

PURCHASE AND SALES AGREEMENT
Orange County Fair and Events Center
Costa Mesa, CA

This Purchase and Sales Agreement (“Agreement”) is made and entered into on this _____ day of June, 2010 (“Effective Date”), by and between the STATE OF CALIFORNIA and the 32nd District Agricultural Association (and to the extent necessary the 32A District Agricultural Association (“**ASSOCIATION**”) (collectively, the “**STATE**”), and the Orange County Fairgrounds Authority, a Joint Powers Authority formed under the laws of the State of California (“**BUYER**”). **STATE** and **BUYER** are collectively referred to herein as the “**PARTIES**”.

RECITALS

- A.** The **PARTIES** are entering into an “as-is” purchase and sale of the real property commonly known as the Orange County Fairgrounds and Events Center, located at 88 Fair Drive in the City of Costa Mesa, County of Orange, California, and more particularly described in Exhibit “A” attached hereto and incorporated herein, including all buildings, appurtenances, improvements, easements, rights of way, all associated water rights (collectively, the “Real Property”), and all agreements and contracts, and tangible personal property located upon the Real Property (including, without limitation, the trucks and automobiles described on Exhibit “A-2” attached hereto and incorporated herein) and any intangible personal property utilized in connection with the Real Property related to or associated with or used in connection with the ownership and operation of the Real Property, including the annual event commonly referred to as the “Orange County Fair,” but excluding only cash and cash equivalent assets, and any and all accounts and notes receivable addressed more particularly in Section 1.2 below. The foregoing is collectively referred to herein as the “Property.”
- B.** **STATE** owns, operates and maintains the Property through the **ASSOCIATION** pursuant to Division 2, Part 3, of the Government Code.
- C.** **BUYER** has determined that it is specifically in the best interest of its citizens and generally in the best interest of the citizens of Orange County to acquire, own and control the Property and has therefore submitted an offer to purchase the Property, the sale of which **STATE** has also determined to be in the best interest of **STATE**.

AGREEMENT

In consideration of the above recitals, all of which are expressly incorporated into this Agreement, and the mutual promises and covenants of the **PARTIES** contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the **PARTIES** agree as follows:

1. PROPERTY

1.1 **Property.** STATE agrees to sell, transfer, assign and convey to BUYER, and BUYER agrees to purchase from STATE, the Property in its "as-is" condition, except as otherwise specifically provided in this Agreement. For purposes of this Agreement, the term "**Property**" includes the items described in Recital A of this Agreement and all of STATE's right, title and interest in the following: (a) all trademarks and marks identified on Exhibit "A-1" attached hereto and incorporated herein by this reference; (b) goodwill, warranties, permits, entitlements, governmental approvals and certificates of occupancy (if any) for the Real Property; (c) all agreements and contracts relating to the reservations, scheduled events, operations at or the services provided at the Real Property or relating to the Real Property (excluding any employment and labor agreements) (collectively, the "**Contracts**") described on Exhibit "B"; (d) all Leases, amendments and guaranties, relating to the Real Property (collectively, the "**Leases**") described on Exhibit "C" attached hereto; and (e) all existing public records pertaining to the business, customers, suppliers or personnel of STATE with respect to the Property.

1.2 **Cash and Accounts and Notes Receivable.** As set forth above, cash and cash equivalent assets, and any and all accounts and notes receivable are not included in the personal property which are being sold to BUYER (except for deposits and/or other pre-payments for services, or portions thereof, held by STATE for post-closing services to be performed for events scheduled after the Close of Escrow, which amounts shall be turned over to BUYER or credited against the Closing Principal Payment). The STATE shall pay or meet the following obligations (which obligations shall in no event be assigned or deemed transferred to BUYER):

- A) Transition, retraining, retirement or other appropriate placement of all existing STATE employees currently working on the Property or performing services exclusive to the Property;
- B) Costs associated with managing communications, operations and governance of the Property prior to the Close of Escrow;
- C) Costs of dissolution, if any, for the existing 32nd and 32A District Agricultural Associations or transfer of duties and responsibilities to BUYER.

2. PURCHASE PRICE

2.1 **Amount.** The total purchase price to be paid by BUYER to STATE for Property shall be Ninety-Six Million Dollars (US\$96,000,000) (the "Purchase Price").

2.2 **Cash Due at Closing.** At the "Close of Escrow" (as hereinafter defined), BUYER shall deliver the Purchase Price to STATE in the following manner:

- A) The Purchase Price shall be paid pursuant to the terms of a secured promissory note in the form attached hereto as Exhibit "D," ("the Note") in the original principal amount of Ninety-Six Million Dollars (US\$96,000,000). The Note shall provide that upon the Close of Escrow, BUYER shall make or cause to be made a principal payment on the Note in an amount equal to Nineteen Million Two Hundred Thousand Dollars (\$19,200,000.00) (the "Closing Principal Payment").

B) Within three (3) business days after **BUYER's** execution and delivery of this Agreement, **BUYER** shall cause its ground lessee to deposit with Escrow Holder an amount equal to One Million Dollars (\$1,000,000.00). Said amount shall be placed into a separate escrow account that is controlled solely by **BUYER's** ground lessee. Said funds shall in no event be deemed to be the Deposit (defined below) under this Agreement unless and until the Opening of Escrow occurs as provided herein, and **BUYER's** ground lessee causes such funds to be transferred into the Escrow established with Escrow Holder for this Agreement to become the Deposit hereunder. Within three (3) business days after the "Opening of Escrow" (as hereinafter defined, **BUYER** shall deposit (in cash or its equivalent) One Million Dollars (\$1,000,000 US) (the "Deposit") with the "Escrow Holder" (as hereinafter defined). Escrow Holder shall hold the Deposit in an interest bearing account reasonably acceptable to **BUYER**. If the Close of Escrow occurs, the principal portion of the Deposit, together with all interest accrued thereon, shall be credited toward the Closing Principal Payment. All references in this Agreement to the Deposit shall include interest accrued thereon; provided, however, that interest on the Deposit shall accrue for the benefit of **BUYER**. If **BUYER'S** purchase of the Property is consummated as herein contemplated, the Deposit shall be credited towards the Closing Principal Payment. If the purchase contemplated herein is not consummated due to the default of **BUYER** hereunder, the Deposit, together with accrued interest thereon, shall be delivered to **STATE** as liquidated damages, in accordance with the terms of this Agreement. If this Agreement is terminated due to **STATE's** default or the failure of a condition for **BUYER's** benefit, the Deposit, together with all interest accrued thereon shall be refunded to **BUYER**.

C) At least one (1) business day prior to the Close of Escrow, **BUYER** shall deposit with the Escrow Holder, in cash or its equivalent, the sum of Eighteen Million Two Hundred Thousand Dollars (\$18,200,000 US), which, together with the Deposit, shall be applied against the Closing Principal Payment due under the Note.

3. **ESCROW**

3.1 Opening of Escrow. Within ten (10) business days after the last condition to the Close of Escrow is satisfied and **STATE** has executed this Agreement, **STATE** shall open an escrow to complete the sale contemplated by this Agreement ("Escrow") by depositing an executed copy of this Agreement with Fidelity National Title Company ("Escrow Holder"), whose address is 1300 Dove Street, Suite 310, Newport Beach, CA 92660. For purposes of this Agreement, the "Opening of Escrow" shall be the date on which an executed copy of this Agreement is deposited with Escrow Holder. Escrow Holder shall promptly confirm in writing to the **PARTIES** the Opening of Escrow.

3.2 Escrow Instructions. This Agreement constitutes joint escrow instructions to Escrow Holder for the Escrow. The **PARTIES** shall execute such further instructions as are consistent with the provisions of this Agreement and as may be required by Escrow Holder, subject to the provisions set forth in Section 14.13 below.

3.3 Escrow Deposits of BUYER. **BUYER** shall deposit the following items into Escrow:

A) The Deposit, not later than three (3) business days immediately following the Opening of Escrow.

B) Not later than two (2) business days immediately following the Opening of Escrow:

- 1) A fully executed Note in the form of Exhibit "D" attached hereto;
- 2) A fully executed and duly notarized Deed of Trust in the form of Exhibit "E" attached hereto ("the Deed of Trust");
- 3) A fully executed Security Agreement in the form of Exhibit "F" attached hereto; and
- 4) A fully executed Form UCC-1 Financing Statement in the form of Exhibit "G" attached hereto.

C) Sufficient cash to pay **BUYER'S** share of all escrow costs, prorations and closing expenses not later than one (1) business day prior to the Close of Escrow.

3.4 Escrow Deposits of STATE. **STATE** will cooperate with **BUYER** to provide to or assist with depositing the following items into Escrow prior to the Close of Escrow such date as:

- A)** A fully executed and duly notarized Grant Deed in the form of Exhibit "H" attached hereto ("the Grant Deed"). **STATE** shall include any signatures necessary to transfer fee title to the Real Property to **BUYER** given that the Prelim indicates that title is vested in the 32nd District Agricultural Association, State of California;
- B)** A fully executed Bill of Sale for the personal property in the form of Exhibit "I" attached hereto;
- C)** A fully executed general assignment pursuant to which the intangible property is assigned in the form of Exhibit "J" attached hereto;
- D)** A fully executed assignment of leases pursuant to which the Leases are assigned in the form of Exhibit "K" attached hereto;
- E)** A fully executed assignment of contracts pursuant to which the Contracts are assigned in the form of Exhibit "L" attached hereto; and

F) If same has not been previously filed and to the extent the Property includes any registered Trademarks, a fully executed Trademark Assignment Application to be filed with the United States Patent and Trademark Office ("Trademark Assignment") to transfer all intellectual rights, trademarks and marks to **BUYER**; it being agreed that **STATE** shall, as a covenant that will survive the Close of Escrow, continue to process the Trademark Assignment to completion so that all intellectual rights, trademarks and marks shall fully and completely vest in **BUYER**.

G) Fully executed subordination, non-disturbance and attornment agreements (collectively, the "SNDAs") with **BUYER's** ground lessee, to recognize the **BUYER's** ground lease (1) in the event of foreclosure under the Deed of Trust in the form of Exhibit "P" attached hereto; and (2) in the event this transaction is challenged and/or for any other reason the Property is transferred from **BUYER** back to the **STATE**, in the form of Exhibit "P-1" attached hereto. The SNDAs shall be executed and notarized so that same can be recorded in the Office of the County Recorder upon the Close of Escrow .

3.5 Closing Procedure. Not later than three (3) business days after each of the items described in Sections 3.3 and 3.4 have been deposited into Escrow, all conditions to Close of Escrow have been satisfied, and Title Company is prepared to issue the title policies described herein below, Escrow Holder shall do all of the following:

A) Record (in the following order) in the Office of the County Recorder the Grant Deed, the Deed of Trust and the SNDAs;

B) Deliver the following to **STATE**:

1) The Closing Principal Payment under the Note as set forth above, less **STATE's** share of all escrow costs, prorations and closing costs;

2) The original executed Note;

3) A conformed copy of the recorded Grant Deed, indicating the recording information;

4) Conformed copies of the recorded Deed of Trust and the SNDAs, indicating the recording information;

5) The original executed Security Agreement;

6) A conformed copy of the filed UCC-1 Financing statement, indicating the filing information; and

7) A lender's policy of title insurance issued by Escrow Holder covering and insuring the priority of the Deed of Trust as a first lien against the Real Property, subject only to non-monetary liens and encumbrances of record as of the Close of Escrow and to taxes and assessments against the Real Property not then yet delinquent, if any.

C) Deliver the following to **BUYER**:

- 1) A copy of the executed Note;
- 2) A conformed copy of the recorded Grant Deed, indicating the recording information;
- 3) Conformed copies of the recorded Deed of Trust and the SNDAs, indicating the recording information;
- 4) A CLTA owners' policy of title insurance issued by Escrow Holder covering the Real Property with coverage equal to the Purchase Price insuring title to the Real Property vested in **BUYER** subject only to covenants, conditions, restrictions, easements, reservations, rights, rights-of-way and other matters of record reflected in that certain issued Preliminary Title Report dated January 8, 2010 and issued by Fidelity National Title Company (the "Prelim") for the Property or discoverable by inspection or survey, matters affecting the condition of title to the Property created by or with the written consent of **BUYER**, and the lien of the Deed of Trust; provided that notwithstanding anything to the contrary set forth above, **STATE** shall be obligated to remove, at **STATE**'s sole cost and expense, all monetary liens from the Property, excluding taxes and assessments not yet delinquent;
- 5) A conformed copy of the filed UCC-1 Financing statement, indicating the filing information;
- 6) A fully executed original of each of the general assignment, the assignment of contracts and the assignment of leases; and
- 7) If required, a fully executed Trademark Assignment that **BUYER** can process with the United States Patent and Trademark Office (if same has not been previously filed).

D) The term "**Close of Escrow**" shall mean the date on which the Grant Deed is recorded in the Official Records of Orange County, California. Close of Escrow shall occur within three (3) business days immediately following Escrow Holder's receipt of all documents and funds which are to be deposited with it by the **PARTIES**, but not later than September 30, 2010 (unless extended by mutual agreement of the **PARTIES**) (the "**Closing Date**"). If for any reason, other than the default hereunder by either **STATE** or **BUYER**, Escrow has not closed by the Closing Date, either Party may terminate this Agreement and cancel Escrow by written notice to the other Party and to Escrow Holder, in which event the **PARTIES** shall proceed in accordance with the procedures set forth herein below.

3.6 Condition to Close of Escrow. The conditions set forth below shall be satisfied or waived on or before the Closing Date. Escrow Holder shall proceed as though all conditions have been satisfied or waived unless Escrow Holder receives a notice from **BUYER** terminating this Agreement and stating that any one or more of the conditions for the benefit of **BUYER** has not been satisfied, or from **STATE** terminating this Agreement and stating that any one or more of the conditions for the benefit of **STATE** has not been satisfied. In the event of any such termination, the provisions of Section 2.2 above shall apply with respect to the Deposit.

A) The obligation of **STATE** to convey the Property shall be subject to the satisfaction of the following conditions, each of which can be waived only by **STATE** in writing:

- 1)** Escrow Holder shall have received the Deposit from **BUYER** within the timeframe set forth in this Agreement;
- 2)** Escrow Holder shall have received from **BUYER** the balance of the Closing Principal Payment amount under the Note as set forth above, plus sufficient cash to pay **BUYER**'s share of all escrow costs, prorations and closing expenses as set forth herein;
- 3)** Except as otherwise permitted by this Agreement, all representations and warranties by **BUYER** in this Agreement or in any written statement delivered to **STATE** under this Agreement shall be true on and as of the Closing Date as though made at that time;
- 4)** **BUYER** shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by **BUYER** on or before the Closing Date;
- 5)** Escrow Holder shall have committed itself to issue the lender's title policy described herein above;
- 6)** The California State Legislature shall have enacted legislation, satisfactory to the **BUYER**, which the Governor of the State of California shall have signed into law, authorizing the sale of the Property by the **STATE** pursuant to and in accordance with the terms of this Agreement;
- 7)** **BUYER** shall have entered into a ground lease containing the minimum provisions set forth on Exhibit "M" attached hereto; and

8) On or before the Closing Date, **STATE** shall have taken any necessary employment action with respect to the employment of all or otherwise taken any necessary employment action with respect to **STATE** employees in accordance with applicable legal requirements. **BUYER** assumes no responsibility for hiring **STATE**'s employees, or any of them.

B) The obligation of **BUYER** to purchase the Property shall be subject to the satisfaction of the following conditions, each of which can be waived only by **BUYER** in writing:

1) Escrow Holder shall have committed itself to issue the CLTA title policy described herein above;

2) Except as otherwise permitted by this Agreement, all representations and warranties by **STATE** in this Agreement or in any written statement delivered to **BUYER** under this Agreement shall be true on and as of the Closing Date as though made at that time;

3) **STATE** shall have performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by **STATE** on or before the Closing Date, including, without limitation, depositing all documents described in Section 3.4 above;

4) The California State Legislature shall have enacted legislation, satisfactory to **BUYER**, which the Governor of the State of California shall have signed into law authorizing the sale of the Property to the **BUYER** pursuant to and in accordance with the terms of this Agreement, including language addressing dissolution or other disposition of the current 32nd and/or 32A District Agricultural Associations, and assigning the right to hold the Orange County Fair to **BUYER**; and

5) On or before the Closing Date, **STATE** shall have taken any necessary employment action with respect to the employment of all **STATE** employees in accordance with applicable legal requirements. **BUYER** assumes no responsibility for hiring **STATE**'s employees, or any of them.

3.7 Escrow Closing Costs. BUYER shall be responsible for all recording fees and escrow closing costs, except that STATE shall pay for the cost of the CLTA title policy (excluding any endorsements) issued to BUYER pursuant to this Agreement, and BUYER shall pay the cost of the lender's title policy issued to STATE pursuant to this Agreement. Escrow Holder shall deliver an estimated closing statement to BUYER and STATE at least three (3) days prior to the scheduled Close of Escrow.

3.8 Prorations. Any rents under Leases and payments under Contracts shall be prorated between BUYER and STATE as of the Close of Escrow. All pre-payments and/or deposits received by STATE for events scheduled following the Close of Escrow and/or otherwise held pursuant to any Contracts or Leases shall be credited towards the Closing Principal Payment due under the Note.

3.9 Escrow Cancellation and Title Charges. If Escrow fails to close due to STATE's default hereunder, then STATE shall pay all Escrow cancellation and title charges. If Escrow fails to close due to the default of BUYER, then BUYER shall pay all Escrow cancellation and title charges. If Escrow fails to close for any reason other than the foregoing, the PARTIES shall each bear one-half (1/2) of any Escrow and title cancellation charges, unless otherwise expressly provided in this Agreement. Each Party shall within three (3) business days of Escrow Holder's written request sign and deliver to Escrow Holder any Escrow cancellation instructions reasonably requested by Escrow Holder.

3.10 Termination. If this Agreement is terminated as a result of BUYER'S default under this Agreement, then:

1. **A)** Escrow shall be deemed cancelled upon Escrow Holder's receipt of written notice from STATE of the termination and the PARTIES shall within three (3) business days of Escrow Holder's written request execute any cancellation instructions reasonably requested by Escrow Holder;
B) Within five (5) business days of receipt by the PARTIES of a settlement statement from Escrow Holder:
 - 1) Escrow Holder shall deliver the Deposit to STATE and return to STATE any documents previously delivered by or on behalf of STATE to Escrow Holder; and
 - 2) Escrow Holder shall return to BUYER any documents previously delivered by or on behalf of BUYER to Escrow Holder.**C)** BUYER and STATE shall have no further obligations to each other pursuant to this Agreement, except for the obligations of the PARTIES to return funds and documents, any indemnification obligations contained herein; and any rights and remedies available as a result of a default under this Agreement.
2. If this Agreement is terminated as a result of STATE'S default under this Agreement, then:

A) Escrow shall be cancelled upon Escrow Holder's receipt of written notice from **BUYER** of termination and the **PARTIES** shall within three (3) business days of Escrow Holder's written request execute any cancellation instructions reasonably requested by Escrow Holder;

B) Within five (5) business days of receipt by the **PARTIES** of a settlement statement from Escrow Holder:

- 1) Escrow Holder shall return to **STATE** any documents previously delivered by or on behalf of **STATE** to Escrow Holder; and
- 2) Escrow Holder shall deliver the Deposit to **BUYER** and return to **BUYER** any documents previously delivered by or on behalf of **BUYER** to Escrow Holder.

C) **BUYER** and **STATE** shall have no further obligations to each other pursuant to this Agreement, except for the obligations of the **PARTIES** to return funds and documents, any indemnification obligations contained herein; and any rights and remedies available as a result of a default under this Agreement, including liquidated damages as set forth below.

3. Notwithstanding anything contained herein to the contrary, **BUYER's** obligation to State pursuant to the ROE (defined in Section 8.2 below) shall continue and survive any termination of this agreement.

3.11 Possession. **BUYER** shall be entitled to possession of the Property at the Close of Escrow, subject only to those matters set forth in the Prelim, the Contracts and the Leases.

