

GUARANTY

THIS GUARANTY OF LEASE ("**Guaranty**") is made as of this [REDACTED] day of [REDACTED], 2010 by FACILITIES MANAGEMENT WEST, INC., a California corporation ("**FMW**"), KENNETH E. FAIT, an individual ("**Fait**") and DAVID A. PYLE, an individual ("**Pyle**") (collectively, "**Guarantor**") in favor of ORANGE COUNTY FAIRGROUNDS AUTHORITY, a joint powers authority formed under the laws of the State of California ("**Landlord**") in connection with that certain Ground Lease of substantially even date herewith (as the same may be amended, modified, restated and/or segregated from time to time in accordance with the terms thereof, the "**Lease**") pursuant to which Landlord ground leases to OC FAIR AND EVENT CENTER, L.P., a California limited partnership ("**Tenant**") certain land in the City of Costa Mesa, California, as more particularly described in the Lease (the "**Premises**").

A. As provided in Section 25.17 of the Lease, Guarantor is delivering this Guaranty to Landlord. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Lease.

B. Landlord acknowledges and agrees that: (1) in no event shall Guarantor's obligations under this Guaranty exceed the sum of (A) the difference between the outstanding principal balance due under that the State Note, less Seventy Million Dollars (\$70,000,000.00), plus (B) all costs and other expenses that Landlord is entitled to recover pursuant to Section 12 below (collectively, the "**Maximum Guaranteed Amount**"); and (2) this Guaranty shall automatically terminate and be of no further force and effect upon the first date upon which the outstanding principal balance owing under the State Note shall be reduced to an amount equal to or less than Seventy Million Dollars (\$70,000,000.00), whether through payment, prepayment or the written forgiveness of any indebtedness due under the Note, provided that any amount that is so forgiven under the State Note is no longer secured by, or enforceable against, any assets of the Landlord pursuant to the State Loan Documents or otherwise, including, without limitation, Landlord's interest in the Premises or Personal Property (the "**Guaranty Termination Date**"). Landlord agrees that it will not refinance the State Note unless and until the Guaranty Termination Date has occurred without the consent of Guarantor. Guarantor and Landlord acknowledge and agree that any accrued and unpaid interest, late charges, default interest or any other sums which may be due under the State Note or the other State Loan Documents to which Tenant is a party and that are added to the outstanding principal balance of the State Note in accordance with the terms of the State Loan Documents prior to the Guaranty Termination Date, including, without limitation, the interest that will accrue during the first four years of the State Note, will be added to the outstanding principal balance of the State Note for purposes of calculating the Maximum Guaranteed Amount and the Guaranty Termination Date. In addition, for purposes of calculating the Maximum Guaranteed Amount and the Guaranty Termination Date, the outstanding principal balance owing under the State Note shall include all amounts which would be owing under the State Note, but for the effect of the federal Bankruptcy Code or any other state or local debtor relief law.

NOW, THEREFORE, in consideration of Landlord's agreement to execute the Lease and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor does hereby agree with Landlord as follows:

1. The Lease is hereby incorporated into and made a part of this Guaranty by this reference.
2. Subject to the Maximum Guaranteed Amount, Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Landlord, as a primary obligor and not as a surety, without deduction by reason of setoff, defense or counterclaim, the full and punctual payment of all sums of Rental and other amounts payable under the Lease, including any such Rental or other amounts that would be owing under the Lease, but for the effect of the federal Bankruptcy Code or any other state or local debtor relief law. Subject to the Maximum Guaranteed Amount, Guarantor's obligations under this Guaranty are continuing and unconditional, but shall automatically terminate and be of no further force or effect upon the Guaranty Termination Date. Landlord acknowledges and agrees that the Tenant will have the right under the Ground Lease at any time after the expiration of the fourth year of the term of the Lease to prepay the "Debt Service" component of the "Annual Rent" (as such terms are defined in the Lease) due under the Lease directly to the State as a prepayment of principal in order to terminate the Guaranty by reducing the outstanding principal balance of the Note to an amount equal or less than \$70,000,000. Until the Guaranty Termination Date, any partial payments or satisfaction of any sums of Rental or

other amounts payable under the Leases, either by way of partial payment or amounts credited or deemed credited against the amounts due under Lease upon realization by Landlord of any collateral or other security for the for payment thereof shall be deemed to apply in the following order of priority (the "**Payment Priority**"):

