of the remedies available to the County

hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

SECTION 5. Eminent Domain.

If the whole or any part of the Demised Premises shall be taken under the power of eminent domain, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the unpaid principal components of Base Rental (as that term is defined in the Sublease) due under the Sublease, including all accrued interest thereon, and the amount of the unpaid Additional Rental (as that term is defined in the Sublease) due under the Sublease, and the balance of the award, if any, shall be paid to the County.

SECTION 6. Right of Entry.

The County and its assignees shall have the right to enter the Demised Premises during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the County's or the Corporation's rights or obligations under this Lease or the Sublease and (c) for all other lawful purposes.

SECTION 7. Quiet Enjoyment by the Corporation.

The Corporation shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Demised Premises without suit, trouble or hindrance from the County. Notwithstanding the foregoing covenant, the Corporation shall not have any right to receive a rebate of the advance rental paid pursuant to Section 3 hereof or any portion thereof in the event there is a substantial interference with the use and right to possession by the Corporation of the Demised Premises as a result of material damage, destruction or condemnation.

SECTION 8. Parties Not Liable.

Neither the County, the members of its board of supervisors, its officers, its agents or its employees shall be liable to the Corporation or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Demised Premises.

SECTION 9. Assignment.

Neither this Lease nor any interest of the Corporation hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the Corporation by voluntary act or by operation of law or otherwise, except with the prior written consent of the County, which shall not be unreasonably withheld; provided however that the execution and delivery of the Assignment Agreement and performance under the Sublease by either the Corporation or the County shall not be deemed a violation of the provisions of this Section.

SECTION 10. Law Governing.

This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California.

SECTION 11. Notices.

All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, to its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the County: County of Santa Barbara
105 East Anapamu Street
Santa Barbara, California 93101
Attention: Treasurer, Room 109
(with a copy to County Counsel, Room 201)

If to the Corporation: c/o County of Santa Barbara
105 East Anapamu Street, Room 201
Santa Barbara, California 93101
Attention: County Counsel, Room 201
(with a copy to the Treasurer, Room 109)

SECTION 12. Validity and Severability.

If for any reason this Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the County or by the Corporation, or if for any reason it is held by such a court that any of the covenants and conditions of the Corporation hereunder is unenforceable for the full term hereof, then and in such event this Lease is and shall be deemed to be a lease from year to year and all of the rental and other terms, provisions and conditions of this Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 13. Purpose of Lease.

The Corporation covenants that during the term of this Lease, except as hereinafter provided, it will use, or cause the use of, the Demised Premises for use for County purposes and for all purposes incidental thereto provided that in the event of default by the County under the Sublease the Corporation or the Bank may exercise the remedies provided in the Sublease.

SECTION 14. Waiver.

Failure of the County to take advantage of any default on the part of the Corporation shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this Lease be construed to waive or to lessen the right of the County to insist upon performance by the Corporation of any term, covenant or condition hereof, or to exercise any rights given the County on account of such default. A waiver of a particular default shall not be deemed to be a waiver of a subsequent default of the same kind or any other subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Lease.

SECTION 15. Section Headings.

All section headings contained are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

SECTION 16. Execution in Counterparts.

This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease.

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

**SANTA BARBARA COUNTY
FINANCE CORPORATION, INC.**

By _____
President

By _____
Treasurer

COUNTY OF SANTA BARBARA

By _____
Chair of the Board of Supervisors

[SEAL]

ATTEST:

Chandra L. Wallar,
Clerk of the Board of Supervisors

By _____

APPROVED AS TO FORM:

Dennis Marshall,
County Counsel

By _____

**APPROVED AS TO ACCOUNTING
FORM:**

Robert W. Geis, C.P.A.,
Auditor-Controller

By _____

APPROVED AS TO FORM:

Ray Aromatorio,
Risk Manager

By _____

EXHIBIT A
DEMISED PREMISES