3.12 Risk of Loss. Until the Closing Date, all risk of loss or damage to the Property shall be borne by the **STATE**, and thereafter shall be borne by the **BUYER**. If any portion of the Property is destroyed or damaged by fire or any other cause or taken by condemnation (a "Destruction/Condemnation Event") prior to the Closing Date, **STATE** shall promptly give notice to the **BUYER** of the Destruction/Condemnation Event, the amount of insurance, if any, covering the Property which is or are subject to the Destruction/Condemnation Event and the amount, if any, which **STATE** is otherwise entitled to receive as a consequence of the Destruction/Condemnation Event. Prior to the Closing Date, the **BUYER** shall have the option in the exercise of its sole discretion, which option shall be exercised by written notice to **STATE** within ten days after receipt of **STATE's** notice of a Destruction/Condemnation Event or if there are not ten days prior to the Closing Date, as soon as possible prior to the Closing Date, of (a) accepting such Property in its destroyed, damaged or condemned condition in which event any insurance, condemnation or other proceeds payable to **STATE** with respect to said property shall be assigned to the **BUYER**, and the full Purchase Price shall be paid for the Property, or (b) terminating the Agreement and receiving a refund of the Deposit, together with all interest accrued thereon. After the Closing Date, any such insurance, condemnation proceeds or other proceeds shall belong, and to the extent necessary, shall be assigned, to the **BUYER** without any reduction in the Purchase Price.

4. INSPECTIONS.

4.1 As-Is Purchase. BUYER acknowledges that BUYER will be purchasing the Property solely in reliance on BUYER'S own investigations pursuant to Section 8.1 of this Agreement. Except as otherwise expressly provided herein, BUYER specifically acknowledges and agrees that STATE will sell and BUYER will purchase the Property on an "as-is with all faults" basis.

BUYER further acknowledges that BUYER, will not be relying on any representations or warranties of any kind whatsoever, express or implied, except those set forth in this Agreement, from STATE or its agents as to any matters concerning the Property, including without limitation:

- A) The quality, nature, adequacy, and physical condition of the Property, including soils, geology and any groundwater;
- B) The existence, quality, nature, adequacy, and physical condition of utilities serving the Real Property;
- C) The development potential of the Property and the Property's use, merchantability, fitness, suitability, value, or adequacy of the Property for any particular purpose;
- D) The zoning or other legal status of the Property or any other public or private restrictions on use of the Property;
- E) The compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions, and restrictions of any governmental or quasi-governmental entity or of any other person or entity;
- F) The presence of Hazardous Materials (as defined in this Agreement) on, under, or about the Property or the adjoining or neighboring property;
- G) The condition of title to the Property;
- H) The economics of the operation of the Property; and,
- I) The accuracy or completeness of any documents or writing provided by STATE to BUYER.

4.2 Responsibility for Costs. BUYER agrees to purchase the Property in the condition that it is in at Close of Escrow, subject to the provisions otherwise expressly set forth in this Agreement. BUYER shall be responsible at BUYER'S sole expense for all demolition and any Hazardous Materials remediation required to make the Property usable for any operations and improvements that BUYER elects to undertake for the Real Property, and BUYER releases STATE and ASSOCIATION and their employees or agents from any claims, damages, costs or damages related to any Hazardous Materials on, under or in the Property or releases of any Hazardous Materials from the Property. Should any state agency in the future order or direct BUYER or BUYER's ground lessee to remediate any Hazardous Materials found on the Property which were located on the Property prior to Close of Escrow, or any release thereof, STATE shall waive any and all fees, administrative costs or other similar charges against BUYER or BUYER's ground lessee or any related public entity with respect to any such remediation.

4.3 CEQA Requirements. Unless otherwise exempt, **BUYER** and **STATE** shall be subject to Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the California Public Resources Code.

4.4 Hazardous Materials. As used herein, the term “Hazardous Materials” includes, without limitation, any flammable explosives, radioactive materials, Hazardous Materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health and Safety Code, Section 25316 of the California Health and Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other Federal, State, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.

5.0 Default and Remedies

5.1 Cure. In the event of any default under this Agreement by **BUYER**, and the default, if it be in the payment of the Deposit, or any other default that can be cured by the payment of money, continues uncured for a period of five (5) business days after written notice thereof from **STATE** to **BUYER**, or if it be a non-monetary default under this Agreement, and such default continues uncured for a period of thirty (30) days after written notice thereof from **STATE** to **BUYER** (the "Non-Monetary Default Cure Period"), then this Agreement and all rights of **BUYER** hereunder shall, upon notice from **STATE**, immediately terminate and the Deposit paid by **BUYER** to **STATE** shall be retained by **STATE** in consideration of the granting of this Agreement. Notwithstanding the foregoing, if **BUYER** commences cure of a non-monetary default within the Non-Monetary Default Cure Period, and diligently pursues cure thereafter, the Non-Monetary Default Cure Period shall be extended for such additional period of time as is reasonably necessary to complete such cure.

5.2 Available Defenses. In the event that litigation is instituted between the parties to this Agreement, each party agrees that a copy of this Agreement may be offered in evidence and submitted to the court as the binding and irrevocable stipulation of the **PARTIES** that neither the Deposit, the Purchase Price, nor the adequacy of consideration generally provided under this Agreement shall be raised as a defense to the validity or enforceability of this Agreement.

5.3 Specific Performance. IF THE CLOSING DOES NOT OCCUR ON THE CLOSING DATE BY REASON OF A DEFAULT BY **STATE** IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, THEN THE **BUYER** SHALL HAVE ALL OF ITS RIGHTS AND REMEDIES AT LAW OR IN EQUITY, INCLUDING WITHOUT LIMITATION, THE RIGHT TO ELECT THE REMEDY OF SPECIFIC PERFORMANCE TO COMPEL CONVEYANCE OF THE PROPERTY TO **BUYER**, SO LONG AS **BUYER** HAS PERFORMED ALL OF ITS OBLIGATIONS AND DEPOSITS THE NOTE AND DEED OF TRUST INTO ESCROW OR AS OTHERWISE DIRECTED BY ANY COURT OF COMPETENT JURISDICTION.

5.4 Liquidated Damages. IF THE CLOSING DOES NOT OCCUR ON THE CLOSING DATE BY REASON OF A DEFAULT BY **BUYER** IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, THEN THE FOLLOWING SHALL APPLY:

A) STATE SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE TO **BUYER** WITH A COPY TO ESCROW AGENT.

B) UPON SUCH TERMINATION BY **STATE**, NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EXCEPT THAT **STATE** SHALL HAVE THE RIGHT TO OBTAIN IMMEDIATE DISBURSEMENT OF, AND TO RETAIN THE DEPOSIT PLUS ALL INTEREST ACCRUED THEREON.

C) BUYER AND **STATE** AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES SUFFERED BY THE **STATE** AS A RESULT OF ANY DEFAULT BY **BUYER**.

D) AFTER A DEFAULT BY **BUYER**, THE ENTIRE DEPOSIT, PLUS INTEREST THEREON, REPRESENTS A REASONABLE ESTIMATE OF THE DAMAGES THAT THE **STATE** WILL INCUR AS A RESULT OF SUCH FAILURE.

E) SAID AMOUNT SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY **BUYER**.

F) THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE **STATE** PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676, AND 1677.

G) EFFECTIVE UPON RECEIPT BY **STATE** OF THE DEPOSIT, PLUS INTEREST THEREON, **STATE** HEREBY WAIVES ALL OTHER CLAIMS FOR DAMAGES OR RELIEF AT LAW OR IN EQUITY FOR **BUYER'S** FAILURE TO CLOSE THE ACQUISITION OF THE PROPERTY (INCLUDING ANY RIGHT TO SPECIFIC PERFORMANCE **STATE** MAY HAVE PURSUANT TO THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389 OR 1680).

H) THE PARTIES FURTHER AGREE THAT IN NO EVENT SHALL **BUYER** HAVE ANY LIABILITY TO **STATE** FOR DAMAGES ARISING FROM ANY DEFAULT BY **BUYER** UNDER THIS AGREEMENT IN EXCESS OF THE AMOUNT OF THE DEPOSIT PLUS INTEREST, EXCEPT AS TO **BUYER'S** INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT. THE PARTIES WITNESS THEIR AGREEMENT TO THIS LIQUIDATED DAMAGES AND LIMITATION OF REMEDIES PROVISION BY SIGNING THEIR INITIALS BELOW.

BUYER's Initials: _____ **STATE's** Initials: _____

5.5 **No BUYER Exceptions.** **BUYER** acknowledges and agrees that a CLTA title policy will be issued by Fidelity National Title Company consistent with the title exceptions identified in the Prelim, and that there are no conditions or contingencies related to title.

6. STATE'S REPRESENTATIONS, WARRANTIES, AND DISCLOSURES

6.1 In addition to any express agreements of **STATE** contained herein, the following constitute representations and warranties of **STATE** to **BUYER**:

A) **STATE** obtained the information contained in this Agreement from sources deemed reliable; however, **STATE** makes no representations, warranties or guarantees as to the accuracy of the information provided to **BUYER**, except the express warranties contained in this Agreement.

B) **STATE** is a government entity, duly organized and validly existing under the laws of the **STATE** of California. **STATE** has full power and authority to sell, and convey the Property to **BUYER** and to enter into and perform its obligations pursuant to this Agreement.

C) STATE is exempt from income taxes and property taxes and assessments and none are now owed or will be owed at Close of Escrow.

D) **STATE** has not retained the services of any broker for the transactions contemplated under this Agreement.

E) To the best of **STATE**'s knowledge, no statement of **STATE** in this Agreement or in any document, certificate, or schedule furnished or to be furnished to **BUYER** pursuant hereto or in connection with the transaction contemplated hereby (including without limitation, the information set forth in the Exhibits attached to this Agreement) contains or will contain any untrue statement of material fact. **STATE'S** representations and warranties made in this Agreement shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade by **STATE** in a separate certificate at that time.

F) From and after the execution of this Agreement, and continuing through the Closing Date, **STATE** shall use reasonable efforts to continue developing, promoting and operating the Orange County Fair and all other events and activities at the Real Property in the same manner and condition, and with at a comparable level of staff, effort and funding, as occurred in calendar year 2009. All contracts, leases, licenses, and agreements entered into by the **STATE** for the Property shall continue to be entered into in the ordinary course of business, but shall be subject to the prior written approval of **BUYER**, which approval shall not be unreasonably withheld, conditioned or delayed and which contracts, leases, licenses and agreements shall be cancelable on thirty (30) days' notice unless otherwise agreed to in writing by **BUYER**. Marketing, advertising and operational budgets for the Orange County Fair and all other events at the Property shall continue to be funded and performed at a comparable level to the 2009 operational level. Until the Close of Escrow, the **STATE** shall not increase any fees or costs to the public in connection with the Orange County Fair or other events at the Property (including, without limitation, any change to admission, parking or service fees and charges) without the prior written approval of **BUYER**, which approval shall not be unreasonably withheld, conditioned or delayed. **STATE** shall immediately lift any and all restrictions placed on contracting for the Orange County Fair and all other events at the Property so that existing contracts may be renewed and new contracts may be entered into to continue operations at the site consistent with existing uses by the Board of **ASSOCIATION** or its administration, subject to the written consent of **BUYER**, which consent will not be unreasonably withheld. **BUYER** shall have the immediate right to negotiate with and reach tentative agreements with any tenant, event sponsor or promoter for use of the Property beyond the scheduled deadline for Close of Escrow; provided that if **BUYER** enters into an agreement that will impose obligations on the Real Property prior to the Close of Escrow, **BUYER** must obtain **STATE**'s prior consent. **BUYER** agrees to indemnify, protect, defend (with counsel reasonably acceptable to **STATE**) and hold harmless **STATE** from and against any and all claims, losses, liabilities and expenses, including reasonable attorneys' fees, suffered or incurred by **STATE** as a result of any third party claims based upon: (1) any agreement made by **BUYER** without **STATE**'s consent when **STATE**'s consent was required as provided above; (2) any agreement made by **BUYER** with **STATE**'s consent with respect to any liabilities that accrue under such agreements following the Close of Escrow; and (3) any claims made by any third party with whom **BUYER** negotiated and claims it has any rights or claims as a result of such negotiation.

G) STATE shall maintain the Property pending Close of Escrow in a manner consistent with its general operation for the six (6) months preceding this Agreement, and shall not deplete, dispose of, or encumber the personal property or intangible property unless replaced with similar quality items. **STATE** shall take or cause to be taken reasonable steps to preserve and protect tangible and intangible items of personal property, in the condition existing on the date of this Agreement, including maintaining files for the Property that reflect scheduled events, Contracts and Leases that will occur after the Close of Escrow.

H) The individual(s) executing this Agreement and the instruments referenced herein on behalf of **STATE** have the legal power, right, and actual authority to bind **STATE** to the terms and conditions hereof and thereof.

I) This Agreement is, and all other instruments, documents and agreements required to be executed and delivered by **STATE** in connection with this Agreement are and shall be, duly authorized, executed and delivered by **STATE** and shall be valid, legally binding obligations of, and enforceable against, **STATE** in accordance with their terms.

J) No further approvals or actions are required for **STATE** to consummate the transactions contemplated in this Agreement and **STATE** has the funds necessary to consummate the transaction contemplated in this Agreement.

K) **STATE** has made and kept (and given **BUYER** access to) books and records and accounts, with respect to the Property; including, without limitation, a calendar of all scheduled events and reservations.

L) To the best of **STATE's** knowledge, **STATE** is not in violation of any statute, law, ordinance, regulation, rule or order of any foreign, federal, state or local government or any other governmental department or agency, or any judgment, decree or order of any court, applicable to the operation of the Property as an Agricultural District. **STATE** has not received any written notice to the effect that, or otherwise been advised that, it is not in compliance with, any such statute, law, ordinance, regulation, rule, judgment, decree or order.

M) Exhibit "C" contains a complete list of all known Leases, including any and all amendments thereto in **STATE's** possession. To the best of **STATE's** knowledge there are no other Leases for the Property except as listed on Exhibit "C". To the best of **STATE's** knowledge, no event of default has occurred which (whether with or without notice, lapse of time or both or the happening or occurrence of any other event) would constitute a default under the Leases on the part of **STATE**; **STATE** has no knowledge of the occurrence of any event of default which (whether with or without notice, lapse of time or both or the happening or occurrence of any other event) would constitute a default thereunder by any other party.

N) To the best of **STATE's** knowledge, Exhibit "B" contains a complete list of known Contracts affecting the Property, including any and all amendments thereto in the **STATE's** possession. To the best of **STATE's** knowledge, there are no Contracts affecting the Property except as listed on Exhibit "B" attached hereto. To the best of

STATE's knowledge, **STATE** has duly performed all of its obligations under the Contracts to the extent those obligations to perform have accrued, and no default or breach under any Contracts by **STATE** or any other party has occurred.

Q) **STATE** shall remain responsible and **BUYER** shall have no liability for claims, losses, damages, expenses, obligations and liability relating to any suit, proceeding or claim brought by any of **STATE's** employees relating to or arising from their employment with **STATE** unless and to the extent resulting from any action taken by **BUYER** with any such employee.

R) **STATE** has disclosed to **BUYER** and **BUYER'S** ground lessee the existence of the lawsuit, *Schneider v. State of California, et al.*, (filed Sept. 10, 2003) U.S. District Court (C.D.Cal.) Case No. SACV-03-1364-GAF(EX), and **STATE** has provided **BUYER** and **BUYER'S** ground lessee with a copy of (among other things), the First Amended Complaint and Agreement of Settlement and Release in *Schneider*. **STATE'S** obligation regarding the *Schneider* litigation shall be limited solely to the payment described in Section 8.3 of this Agreement and shall not be subject to Section 10.1 of this Agreement. Except for the *Schneider* litigation, to the best of **STATE's** knowledge, there are no other pending or threatened actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, affecting, or which may affect, all or any portion of the Property or in which **STATE** is or will be a party by reason of **STATE's** ownership of the Property except as set forth on Exhibit "N," which obligations relating to the litigation described in Exhibit "N" will remain the obligations of **STATE**. **STATE** is not aware of the existence of any threatened or contemplated actions, claims or proceedings or of the existence of any facts which might give rise to any such actions, claims or proceedings.

S) During the term of this Agreement, **STATE** shall permit **BUYER** to establish and maintain a shadow management operation with respect to the Property. Personnel from **BUYER'S** shadow management operation shall have reasonable access during normal business hours to the books and records and other information in the possession or control of **STATE** or its agents concerning the Property and shall have the right (at **BUYER'S** expense) to establish duplicate books and records in order to effect a smooth transition in the ownership and management of the Property; provided, however, that **BUYER** and its shadow management operation and employees shall not interfere with the normal management and operation of the Property, shall repair any damage to the physical condition of the Property caused by **BUYER** or its agents in any such shadow management operation, shall be subject to the obligations of Licensee under the ROE and shall not be deemed to have assumed management responsibilities prior to Close of Escrow by virtue of such shadow management.

T) If either the California or Federal WARN Act is deemed to apply, **STATE** assumes full responsibility to comply with the California and/or Federal WARN Act.

7. BUYERS REPRESENTATIONS AND WARRANTIES

7.1 In addition to any express agreements of **BUYER** contained herein, the following constitute representations and warranties of **BUYER** to **STATE**:

- A) **BUYER** has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated in this Agreement.

- B) The individual(s) executing this Agreement and the instruments referenced herein on behalf of **BUYER** have the legal power, right, and actual authority to bind **BUYER** to the terms and conditions hereof and thereof.

- C) This Agreement is, and all other instruments, documents and agreements required to be executed and delivered by **BUYER** in connection with this Agreement are and shall be, duly authorized, executed and delivered by **BUYER** and shall be valid, legally binding obligations of and enforceable against **BUYER** in accordance with their terms.

- D) No further approvals or actions are required for **BUYER** to consummate the transactions contemplated in this Agreement and **BUYER** has access to the funds necessary to consummate the transaction contemplated in this Agreement.

- E) **BUYER** is aware of all zoning regulations, other governmental requirements, site and physical conditions, including the presence of Hazardous Materials or other adverse environmental conditions if any, and other matters affecting the use and condition of the Property.

- F) **BUYER** has not retained the services of any broker for the transactions contemplated under this Agreement.

- G) To the best of **BUYER'S** knowledge, no representation, warranty or statement of **BUYER** in this Agreement or in any document, certificate or schedule furnished or to be furnished to **STATE** pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading. **BUYER'S** representations and warranties made in this Agreement shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade by **BUYER** in a separate certificate at that time. The truth and accuracy of **BUYER'S** representations and warranties made herein shall constitute a condition for the benefit of **STATE** to the Close of Escrow (as elsewhere provided herein) and shall not merge into the Close of Escrow or the recordation of the Grant Deed in the Official Records of Orange County, and shall survive the Close of Escrow.

H) Any information provided by the **STATE** to **BUYER** is solely as an aid to **BUYER**, and **BUYER** has conducted its own investigations of the Property.

I) **BUYER** is purchasing the Property solely in reliance on **BUYER'S** own investigations and no representations or warranties of any kind whatsoever, expressed or implied, have been made by **STATE**, **STATE'S** agents, or brokers (if any), except as may be included in any investigations, studies or documents which have been given to **BUYER**, or reviewed or analyzed by **BUYER**, or discussed with or brought to the attention of **BUYER** by **STATE** or **ASSOCIATION** or as set forth in the express representations and warranties set forth herein.

J) **BUYER** shall perform fully and timely its duties and obligations under any Contract assigned to it by **STATE**, and accruing following the Close of Escrow as if **BUYER** was an original signatory thereto.

K) In addition to providing duly executed security documents as set forth herein, **BUYER** shall be obligated to include in any ground lease for the Real Property, each and every requirement, condition, covenant and assurance set forth in Exhibit "M" hereto.

8. DUE DILIGENCE

8.1 BUYER's Investigation of Operations and Property Condition. **BUYER** shall be given the opportunity to complete an investigation of the Property prior to the opening of escrow, prior to which it shall have examined, investigated and analyzed the usefulness and value of the Property, and shall have exercised its best efforts to discover those facts about the Property which heretofore are or may be unknown to **BUYER**, including, but not limited to, the following:

A) Building foundations, improvements, plumbing, siding, electrical, heating, mechanical, roof, air conditioning, built-in appliances, security, and any other structural or nonstructural systems and components, and the energy efficiency of the Property.

B) Structure count, room count, room dimensions, square footage and age of the improvements.

C) Lines and boundaries.

D) Type, size, adequacy, and condition of sewer and/or septic systems and components.

E) The availability of required governmental permits, inspections, certificates, or other governmental and regulatory determinations.

F) Any limitations, restrictions, zoning, building size requirements, or other requirements affecting the current or future use or development of the Property.

G) Any restrictions that may limit the amount of rent that can legally be charged and the maximum number of persons who can lawfully occupy the Real Property.