- a. First, to all costs and other expenses incurred by Landlord in collecting any such recoveries or realizing upon any such collateral; and
- b. Second, to the extent of any accrued and unpaid amounts then owing by Tenant to Landlord on account of the Debt Service component of Annual Rent, to such amounts;
- c. Third, to the extent of any other amounts then owing by Tenant to Landlord (i.e., other than any accrued and unpaid amounts owing on account of the Debt Service component of Annual Rent), to such amounts;
- d. Fourth, to any future Debt Service component of Annual Rent coming due under the Lease; and
- e. Finally, to any other amounts that may thereafter be payable or become payable by Tenant under the Lease (i.e., other than any future Debt Service component of Annual Rent coming due under the Lease).

From and after the Guaranty Termination Date, Landlord shall be entitled to apply any and all any partial payments or satisfaction of any sums of Rental or other amounts payable under the Leases in such manner and order of priority as Landlord shall determine in its sole and absolute discretion. Any payments owing by Guarantor to Landlord pursuant to this Guaranty shall be made to Landlord in immediately available federal funds to an account designated by Landlord. Any and all payments made by or collected from Guarantor shall be applied in accordance with the Payment Priority until the Guaranty Termination Date, and Landlord agrees that any such payments which are attributable to the Debt Service component of the Annual Rent shall be immediately paid to the State to be applied against the outstanding amounts due under the State Note.

3. In such manner, upon such terms and at such times as Landlord in its sole discretion deems necessary or expedient, and without notice to or consent by Guarantor, which notice and consent are hereby expressly waived by Guarantor, Landlord may alter, compromise, accelerate, extend or change the time or manner for the payment or the performance of any of the obligations of Tenant under the Lease; extend, amend, segregate or terminate the Lease; release Tenant or any other party of its obligations under the Lease by consent to any assignment (or otherwise) as to all or any portion of such obligations; release, substitute or add any one or more guarantors, tenants or subtenants; accept additional or substituted security for any of Tenant's or any other party's obligations under the Lease; or release or subordinate any security for any of Tenant's or any other party's obligations under the Lease. No exercise or non-exercise by Landlord of any right hereby given Landlord, no neglect or delay in connection with exercising any such right, no dealing by Landlord with Tenant, any other guarantor or any other Person, and no change, impairment, release or suspension of any right or remedy of Landlord against any Person, including Tenant and any other guarantor or other Person, shall in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or right of offset against Landlord. If Owner has exculpated Tenant or any other Person from liability in whole or in part and/or agreed to look solely to the Premises, any security for any of Tenant's or any other party's obligations under the Lease or any other asset for the satisfaction thereof, such exculpation and/or agreement shall not affect the obligations of Guarantor hereunder, it being understood that Guarantor's obligations hereunder are independent of the obligations of Tenant, any other guarantor and any other Person, and are to be construed as if no such exculpation or agreement had been given to Tenant, any other guarantor or any other Person. It is further understood and agreed that if any such exculpation or agreement has been or at any time hereafter is given to Tenant, any other guarantor or any Person, Landlord has done or will do so in reliance upon the agreement of Guarantor expressed herein.