- H)** The presence of asbestos, formaldehyde, radon, methane, other gases, lead based paint, other lead contamination, fuel or chemical storage tanks, waste disposal sites, electromagnetic fields, and other substances, materials, products, or conditions.
- I)** Geologic and seismic conditions, soil stability and suitability, and drainage.
- J)** Neighborhood or area conditions including schools; proximity and adequacy of law enforcement; proximity to commercial, industrial, or agricultural activities; crime statistics; fire protection; other governmental services; existing and proposed transportation; construction and development which may affect noise, view or traffic; airport noise; and noise or odor from any source, wild or domestic.
- K)** Covenants, conditions, and restrictions; deed restrictions; easements; and other title encumbrances of record.
- L)** Any and all other matters such as availability of suitable public infrastructure, assessment, other special service districts, and soil or other conditions on the Property, not herein listed, which are or may be pertinent to **BUYER'S** purpose for acquiring the Property.
- M)** All contracts, licenses, agreements, reports, utility bills, and understandings with respect to the Property, any and all consulting studies, analyses or reports prepared by or on behalf of the **STATE** in connection with operations of the Property or any part thereof, all advisory studies, memoranda or reports, and all budgetary, revenue and expense information.

8.2 **STATE'S** Obligations with respect to Due Diligence

STATE shall provide or make available to **BUYER**, within seven (7) days of the date of execution of this Agreement by **BUYER** (or as soon thereafter as possible), all available documents and materials in **STATE's** possession or control relating to the Property reasonably necessary to conduct the inspections and evaluations described in this Agreement. In addition, **STATE** shall, within seven (7) days following the date of the execution of this Agreement by **BUYER** (or as soon thereafter as possible), provide **BUYER** with a list of any pending public works projects and associated bonds relating to any said public works projects and a list of any employment labor agreements affecting or relating to the Property.

STATE shall also provide to **BUYER** and its proposed ground lessee access to the Property pursuant to a Right of Entry (the "ROE") from **STATE** in the form attached as Exhibit "O" within three (3) business days of the date of execution of this Agreement by **BUYER** to permit **BUYER** and its proposed ground lessee to commence and complete their due diligence inspection and investigation of the Property's condition.

8.3 BUYER's Acceptance of Property Condition and Inspections. **BUYER'S** acceptance of the condition of the Property is not a condition to performance under this Agreement. Notwithstanding the foregoing, **STATE** will pay to **BUYER**, up to a maximum of One Million Dollars (US\$1,000,000) from either cash or equivalent funds as identified in Section 1.2 hereof, or such other funds as **STATE** may choose, for **BUYER'S** or **BUYER'S** ground lessee's completion of the corrections, remedies, repairs and/or improvement projects relating

to the Permanent Injunction and Final Judgment, etc., (entered March 8, 2006) and the January 2006 "Agreement of Settlement and Release" in *Schneider v. State of California, et al.*, (filed Sept. 10, 2003) U.S. District Court (C.D.Cal.) Case No. SACV-03-1364-GAF(EX). **BUYER** and/or **BUYER'S** ground lessee shall complete the construction or implementation of corrections, remedies, repairs and/or improvement projects within the time described in Paragraph 3.3 of the Agreement of Settlement and Release. **BUYER** represents that funds provided by **STATE** will be used solely for the work described in this paragraph and that any remaining balance will be returned to **STATE** by [date]. These costs shall not be subject to Section 10.1 of this Purchase and Sales agreement. .

9. MINERALS

9.1 RESERVATION. **STATE** shall except and reserve all mineral deposits, as defined in Section 6407 of the Public Resources Code, together with the right to prospect for, mine, and remove the deposits without rights of surface entry in a plane from the surface to a depth of 500 feet below the surface. In no event shall **STATE** be granted any surface entry rights in connection with such reservation.

10. INDEMNIFICATION FOR LIABILITIES.

10.1 STATE agrees to indemnify, protect, defend (with counsel reasonably acceptable to **BUYER**) and hold harmless **BUYER** from and against any and all claims, losses, liabilities and expenses suffered or incurred by **BUYER** as a result of 1) any claim or liability which accrues, arose or arises prior to the date of Close of Escrow based upon any personal injury, death or damage to tangible personal property on or at the Property; 2) any claims of any nature or kind from or concerning any of **STATE'S** or **ASSOCIATION'S** employees, officers, directors, board members, volunteers, contractors, tenants, vendors, employee bargaining units, citizens or taxpayer groups, agents, or any other person (including without limitation, as related to the termination of any such parties); (3) **STATE'S** breach of any Contract or Lease prior to the Close of Escrow for the Property; and (4) any claim or liability arising out of or related to the litigation describe on Exhibit "N" attached hereto, except and to the extent resulting or arising from any negligence or misconduct of **BUYER**, its ground lessee, or their agents, employees, contractors, vendors or any person or entity acting on behalf of **BUYER** or its ground lessee. This indemnification obligation expressly survives the Close of Escrow on the Property.

10.2 BUYER agrees to indemnify, protect, defend (with counsel reasonably acceptable to **STATE**) and hold harmless **STATE** from and against any and all claims, losses, liabilities and expenses suffered or incurred by **STATE** as a result of 1) any claim or liability which accrues or arises after the date of Close of Escrow based upon any personal injury, death or damage to tangible personal property on or at the Property; (2) any claims of any nature or kind from or concerning any of **BUYER'S** employees, officers, directors, board members, volunteers, contractors, tenants, vendors, employee bargaining units, citizens or taxpayer groups, agents, or any other person claiming by or through **BUYER**, and 3) **BUYER'S** breach of any Contract or Lease after the Close of Escrow for the Property. This indemnification obligation expressly survives the Close of Escrow on the Property.

11. POST-CLOSING COVENANTS

11.1 In the event that any legal challenge is brought to the validity of this Agreement or any of the documents executed pursuant to this Agreement, and a court of competent jurisdiction issues a final judgment to the effect that the sale by **STATE** to **BUYER** is illegal, invalid and void, then the **PARTIES** agree that **BUYER** shall execute such documents as may be necessary to transfer the Property back to the **STATE**, immediately following which the **PARTIES** shall proceed to enter into a double escrow, using documents substantially in the form of this Agreement and its Exhibits, in which the Property will be transferred to the **BUYER'S** ground lessee and from **BUYER'S** ground lessee to **BUYER** so as to preserve **BUYER'S** ownership interest in the Property and **BUYER'S** ground lessee's interest in its ground lease.

11.2 This Article shall remain in effect until the Note is paid in full.

12. PRIOR AGREEMENTS.

12.1 Supersede. This Agreement supersedes any and all prior agreements between **STATE** and **BUYER** regarding the Property.

13. NON-COMPETITION.

13.1 Orange County Fair. In consideration of the full and timely payment of the Purchase Price, including that portion of the Purchase Price to be paid pursuant to the terms of the Note, **STATE** agrees that after the Close of Escrow, and for so long as a fair, whether called the Orange County Fair or by some other name is operated on the Property, that it shall not authorize or create any other District Agricultural Association, Citrus Fair, or other entity or business which will or is intended to operate a fair or exposition of any kind, nor shall it under any circumstances directly operate any business in the County of Orange that competes with the Orange County Fair or any other business currently operated within the boundaries of the Real Property or contemplated by the Orange County Fair and Event Center Master Plan or the general plan designation for the Property. Should **STATE** in any way breach this covenant of non-competition or should it authorize the formation of another District Agricultural Association or Citrus Fair in the County of Orange, or other entity or business which will or is intended to operate a fair or exposition of any kind, **BUYER** shall be entitled to seek an order for specific performance, injunctive relief and/or damages, or any other appropriate remedy in law or in equity for such breach.

14. GENERAL PROVISIONS

14.1 Assignability. **BUYER** may assign all or a portion of its rights hereunder to an entity that is an affiliate of **BUYER**, defined as an entity in which **BUYER** owns an ownership interest, provided that **BUYER** shall not be released from its obligations under this Agreement without **STATE**'s written consent. All other assignments shall require **STATE**'s written consent, which shall not be unreasonably withheld. Notwithstanding anything to the contrary set forth above, **STATE** and **BUYER** acknowledges and agree that **BUYER**'s ground lessee is an express third party beneficiary of the rights of Buyer set forth in this Agreement, subject to the express terms, provisions and limitations set forth in this Agreement.

14.3 Brokers. **STATE** represents and warrants to **BUYER**, and **BUYER** represents and warrants to the **STATE**, that no broker or finder has been engaged in connection with any of the transactions contemplated by this Agreement, or to its knowledge is in any way connected with any of such transactions. **BUYER** shall indemnify, protect, save harmless and defend **STATE** from any liability, cost, or expense connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by **BUYER** in connection with this transaction. **STATE** shall indemnify, save harmless and defend **BUYER** from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by **STATE** in connections with this transaction. This indemnity provision shall survive the Closing or any earlier termination of this Agreement.

14.4 Computation of Time Periods. Except where this Agreement specifically indicates that a time period is to be measured in “business days,” all periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, unless the last date to perform any act or give any notice or approval shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

14.5 Counterparts. This Agreement or any escrow instructions pursuant to this Agreement may be executed in multiple copies, each of which shall be deemed an original, but all of which shall constitute one Agreement after each party has signed such a counterpart.

14.6 Entire Agreement. This Agreement, together with all exhibits attached hereto and other agreements expressly referred to herein, constitutes the entire agreement between the parties with respect to the purchase and sale of the Property. All prior or contemporaneous agreements, understandings, representations, warranties and statements, oral or written, are superseded.

14.7 Facsimile Signatures. Any party to this Agreement may execute this Agreement and related documents contemplated in this agreement and transmit by facsimile the executed documents to one or more other parties to the Agreement. Signatures sent by facsimile by a party shall be binding on the party upon receipt by the other party or parties. Any party transmitting a signature by facsimile shall subsequently deliver an original of the signature of the other party receiving the signature by facsimile within three (3) business days after delivery of the facsimile signature.

14.8 Further Assurances. The **PARTIES** agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Agreement and the intentions of the **PARTIES**.

14.9 Gender, Number. As used herein, the singular shall include the plural and the masculine shall include the feminine, wherever the context so requires.

14.10 Good Faith and Fair Dealing. Each of the **PARTIES** agrees to deal with the other fairly and in good faith in performance of the acts contemplated herein, including without limitation the exercise of discretion in approval of all conditions.

14.11 Governing Law. This Agreement shall be governed, interpreted, construed and enforced in accordance with the laws of the State of California. Venue of any such action shall be in a court of competent jurisdiction in the County of Sacramento, California or in the United States District Court, Eastern District of California.

14.12 Headings. The captions and paragraph headings used in the Agreement are inserted for convenience of reference only and are not intended to define, limit or affect the construction or interpretation of any term or provision hereof.

14.13 Modification, Waiver. No modification, waiver, amendment or discharge of this Agreement shall be valid unless the same is in writing and signed by both **BUYER** and **STATE**. The escrow instructions shall be considered a part of this Agreement, and no provision in said escrow instructions shall supersede or contradict the provisions of this Agreement, unless the parties agree in writing to such change.

14.14 Notice. Notice to either of the **PARTIES** shall be in writing and either personally delivered, sent by telefax, or sent by certified mail, postage prepaid, return receipt requested, addressed to the party to be notified at the address specified herein. Any such notice shall be deemed received on the date of personal delivery to the party (or such party's authorized representative), on the date of confirmed receipt if by telefax, or three (3) business days after deposit in the U.S. Mail, as the case may be.

STATE'S Address for Notice:

BUYER'S Address for Notice:

Orange County Fairgrounds Authority
77 Fair Drive
Costa Mesa, California 92626
Attn: Executive Director

with a copy to:

with a copy to:

Kimberly Hall Barlow, City Attorney
Jones & Mayer
3777 N. Harbor Blvd.
Fullerton, California 92835

If sent by telefax to:

If sent by telefax to:

Either of the **PARTIES** may change its address or telefax number for notice by delivering written notice to the other party as provided herein.

14.16 Material Obligations. The **PARTIES** acknowledge that the **STATE's** willingness to enter into this Agreement is expressly conditioned on **BUYER'S** performance of all of its material obligations hereunder, and that **STATE** would not enter into this Agreement but for **BUYER'S** agreement to perform all such obligations in full. The **PARTIES** acknowledge that the **BUYER's** willingness to enter into this Agreement is expressly conditioned on **STATE'S** performance of all of its material obligations hereunder, and that **BUYER** would not enter into this Agreement but for **STATE'S** agreement to perform all such obligations in full.

14.17 Successors. All terms of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and permitted assigns.

14.18 Survival. The terms, covenants and conditions herein contained and required to be operative after delivery of the Deed in order to be fully effective shall be operative after Close of Escrow and shall not be deemed to have merged in the Deed.

14.19 Time. Time is of the essence of each provision of this Agreement, including without limitation all time deadlines for satisfying conditions and Close of Escrow.

14.20 Confidentiality. Each of the **PARTIES** hereby agrees to keep this Agreement and all information related hereto strictly confidential and shall not disclose any information or make any statements relating to this Agreement without the prior written consent of the other party, except to the extent required by law, including without limitation the California Public Records Act commencing at Government Code Section 6250.

14.21 Other Agreements. The consummation of the transaction contemplated by this Agreement will not result in or constitute a default or an event that, with notice or lapse of time or both, would be a default, breach or violation of any lease, license, commitment, or other agreement, instruction or arrangement to which **BUYER** is party.

14.22 Consents and Approvals of Governmental Authorities. Except as otherwise provided in this Agreement, no consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority is required in connection with the execution, delivery and performance of this Agreement or the consummation of the transaction contemplated hereby.

14.23 Section Headings. Captions at the beginning of each Section and each subsection are solely for the convenience of the **PARTIES** and are not a part of this Agreement.

14.24 Interpretation. The **PARTIES** acknowledge that both **PARTIES** and their respective counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments thereto.

14.25 Severability. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Agreement, and the remaining parts shall remain in full force as though such invalid or unenforceable provision had not been a part of this Agreement, but only to the extent that performance of such remaining provisions would not be inconsistent with the intent and purposes of this Agreement.

14.26 Multiple Originals. This Purchase and Sale Agreement is executed in six (6) duplicate originals, each of which is deemed to be an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BUYER

ORANGE COUNTY FAIRGROUNDS
AUTHORITY, A Joint Powers Authority
formed under the laws
of the State of California

By: _____

By: _____

STATE

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
REAL ESTATE SERVICES DIVISION

DISTRICT 32 DISTRICT AGRICULTURAL
ASSOCIATION

BY: _____ **By:** _____

Its:

707 Third Street, 5th Floor
West Sacramento, CA 95605
(916) 376-1814

Date: _____ **Date:** _____

Exhibit "A"

Legal Description of Real Property

Exhibit "A-1"

List of Trademarks

Exhibit "A-2"

List of Trucks and Automobiles

[To Be Provided by State]

Exhibit "B"

List of Contracts

Exhibit "C"

List of Leases

Exhibit "D"

Form of Note

Exhibit "E"

Form of Deed of Trust

Exhibit "F"

Form of Security Agreement

Recording Requested by
and return to:

|

**DEED OF TRUST,
ASSIGNMENT OF RENTS AND AGREEMENTS
AND FIXTURE FILING**

RECORDING REQUESTED BY AND WHEN
RECORDED RETURN TO:

**DEED OF TRUST,
ASSIGNMENT OF RENTS AND AGREEMENTS
AND FIXTURE FILING**

THIS DEED OF TRUST ALSO CONSTITUTES AND IS FILED AS A FIXTURE
FILING UNDER THE CALIFORNIA UNIFORM COMMERCIAL CODE.

This Deed of Trust, Assignment of Rents and Agreements, and Fixture Filing (this "**Deed of Trust**") is made as of _____, 2010, by Orange County Fairgrounds Authority as Joint Power Authority formed under the laws of the State of California ("**Trustor**"), whose address is

_____ to _____ ("**Trustee**"), for the benefit of the State of California acting by and through the Department of General Services, whose address is _____

_____ ("**Beneficiary**").

W I T N E S S E T H:

Trustor does hereby irrevocably grant, bargain, sell, and convey to trustee in trust, for the benefit of Beneficiary, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, all of Trustor's right, title, and interest in to and under that certain real property (the "**Land**") in the County of Orange, State of California, described in Exhibit "A" attached hereto and by this reference incorporated herein, together with any and all buildings and improvements (collectively, the "**Improvements**") now or hereafter erected thereon, including the fixtures, attachments, appliances, equipment, machinery, and other articles attached to such

buildings and Improvements, which, together with the Land, are herein collectively called the "**Property**".

Together With all interests, estate or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Property;

Together With all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same;

Together With all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Property; and any and all sidewalks, alleys, and strips and gores of land adjacent to or used in connection with the Real Property;

Together With all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of the Property, including any awards resulting from a change of grade of streets and awards for severance damages;

Together With any and all existing and future leases (including subleases thereof), whether written or oral, rental agreements and all future agreements for use and occupancy, and any and all extensions, renewals and replacements thereof, upon all or relating to any part of the Property, all licenses and agreements relating to the management, leasing or operation of the Property or any portion thereof, and all guarantees of and security for lessee(s)' performance thereunder (collectively, the "**Leases**");

Together With the immediate and continuing right to collect and receive all of the rents, fees, charges, accounts, income, receipts, revenues, issues, profits and other income or other payments of any nature now due or which may become due or to which Trustor may now or shall hereafter (including any income of any nature coming due during any redemption period) become entitled to or may make demand or claim for, arising or issuing from or out of the Leases or from or out of the Property or any part thereof, including for the use or occupancy of rooms and other public facilities, including deposits, minimum rents, additional rents, percentage rents, parking or common area maintenance contributions, tax and insurance contributions, deficiency rents and liquidated damages following default in any Lease, all accounts and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Property, together with any and all rights and claims of any kind which Trustor may have against any tenant under the Leases or any subtenants or occupants of the Property, or any guarantors of any lessee's payment and performance under any Lease, or the security for or the proceeds of the execution on or foreclosure of any security for a lessee's payment and performance under any Lease (collectively, "**Rent Payments**");

The entire estate, property, and interest hereby conveyed to Trustee may hereafter be referred to as the "**Trust Estate**."

THESE GRANTS ARE MADE FOR THE PURPOSE OF SECURING:

1. Payment of all indebtedness and other obligations evidenced by that certain Secured Promissory Note of even date herewith (the "**Note**") by Orange County Fair Amphitheater Market and Expo, LLC, a California limited liability company ("**Borrower**") on behalf of Trustor, in favor of Beneficiary in the face amount of Ninety-Six Million and 00/100 Dollars (\$96,000,000.00), with interest thereon as provided therein, and all prepayment charges, late charges and loan fees thereunder, and any and all amendments, modifications, substitutions, extensions and renewals thereof. The interest rate, payment terms and the balance due on the Note and the indebtedness evidenced thereby may be indexed, adjusted, renewed, increased, decreased, restructured, modified, substituted, or renegotiated without affecting the priority of this Deed of Trust.

2. Payment and performance of all obligations of Trustor hereunder, and under that certain "Security Agreement" of even date herewith between Trustor and Beneficiary regarding certain personal property located on or related to the Property.

3. Payment of all other indebtedness, with interest thereon, which may hereafter be loaned to Trustor or Borrower, or their successors or assigns, by Beneficiary, when evidenced by a promissory note or other document, instrument or agreement executed by Borrower reciting that it is secured by this Deed of Trust.

This Deed of Trust, the Note, the Security Agreements (defined in the Note) and any other document, instrument or agreement given by Trustor or Borrower to evidence or further secure the payment and performance of any obligation secured hereby, each as they may be extended, modified, amended, restated, replaced, superseded or substituted from time to time, may hereafter be referred to as the "**Loan Documents**," the terms and conditions of which are incorporated herein by this reference. Capitalized terms used but not defined herein shall have the meanings ascribed in the Loan Agreement.

ACCOMMODATION COVENANTS:

This Deed of Trust is being executed by Trustor as an accommodation to Borrower, and Trustor hereby agrees that the following provisions shall apply to such accommodation:

Trustor has executed and delivered this Deed of Trust to Beneficiary as an accommodation to Borrower in order to induce Beneficiary to accept the Note which sets forth, among others, Borrower's payment obligations as more particularly described in the Note, which payment obligations are secured hereby. Trustor hereby authorizes and empowers Beneficiary and Trustee to exercise, in their sole discretion, any rights and remedies, or any combination thereof, which may then be available to Beneficiary and Trustee, since it is the intent and purpose of Trustor that the obligations hereunder shall be absolute, independent and unconditional under any and all circumstances.

In this regard, Trustor consents and agrees that Beneficiary may, at any time and from time to time, in Beneficiary's sole and absolute discretion, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) enter into or give any agreement, approval or consent with respect to Borrower's covenants and obligations under the

Note or any additional security or guaranties now or hereafter held therefor; (b) accept partial payments on Borrower's monetary obligations under the Note; (c) receive and hold additional security or guaranties for Borrower's covenants and obligations under the Note; (d) settle, release, liquidate and/or fail to perfect, subordinate, transfer and/or fail to enforce any other security or guaranties now or hereafter held for Borrower's covenants and obligations under the Note; (e) substitute, exchange, amend or alter any other security or guaranty now or hereafter held for Borrower's covenants and obligations under the Note, whether or not the security or guaranty received upon the exercise of such power is of the same character or value as the security or pledge so affected; (f) release any person from any personal liability with respect to Borrower's covenants and obligations under the Note; (g) consent to the transfer of any such other security and bid and purchase the same at any sale thereof, provided, that Beneficiary may not modify, amend or extend the terms of the Note without the prior written consent of Trustor.

To the fullest extent permitted by law, Trustor waives:

(a) Any right to require Beneficiary to proceed against Borrower or any other person or to proceed against or exhaust any other security held by Beneficiary at any time or to pursue any other remedy in Beneficiary's power before exercising any right or remedy under this Deed of Trust.

(b) Any defense that may arise by reason of: (i) Beneficiary's failure to proceed against Borrower or any of Borrower's property, or any other party against whom Beneficiary might assert a claim, before proceeding against Trustor or the Property under this Deed of Trust; (ii) the release, suspension, discharge or impairment of any of Beneficiary's rights against Borrower or any other party against whom Beneficiary might assert a claim, whether such release, suspension, discharge or impairment is explicit, tacit or inadvertent; (iii) Beneficiary's failure to pursue any other remedies available to Beneficiary that would reduce the burden of the indebtedness secured hereby on Trustor's interests in the Property; (iv) any lack of authority, death, disability or other incapacity of any of Borrower, Trustor, and other guarantor or any other person with respect to Borrower's covenants and obligations under the Note; (v) the unenforceability or invalidity of any security or other guaranties for Borrower's covenants and obligations under the Note or the lack of perfection or continuing perfection or failure of priority of any security for Borrower's covenants and obligations under the Note; (vi) any failure of Beneficiary to give notice of sale or other disposition of the Property to Borrower or Trustor or any other person or any defect in any notice that may be given in connection with any sale or disposition of the Property; (vii) any failure of Beneficiary to comply with applicable laws in connection with the sale or other disposition of the Property, or any portion thereof, for satisfaction of any Borrower covenants and obligations under the Note, including, without limitation, any failure of Beneficiary to conduct a commercially reasonable sale or other disposition of the Property, or any portion thereof, for satisfaction of any Borrower covenants and obligations under the Note; (viii) any act or omission of Beneficiary or others that directly, indirectly, by operation of law or otherwise results in or aids the discharge or release of Borrower, Trustor or any security or guaranties now or hereafter held for Borrower's covenants and obligations under the Note; (ix) any law which provides that the obligation of any accommodating party must neither be larger in amount nor in other respects more burdensome than that of the principal; (x) any failure of Beneficiary to file or enforce a claim in any bankruptcy or other proceeding with respect to any person; (xi) the election by Beneficiary, in

any bankruptcy proceeding of any person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, and as it may hereinafter be amended; (xii) any use of cash collateral under Section 363 of the United States Bankruptcy Code, and as it may hereinafter be amended; (xiii) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any person; (xiv) the avoidance of any lien in favor of Beneficiary for any reason; (xv) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any person, including any discharge of, or bar or stay against collecting, all or any of Borrower's monetary obligations under the Note in or as a result of any such proceeding; (xvi) any defense based upon an election of remedies by Beneficiary, (xvii) any defenses based upon any provision of law or any other agreement to which Trustor or Borrower is a party and/or otherwise bound which is or may be consistent with this Deed of Trust, (xviii) any right or defense arising out of the election of remedies by Beneficiary, even though that election of remedies, such as a nonjudicial foreclosure with respect to the security for a guaranteed obligation has destroyed the guarantor's right of subrogation and reimbursement against the principal.

(c) Demand, protest and notice of any kind, including without limitation, the following notices: (i) notice of any action or nonaction on the part of Borrower or Beneficiary in connection with any obligation or evidence of indebtedness held by Beneficiary as collateral; or (ii) notice of payment or non-payment by Borrower of the indebtedness secured by this Deed of Trust.

(d) Any duty on the part of Beneficiary to disclose to Trustor any facts Beneficiary may now know or may hereafter know about Borrower or Borrower's successors in interest (if any) regardless of whether Beneficiary (i) has reason to believe that any such facts materially increase the risk beyond the risk which Trustor intends to assume by executing this Deed of Trust, (ii) has reason to believe that these facts are unknown to Trustor, or (iii) has a reasonable opportunity to communicate such facts to Trustor, it being understood and agreed that Trustor is fully responsible for being and keeping informed of the financial condition of Borrower or any successor in interest of Borrower and of all circumstances bearing on the risk of non-payment of any indebtedness of Borrower to Beneficiary that is secured hereby.

Any rights of subrogation which Trustor may have against Borrower or against the Property or any other security shall be junior and subordinate to any right Beneficiary may have against Borrower and to all right, title and interest Beneficiary may have in the Property or any other security. Beneficiary may use, sell or dispose of the Property or any portion thereof or any other security as it sees fit without regard to any subrogation right Trustor may have, and upon disposition or sale, any right of subrogation Trustor may have shall terminate.

Before executing this Deed of Trust, Trustor has made such independent legal and factual inquiries and investigation as Trustor deemed necessary or desirable with respect to the ability of Borrower to honor all of Borrower's covenants and obligations under the Note, and Trustor has relied solely on said independent inquiries and investigations preparatory to entering into this Deed of Trust. Trustor warrants and agrees that each of the waivers and consents set forth herein is made after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may

diminish, destroy or otherwise adversely affect rights which Trustor otherwise may have against Borrower, Beneficiary or others, or against the Property, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. If any of the waivers or consents herein are determined to be contrary to any applicable law or public policy, such waivers and consents shall be effective to the maximum extent permitted by law.

ARTICLE I
COVENANTS AND AGREEMENTS OF TRUSTOR

Trustor hereby covenants and agrees:

1.1 Performance of Obligations Secured. Trustor shall pay and perform all of the obligations secured hereby in accordance with the terms of the applicable Loan Documents.

1.2 Maintenance of the Property. The Property shall be maintained in good condition at all times. Trustor shall promptly make all necessary repairs, replacements, and renewals so that the value of the Property shall be maintained. Trustor shall not commit or permit any waste on the Property. Trustor shall comply with all laws, ordinances, regulations, and private restrictions affecting the Property, provided that as to any existing environmental condition, which fails to comply with any law or regulation at the time of the date of this Deed of Trust ("Pre-Existing Environmental Condition"), Trustor shall not be deemed in violation of this provision. Trustor shall operate the Property in such manner as to prevent deterioration of the Land and Improvements, including fences, except for reasonable wear and tear from proper use. Trustor shall not demolish or remove any Improvements from the Property without the written consent of Beneficiary, except those Improvements identified on Exhibit C attached hereto.

1.3 Required Insurance. Trustor shall at all times provide, maintain and keep in force or cause to be provided, maintained and kept in force, at no expense to Trustee or Beneficiary, all policies of insurance that are required pursuant to this Deed of Trust.

1.4 Delivery of Policies, Payment of Premiums.

(a) Trustor shall maintain the insurance specified on Exhibit "B", attached hereto and made a part hereof, in full force and effect throughout the term of this Deed of Trust. At Beneficiary's option, all policies of insurance identified in Exhibit "B" must either have attached thereto a beneficiary's loss payable endorsement for the benefit of Beneficiary in form satisfactory to Beneficiary or must name Beneficiary as an additional insured (in each case, in accordance with the requirements of Exhibit "B"). Trustor may provide any of the required insurance through blanket policies carried by Trustor and covering more than one location, or by policies procured by a party holding under Trustor; provided, however, all such policies must be in form and substance and issued by companies reasonably satisfactory to Beneficiary. At least thirty (30) days prior to the expiration of each required policy, Trustor shall deliver to Beneficiary evidence satisfactory to Beneficiary of the payment of premium and the renewal or replacement of such policy continuing insurance in the form required by this Deed of Trust. All such policies must contain a provision that, notwithstanding any contrary agreement between Trustor and an insurance company, such policies will not be cancelled, allowed to lapse without renewal, surrender, reduced in scope or limits of coverage or otherwise materially amended, without at least thirty (30) days' prior written notice to Beneficiary.

(b) In the event Trustor fails to provide, maintain, keep in force or deliver to Beneficiary the policies of insurance required by this Deed of Trust, Beneficiary may (but has no obligation to) procure such insurance or single-interest insurance for such risks covering Beneficiary's interest, and Trustor will pay all premiums thereon promptly upon demand by Beneficiary, and until such payment is made by Trustor, the amount advanced by Beneficiary with respect to all such premiums will bear interest at the Default Rate.

1.5 Casualties; Insurance Proceeds. Trustor shall give prompt written notice thereof to Beneficiary after the occurrence of any casualty to or in connection with the Trust Estate or any part thereof, whether or not covered by insurance. In the event of such casualty, all proceeds of insurance required under the Exhibit "B" must be payable to Beneficiary, and Trustor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Beneficiary. If Trustor receives any proceeds of insurance required under Exhibit "B" resulting from such casualty, Trustor shall promptly pay over such proceeds to Beneficiary. Beneficiary is hereby authorized and empowered by Trustor to settle, adjust or compromise any and all claims for loss, damage or destruction under any policy or policies of insurance, provided, Trustor shall have the right to approve such settlement so long as there is no outstanding Event of Default. Notwithstanding anything to the contrary above, if any new improvements are constructed upon the Land which do not replace any of the Improvements described on Exhibit "C" attached hereto (the "**New Improvements**"), Beneficiary shall in no way be entitled to receive any of the insurance proceeds which are attributable to the New Improvements. In the event of any damage or destruction of the Property, Beneficiary shall apply all loss proceeds remaining after deductions of all expenses of collection and settlement thereof, including, without limitation, reasonable attorneys' and adjustors' fees and expenses, to the restoration of the Improvements but only as repairs or replacements are effected and continuing expenses become due and payable; provided that the conditions set forth in Section 1.17 hereof are met. Nothing herein contained will be deemed to excuse Trustor from repairing or maintaining the Trust Estate as provided in Section 1.2 hereof or restoring all damage or destruction to the Trust Estate, regardless of whether or not there are insurance proceeds available to Trustor or whether any such proceeds are sufficient in amount, and the application or release by Beneficiary of any insurance proceeds will not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice.

1.6 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of Trustor in and to all policies of insurance required by Section 1.3 will inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate.

1.7 Indemnification; Subrogation; Waiver of Offset.

(a) Trustor shall indemnify, protect, defend and hold harmless Beneficiary from and against all claims, demands, liabilities, losses, costs and damages arising out of this Deed of Trust or any events which occur from and after the date hereof on the Trust Estate or any part thereof or interest therein or occupancy or use thereof by Trustor.

(b) Trustor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents, and representatives, for loss of or damage to Trustor, the Trust Estate, Trustor's property, or the property of others under Trustor's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust.

(c) All sums payable by Trustor hereunder and all obligations secured hereby shall be paid without counterclaim, setoff, deduction, or defense and without abatement, suspension, deferment, diminution, or reduction; and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged, or otherwise affected (except as expressly provided herein) by reason of (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim which Trustor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms hereof or of any other agreement with Trustor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing and whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution, or reduction of any sum secured hereby and payable by Trustor.

1.8 Taxes and Liens. Trustor shall pay before they become delinquent all taxes and assessments levied against or on account of the Trust Estate and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid prior to delinquency, without deferral, unless the lien for deferred assessments is subordinate to the interest of Beneficiary under this Deed of Trust, or Beneficiary gives its prior written consent to the deferral. Trustor shall maintain the Trust Estate free of any liens having priority over or equal to the interest of Beneficiary under this Deed of Trust except for Permitted Encumbrances as defined in Section 1.12, the lien of taxes and assessments not delinquent, and except as hereinafter otherwise provided. Trustor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Trust Estate is not jeopardized. If a lien arises or is filed as a result of nonpayment, Trustor shall within (15) days after the lien arises or, if a lien is filed, within (15) days after Trustor has notice of the filing, secure the discharge of the lien or deposit with Beneficiary cash or a sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien plus any costs, attorney fees, or other charges that could accrue as a result of a foreclosure or sale under the lien.

The assessor or tax collector of the county in which the Property is located is authorized to deliver to Beneficiary a written statement of the property taxes assessed or owing at any time.

1.9 Expenditures by Beneficiary. If Trustor or Borrower shall fail to comply with any provision of the Loan Documents, Beneficiary may, at its option, on Trustor's behalf, with reasonable prior notice to Trustor, or, in exigent circumstances as determined by Beneficiary,

with subsequent notice to Trustor, take the required action and any amount that it reasonably expends in so doing shall be payable on demand with interest at the Default Rate (as defined in the Note).

1.10 Utilities. Trustor shall pay or cause to be paid when due all utility charges which are incurred by Trustor for the benefit of the Trust Estate or which may become a charge or lien against the Trust Estate for gas, electricity, water or sewer services furnished to the Trust Estate and all other assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such assessments or charges are liens thereon.

1.11 Warranty: Defense of Title. Trustor warrants that Trustor holds merchantable title to the Property in fee simple, free of all encumbrances other than the encumbrances previously approved by Beneficiary in writing (the "**Permitted Encumbrances**"). Trustor warrants and will forever defend the title against the claims, other than Permitted Encumbrances, of all persons. In the event any action or proceeding is commenced that questions Trustor's title or the interest of Beneficiary under this Deed of Trust, Trustor shall defend the action at Trustor's expense. If any Permitted Encumbrance is a lien, Trustor shall pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which with the lapse of time, the giving of notice, or any other action of a creditor, would be a default or enable any creditor to declare a default or foreclose any Permitted Encumbrance which is a lien.

1.12 Deed of Trust Condemnation or Taking. Trustor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or taking of the Property or any portion thereof. If any action or proceeding in condemnation or eminent domain is filed, Trustor shall promptly take such steps as may be necessary to defend the action and obtain the award. Trustor authorizes Beneficiary as its attorney-in-fact, which agency is coupled with an interest, to appear in and prosecute, in Trustor's or Beneficiary's name, any such action or proceeding, provided, that, Trustor shall have the right to participate in such proceeding and approve any settlement so long as there is no outstanding Event of Default. If all or any part of the Trust Estate is condemned or taken by eminent domain, the net proceeds of the award shall be applied as set forth in Section 1.17. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorney fees necessarily paid or incurred by Trustor and Beneficiary in connection with the condemnation or taking. Trustor hereby assigns to Beneficiary the net proceeds of any condemnation award. Notwithstanding the foregoing, Beneficiary shall in no way be entitled to any of the condemnation proceeds which are attributable to the New Improvements.

1.13 Inspections. Beneficiary, or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Property for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Documents.

1.14 No Waiver. By accepting payment of any obligation secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other obligations secured hereby or to declare default for failure so to pay.

1.15 Application of Insurance and Condemnation Proceeds.

(a) All compensation, awards, proceeds, damages, claims, insurance recoveries, condemnation awards, rights of action and payments (collectively "**Payments**") which Trustor may receive or to which Trustor may become entitled with respect to the Trust Estate or any part thereof in the event of any damage or injury to or a partial or total condemnation or taking of the Trust Estate, shall be paid over to Beneficiary and shall be applied first toward reimbursement of all costs and expenses of Beneficiary in connection with the recovery of the same, and then shall be applied and disbursed as provided in this Section 1.15. Beneficiary is not entitled to receive any Payments with respect to the New Improvements.

(b) Trustor shall have the option to utilize any remaining proceeds from the Payments to restore the Trust Estate so long as: (i) no uncured Event of Default exists under the Loan Documents (excluding the JPA Non-Curable Events of Default); (ii) Beneficiary, in its reasonable discretion, determines that the restoration of the Trust Estate would be completed at least ninety (90) days prior to the Maturity Date of the Note; (iii) any excess of said Payments above the amount necessary to complete such restoration or rebuilding shall be applied, without prepayment premium, as provided in the Note; (iv) construction and completion of the restoration and rebuilding of the Trust Estate shall be completed in accordance with plans, drawings and cost estimates (the "**Plans**") submitted to and approved by Beneficiary in its reasonable discretion, which Plans shall not be substantially modified, changed or revised without Beneficiary's prior written consent (which shall not be unreasonably withheld) and shall be in conformity with all governmental regulations, including building, zoning, land use and environmental regulations. If Beneficiary at any time reasonably determines that the Payments deposited with Beneficiary will not be sufficient to complete restoration of the Trust Estate pursuant to the Plans, free and clear of all liens except the lien of this Deed of Trust, Beneficiary may withhold disbursement of the funds until such time as Trustor or Borrower with their own funds have completed a sufficient amount of the restoration so that the insurance proceeds will be sufficient to complete the work.

(c) If less than all the conditions in Subsection 1.17(b) above are either satisfied or waived by Beneficiary, then such Payments shall be applied to the payment or prepayment of any indebtedness secured hereby in such order as Beneficiary may determine.

(d) Any application of the payments or any portion thereof to any indebtedness secured hereby shall not be construed to cure or waive any Event of Default hereunder or invalidate any act done pursuant to any such Event of Default.

(e) Notwithstanding anything to the contrary contained herein, if the zoning, building or any land use ordinances then in effect governing the Property do not permit the rebuilding or restoration of all the Property which has been damaged or destroyed, then Trustor hereby agrees that any payment shall be applied to the payment or prepayment of any indebtedness secured hereby in such order as Beneficiary may determine in its sole discretion, except, that, Beneficiary agrees that Trustor may restore any Improvements which are a non-conforming use so long as the necessary permits are issued for such restoration.

(f) Any funds to be applied to repair or restoration under this Section 1.15 shall be held and administered by Beneficiary and disbursed in accordance with reasonable procedures.

TRUSTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ALL RIGHTS IT MAY HAVE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1265.225(a) OR ANY SUCCESSOR STATUTE PROVIDING FOR ALLOCATION OF CONDEMNATION PROCEEDS BETWEEN A PROPERTY OWNER AND A LIENHOLDER.

INITIALS: _____

1.16 Further Encumbrances or Sales; Interests in Trustor.

(a) Without the prior written consent of Beneficiary being first had and obtained, Trustor shall not agree or take any action to allow the Property to be included in any improvement, special or other assessment district, nor execute or deliver any pledge, security agreement, mortgage, deed of trust or other instrument of hypothecation, covering all or any portion of the Property or any interest therein, nor sell, contract to sell, lease with option to purchase, convey, alienate, transfer or otherwise dispose of all or any portion of the Property or any interest therein, whether voluntarily or involuntarily, by operation of law or otherwise. If a Trustor is a corporation or trust or similar entity, that Trustor shall not permit to be sold, conveyed, transferred, encumbered or disposed, whether voluntarily, involuntarily or otherwise, of more than twenty-five percent (25%) of the issued and outstanding capital stock of such corporation or of the beneficial interest of such trust or similar entity without the prior written consent of Beneficiary. If a Trustor is a limited or general partnership or a joint venture, that Trustor shall not permit the change of any constituent general partner or any joint venturer or the sale or transfer (including the admission of new limited partners) of limited partnership interests in such partnership which cumulatively equal more than twenty-five percent (25%) of all limited partner voting power and interest in capital profits and losses in such partnership, whether voluntarily, involuntarily, or otherwise, or the sale, conveyance, transfer, disposition, charging or encumbrance of such general partner's or joint venturer's interest, without the prior written consent of Beneficiary. If a Trustor is a limited liability company, that Trustor shall not permit the change of any manager (including the appointment of a new manager) or member or the sale or transfer (including the admission of a new member) of membership interests which cumulatively equal more than twenty-five percent (25%) of the capital interests or voting power of all members in such limited liability company, whether voluntarily, involuntarily, or otherwise; provided, however, that transfers of interests among the members of Borrower that are members as of the date of this Deed of Trust are permitted.

(b) Notwithstanding the foregoing, Trustor may from time to time replace fixtures constituting a part of the Property, provided that: (i) the replacements for such items or fixtures are of equivalent value and quality; and (ii) Trustor has good and clear title to such replacement property free and clear of any and all liens, encumbrances, security interests, ownership interests, claims of title (contingent or otherwise), or charges of any kind, or the rights of any conditional sellers, vendors or other third parties in or to such replacement property have

been expressly subordinated, at no cost to Beneficiary, to the lien of this Deed of Trust in a manner satisfactory to Beneficiary.