4. Guarantor hereby knowingly and voluntarily waives and relinquishes any and all rights and remedies now or hereafter accorded by Applicable Law to sureties and/or guarantors or any other accommodation parties, under any statutory provision, common law or any other provision of law, custom or practice, and agrees not to assert or take advantage of any such rights or remedies, including, without limitation: (a) any right to require Landlord to proceed against Tenant, or any other guarantor or Person or to pursue any other security or remedy before proceeding against Guarantor; (b) any defense based on the genuineness, validity, regularity or enforceability of the Lease; (c) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (d) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant, of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without limiting the generality of the foregoing or any other provision of this Guaranty, Guarantor hereby expressly waives, to the extent permitted by Applicable Law, any and all benefits which might otherwise be available to guarantors under the laws of the State of California, or any other jurisdiction, including, any rights of subrogation, reimbursement, indemnification and contribution, including under California Civil Code Sections 2787 to 2855, inclusive, and any similar or analogous statutes of California or any other jurisdiction, in each instance to the extent such laws, or any one of them, are applicable to this Guaranty or any of the obligations guaranteed hereunder.
5. Without limiting the provisions of Section 4 hereof, Guarantor hereby further knowingly and voluntarily waives and relinquishes and agrees not to assert or take advantage of (a) any right or defense based on the absence of any or all presentments, demands, notices and protests of each and every kind; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease; and (c) any right or defense based on a lack of diligence or failure or delay by Landlord in enforcing its rights under this Guaranty or the Lease.
6. Without limiting the provisions of Section 4 hereof, Guarantor hereby further knowingly and voluntarily waives and relinquishes and agrees not to assert or take advantage of any right to (a) exoneration if Landlord's actions shall impair any security or collateral of Guarantor; (b) any security or collateral held by Landlord; (c) require Landlord to proceed against or exhaust any security or collateral before proceeding against Guarantor; (d) require Landlord to pursue any right or remedy for the benefit of Guarantor; or (e) any law providing that the obligations of a guarantor must not be larger in amount nor in other respects more burdensome than that of the principal or which reduces a guarantor's obligation in proportion to the principal obligation.
7. Guarantor's obligations under this Guaranty shall in no way be affected by any bankruptcy, reorganization or insolvency of Tenant or any successor or assignee of Tenant or by any disaffirmance or abandonment of the Lease or any payment under this Guaranty by a trustee of Tenant in any bankruptcy proceeding including, without limitation, any impairment, limitation, or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court. In the event any payment by Tenant to Landlord is held to constitute a preference, fraudulent conveyance or otherwise required to be returned by Landlord, such payment by Tenant to Landlord shall not in any way diminish Guarantor's obligations hereunder and this Guaranty shall continue to be effective.
8. Until all of the obligations owing under the Lease have been satisfied and discharged in full, Guarantor shall not exercise its right of subrogation and Guarantor hereby waives any right to enforce any remedy which Landlord now has or may hereafter have against Tenant, any other guarantor or any other Person and any benefit of, and any right to participate in, any security or other assets now or hereafter held by Landlord with respect to the Lease. Notwithstanding the foregoing, upon the Guaranty Termination Date, each of FMW, Fait and Pyle shall have the right to exercise any rights of subrogation and/or contribution against each other Guarantor hereunder.

9. Subject to the limitations hereinafter set forth, this Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. This Guaranty may be assigned by Landlord voluntarily or by operation of law. Guarantor may not assign, delegate or otherwise transfer all or any part of its rights and obligations under this Guaranty without the express prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion, it being understood that Landlord is relying upon the financial strength and integrity of Guarantor in this transaction. The term "Tenant," as used herein, shall mean the party herein so named and its respective successors and assigns, whether by operation of law or otherwise, including, without limitation, a debtor in possession under Chapter 11 of the federal Bankruptcy Code and any other Person at any time assuming or succeeding to all or any portion of the Tenant's obligations under the Lease.
10. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may Guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer, director or trustee of Landlord. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. No course of dealing between Landlord and Tenant shall alter or affect the enforceability of this Guaranty or Guarantor's obligations hereunder.
11. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and sent in accordance with the notice provisions of the Lease, except that the address for notices to the parties under this Guaranty shall be as set forth below their signature hereto; provided, however, that any party may designate another addressee (and/or change its address) for notices hereunder by a notice given pursuant to this Section 11.
12. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. In addition to the foregoing, Guarantor shall be responsible for any attorneys' fees, collection costs and other costs of Landlord arising out of any dispute under the Lease, including, without limitation, all interest, default interest, post-petition bankruptcy interest and other post-petition obligations, late charges, court costs and attorneys' fees, which may be suffered or incurred by Landlord in enforcing or compromising any rights under this Guaranty or in enforcing or compromising the performance of Tenant's obligations under the Lease. Guarantor hereby waives any right to trial by jury and further waives and agrees not to assert or take advantage of any defense based on any claim that any arbitration decision binding upon Landlord and Tenant is not binding upon Guarantor.
13. Guarantor represents and warrants to Landlord that: (a) this Guaranty has been duly executed and delivered to Landlord by Guarantor; (b) this Guaranty is a valid and legally binding obligation of Guarantor, enforceable in accordance with its terms, except as such validity, binding nature or enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws or court decisions relating to or affecting the rights of creditors generally; (c) Guarantor has received a true, correct and complete copy of and is fully familiar with the Lease and represents and warrants that to the best of Guarantor's knowledge, all necessary action has been taken by Tenant to authorize Tenant's execution and delivery of the Lease; and that the value of the consideration received, and to be received, by Guarantor in connection with the transactions contemplated under the Lease is worth at least as much as the liabilities and obligations of Guarantor under this Guaranty, and that such liabilities and obligations are expected to benefit Guarantor either directly or indirectly.
14. Subject to the provisions of Section 19 below, Guarantor agrees that all questions, actions and disputes with respect to this Guaranty or the performance or enforcement thereof shall be governed by, and decided in accordance with, the laws of the State of California, and venue shall be set in any federal or state court located in Orange County, California.

15. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.
16. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof.
17. FMW, Fait and Pyle shall each be jointly and severally liable for the obligations and liabilities of the Guarantor under this Guaranty.
18. Notwithstanding anything to the contrary that may be expressly stated or otherwise implied in this Guaranty, in no event shall Guarantor's obligations hereunder exceed the Maximum Guaranteed Amount and Guarantor's obligations hereunder shall automatically terminate and be of no further force or effect upon the Guaranty Termination Date.
19. ANY DISPUTE, CONTROVERSY OR OTHER CLAIM THAT ARISES OUT OF, OR RELATES IN ANY WAY TO, THIS GUARANTY, WHETHER BASED ON CONTRACT, TORT, STATUTE OR OTHER LEGAL OR EQUITABLE THEORY, INCLUDING WITHOUT LIMITATION, THE BREACH OR INTERPRETATION THEREOF, SHALL BE SETTLED BY FINAL AND BINDING ARBITRATION BEFORE JAMS, LOCATED AT SUCH OFFICE AS IS DETERMINED BY JAMS (OR ANY SUCCESSOR ADDRESS), IN ACCORDANCE WITH THE USUAL AND THEN-EXISTING COMMERCIAL RULES OR OTHER COMPARABLE RULES AND PROCEDURES OF JAMS, SUBJECT TO THE FOLLOWING PROVISIONS:

(A) THE PARTY SEEKING ARBITRATION SHALL DELIVER A WRITTEN NOTICE OF DEMAND TO RESOLVE DISPUTE (THE "DEMAND") TO THE OTHER PARTY AND TO JAMS. THE DEMAND SHALL INCLUDE A BRIEF STATEMENT OF SUCH PARTY'S CLAIM, THE AMOUNT THEREOF, AND THE NAME OF THE PROPOSED RETIRED JUDGE FROM JAMS TO DECIDE THE DISPUTE ("ARBITRATOR"). WITHIN TEN (10) DAYS AFTER THE EFFECTIVE DATE OF THE DEMAND, THE OTHER PARTY AGAINST WHOM A DEMAND IS MADE SHALL DELIVER A WRITTEN RESPONSE TO THE DEMANDING PARTY AND JAMS. SUCH RESPONSE SHALL INCLUDE A SHORT AND PLAIN STATEMENT OF THE NON-DEMANDING PARTY'S DEFENSES TO THE CLAIM AND SHALL ALSO STATE WHETHER SUCH PARTY AGREES TO THE ARBITRATOR CHOSEN BY THE DEMANDING PARTY. IN THE EVENT THE PARTIES CANNOT AGREE UPON AN ARBITRATOR, THEN JAMS SHALL SELECT AND NAME A SINGLE ARBITRATOR TO CONDUCT THE HEARINGS.

(B) IF JAMS IS NO LONGER IN BUSINESS AND THERE IS NO COMPARABLE SUCCESSOR, THEN THE PARTIES SHALL AGREE UPON ANOTHER ARBITRATOR. IF THE PARTIES CANNOT AGREE UPON ANOTHER ARBITRATOR, THEN A SINGLE NEUTRAL ARBITRATOR SHALL BE APPOINTED PURSUANT TO SECTION 1281.6 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE.