ARTICLE II **FIXTURE FILING**

2.1 This Deed of Trust constitutes a fixture filing under the UCC.

ARTICLE III **ASSIGNMENT OF RENTS AND AGREEMENTS**

3.1 Assignment of Rents. Trustor hereby irrevocably assigns to Beneficiary all of Trustor's right, title and interest in, to and under: (a) all Leases (including, without limitation, that certain Ground Lease dated as of _____ by and between Trustor, as ground lessor and Borrower, as ground lessee (the "**Ground Lease**")) and all guarantees of such Leases (including, without limitation, that certain Guaranty of the Ground Lease for the benefit of Trustor by Facilities Management West, Inc.), and (b) all Rent Payments. This is a present and absolute assignment, not an assignment for security purposes only, and Beneficiary's right to the Leases and Rent Payments is not contingent upon, and may be exercised without possession of, the Property.

3.2 Grant of License. Beneficiary confers upon Trustor a license ("**License**") to collect and retain the Rent Payments as they become due and payable, until the occurrence of an Event of Default. Upon the occurrence of an Event of Default, the License shall be automatically revoked, and Beneficiary may collect and apply Rent Payments pursuant to Section 4.4 hereof without notice and without taking possession of the Property. Trustor hereby irrevocably authorizes and directs the lessees under the Leases to rely upon and comply with any notice or demand by Beneficiary for the payment to Beneficiary of any rental or other sums which may at any time become due under the Leases, or for the performance of any of the lessees' undertakings under the Leases, and the lessees shall have no right or duty to inquire as to whether any Event of Default has actually occurred or is then existing hereunder. Trustor hereby relieves the lessees from any liability to Trustor by reason of relying upon and complying with any such notice or demand by Beneficiary.

3.3 Effect of Assignment. The foregoing irrevocable assignment shall not cause Beneficiary to be (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Property or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants, or conditions of the Leases; or (c) responsible or liable for any waste committed on the Property by the lessees under any of the Leases or any other parties, for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, licensee, employee, invitee or other person. Beneficiary shall not directly or indirectly be liable to Trustor or any other person as a consequence of: (i) the exercise or failure to exercise any of the rights, remedies or powers granted to Beneficiary hereunder; or (ii) the failure or refusal of Beneficiary to perform or discharge any obligation, duty or liability of Trustor arising under the Leases.

3.4 Representations and Warranties. Trustor represents and warrants as follows (which represents and warranties are deemed reaffirmed with respect to each new Lease or modification of an existing Lease):

(a) Trustor has good right, title and interest in and to the Leases and Rent Payments and good right to assign the same, no other person has any right, title or interest therein, and none of lessor's interests under any Lease has been transferred or assigned.

(b) Trustor has duly and punctually performed, all and singular, the material terms, covenants, conditions and warranties of the Leases on Trustor's part to be kept, observed and performed.

(c) The existing Leases are valid and enforceable in accordance with their respective terms and, except as disclosed to Beneficiary, are unmodified and in full force and effect.

(d) Except for the prepayment of the initial \$19,200,000 of rent due under the Ground Lease, none of the Rent Payments due and issuing from the Property or from any part thereof has been collected for any period in excess of one (1) month in advance, nor has payment of any of same been anticipated, waived, released, discounted, set off or otherwise discharged or compromised.

(e) Trustor has not received any funds or deposits from any tenant (other than security deposits provided for in the Lease) for which credit has not already been made on account of accrued Rent Payments.

(f) None of the tenants under any existing Leases is in default of any of the material terms thereof.

3.5 Covenants of Performance. Trustor covenants and agrees as follows:

(a) Trustor shall observe, perform, and discharge, duly and punctually, all of the material obligations of the Leases on the part of Trustor to be kept, observed, and performed; and shall give prompt notice to Beneficiary of any failure on the part of Trustor to observe, perform, and discharge same.

(b) Trustor shall enforce the performance of each and every material obligation, term, covenant, condition, and agreement in the Leases by any tenant to be performed, and shall notify Beneficiary of the occurrence of any material default under the Leases.

(c) Trustor shall appear in and defend any action or proceeding arising under, occurring out of, or in any manner connected with the Leases or the obligations, duties, or liabilities of Trustor or any tenant thereunder at the expense of Trustor.

(d) At the request of Lender, Trustor shall provide to Beneficiary subordination, nondisturbance and attornment agreements and tenant estoppel certificates for each Tenant, all in form and substance satisfactory to Lender.

(e) Trustor shall not enter into any Lease (i) whereby the tenant thereunder may raze, modify, alter, or replacement any Improvement or construct any additional Improvements on the Property without the Trustor's consent and that Trustor shall not provide tenant with such consent unless any such work to the Trust Estate shall be completed in accordance with plans, drawings and cost estimates (the "**Plans**") submitted to and approved by Beneficiary, which Plans shall not be substantially modified, changed or revised without Beneficiary's prior written consent and shall be in conformity with all governmental regulations, including building, zoning, land use and environmental regulations, and the provisions of Section 1.18(b) of this Deed of Trust are otherwise satisfied, (ii) where the terms of the Lease are inconsistent with any of Beneficiary's rights hereunder, or inconsistent with Trustor's obligations hereunder as to the care and maintenance of the Property including keeping the Property free of claims, liens and encumbrances, (iii) where the terms of the Lease do not specifically provide for landlord's remedies pursuant to California Civil Code Sections 1951.2 and 1951.4 without modifications detrimental to landlord, and (iv) where the tenant does not acknowledge that the Lease is subject to all the terms and conditions of this Deed of Trust and that tenant shall not take any action in contradiction to the terms of this Deed of Trust. Notwithstanding the foregoing, Beneficiary hereby acknowledges and agrees that provided the Ground Lease contains those provisions as provided in Exhibit ___ of the Purchase and Sale Agreement ("PSA") between Trustor and Beneficiary for the Property, then the Ground Lease need not comply with Section 3.5(e) (i) or (iii) above.

3.6 Prior Approval for Actions Affecting Leases. Trustor further covenants and agrees that, without the prior written consent of Beneficiary, which may be given or withheld in the sole and absolute discretion of Beneficiary:

(a) Except for the Ground Lease to the extent it provides that Borrower shall initially pay the first \$19,200,000 of base rent upon the commencement of such Ground Lease, Trustor shall not receive or collect any Rent Payments from any present or future tenant of the Property or any part thereof for a period of more than one (1) month in advance (whether in cash or by promissory note) nor pledge, transfer, mortgage, grant a security interest in, or otherwise encumber or assign future payments of Rent Payments.

(b) Trustor shall not waive, forgive, excuse, condone, discount, set off, compromise, or in any manner release or discharge any tenant under any Leases from any material obligations, covenants, conditions, and agreements by such tenant to be kept, observed, and performed, including the obligation to pay the Rent Payments thereunder in the manner and at the place and time specified therein.

(c) Trustor shall not cancel, terminate, or consent to any surrender of any Lease, nor commence any action of ejectment or any summary proceedings for dispossession of the tenant under any such Leases, nor exercise any right of recapture of the Property provided in any such Leases, nor modify or in any way alter the terms thereof.

(d) Trustor shall not lease any part of the Property on terms less than prevailing market rents and conditions without the specific written approval by Beneficiary of the terms of the Lease, which approval shall not be unreasonably withheld.

(e) Trustor shall not consent to any modification of the express purposes for which the Property has been leased.

3.7 Rejection of Leases. Trustor further covenants and agrees as follows:

(a) In the event a commercial tenant under a Lease becomes the subject of any proceeding under the Federal Bankruptcy Code or any other federal, state or local statute which provides for the possible termination or rejection of the Lease, Trustor covenants and agrees that in the event the Lease is so rejected, no damage settlement shall be made without the prior written consent of Beneficiary.

(b) Trustor will request that any check in payment of damages for rejection or termination of any such Lease will be made payable to both Trustor and Beneficiary.

(c) Trustor hereby assigns any such payment to Beneficiary and further covenants and agrees that upon request of Beneficiary, it will duly endorse to the order of Beneficiary any such check, the proceeds of which will be applied to any portion of the indebtedness secured by this Deed of Trust in such manner as Beneficiary may elect.

3.8 Application of Rent Payments. Trustor shall receive such Rent Payments and hold the Rent Payments, together with the right and license herein granted, as a trust fund to be applied, and Trustor hereby covenants to so apply them, as required by Beneficiary, first to the payment of taxes and assessments upon the Property before penalty or interest is due thereon; second to the costs of insurance, maintenance and repairs required by the terms of this Deed of Trust; third to satisfaction of all obligations under the Leases; and fourth to the payment of interest, principal and any other sums becoming due under the Note and Loan Documents, before using any part of the same for any other purposes; provided, however, that failure to make any payment due and payable under the Note and other Loan Documents shall not be excused by reason of Trustor's application of Rent Payments to the other items set forth above. Upon the conveyance by Trustor and its successors and assigns of Trustor's interest in the Property, all right, title, interest and powers granted under the license aforesaid shall automatically pass to and may be exercised by each subsequent owner.

ARTICLE IV
EVENT OF DEFAULT AND REMEDIES UPON EVENTS OF DEFAULT

4.1 Events of Default. Any of the following events shall, after the expiration of any applicable grace period (including, without limitation, the notice and grace period given to the Borrower in the Note to cure any defaults under the Loan Documents), be deemed an "**Event of Default**" hereunder:

(a) Default in the payment by Trustor of any installment of principal or interest on the Note or of any other sum secured hereby; or

(b) Trustor or Borrower shall file a voluntary petition in bankruptcy or such a petition shall be filed against Trustor or Borrower and is not dismissed within sixty (60) days after filing; or if Trustor or Borrower shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar

relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or Trustor or Borrower shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Trustor or Borrower, or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(c) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Trustor or Borrower seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Trustor or Borrower or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues, or profits thereof, shall be appointed without the consent or acquiescence of Trustor or Borrower and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

(d) A notice of lien, levy, or assessment is filed or a writ of execution or attachment or any similar process is issued or levied with respect to all or a part of the Trust Estate or any judgment involving monetary damages shall be entered against Trustor and become a lien on the Trust Estate or any portion thereof or interest therein which is senior to the lien of this Deed of Trust or which results from any work on or construction to any Improvement on the Property, and Trustor fails, within (30) days, to satisfy or have the same released or to deposit with Beneficiary cash or sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien, levy, assessment, writ or similar process or judgment plus any costs, attorney's fees or other charges that could accrue as a result of a foreclosure or sale under the lien, levy, assessment, writ or similar process or judgment; or

(e) There has occurred a breach of or default under any term, covenant, agreement, condition, provision, representation, or warranty contained in any of the Loan Documents or any part thereof; or

(f) Intentionally Omitted;

(g) The conveyance of the Property or transfer of stock or interests in Trustor in violation of the terms of this Deed of Trust; or

(h) This Deed of Trust or any of the other Loan Documents ceases to be in full force and effect, or this Deed of Trust ceases to create a valid and perfected lien on the Property, subject only to the Permitted Encumbrances; or

(i) Excepting any requirement relating to the Pre-Existing Environmental Conditions, Trustor fails to comply with any requirement of any government authority having jurisdiction over the Property within the time required by such authority after notice in writing of such requirement shall have been given to Trustor unless Trustor is contesting such requirements diligently through appropriate proceedings; or

(j) Trustor or Borrower winds up, dissolves, or otherwise ceases its legal existence.

4.2 Rights and Remedies on Default. Upon the occurrence of any Event of Default and at any time thereafter, Beneficiary may exercise any one or more of the following rights and remedies:

(a) Declare the entire indebtedness secured hereby immediately due and payable with or without notice to Trustor.

(b) With or without notice, and without releasing Trustor from any obligation secured hereby, and without becoming a mortgagee in possession, cure any breach or default of Trustor and, in connection therewith, enter upon the Property and do such acts and things as Beneficiary or Trustee deem necessary or desirable to protect the security hereof, including: (i) to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee under this Deed of Trust; (ii) to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the sole judgment of either Beneficiary or Trustee, is or may be senior in priority to this Deed of Trust, the judgment of Beneficiary or Trustee being conclusive as between the parties hereto; (iii) to obtain insurance; (iv) to pay any premiums or charges with respect to insurance required to be carried under this Deed of Trust; or (v) to employ counsel, accountants, contractors and other appropriate persons.

(c) Commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or obtain specific enforcement of the covenants of Trustor hereunder, and Trustor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that, for the purposes of any suit brought under this subparagraph, Trustor waives the defense of laches and any applicable statute of limitations;

(d) Apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Property as a matter of strict right and without regard to the adequacy of the security for the repayment of the obligations secured hereby, the existence of a declaration that the obligations secured hereby are immediately due and payable, or the filing of a notice of default, and Trustor hereby consents to such appointment;

(e) Enter upon, possess, manage and operate the Property or any part thereof, take and possess all documents, books, records, papers and accounts of Trustor or the then owner of the Property relating to the Property or the Loan Documents, make, terminate, enforce or modify Leases of the Property upon such terms and conditions as Beneficiary deems proper, make repairs, alteration and improvements to the Property as necessary, in Trustee's or Beneficiary's sole judgment, to protect or enhance the security hereof;

(f) Execute a written notice of such default and of its election to cause the Property to be sold to satisfy the obligations secured hereby. As a condition precedent to any such sale, Trustee shall give and record such notice, as the law then requires. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to

or demand upon Trustor except as required by law, shall sell the Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as Beneficiary in its sole discretion may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale. Neither Trustor nor any other person or entity other than Beneficiary shall have the right to direct the order in which the Property is sold. Subject to requirements and limits imposed by law, Trustee may from time to time postpone sale of all or any portion of the Property by public announcement at such time and place of sale. Trustee shall deliver to the purchaser at such sale a deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Trustor or Beneficiary may purchase at the sale;

(g) Resort to and realize upon the security hereunder and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and apply the proceeds received upon the obligations secured hereby all in such order and manner as Trustee and beneficiary, or either of them, determine in their sole discretion.

4.3 Application of Foreclosure Sale Proceeds. After deducting all costs, fees and expenses of Trustee, and of this trust, including cost of evidence of title and attorneys' fees in connection with sale and costs and expenses of sale and of any judicial proceeding wherein such sale may be made, Trustee shall apply all proceeds of any foreclosure sale: (i) to payment of all sums expended by Beneficiary under the terms hereof and not then repaid, with accrued interest at the Default Rate; (ii) to payment of all other obligations secured hereby; and (iii) the remainder, if any, to the person or persons legally entitled thereto.

4.4 Application of Other Sums. All sums received by Beneficiary under Section 4.02, less all costs and expenses incurred by Beneficiary or any receiver under Section 4.02, including attorneys' fees, shall be applied in payment of the obligations secured hereby in such order as Beneficiary shall determine in its sole discretion; provided, however, Beneficiary shall have no liability for funds not actually received by Beneficiary.

4.5 No Cure or Waiver. Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Property, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any obligation secured hereby, nor the exercise or failure to exercise of any other right or remedy by Beneficiary or Trustee or any receiver shall cure or waive any breach, default or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all obligations secured hereby then due have been paid and performed and Trustor has cured all other defaults), or impair the status of the security, or prejudice Beneficiary or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option or a subordination of the lien of this Deed of Trust.

4.6 Payment of Costs, Expenses and Attorney's Fees. Trustor agrees to pay to Beneficiary immediately and without demand all costs and expenses incurred by Trustee and

Beneficiary pursuant to subparagraphs (a) through (i), inclusive, of Section 4.2 (including court costs and attorneys' fees, whether incurred in litigation or not) with interest from the date of expenditure until said sums have been paid, at the Default Rate. In addition, Trustor shall pay to Trustee all Trustee's fees hereunder and shall reimburse Trustee for all expenses incurred in the administration of this trust, including any attorneys' fees.

4.7 Power to File Notices and Cure Defaults. Trustor hereby irrevocably appoints Beneficiary and its successors and assigns, and as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment or further assurance with respect to the Leases and Rent Payments in favor of the grantee of any such deed, as may be necessary or desirable for such purpose, and (c) upon the occurrence of an event, act or omission which, with notice or passage of time or both, would constitute an Event of Default, Beneficiary may perform any obligation of Trustor hereunder; provided, however, that: (i) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (ii) Beneficiary shall not be liable to Trustor or any other person or entity for any failure to act under this Section.

ARTICLE V **MISCELLANEOUS**

5.1 Governing Law. This Deed of Trust shall be governed by the laws of the State of California without regard for conflict of laws principles. In the event that any provision or clause of any of the Loan Documents conflicts with applicable laws, such conflicts shall not affect other provisions of such Loan Documents which can be given effect without the conflicting provision, and to this end the provisions of the Loan Documents are declared to be severable. Venue for any judicial action under this Deed of Trust shall be in a court of competent jurisdiction in the County of Sacramento, California or in the United States District Court, Eastern District of California.

5.2 Modification. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

5.3 Inspections and Appraisals. Beneficiary or its agents may enter upon the Property at any reasonable times to inspect or appraise it, whether or not any default exists hereunder. If Trustor refuses to permit such inspection or appraisal, Beneficiary may specifically enforce performance of this provision.

5.4 Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service, by facsimile, or by overnight delivery service offering proof of delivery, addressed to the address set forth at the beginning of this Deed of Trust. Any notices shall be deemed received when delivered. Any party may at any time change

its address for such notices by delivering to the other parties hereto, as aforesaid, a notice of such change.

5.5 Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

5.6 Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially unsecured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Deed of Trust. Further, the invalidity or unenforceability of any portion or provision of this Deed of Trust shall in no way affect the validity or enforceability of the remainder hereof.

5.7 Subrogation. To the extent that proceeds of the Note are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights and liens owed by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether such liens, charges or encumbrances are released.

5.8 No Merger. If both the lessor's and lessee's estates under any lease or portion thereof which constitutes a part of the Trust Estate shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and created by Trustor shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. Notwithstanding anything to the contrary in this Deed of Trust or any other Loan Document, Beneficiary agrees that a foreclosure sale will not terminate the Ground Lease, and that all of Borrower's rights under the Ground Lease will be recognized and not disturbed following such foreclosure if the Event of Default is based on (i) a breach by Trustor of Section 1.16(a) of this Deed of Trust, (ii) an Event of Default under Section 4.1(b), (c), (d), (e), (g) or (j) of this Deed of Trust, or of Section 6(e) of Trustor's Security Agreement which is attributable Trustor, or (iii) any other Event of Default which is attributable to any act or omission by Trustor which by its nature Borrower is unable to cure with the applicable notice and cure periods set forth in the Note (collectively the "Non-Curable JPA Events of Default"). Trustor, Beneficiary and Borrower agree that a non-disturbance agreement in the form of Exhibit "D" shall be recorded in the Official Records of Orange County, California, immediately following the recordation of this Deed of Trust, which shall set forth the non-disturbance rights as described above. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

5.9 Hazardous Substances.

(a) As used in this Section 5.9, the following terms shall have the following meanings:

(i) "**Environmental Laws**" means all statutes, ordinances, orders, rules, regulations, plans, policies or decrees and the like now or hereafter in effect relating to (A) Hazardous Substance Activity or Hazardous Substances; (B) the generation, use, storage, transportation or disposal of Hazardous Substances, or solid waste; or (C) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health, safety or welfare, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("**CERCLA**"); the Hazardous Material Transportation Act (49 U.S.C. Section 180 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Air Act (42 U.S.C. Section 740 et seq.); the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); the Occupational Safety and health Act (29 U.S.C. Section 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.); the Porter-Cologne Water Quality Control Act (California Water Code Section 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Section 25249.5 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.); and the rules, regulations and ordinances of any applicable federal, state and local agencies or bureaus, as amended from time to time.

(ii) "**Foreclosure Transfer**" means the transfer of title to all or any part of the Property or the Property at a foreclosure sale under the Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Deed of Trust, or by deed in lieu of such foreclosure.

(iii) "**Hazardous Substances**" means (A) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a "hazardous substance," "hazardous material," "hazardous waste," "extremely hazardous waste," "acutely hazardous waste," "radioactive waste," "infectious waste," "biohazardous waste," "toxic substance," "pollutant," "toxic pollutant," "contaminant" as well as any other formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP toxicity" or "TCLP toxicity"; (B) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (C) "hazardous substance" as defined in Section 2782.6(d) of the California Civil Code; (D) "waste" as defined in Section 13050(d) of the California Water Code; (E) asbestos in any form; (F) urea formaldehyde foam insulation; (G) polychlorinated biphenyls (PCBs); (H) radon; and (I) any other chemical, material, or substance that, because of

its quantity, concentration, or physical or chemical characteristics, exposure to which is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

(iv) "**Hazardous Substance Activity**" means any actual, proposed, or threatened use, storage, holding, existence, location, release (including, without limitation, any spilling, leaking, leaching, pumping, pouring, emitting, emptying, dumping, disposing into the environment, and the continuing migration into or through soil, surface water, groundwater or any body of water or the air), discharge, deposit, placement, generation, processing, construction, treatment, abatement, removal, disposal, disposition, handling, or transportation of any Hazardous Substance from, under, in, into, or on the Property, including without limitation, the movement or migration of any Hazardous Substances from surrounding property, surface water, groundwater or any body of water, or the air under, in, into or onto the Property and any residual Hazardous Substances contamination in, on, or under the Property.

(v) "**Losses**" means all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, causes of action, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, liquidated and contingent, proximate and remote, including, without limitation, the following: (A) the reasonable fees and expenses of outside legal counsel; (B) the reasonable fees and expenses of accountants, third-party consultants, and other independent contractors retained by a Beneficiary; (C) costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work required or performed by any federal, state or local governmental agency or political subdivision or performed by any nongovernmental entity or person that is required by Environmental Laws or administrative ruling or directive because of the presence, suspected presence, release or suspected release of Hazardous Substances in violation of Environmental Laws in the air, soil, surface water or groundwater at the Property; (D) any and all diminution in value of the Property, loss of use or damage to the Property, or loss of profits or loss of business opportunity; or (E) reasonable costs and expenses of enforcing this Section 5.9.

(vi) "**Environmental Losses**" means Losses arising out of or as a result of: (A) the occurrence, at any time prior to a Foreclosure Transfer, of any Hazardous Substance Activity; (B) any violation, at any time prior to a Foreclosure Transfer, of any applicable Environmental laws relating to the Property or the Property or to the ownership, use, occupancy or operation thereof; (C) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity occurring or allegedly occurring at any time prior to a Foreclosure Transfer; or (D) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against Beneficiary or Trustee, or any of their respective successors, assigns, co-Beneficiaries, participants, parents, subsidiaries, affiliated corporations, directors, officers, agents, attorneys or employees, which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (A), (B), or (C), or any allegation of any such matters. As used in this definition, the phrase "at any time prior to a Foreclosure Transfer" refers solely to

(x) the period of Trustor's ownership of the Property, and(y) any period between the time of Trustor's disposition of the Property and the time of a Foreclosure Transfer (in the event Trustor disposes of the Property prior to a Foreclosure Transfer). Notwithstanding anything to the contrary above, Environmental Losses shall in no way include any Losses attributable to (i) any Hazardous Substances which were located on, about, below or adjacent to the Property at any time prior to the date of this Deed of Trust (the "**Pre-Existing Hazardous Substances**"), (ii) any Hazardous Substances Activity which is attributable to Pre-Existing Hazardous Substances, or (iii) any violations of any applicable Environmental Laws attributable to Pre-Existing Hazardous Substances.

(vii) "**Pre-Foreclosure Environmental Losses**" means Environmental Losses suffered or incurred by Beneficiary before a Foreclosure Transfer.

(b) Trustor represents and warrants to Beneficiary that Trustor's intended use of the Property will not result in the disposal or release of any Hazardous Substances on, under, about or to the Property or the migration of any Hazardous Substances from the Property. The foregoing representations and warranties shall be continuing and shall be true and correct for the period from the date hereof to the release of this Deed of Trust (whether by payment of the indebtedness secured hereby or foreclosure or action in lieu thereof), and these representations and warranties shall survive such release.

(c) On and after the date hereof, Trustor shall not (a) allow any Hazardous Substances to be installed, used, introduced, stored, treated, disposed of, generated, manufactured, discharged, dumped, transported or brought in, upon or over the Property in violation of applicable law; (b) allow any soil or ground water contamination or pollution with any Hazardous Substances on the Property in violation of applicable law; (c) allow any Hazardous Substances to migrate from the Property in violation of applicable law; (d) allow any Hazardous Substances to migrate onto the Property from any adjacent properties in violation of applicable law; or (e) allow or cause the Property to be in violation of, or to trigger a duly initiated and prosecuted investigation of the Property by any governmental authority under applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules or timetables contained in any local, state and/or federal laws, regulations, codes, ordinances, plans, administrative or judicial orders, decrees, judgments, notices or demand letters issued, entered, promulgated or approved thereunder relating to the environment, land use, water and air quality and Hazardous Substances ("**Environmental Requirements**"), provided, that, the foregoing obligations and requirements of this Section 5.9(c) shall in no event be applicable to any Pre-Existing Hazardous Substances.

(d) If the presence of any Hazardous Substances (excluding Pre-Existing Hazardous Substances) on the Property caused or permitted by Trustor results in any contamination of the Property, Trustor shall promptly take all actions, at its sole expense, to assess and remediate such contamination in accordance with the Environmental Requirements; provided that Beneficiary's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Property.

(e) At any time after the occurrence and during the continuance of any default under this Section 5.9, after the lapse of the applicable notice and cure periods, Beneficiary shall have the following rights and remedies, in addition to any other rights and remedies Beneficiary has under this Deed of Trust (provided, Trustor shall not be responsible for any costs or expenses with respect to any Pre-Existing Hazardous Substances):

(i) As provided in California Code of Civil Procedure Section 564, Beneficiary or its employees, acting by themselves or through a court appointed receiver may do any of the following: (i) enter upon, possess, manage, operate, dispose of, and contract to dispose of the Property or any part thereof; (ii) take custody of all accounts; (iii) negotiate with governmental authorities with respect to the Property's compliance with the Environmental Laws and Environmental Requirements and remedial measures with respect thereto; (iv) take any action necessary to enforce compliance with Environmental Laws or Environmental Requirements, including spending Rents to abate any violations of Environmental Losses or Environmental Requirements, or to compensate for any Environmental Losses or to pay any Environmental Costs (as hereafter defined); (v) make, terminate, enforce or modify leases of part or all of the Property; (vi) contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Property to address Environmental Laws or Environmental Requirements, or to abate Environmental Losses or pay Environmental Costs, to the extent necessary in Beneficiary's judgment to protect or enhance the security hereof; and/or (vii) take any and all other actions which may be necessary or desirable to comply with Trustor's obligations hereunder and under the Loan Documents with respect to Environmental Laws or Environmental Requirements. All sums realized by the receiver or Beneficiary under this subparagraph, less all costs and expenses incurred by either of them under this subparagraph, including attorneys' fees, and less such sums as Beneficiary or the receiver deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary or the receiver under this subparagraph shall cure or waive any default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to the adequacy of the security for the indebtedness secured hereunder, the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or the filing of a notice of default.

(ii) With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor or in connection with any such default, Beneficiary or its agents, acting by themselves or through a court-appointed receiver, may enter upon the Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including of any of Beneficiary's other rights: (i) to obtain a court order to enforce Beneficiary's right to enter and inspect the Property under California Civil Code Section 2929.5 (in respect of which the decision of Beneficiary as to whether there exists a release or threatened release of hazardous substance, as defined therein, onto the Property shall be deemed reasonable and conclusive as between the parties hereto); and (ii) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Property for hazardous substances as defined therein. All costs and expenses incurred by Beneficiary with

respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor, excluding any costs and expenses which are attributable to Pre-Existing Hazardous Substances. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date they are incurred until said sums have been paid.

(iii) Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in this Section 5.9, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred by Beneficiary or advanced by Beneficiary (collectively, the "**Environmental Costs**") relating to the cleanup, remediation or other response action required by applicable law or which Beneficiary believes necessary to protect the Property, exclusive of all costs or expenses which have been incurred in connection with any Pre-Existing Hazardous Substances, it being conclusively presumed between Beneficiary and Trustor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action respecting the Property were made by Beneficiary in good faith. All such Environmental Costs incurred by Beneficiary under this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at any sale of the Property held hereunder, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

(iv) As provided in California Code of Civil Procedure Section 726.5, Beneficiary may waive its lien against the Property or any portion thereof, to the extent such property is found to be environmentally impaired as defined therein, and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including seeking an attachment order under California Code of Civil Procedure Section 483.010. Beneficiary and Trustor each represents and warrants for itself that it has no actual knowledge of any release of any Hazardous Substance (as defined in California Code of Civil Procedure Section 726.5) on, to or under the Property. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) did not cause or contribute to, and was not in any way negligent in permitting, any release or threatened release of the Hazardous Substance.

(v) Trustor acknowledges and agrees that notwithstanding any term or provision contained herein or in the Loan Documents, the Environmental Costs and all judgments and awards entered against Trustor pursuant to Section 5.9(f)(iv) above shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Trustor

shall be fully and personally liable for the Environmental Costs and such judgments and awards and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust, and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Property or this Deed of Trust.

(f) Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all Pre-Foreclosure Transfer Environmental Losses. The foregoing does not cover Post-Foreclosure Transfer Environmental Losses (as defined in the Unsecured Environmental Indemnity by Trustor in favor of Beneficiary dated of even date herewith).

5.10 Access Laws.

(a) Trustor agrees that Trustor and the Property shall at all times strictly comply to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto including the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted (collectively, "**Access Laws**"), provided Trustor shall be permitted to complete its remediation work by January 1, 2011, pursuant to its obligation as Buyer under Section 8.3 of the PSA, without being in breach of this provision, and shall have up to five (5) years from the date of this Deed of Trust to complete any work on any other pre-existing violation of Access Laws.

(b) Trustor agrees to give prompt notice to Beneficiary of any claims of violations of any Access Laws and of the commencement of any proceedings or investigations, which relate to compliance with any of the Access Laws.

(c) Trustor shall indemnify, defend, and hold harmless Beneficiary from and against any and all claims, demands, damages, costs, expenses, losses, liabilities, penalties, fines, and other proceedings, including reasonable attorneys fees and expenses arising directly or indirectly from or out of or in any way connected with any failure of the Property to comply with any of the Access Laws. The obligations and liabilities of Trustor under this section shall survive any termination, satisfaction, assignment, judicial or nonjudicial foreclosure proceeding, or delivery of a deed in lieu of foreclosure.

5.11 Waiver of Marshaling. Trustor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

5.12 Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but

each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

5.13 Prepayment Charge. If this Deed of Trust or any obligation secured hereby provides for any charge for prepayment of any indebtedness secured hereby, Trustor agrees to pay said charge if for any reason any of said indebtedness shall be paid prior to the stated maturity date thereof, even if and notwithstanding that an Event of Default shall have occurred and Beneficiary, by reason thereof, shall have declared said indebtedness or all sums secured hereby immediately due and payable, and whether or not said payment is made prior to or at any sale held hereunder.

5.14 Reconveyance. Upon the payment in full of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Upon payment of its fees and any other sums owing to it under this Deed of Trust, Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in such conveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said notes and this Deed of Trust unless otherwise directed by Beneficiary.

5.15 Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the fullest extent permitted by law.

5.16 Interpretation. In this Deed of Trust whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural and conversely. In this Deed of Trust, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, but shall refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. Except as otherwise specifically provided, references herein to Sections and Exhibits are to the Sections of and Exhibits attached to this Deed of Trust. The captions and headings of the Articles and Sections of this Deed of Trust are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

5.17 Successors and Assigns; Joint and Several Obligations. All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of Trustor and the successors in trust of Trustee and the endorsees, transferees, successors and assigns of Beneficiary. In the event Trustor is composed of more than one Person, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

5.18 Counterparts. This Deed of Trust may be executed and/or initialed in any number of duplicate original counterparts that, taken together, will constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned has executed this Deed of Trust on the day and year first hereinabove written.

TRUSTOR:

Orange County Fairgrounds Authority, a joint power authority formed under the laws of the State of California

By: _____

By: _____

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B

INSURANCE REQUIREMENTS

I. PROPERTY INSURANCE

An ORIGINAL (or certified copy) All-Risk Hazard Insurance Policy or ORIGINAL Acord 28 (2003/10) form of Certificate of Insurance naming the Trustor as an insured, reflecting coverage of 100% of the replacement cost, and written by a carrier approved by Lender with a current Best's Insurance Guide Rating of at least A- IX (which is authorized to do business in the state in which the property is located) that includes:

1. Mortgage Clause naming Beneficiary as Mortgagee with a 30-day notice to Beneficiary in the event of cancellation, non-renewal or material change.
2. Lender's Loss Payable Endorsement (ISO 1218) with a Severability of Interest Clause with a 30-day notice to Beneficiary in the event of cancellation, non-renewal or material change.
3. Replacement Cost Endorsement.
4. No Coinsurance Clause
5. Boiler and Machinery Coverage.
6. Sprinkler Leakage Coverage.
7. Vandalism and Malicious Mischief Coverage.
8. Loss of Rents Insurance in an amount of not less than 100% of one year's Rental Value of the Lease between Trustor and Borrower. "Rental Value" shall include:
 - (a) The total projected gross rental income from tenant occupancy of the Property,
 - (b) The amount of all charges which are the legal obligation of tenants and which would otherwise be the obligation of Borrower, and
 - (c) The fair rental value of any portion of the Property which is occupied by Borrower.
9. One year's business interruption insurance in an amount acceptable to Beneficiary.
10. Extra Expense Coverage.
11. Borrower's coverage is primary and con-contributory with any insurance or self-insurance carried by Beneficiary.

12. Waiver of Subrogation against any party whose interest are covered in the policy.

II. LIABILITY INSURANCE

An ORIGINAL Acord 25-S Certificate of General Comprehensive Liability Insurance naming Trustor as an insured, providing coverage on an "occurrence" rather than a "claims made" basis and written by a carrier approved by Lender with a current A.M. Best's Insurance Guide Rating of at least A- IX (which is authorized to do business in the state in which the property is located) that affirmatively includes the following:

1. Combined general liability policy limit of at least \$5,000,000.00 each occurrence, applying liability for Bodily Injury, Personal Injury, Property Damage, Contractual, Products and Completed Operations which combined limit may be satisfied by the limit afforded under the Commercial General Liability Policy, or by such Policy in combination with the limits afforded by an Umbrella or Excess Liability Policy (or policies); provided the coverage afforded under any such Umbrella or Excess Liability Policy is at least as broad in all material respects as that afforded by the underlying Commercial General Liability Policy.
2. Aggregate limit to apply per location
3. Trustor coverage is primary and non-contributory with any insurance or self-insurance carried by Beneficiary.
4. Waiver of Subrogation against any party whose interests are covered in the policy. Additional Insured Endorsement naming Beneficiary as an additional insured with a 30-day notice to Beneficiary in the event of cancellation, nonrenewal or material change. A Severability of Interests provision should be included.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“Agreement”) dated _____, 2010, is made and executed between Orange County Fairgrounds Authority a Joint Power Authority (“Grantor”) and the State of California, Department of General Services (“Secured Party”).

WHEREAS, pursuant to that certain Purchase And Sales Agreement involving the Orange County Fair and Event Center Property located at 88 Fair Drive, Costa Mesa, California (“the Real Property”) between Secured Party and Grantor as of _____, 2010 (the “Purchase Agreement”) and the transactions contemplated thereby, the Secured Party has agreed to accept a promissory note from O. C. Fair Amphitheater Market and Expo, LLC, a California limited liability company (“the Promissor”), upon the terms and subject to the conditions set forth in that certain Promissory Note issued by Promissor in favor of Secured Party of even date herewith (the “Note”) therein;

WHEREAS, the Grantor and Secured Party desire to have Grantor execute and deliver this Security Agreement in connection with the closing of the Purchase Agreement and the issuance of the Note; and

WHEREAS, a condition precedent to the obligation of the Secured Party to close the transactions contemplated by the Purchase Agreement is for Secured Party to receive a fully executed copy of this Agreement from Grantor;

NOW, THEREFORE, in consideration of the premises and to induce the Secured Party to close the transactions contemplated in the Purchase Agreement, Grantor hereby agrees with the Secured Party as follows:

Section 1. Grant of Security Interest. For valuable consideration, Grantor grants to Secured Party a security interest in the Collateral to secure the Indebtedness and agrees that Secured Party shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Secured Party may have by law.

Section 2. Collateral Description. The word “Collateral” as used in this Agreement means the property described on Exhibit “A” attached hereto, wherever located, in which Grantor is giving to Secured Party a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement.

In addition, the word “Collateral” also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party’s insurer, whether due to judgment, settlement or other process, but excluding any proceeds realized from the sale or disposition of any Collateral in the ordinary course of business so long as there is no outstanding Event of Default.

Despite any other provision of this Agreement, Secured Party is not granted, and will not have, a nonpurchase money security interest in household goods, to the extent such a security interest would be prohibited by applicable law. In addition, if because of the type of any Property, Secured Party is required to give a notice of the right to cancel under Truth in Lending for the Indebtedness, then Secured Party will not have a security interest in such Collateral unless and until such a notice is given.

Section 3. Grantor's Representations and Warranties with Respect to the Collateral. With respect to the Collateral, Grantor represents and promises to Secured Party that:

(a) Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Secured Party to perfect and continue Secured Party's security interest in the Collateral. Upon request of Secured Party, Grantor will deliver to Secured Party any and all of the documents evidencing or constituting the Collateral..

(b) Notices to Secured Party. Grantor will promptly notify Secured Party in writing at Secured Party's address shown above (or such other addresses as Secured Party may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of any Corporation Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Secured Party. No change in Grantor's name or state of organization will take effect until after Secured Party has received notice.

(c) No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws or other relevant constitutional documents do not prohibit any term or condition of this Agreement.

(d) Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at 88 Fair Drive, Costa Mesa, California or at such other locations as are acceptable to Secured Party. Upon Secured Party's request, Grantor will deliver to Secured Party in form satisfactory to Secured Party a schedule of the Collateral locations.

(e) Removal of the Collateral. Except in the ordinary course of Grantor's business, including the sales of inventory, the transfer of Collateral to Promissor for operations on the Real Property, or the disposal of any Collateral which is no longer in a condition to be utilized for Grantor's operations, Grantor shall not remove the Collateral from its existing location without Secured Party's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of California, without Secured Party's prior written consent. Grantor shall, whenever requested, advise Secured Party of the exact location of the Collateral.

(f) Transactions Involving Collateral. Except for inventory sold or disposal of Collateral which is no longer utilized in Grantor's operations in the ordinary course of Grantor's business, transfers to Promissor for operations on the Real Property, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Secured Party. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Secured Party, and excluding any proceeds realized in the ordinary course of business from the sale of inventory or disposal of any Collateral which is no longer in a condition to be utilized in Grantor's operations, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Secured Party and shall not be commingled with any other funds; provided, however, this requirement shall not constitute consent by Secured Party to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Secured Party.

(g) Title. Grantor represents and warrants to Secured Party that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Secured Party has specifically consented. Grantor shall defend Secured Party's rights in the Collateral against the claims and demands of all other persons.

(h) Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect, subject to ordinary wear and tear. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

(i) Inspection of Collateral. Secured Party and Secured Party's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

(j) Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation or otherwise due under this Agreement. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Secured Party's interest in the Collateral is not jeopardized in Secured Party's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Secured Party cash, a sufficient corporate surety bond or other security satisfactory to Secured Party in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Secured Party and shall satisfy any

final adverse judgment before enforcement against the Collateral. Grantor shall name Secured Party as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Secured Party with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Secured Party's interest in the Collateral is not jeopardized.

(k) Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Secured Party's interest in the Collateral, in Secured Party's opinion, is not jeopardized.

(l) Hazardous Substances. Grantor represents and warrants that the Collateral never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance.

(m) Maintenance of Casualty Insurance. Grantor shall maintain or require Promissor to maintain the insurance required by the Deed of Trust.

(n) Financing Statements. Grantor authorizes Secured Party to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Secured Party's security interest. At Secured Party's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Secured Party's security interest in the Collateral. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Secured Party is required by law to pay such fees and costs. Grantor irrevocably appoints Secured Party to execute documents necessary to transfer title if there is a default. Secured Party may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Secured Party of such change.

Section 4. Grantor's Right to Possession and to Collect Accounts. Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Loan Documents,. Until otherwise notified by Secured Party, Grantor may collect any of the Collateral consisting of accounts. If Secured Party at any time has possession of any Collateral, whether before or after an Event of Default, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Secured Party takes such action for that purpose as Grantor shall request or as Secured Party, in Secured Party's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Secured Party shall not be required to take any steps

necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

Section 5. Secured Party's Expenditures. If any action or proceeding is commenced that would materially affect Secured Party's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement, Secured Party on Grantor's behalf may (but shall not be obligated to) take any action that Secured Party deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Secured Party for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Secured Party to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Secured Party's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Secured Party may be entitled upon Default.

Section 6. Default. Each of the following shall constitute an Event of Default under this Agreement:

(a) Payment Default. Grantor fails to make any payment when due under the Indebtedness.

(b) Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement, or the occurrence of an Event of Default under any of the Loan Documents (as that term is defined in the Note).

(c) False Statements. Any warranty, representation or statement made or furnished to Secured Party by Grantor or on Grantor's behalf under this Agreement is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

(d) Defective Collateralization. This Agreement ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

(e) Insolvency. The dissolution or termination of Grantor's existence as a Joint Powers Authority, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

(f) Cure Provisions. If any default, other than a default in payment is curable, it may be cured if Grantor, after receiving written notice from Secured Party demanding cure of such

default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Secured Party deems in Secured Party's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical. The cure period in respect of a particular Event of Default described in this Section 6(f), if any, shall run concurrently with any applicable cure periods provided in any other Loan Document.

Section 7. Rights and Remedies on Default. If an Event of Default occurs under this Agreement, at any time thereafter, Secured Party shall have all the rights of a secured party under the California Uniform Commercial Code. In addition and without limitation, Secured Party may exercise any one or more of the following rights and remedies:

(a) Accelerate Indebtedness. Secured Party may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

(b) Assemble Collateral. Secured Party may require Grantor to deliver to Secured Party all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Secured Party may require Grantor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party. Secured Party also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Secured Party may take such other goods, provided that Secured Party makes reasonable efforts to return them to Grantor after repossession.

(c) Sell the Collateral. Secured Party shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Secured Party's own name or that of Grantor. Secured Party may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

(d) Appoint Receiver. Secured Party shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Secured Party's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral

exceeds the Indebtedness by a substantial amount. Employment by Secured Party shall not disqualify a person from serving as a receiver.

(e) Collect Revenues, Apply Accounts. Secured Party, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Secured Party may at any time in Secured Party's discretion transfer any Collateral into Secured Party's own name or that of Secured Party's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Secured Party may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Secured Party may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Secured Party may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Secured Party may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Secured Party may notify account debtors and obligors on any Collateral to make payments directly to Secured Party.

(f) No Deficiency. If Secured Party chooses to sell any or all of the Collateral, Secured Party may not obtain a judgment against Grantor for any deficiency remaining on the indebtedness under the Note due to Secured Party after application of all amounts received from the exercise of the rights provided in this Agreement and the Deed of Trust.

(g) Other Rights and Remedies. Secured Party shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Secured Party shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

(h) Election of Remedies. Except as may be prohibited by applicable law, all of Secured Party's rights and remedies, whether evidenced by this Agreement, the Loan Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Secured Party to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Secured Party's right to declare a default and exercise its remedies.

Section 8. Miscellaneous Provisions. The following miscellaneous provisions are a part of this Agreement:

(a) Amendments. This Agreement, together with any Loan Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

(b) Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Secured Party's costs and expenses, including Secured Party's attorneys' fees and Secured Party's legal expenses, incurred in connection with the enforcement of this Agreement. Secured Party may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Secured Party's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

(c) Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

(d) Counterparts. This Agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same Agreement.

(e) Governing Law. This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State of California, without regard to choice of law. Venue for any judicial action under this Note shall be in a court of competent jurisdiction in the County of Sacramento, California or in the Eastern District of California.

(f) Preference Payments. Any monies Secured Party pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Secured Party's option, shall be payable by Grantor as provided in this Agreement.

(g) No Waiver by Secured Party. Secured Party shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver by Secured Party of a provision of this Agreement shall not prejudice or constitute a waiver of Secured Party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Secured Party, nor any course of dealing between Secured Party and Grantor, shall constitute a waiver of any of Secured Party's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Secured Party is required under this Agreement, the granting of such consent by Secured Party in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Secured Party.

(h) Notices. All notices, requests and demands to or upon the Secured Party or any Grantor hereunder shall be effected in the manner provided for in the Note.

(i) Power of Attorney. Grantor hereby appoints Secured Party as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Secured Party may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of

this Agreement for use as a financing statement. Grantor will reimburse Secured Party for all expenses for the perfection and the continuation of the perfection of Secured Party's security interest in the Collateral.

(j) Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

(k) Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Secured Party, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

(l) Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

(m) Time is of the Essence. Time is of the essence in the performance of this Agreement.

Section 9. Definitions. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

(a) Agreement. The word "Agreement" means this Security Agreement, as this Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Security Agreement from time to time.

(b) Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

(c) Default. The words "Default" or "default" means the occurrence of an Event of Default set forth in this Agreement in the section titled "Default".

(d) Environmental Laws. The words "Environmental Laws" mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C.

Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1801 et seq., the Clean Water Act, 33 U.S.C. sections 1251 et seq., the California Health & Safety Code, as said laws have been, or may in the future be, supplemented or amended, the regulations promulgated or to be promulgated in the future pursuant to said laws, and any other federal, state or local law, statute, rule, regulation, ordinance, judicial or administrative order or decree, permit, license, approval, authorization or similar requirement which regulates, proscribes or otherwise relates to pollution, the protection of human health and safety or the environment. The indemnities in this section shall survive the transfer of title to Purchaser in perpetuity.

(e) Event of Default. The words “Event of Default” mean any of the Events of Default set forth in this Agreement in the section titled “Default”.

(f) Grantor. The word “Grantor” means O. C. Fair Amphitheater Market and Expo, LLC, a California limited liability company.

(g) Hazardous Substances. The words “Hazardous Substances” mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words “Hazardous Substances” are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term “Hazardous Substances” also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

(h) Indebtedness. The word “Indebtedness” means the indebtedness evidenced by the Note or Loan Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Loan Documents.

(i) Secured Party. The word “Secured Party” means the State of California, Department of General Services, its successors and assigns.

(j) Note. The word “Note” means the Note executed by O. C. Fair Amphitheater Market and Expo, LLC, a California limited liability company, in the principal amount of \$92,000,000 dated [REDACTED], 2010, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the Note.

(k) Property. The word “Property” means all of Grantor’s right, title and interest in and to all the Property as described in the “Collateral Description” section of this Agreement.

[Remainder of page intentionally left blank.]

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED _____, 2010.

GRANTOR:

By: _____
Name:
Title:

Exhibit "A"
Collateral Description

[Description should mirror description of Personal Property contained in Recital A, Section 1.1 and Exhibits of the PSA, less the Personal Property under the LLC Security Agreement]

SECURED PROMISSORY NOTE

Execution Date: _____, 20__

Payee: The State of California, Department of General Services

Maker: O. C. Fair Amphitheater Market and Expo, LLC, a California limited liability company

Principal Amount: Ninety Six Million Dollars and 00/100ths Dollars (\$96,000,000.00)

FOR VALUE RECEIVED, Maker promises to pay to Payee, or order ("Holder"), the Principal Amount, together with interest on the unpaid principal, as set forth in this Secured Promissory Note ("Note") as follows:

1. Interest Rate. The outstanding Principal Amount shall bear simple interest at a per annum rate of Five percent (5.00%), which shall accrue on the outstanding Principal Amount on the first of each month commencing after the date hereof. Interest shall be computed based on a 360-day year and the actual number of days elapsed. Interest computed based on a 360-day year is greater than interest computed based on a 365-day year.

2. Payment Terms. On the execution date of this Note, Maker shall immediately pay \$19,200,000 to be credited towards the outstanding principal balance of this Note. Each payment under this Note, except as otherwise expressly provided otherwise in this Note, shall be credited in the following order: (a) costs, fees, charges, and advances paid or incurred by Holder or payable to Holder and interest under any provision of this Note or the Deed of Trust or Security Agreements (defined below), in such order as Holder, in its sole and absolute discretion, elects, (b) interest payable under the Note, and (c) principal under the Note. All prepayments of principal under this Note shall be applied to the most remote principal installment then unpaid. Commencing on _____ 1, 2014 [NTD: INSERT FIRST DAY OF FIRST FULL MONTH FOLLOWING THE FOURTH ANNIVERSARY OF THIS NOTE, THEN DELETE THIS BRACKETED LANGUAGE], and on the first of each month thereafter through the Maturity Date, Maker shall pay principal and interest in 432 equal installments of \$_____ each. All remaining principal and accrued but unpaid interest shall be due and payable on _____, 2050 (the "Maturity Date") [NTD: INSERT FIRST DAY OF FIRST FULL MONTH FOLLOWING 40th ANNIVERSARY OF NOTE, THEN DELETE THIS BRACKETED LANGUAGE]. All sums due under this Note are payable in lawful money of the United States. Checks constitute payment only when collected. This Note may be prepaid in whole or in part at any time without payment of any penalty or premium of any kind or nature. All accumulated and unpaid interest and principal shall be due and payable in full on the Maturity Date.

3. Place of Payment. Payment shall be made at the address set forth below or, or at such other place as Holder may from time to time designate in writing.

The State of California, Department of
General Services

[INSERT ADDRESS]

4. Late Charge. Maker acknowledges that default in the payment of any sum due under this Note will result in losses and additional expenses to Holder in servicing the indebtedness evidenced by this Note, handling such delinquent payments, and meeting its other financial obligations. Maker further acknowledges that the extent of such loss and additional expenses is extremely difficult and impractical to ascertain. Maker therefore agrees that, if any payment due under this Note is not made within ten (10) days when due, a charge of three cents (\$0.03) for each dollar (\$ 1.00) that is not paid when due would be a reasonable estimate of expenses so incurred (the Late Charge). If any payment is not received within ten (10) days when due, Maker shall pay the Late Charge to Holder (without prejudicing or affecting any other rights or remedies of Holder) as liquidated damages to cover expenses incurred in handling such delinquent payment.

5. Default. Any of the following shall constitute an "Event of Default":

(a) Maker's failure to pay any installment or other sum due under this Note when due and payable (whether by extension, acceleration, or otherwise);

(b) Occurrence of an Event of Default under the Deed of Trust or Security Agreements; or

(c) Maker's institution or consent to the institution of any proceeding under any Debtor Relief Law, or the assignment by it for the benefit of creditors; or application of Maker for or consent to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or appointment in respect of Maker, of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer without the application or consent of Maker and the appointment continues undischarged or unstayed for 90 calendar days; or institution of any proceeding under any Debtor Relief Law relating to Maker, or to all or any material part of its property without the consent of such person which proceeding continues undismissed or unstayed for 90 calendar days, or an order for relief is entered in any such proceeding.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

6. Cure Provisions. If any Event of Default, other than a default in payment is curable, it may be cured if Maker, after receiving written notice from Holder demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty

(30) days, immediately initiates steps which Holder deems in Holder's reasonable discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical. The cure period in respect of a particular Event of Default described in this Section 7, if any, shall run concurrently with any applicable cure periods provided in any other Loan Document.

7. Remedies in Event of Default. On the occurrence of an Event of Default and failure of Maker or any other person, as applicable, to cure such default within the applicable cure period described in Section 7, if any; then, Holder may, at its option, declare this Note (including, without limitation, all accrued interest) due and payable immediately regardless of the Maturity Date. Maker expressly waives notice of the exercise of this option.

8. Interest on Default. From and after the Maturity Date (either according to the terms of this Note or as the result of an acceleration of the then unpaid principal balance under the terms of this Note) or as a result of a default by Maker with this Note, provided as to any default under the Deed of Trust or JPA Security Agreement, any such default must be within the control of Maker to prevent, given its rights under the Ground Lease (defined in the Deed of Trust), or its rights under any lease, license or other use agreement of the personal property encumbered by the JPA Security Agreement), the entire unpaid principal balance shall automatically bear an annual interest rate (instead of the rate specified in Paragraph 1) equal to the lesser of (a) nine percent (9%) or (b) the maximum interest rate allowed by law (the "Default Rate").

9. Remedies. The remedies of Holder, as provided in this Note or in the Loan Documents, shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of Holder, and may be exercised as often as occasion thereof shall arise. No act of omission or commission by Holder, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Holder and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event. Acceptance by Holder of any portion or all of any sum payable hereunder, whether before, on or after the due date of such payment, shall not be a waiver of Maker's right either to require prompt payment when due of all other sums payable hereunder, or to exercise any of Maker's rights, powers and remedies hereunder or under the Loan Documents.

10. Security. This Note is secured by, among other things, that certain Security Agreement (the "LLC Security Agreement") of even date herewith made by Maker, as grantor, for the benefit of Holder, as secured party; that certain Security Agreement (the "JPA Security Agreement" (and together with the LLC Security Agreement, the "Security Agreements") of even date herewith made by the Orange County Fairgrounds Authority as Joint Power Authority formed under the laws of the State of California, as grantor, for the benefit of Holder, as secured party; as well as that certain Deed of Trust, Assignment of Rents And Agreements And Fixture Filing of even date herewith made by Orange County Fairgrounds Authority as Joint Power Authority formed under the laws of the State of California, for the benefit of Holder (the "Deed of Trust"). This Note, the Security Agreements, and the Deed of Trust are referred to herein as "Loan Documents".

11. Assignment. This Note inures to and binds the heirs, legal representatives, successors and assigns of Maker and Holder; provided, however, Maker may not assign this Note or any proceeds of it, or assign or delegate any of its rights or obligations under this Note, without Holder's prior written consent in each instance. Holder in its sole discretion may transfer this Note, and may sell or assign participations or other interests in all or any part of this Note, all without notice to or the consent of Maker.

12. Modification, Amendment and Waiver. Except as specified herein, this Note may not be amended, modified or changed, nor shall any waiver of the provisions of this Note be effective, except only by written instrument signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought. Additionally, a waiver of any provision in one event shall not be construed as a waiver of any other provision at any time, as a continuing waiver, or as a waiver of such provision on a subsequent event.

13. Severability. If any provision of this Note, or the application of it to any party or circumstances, is held void, invalid, or unenforceable by a court of competent jurisdiction, the remainder of this Note, and the application of such provision to other parties or circumstances, shall not be affected thereby, the provisions of this Note being severable in any such instance.

14. Waiver. Maker, endorsers, and all other persons liable or to become liable on this Note waive presentment, protest, and demand; notice of protest, demand, and dishonor; and all other notices or matters of a like nature.

15. Usury. All agreements between Maker and Holder are expressly limited, so that in no event or contingency, whether because of the advancement of the proceeds of this Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to Holder for the use, forbearance, or retention of the money to be advanced under this Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances, fulfillment of any provision of this Note or the Loan Documents or any other agreement pertaining to this Note, after timely performance of such provision is due, shall involve exceeding the limit of validity prescribed by law that a court of competent jurisdiction deems applicable, then, ipso facto, the obligations to be fulfilled shall be reduced to the limit of such validity. If, under any circumstances, Holder shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to reduce the unpaid principal balance under this Note and not to pay interest, or, if such excessive interest exceeds the unpaid principal balance under this Note, such excess shall be refunded to Maker. This provision shall control every other provision of all agreements between Maker and Holder.

16. Attorney Fees. Maker agrees to pay the following costs, expenses, and attorney fees paid or incurred by Holder, or adjudged by a court: (a) reasonable costs of collection and costs, expenses, and attorney fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; (b) reasonable costs, expenses, and attorney fees paid or incurred in connection with representing Holder in any bankruptcy, reorganization, receivership, or other proceedings affecting creditors' rights and involving a claim under this Note; (c) reasonable costs, expenses, and attorney fees incurred to protect the security interest of the Security Agreements, the lien created by the Deed of Trust or the Guaranty; and (d) costs of suit

and such sum as the court may adjudge as attorney fees in any action to enforce payment of this Note or any part of it.

17. Time. Time is of the essence of this Note and each of the provisions hereof.

18. Notice. Any notice required to be provided in this Note shall be given in writing and shall be sent (a) for personal delivery by a delivery service that provides a record of the date of delivery, the individual to whom delivery was made, and the address where delivery was made; (b) by first-class certified United States mail, postage prepaid, return receipt requested; or (c) by a nationally recognized overnight courier service, marked for next day business delivery. All notices shall be addressed as stated below or to such other address as a party may designate by written notice to the other. All notices shall be deemed effective on the earliest of (a) actual receipt; (b) rejection of delivery; (c) if sent by certified mail, the third day on which regular United States mail delivery service is provided after the day of mailing or, if sent by overnight delivery service, on the next day on which such service makes next-business-day deliveries after the day of sending.

TO HOLDER: The State of California, Department of
General Services

[INSERT ADDRESS]

TO MAKER: O. C. Fair Amphitheater Market and
Expo, LLC, a California limited liability
company

[INSERT ADDRESS]

19. Governing Law. This Note, and the rights and obligations of the parties to it, shall be governed by, and construed and interpreted in all respects in accordance with, the laws of the State of California. Venue for any judicial action under this Note shall be in a court of competent jurisdiction in the County of Sacramento, California or in the United States District Court, Eastern District of California.

20. Headings. The Headings to the sections of this Note are for convenience only, and shall not be deemed part of the text of the respective sections and shall not vary, by implication or otherwise, any of the provisions of this Note.

21. Nonrecourse. Notwithstanding anything to the contrary in this Note, the liability of Borrower for the repayment of all outstanding principal and accrued and unpaid interest under

this Note (the “Loan Indebtedness”) shall be limited to the interests Borrower and Trustor under the Deed of Trust in the interests of the Property encumbered by the Deed of Trust and in the personal property encumbered by the Security Agreements, and no judgment for any deficiency for any Loan Indebtedness shall be sought or obtained by Beneficiary against Borrower or Trustor, provided, nothing herein shall limit Beneficiary from exercising any rights or seeking any remedies it may obtain by assuming the rights of Trustor under the Ground Lease.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the date first written above.

MAKER:

O. C. Fair Amphitheater Market and Expo, LLC,
a California limited liability company

By: _____
Name:
Title:

Exhibit "G"

Form of UCC Financing

Exhibit "H"

Grant Deed

WHEN RECORDED MAIL TO:

(Space Above For Recorder's Use)

GRANT DEED

The undersigned grantor declares:

Exempt pursuant to Section §§ 11922
and 11928 of the Revenue and
Taxation Code, as amended

County of Orange

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
_____, a _____, hereby GRANTS to _____, a _____,
_____, that certain real property in the City of Costa Mesa, County of Orange,
State of California, which is more particularly described on Exhibit "1" which is attached hereto,
subject to current liens, assessments, covenants, conditions and restrictions, and all other
encumbrances of record.

IN WITNESS WHEREOF, the grantor has caused this Grant Deed to be executed as of
the ____ day of _____, 20__.

"Seller"

a _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[ATTACH APPROPRIATE ACKNOWLEDGMENTS]

Exhibit "I"

Bill of Sale

BILL OF SALE

THIS BILL OF SALE ("Bill of Sale") is made this _____ day of _____, 20__ by _____, a _____ ("Seller"), in favor of _____, a _____ ("Buyer").

W I T N E S S E T H:

A. Seller and Buyer entered into that certain Purchase and Sale Agreement dated as of _____, 20__ ("Agreement") respecting the sale of certain "Property" (as defined in the Agreement). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

B. Under the Agreement, Seller is obligated to transfer to Buyer any and all of Seller's right, title and interest in and to any and all tangible personal property located on the Real Property, including, without limitation, all furniture, fixtures, furnishings, machinery, automobiles, trucks and equipment of every kind and character owned by Seller and attached to, appurtenant to or located on the Property (collectively, the "Personal Property").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Buyer all of the Personal Property, including, without limitation, those certain items of personal property described on Exhibit "1" attached hereto.

1. Seller hereby covenants that Seller will, at any time and from time to time upon written request therefor, execute and deliver to Buyer, Buyer's successors, ground lessees or assigns, such documents as Buyer or they may reasonably request in order to fully assign and transfer to and vest the Personal Property in Buyer or Buyer's successors, ground lessees and assigns, or to enable Buyer, Buyer's successors, ground lessees and assigns to realize upon or otherwise enjoy such rights and property.

2. Seller hereby represents and warrants to Buyer that to the best of Seller's knowledge: (i) the Personal Property has been paid for and is not subject to any liens, encumbrances or claims of any kind, (ii) all taxes of any nature whatsoever on the Personal Property have been paid by Seller, (iii) the consideration paid to Seller herewith is the full and complete consideration for the Personal Property, (iv) any sales or other taxes which may be payable with respect to this transfer shall be the sole responsibility of Seller, and (v) the transfer of the Personal Property to Buyer does not require the consent of third parties.

3. This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Buyer and Seller.

4. This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

VIII (a)

5. Venue for any judicial action regarding this Bill of Sale shall be in a court of competent jurisdiction in the County of Sacramento, California or the United States District Court, Eastern District of California.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the date first written above.

"Seller"

_____,
a _____

By: _____

Name: _____

Title: _____

[Attach Description of Personal Property as Exhibit "1"]

Exhibit "J"General Assignment**GENERAL ASSIGNMENT AGREEMENT**

THIS GENERAL ASSIGNMENT AGREEMENT ("Assignment"), is made as of the _____ day of _____, 20__, by and between _____, a _____ ("Assignor") and _____ ("Assignee").

W I T N E S S E T H:

Assignor is the owner of that certain land (the "Land") located in the City of Costa Mesa, County of Orange, State of California more particularly described in Exhibit "A" attached hereto, and all rights, privileges and easements appurtenant to the Land (the "Appurtenances"), and all buildings and other improvements thereon (the "Improvements"). The Land, the Appurtenances and the Improvements are hereinafter referred to collectively as the "Real Property." The Real Property is being conveyed by Assignor to Assignee pursuant to a grant deed ("Grant Deed") of on or about even date herewith.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby grants, assigns, transfers, conveys and delivers to Assignee all of Assignor's right, title, interest, benefits and privileges in and to the following described property (collectively, the "Rights"), including, without limitation, those rights identified on Exhibit "B" attached hereto:

(a) All construction, engineering, consulting, architectural and other similar contracts, and any and all amendments and modifications thereto, concerning the design or construction of any or all of the Real Property and all warranties with respect thereto (including all statutory, express and implied warranties);

(b) All architectural drawings, plans, specifications, soils tests, appraisals, engineering reports and similar materials relating to any or all of the Real Property;

(c) All payment and performance bonds or guaranties and any and all modifications and extensions thereof relating to the Real Property;

(d) All governmental entitlements and approvals (including, but not limited to, all environmental impact reports, negative declarations, map approvals, conditional use permits, building permits and certificates of occupancy for the Improvements), permissions, environmental clearances, authority to subdivide the Land, rights, licenses and permits which relate to all or any of the Real Property;

(e) All general intangibles relating to the development or use of the Real Property, including, without limitation, all logos, trade names under which or by which the Real Property or any portion thereof may at any time be operated or known, all rights to carry on business under any such names or any variant thereof, and all trademarks (registered and unregistered), goodwill, internet websites and telephone numbers in any way relating to the

Real Property, including, without limitation, those associated with the annual event commonly known as the "Orange County Fair";

(f) All refunds and payments of any kind relating to the construction, operation, occupancy, use and/or disposition of any or all of the Real Property; and

(g) All proceeds and claims arising on account of any damage to or taking of the Real Property or any part thereof, and all causes of action and recoveries for any loss or diminution in the value of the Real Property.

2. Assignee hereby accepts the grant, assignment, transfer, conveyance and delivery of the Rights set forth in Paragraph 1 hereof, effective as of the recordation of the Grant Deed.

3. Assignor hereby represents and warrants to Assignee that to the best of Assignor's knowledge (i) Assignor has not assigned, sold, mortgaged, pledged or otherwise transferred all or any of Assignor's right, title or interest in or to any of the Rights to any party other than Assignee and (ii) Assignor owns the Rights free and clear from any and all liens, encumbrances and security interests.

4. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

5. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

6. This Assignment shall be governed by, interpreted under, and enforced and construed in accordance with the laws of the State of California. Venue for any judicial action regarding this Bill of Sale shall be in a court of competent jurisdiction in the County of Sacramento, California or the United States District Court, Eastern District of California.

7. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first hereinabove written.

"Assignor"

a _____

By: _____
Its: _____

"Assignee"

_____,
a _____

By: _____
Its: _____

[Add Exhibit A – Legal Description and Exhibit B – List of Rights]

Exhibit "K"

Assignment of Leases

TENANT LEASE ASSIGNMENT

THIS TENANT LEASE ASSIGNMENT ("Assignment") is made this ____ day of _____, 20__ by and between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee").

W I T N E S S E T H:

A. Assignor and Assignee entered into that certain Purchase and Sale Agreement dated as of _____, 20__ ("Agreement"), respecting the sale of the "Property" (as defined in the Agreement).

B. Under the Agreement, Assignor is obligated to assign to Assignee any and all of Assignor's right, title and interest in and to all leases, licenses, rental agreements or occupancy agreements relative to the real property ("Real Property") described in Exhibit "1" attached hereto, together with all rents, issues and profits thereunder (collectively, the "Tenant Leases") and all security deposits, prepaid rentals, cleaning fees and other deposits, plus any interest accrued thereon, paid by tenants of the Real Property to Assignor or any other person ("Tenant Deposits"), which Tenant Leases and Tenant Deposits are set forth on Exhibit "2" attached hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby assigns, sells, transfers, sets over and delivers unto Assignee all of Assignor's estate, right, title and interest in and to the Tenant Leases and the Tenant Deposits and Assignee hereby accepts such assignment.

2. Assignor covenants, warrants and represents to Assignee that to the best of Assignor's knowledge, (i) except as shown on Exhibit "2", the Tenant Leases have not been modified, amended or altered in writing or otherwise, and no concessions, abatements or adjustments have been granted to tenants under the Tenant Leases, and (ii) Assignor has not assigned to any other person or entity the Tenant Leases or Tenant Deposits. Such covenants, warranties and representations shall survive the execution and delivery of this Assignment.

3. Assignor hereby covenants that Assignor will, at any time and from time to time upon written request therefor, execute and deliver to Assignee, Assignee's successors, ground lessees or assigns, such documents as Assignee or they may reasonably request in order to fully assign and transfer to and vest in Assignee or Assignee's successors, nominees and assigns the Tenant Leases and the Tenant Deposits, or to enable Assignee, Assignee's successors, ground lessees and assigns to realize upon or otherwise enjoy such rights in and to the Tenant Leases and the Tenant Deposits.

VIII (a)

4. Assignee hereby assumes the performance of all of the terms, covenants and conditions imposed upon Assignor as landlord under the Tenant Leases accruing or arising on or after the "Close of Escrow" (as defined in the Agreement).

5. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

6. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

7. This Assignment shall be binding upon and inure to the benefit of the successors, assignees, personal representatives, heirs and legatees of all the respective parties hereto.

8. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California. Venue for any judicial action regarding this Bill of Sale shall be in a court of competent jurisdiction in the County of Sacramento, California or the United States District Court, Eastern District of California.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment as of the day and year first written above.

"Assignor"

_____,
a _____

By: _____
Its: _____

"Assignee"

_____,
a _____

By: _____
Its: _____

[Attach Real Property Description as Exhibit "1"
and Schedule of Leases and Security Deposits as Exhibit "2"]

Exhibit "L"

Assignment of Contracts

**ASSIGNMENT
OF
CONTRACTS AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT OF CONTRACTS AND ASSUMPTION AGREEMENT ("Assignment"), is made as of the ____ day of _____, 20__ by and between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee").

WITNESSETH:

A. Assignor and Assignee entered into that certain Purchase and Sale Agreement dated as of _____ ("Agreement"), for the purchase and sale of certain real property ("Property") more particularly described in the Agreement.

B. This Assignment is being made pursuant to the terms of the Agreement for the purpose of assigning to Assignee all of Assignor's right, title and interest in and to those certain contracts, warranties and guaranties, together with all supplements, amendments and modifications thereto approved by Buyer pursuant to the Agreement (collectively, the "Contracts"). The Contracts are more particularly described in Exhibit "1" attached hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby grants, assigns, transfers, conveys and delivers to Assignee the Contracts and all of Assignor's right, title, interest, benefits and privileges thereunder, and Assignee hereby accepts such Assignment.

2. By acceptance of this Assignment, Assignee hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon or assumed by Assignor under the Contracts. Said assumption shall have application only to those obligations under the Contracts first accruing or arising on or after the Close of Escrow and shall have no application to obligations accruing or arising prior to said date.

3. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

4. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

5. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

6. This Assignment shall be governed by, interpreted under, and construed in accordance with the laws of the State of California. Venue for any judicial action regarding this Bill of Sale shall be in a court of competent jurisdiction in the County of Sacramento, California or the United States District Court, Eastern District of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

"Assignor"

_____,
a _____

By: _____
Its: _____

"Assignee"

_____,
a _____

By: _____
Its: _____

[Attach Schedule of Contracts as Exhibit "1"]

Exhibit "M"

Required Terms of Ground Lease

Exhibit "N"

List of Litigation

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Exhibit ORight of Entry Agreement

THIS RIGHT OF ENTRY AGREEMENT ("Agreement") is entered into as of this _____ day of _____, 20____, by and between _____ ("**Owner**") and _____ ("**Licensee**"), with respect to the following:

A. Licensee has expressed an interest in acquiring certain real property and improvements commonly known as 88 Fair Drive in Costa Mesa, California, as more particularly described in Exhibit A attached hereto and made a part hereof (the "Property") and has requested that Owner allow Licensee and its ground lessee access to the Property in advance of the execution of a contract of purchase and sale.

B. Owner and Licensee have agreed that Licensee and its ground lessee shall be provided a temporary, revocable license to access the Property for the purposes, in the manner, and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the recitals and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. During the term of this Agreement, Licensee and its ground lessee, agents, representatives and consultants (collectively, "**Licensee**") shall have a temporary license to enter upon the Property, for purpose of inspecting the Property and conducting such due diligence studies, tests and investigations as Licensee deems necessary or appropriate (collectively, "**Licensee's Studies**"). All of Licensee's Studies shall be at Licensee's sole risk, cost and expense. Licensee's Studies (i) shall not disturb or interfere with the use of the Property or conduct of business by Owner or any tenants and (ii) shall be conducted in compliance with all laws, rules, regulations and other legal requirements of all governmental authorities. Owner shall cooperate with Licensee in its due diligence, but shall not be obligated to incur any liability or expense in connection therewith or to devote any substantial time or effort therewith. Owner acknowledges and agrees that Licensee shall have the right to request estoppels certificates for all major Contracts and Leases.

2. This Agreement shall commence on the date hereof and shall terminate on the earlier of (i) termination of this Agreement by Owner or revocation by Owner of the license granted hereunder or (ii) 5:00 p.m. (local time at the location of the Property) on September 30, 2010.

3. Prior to entering the Property to conduct any of Licensee's Studies, and throughout any period that it (or any of its ground lessees, agents, employees, representatives or consultants) shall enter or be present upon the Property, Licensee shall either be lawfully self-insured or shall maintain at its expense, a policy of commercial general public liability insurance, with a broad form contractual liability endorsement and with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and not less than Two Million Dollars (\$2,000,000) in the aggregate insuring against any injuries or damages to persons or property that may result from such entry and from any and all activities undertaken by or on behalf of Licensee (or any of its ground lessees, agents, employees, representatives or

consultants) during the course thereof. All of such insurance policies shall be issued by insurance carriers reasonably acceptable to Owner and shall name Owner as an additional insured with respect to liability arising out of the activities of Purchaser and shall be primary and non-contributing with any other insurance of Seller. All such insurance shall be on an "occurrence form" and otherwise be in such form(s) and with such insurance compan(ies) as are reasonably acceptable to Owner. Prior to its first entry upon the Property, Licensee shall deliver to Owner certificate(s) of such insurance, stating that Owner may rely thereon. All insurance certificates obtained by Licensee shall contain a provision that coverage afforded under the policies evidenced by such certificates will not be canceled or materially changed without at least thirty (30) days prior written notice to the Owner. Licensee shall deliver certificates of insurance to Owner evidencing the renewal of each policy required hereunder not less than thirty (30) days prior to the expiration of any policy already in effect. All liability insurance required to be carried by Licensee shall contain broad form contractual liability insurance coverage insuring Licensee's indemnity obligations to Owner under this Right of Entry Agreement.

4. Licensee hereby agrees to indemnify, defend and hold Owner harmless from and against any and all claims, costs (including attorneys fees and costs), actions and damages of any kind resulting or arising in any manner whatsoever from Licensee's entry upon the Property, except to the extent caused by the negligence or misconduct of Owner. The foregoing shall in no event be deemed to require Licensee to indemnify Owner for Licensee's mere discovery of any adverse condition at the Property.

5. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, administrators and assigns. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. Any notice or other communication required or permitted to be given under this Agreement shall be in writing. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. If any action or proceeding is commenced, or an attorney retained to enforce this Agreement, or because of alleged dispute, breach or default in connection with any of the portions of this Agreement, then the successful prevailing party in such undertaking (or the party that would prevail if an action were brought) shall be entitled to recover reasonable attorneys' fees and other professional fees in addition to any other relief to which such party may be entitled.

6. This Agreement shall be governed by, interpreted under, and construed in accordance with the laws of the State of California. Venue for any judicial action regarding this Bill of Sale shall be in a court of competent jurisdiction in the County of Sacramento, California or the United States District Court, Eastern District of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OWNER:

LICENSEE:

[Include Exhibit A – Legal Description]

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EXHIBIT P
FORM OF SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT
AGREEMENT

DRAFT

EXHIBIT P

FORM OF DEED OF TRUST SNDA

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

(Space Above For Recorder's Use)

**SUBORDINATION, NON-DISTURBANCE AND
ATTORNMEN T AGREEMENT**

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN T AGREEMENT ("Agreement"), made as of the ____ day of _____ 2010, by and among the STATE OF CALIFORNIA ("**STATE**") and O. C. FAIR AMPHITHEATER MARKET AND EXPO, LLC, a California limited liability company ("**Tenant**"), and ORANGE COUNTY FAIRGROUNDS AUTHORITY, a Joint Powers Authority formed under the laws of the State of California ("**Landlord**").

WITNESSETH:

WHEREAS, STATE is about to make or has made a loan to Tenant secured by that certain Deed of Trust, Assignment of Rents and Agreements and Fixture Filing dated _____, 2010 and recorded _____ in the Official Records of Orange County, California as Document Number _____ ("**Mortgage**") covering a parcel of land owned by Landlord and described on Exhibit A attached hereto and made a part hereof (the "**Site**") which Landlord acquired from STATE pursuant to that certain Purchase and Sale Agreement dated _____, 2010 ("**PSA**"); and

WHEREAS, by a certain ground lease entered into between Landlord and Tenant dated as of _____ (as same may be amended from time to time, the "**Lease**"), Landlord ground leased to Tenant the Site;

WHEREAS, Tenant's obligations under the Lease are guaranteed pursuant to that certain Guaranty executed by Facilities West, Inc., for the benefit of Landlord; and

WHEREAS, the parties hereto desire to effect the subordination of the Lease to the Mortgage and to provide for the non-disturbance of Tenant by the holder of the Mortgage.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. Acknowledgement of Lease. Provided the Lease contains those certain provisions as provided in Exhibit M to the PSA, STATE hereby acknowledges Tenant's leasehold interest under the Lease, provided, Landlord and Tenant make no modifications to the Lease inconsistent with the provisions in said Exhibit M.

2. Subordination. Tenant covenants and agrees with STATE that the Lease hereby is made and shall continue hereafter to be subject and subordinate to the lien, terms, covenants and conditions of the Mortgage, subject, however, to the provisions of this Agreement.

3. Non-Disturbance. STATE agrees that if the Mortgage is in default solely as a result of "Non-Curable JPA Events of Default" (as defined in Section ___ of the Mortgage), and Lease, and any amendments thereto, are consistent with said Exhibit M, and STATE shall receive all the benefits of Landlord under the Guaranty, then:

(a) The possession by Tenant of the Site and Tenant's right thereto shall not be disturbed, affected or impaired by, nor will the Lease or the term thereof be terminated or otherwise affected by any suit, action or proceeding upon the Mortgage or the bond or note or other obligation secured thereby, or for the foreclosure of the Mortgage or any other documents held by the holder of the Mortgage, or by any judicial sale or execution or other sale of the Site, or any deed given in lieu of foreclosure as a result of a Non-Curable JPA Event of Default, or by the exercise of any other rights or remedies given to any holder of the Mortgage or other documents as a matter of law.

4. Attornment. If (a) STATE or any future holder of the Mortgage shall become the owner of the Site by reason of foreclosure of the Mortgage or otherwise, or if the Site shall be sold as a result of any action or proceeding to foreclose the Mortgage, or transfer of ownership by deed given in lieu of foreclosure, as a result of a Non-Curable JPA Event of Default; or (b) prior to any foreclosure of the Mortgage whereby the Lease would otherwise be of no further force and effect, the STATE makes an election in writing to Tenant to subordinate the Mortgage to the Lease, which subordination the Tenant hereby agrees to, and thereafter, STATE or any future holder of the Mortgage shall become the owner of the Site by reason of such foreclosure of the Mortgage or otherwise, or if the Site shall be sold as a result of any action or proceeding to foreclose the Mortgage; then the Lease shall continue in full force and effect, without necessity for executing any new lease, as a direct lease between Tenant and the then owner of the Site (the "**New Owner**"), as "landlord", upon all of the same terms, covenants and provisions contained in the Lease, provided in such event:

(a) Tenant shall, subject to the terms of the Lease, be bound to the New Owner under all of the terms, covenants and provisions of the Lease for the remainder of the term thereof, and Tenant hereby agrees to attorn and shall be deemed to have attorned to the New Owner and to recognize the New Owner as "landlord" under the Lease and upon the request of New Owner, Tenant shall execute and deliver to New Owner an agreement of attornment in form and content mutually satisfactory to New Owner and Tenant; and

(b) New Owner shall be bound to Tenant under all of the terms, covenants and provisions of the Lease for the remainder of the term thereof, and New Owner hereby agrees to assume and perform such terms, covenants and provisions from and after the date such New Owner succeeds to the interest of "landlord" under the Lease, provided, however, that New Owner shall not be (i) bound by any rent or additional rent which Tenant might have paid for more than one month in advance to any prior landlord, except New Owner will be bound by the \$19,200,000 of ground rent which was prepaid at the commencement of the Ground Lease for the first forty-eight (48) months of the Lease term; (ii) liable to Tenant for any act or omission of any prior landlord, (iii) subject to any offset, defense or deficiency which Tenant might have against any prior landlord, or (iv) be liable for any damages or other relief attributable to any latent or patent defects in construction with respect to the Premises or to any breach of a representation or warranty of Landlord under the Lease, and that New Owner's only obligation shall be to provide Tenant with the quiet use and enjoyment of the Site during the remaining term of the Lease, subject to Tenant fulfilling all its obligations under the Lease.

(c) If as the result of said foreclosure, the Note shall be determined invalid, then the monthly rent under the Lease shall be the greater of the rent called for under the Lease or an amount equal to pay New Owner all outstanding principal and interest that would have otherwise been payable under the Note pursuant to its terms.

5. Notices. From the date hereof Tenant shall send a copy of any notice of default or similar statement under the Lease to STATE at the same time such notice or statement is sent to Landlord under the Lease, in the same manner as provided in the Lease at STATE's address as set forth herein below.

6. Estoppel. Within fifteen (15) days of its receipt of written request therefore from STATE, Tenant shall provide STATE with a copy of the Lease, and any amendments thereto, and/or an estoppel certificate in a form reasonably requested by the STATE.

7. Successors. This Agreement shall bind and inure to the benefit of and be binding upon and enforceable by the parties hereto and their respective successors and assigns.

8. Entire Agreement. This Agreement contains the entire agreement between the parties and cannot be changed, modified, waived or canceled except by an agreement in writing executed by the party against whom enforcement of such modification, change, waiver or cancellation is sought.

9. Agreement Runs With Land. This Agreement and the covenants herein contained are intended to run with and bind all lands affected thereby.

10. Counterparts. This Agreement may be signed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument. The signature of a Party to any counterpart may be removed and attached to any other counterpart. Any counterpart to which the signatures of all parties are attached shall constitute an original of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

STATE:
STATE OF CALIFORNIA

Tenant:
O. C. FAIR AMPHITHEATER MARKET AND
EXPO, LLC, a California limited liability company

By _____
Its _____
Address: _____

By _____
Its _____

Landlord:
ORANGE COUNTY FAIRGROUNDS AUTHORITY,
a Joint Powers Authority formed under the laws of
the State of California

By _____
Its _____

ACKNOWLEDGMENT

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)

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)

ACKNOWLEDGMENT

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)

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)

ACKNOWLEDGMENT

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)

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)

EXHIBIT P-1
FORM OF SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT
AGREEMENT

DRAFT