(C) IF THE CLAIM OR DISPUTE EQUALS OR EXCEEDS THE SUM OF TEN THOUSAND DOLLARS (\$10,000.00), THEN THE PARTIES SHALL BE ENTITLED TO FULL RIGHTS OF DISCOVERY AS SET FORTH IN THE CALIFORNIA CODE OF CIVIL PROCEDURE (INCLUDING, WITHOUT LIMITATION, C.C.P. § 1283.05) FOR CIVIL ACTIONS TRIED IN THE SUPERIOR COURTS OF THE STATE OF CALIFORNIA, SUBJECT TO SUCH ORDERS AS MAY BE MADE BY JAMS. IF THE DISPUTE BETWEEN THE PARTIES IS LESS THAN TEN THOUSAND DOLLARS (\$10,000.00), THEN THERE SHALL BE NO RIGHT TO DISCOVERY EXCEPT BY STIPULATION OF THE PARTIES OR PURSUANT TO THE DISCRETION OF JAMS. IF THE PARTIES CANNOT AGREE AS TO THE AMOUNT IN ISSUE, JAMS SHALL HOLD A PRELIMINARY HEARING FOR THE PURPOSE OF DETERMINING WHETHER THE AMOUNT IN ISSUE EQUALS OR EXCEEDS TEN THOUSAND DOLLARS (\$10,000.00).

(D) THE ARBITRATOR'S POWERS SHALL BE LIMITED AS FOLLOWS: THE ARBITRATOR SHALL FOLLOW THE SUBSTANTIVE LAWS OF THE STATE OF

CALIFORNIA, INCLUDING RULES OF EVIDENCE. THE ARBITRATOR SHALL NOT CONSIDER ANYTHING OUTSIDE THE RECORD UNLESS NOTICE IS GIVEN TO ALL PARTIES WITH THE OPPORTUNITY TO RESPOND TO SUCH MATTERS. THE ARBITRATOR SHALL HAVE NO POWER TO MODIFY ANY OF THE PROVISIONS OF THE AGREEMENT AND THE ARBITRATOR'S JURISDICTION IS LIMITED ACCORDINGLY. THE ARBITRATOR SHALL PREPARE AND SERVE A WRITTEN DECISION WHICH DETERMINES THE DISPUTE, CONTROVERSY, OR CLAIM AND WHICH DESIGNATES THE PARTY AGAINST WHOSE POSITION THE DECISION IS RENDERED. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

(E) THE COSTS OF THE RESOLUTION SHALL BE DIVIDED EQUALLY AMONG THE PARTIES INVOLVED IN SUCH DISPUTE; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD THE PREVAILING PARTY (AS DEFINED BELOW) ACTUAL ATTORNEYS' FEES, EXPERT AND NON-EXPERT WITNESS COSTS AND EXPENSES AND ANY OTHER COSTS AND EXPENSES INCURRED IN CONNECTION WITH THE ARBITRATION. THE PREVAILING PARTY SHALL BE DEEMED THE PARTY THAT THE ARBITRATOR DETERMINES IS THE PREVAILING PARTY IN THE DISPUTE.

(F) TO THE EXTENT POSSIBLE, THE ARBITRATION HEARINGS SHALL BE CONDUCTED ON CONSECUTIVE DAYS, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS, UNTIL THE COMPLETION OF THE CASE.

(G) IN CONNECTION WITH ANY ARBITRATION PROCEEDINGS COMMENCED HEREUNDER, THE ARBITRATOR AND/OR ANY PARTY SHALL HAVE THE RIGHT TO JOIN ANY THIRD PARTIES IN SUCH PROCEEDINGS IN ORDER TO RESOLVE ANY OTHER DISPUTES, THE FACTS OF WHICH ARE RELATED TO THE MATTERS SUBMITTED FOR ARBITRATION HEREUNDER.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

FMW Initials

Fait Initials

Pyle Initials

(Signature Page Follows)

THE UNDERSIGNED HAS READ AND UNDERSTANDS THE TERMS AND CONDITIONS CONTAINED IN THIS GUARANTY INCLUDING, WITHOUT LIMITATION, ALL WAIVERS CONTAINED IN THIS GUARANTY.

Executed as of the date of the Lease.

FACILITIES MANAGEMENT WEST, INC.,
a California corporation

By: _____
Print Name: _____
Print Title: _____

FMW Address:

KENNETH E. FAIT, an individual

Fait Address:

DAVID A. PYLE, an individual

Pyle Address:

200 E. Baker St., Suite 201
Costa Mesa, CA 92626

ORANGE COUNTY FAIRGROUNDS AUTHORITY
a joint powers authority formed under the laws of the
State of California

By: _____
Print Name: _____
Print Title: _____

Landlord's address:

