

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
STRADLING YOCCA CARLSON & RAUTH)
660 Newport Center Drive, Suite 1600)
Newport Beach, California 92660)
Attention: Robert J. Whalen, Esq.)

[Space above for Recorder's use]

SITE LEASE

by and between the

**DEPARTMENT OF CORRECTIONS AND REHABILITATION
OF THE STATE OF CALIFORNIA,
as Lessor**

and the

**STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA,
as Lessee**

Dated as of November 15, 2009

**(FOLSOM STATE PRISON, REPRESA:
CONVERT OFFICER AND GUARDS BUILDING TO OFFICE SPACE)
(SACRAMENTO COUNTY)**

NO DOCUMENTARY TRANSFER TAX DUE.

This Site Lease is recorded for the benefit of the State of California and is exempt from California documentary transfer tax pursuant to Section 11928 of the California Revenue and Taxation Code and from recording fees pursuant to Sections 6103 and 27383 of the California Government Code.

DEPARTMENT OF CORRECTIONS AND REHABILITATION

SITE LEASE

THIS SITE LEASE, dated as of November 15, 2009 (the "Site Lease"), by and between the STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA (the "Board"), an entity of state government of the State of California, as lessee, and the DEPARTMENT OF CORRECTIONS AND REHABILITATION OF THE STATE OF CALIFORNIA (the "Department"), an entity of state government of the State of California, as lessor;

WITNESSETH:

WHEREAS, the Board intends to assist the Department by financing and refinancing the construction of the Project as defined in the Facility Lease dated as of November 15, 2009 between the Board and the Department (the "Facility Lease") on the Site (as defined below) (the Site, together with the Project, the "Facility");

WHEREAS, the Board intends to lease the Facility to the Department pursuant to the Facility Lease, and the Department proposes to enter into this Site Lease with the Board as a material consideration for the Board's agreement to finance and refinance the construction of the Project for and on behalf of the Department;

WHEREAS, the State of California owns fee title to certain real property, as more particularly described in Exhibit A attached hereto and made a part hereof (the "Site");

WHEREAS, jurisdiction over the Site has been transferred to the Department in accordance with law;

WHEREAS, the Site is a part of the Folsom State Prison located on property fee title to which is owned by the State of California and jurisdiction over which has been transferred to the Department as permitted by law (the "Property");

WHEREAS, the Board is authorized under the State Building Construction Act of 1955 (being Part 10b of Division 3 of Title 2 of the California Government Code, commencing at Section 15800) and all laws amendatory thereof or supplemental thereto (the "Act") and Chapters 268 and 269, Statutes of 2008, Line Item 5225-301-0660(0.3) (the "Law"), to acquire the real property interests being leased and granted hereunder, and the Department is authorized to lease and grant such interests to the Board pursuant to applicable law and the terms hereof; and

WHEREAS, the Board wishes to lease the Site on which the Board will cause the Project to be constructed and to obtain a right of entry to the Property, as described herein;

NOW, THEREFORE, THE PARTIES HERETO MUTUALLY AGREE as follows:

SECTION 1. Lease of Site; Right of Entry Upon Property; Utilities and Parking. The Department hereby leases to the Board and the Board hereby leases from the Department, on the terms and conditions hereinafter set forth, the Site, subject, however, to any conditions, reservations, and easements of record. The Department further grants, conveys and confirms to the Board, for the use, benefit and enjoyment of the Board and its successors in interest to the Site, and their respective

employees, invitees, agents, independent contractors, patrons, customers, guests and members of the public visiting the Project, a right of entry which shall be irrevocable for the term of this Site Lease over, across and under the Property to and from the Site for the purpose of: (a) ingress, egress, passage or access to and from the Site by pedestrian or vehicular traffic; (b) installation, maintenance and replacement of utility wires, cables, conduits and pipes; and (c) other purposes and uses necessary or desirable for access to and from and for operation and maintenance of the Project. The foregoing right of entry is expressly subject to the implementation and application of security measures by the Department, in its sole discretion.

The Department agrees to provide or cause to be provided to the Board, at reasonable rates and charges payable by the Board (and which rates and charges the Department agrees to pay pursuant to the Facility Lease), its assigns or sublessees, adequate parking spaces and such utility services, including electricity, gas, water, sewer, garbage disposal, heating, air conditioning and telephone, as the Department provides or causes to be provided to buildings similar to the Facility.

SECTION 2. Term. The term of this Site Lease shall commence on the date of issuance and initial delivery of the Bonds (as defined in the Facility Lease) and shall end on November 1, 2034, unless such term is extended or sooner terminated as hereinafter provided. If on November 1, 2034 any Bonds or other indebtedness of the Board incurred to pay for the Project shall not be fully paid and retired, then the term of this Site Lease shall be extended until ten (10) days after all Bonds and other indebtedness of the Board incurred for such purpose shall be fully paid and retired, except that the term of this Site Lease shall in no event be extended beyond November 1, 2044. If prior to November 1, 2034, all Bonds and other indebtedness of the Board incurred to pay for the Project shall be fully paid and retired, the term of this Site Lease shall end ten (10) days thereafter.

SECTION 3. Purpose. The Board shall use the Site solely for the purpose of constructing the Project thereon and leasing the Facility to the Department pursuant to the Facility Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the Department under the Facility Lease, the Board may exercise the remedies provided in the Facility Lease.

SECTION 4. Rental. The Board shall pay to the Department as and for rental hereunder the sum of One Dollar (\$1.00) per year, all of which rental shall be deemed to have been prepaid to the Department upon the date of issuance of the Bonds from proceeds of the Bonds deposited in the Construction Fund under the Indenture. The Department agrees that the payment of such rental is adequate consideration for the lease by the Department to the Board of the Site hereunder.

SECTION 5. Nonsubordination; Assignments and Subleases. This Site Lease shall be nonsubordinated and unless the Department shall be in default under the Facility Lease, the Board shall not assign its rights under this Site Lease or sublet the Site without the prior written consent of the Department.

SECTION 6. Termination. The Board agrees that upon the termination or expiration of this Site Lease, any permanent improvements and structures existing upon the Site at the time of such termination or expiration of this Site Lease shall remain thereon and jurisdiction thereto shall vest, to the extent permitted by law, in the Department.

SECTION 7. Quiet Enjoyment. The parties hereto mutually covenant that the Board at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Site without suit, trouble or hindrance from the Department.

SECTION 8. Taxes. The Department covenants and agrees to pay any and all lawful assessments of any kind or character and also all lawful taxes, including possessory interest taxes, if applicable, levied or assessed upon the Site (including both land and improvements).

SECTION 9. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 10. Notices. All notices and communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States certified mail, return receipt requested, postage prepaid, and, if to the Department, addressed to Department of Corrections and Rehabilitation, 9838 Old Placerville Road, Suite B, Sacramento, California 95827, Attention: Senior Chief, or, if to the Board, addressed to the Board, c/o Department of General Services, Contracted Fiscal Services, 707 Third Street, 6th Floor, West Sacramento, California 95605, Attention: Manager of Contracted Fiscal Services, with a copy to the State Treasurer addressed to the Office of the State Treasurer, State of California Public Finance Division, 915 Capitol Mall, Room 261, Sacramento, California 95814, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 11. Default. In the event the Board shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for sixty (60) days following notice and demand for correction thereof to the Board, the Department may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Facility Lease shall be deemed to occur as a result thereof, provided, however, that the Department shall have no power to terminate this Site Lease or the rights of entry granted herein by reason of any default on the part of the Board if such termination would affect or impair any assignment or sublease of all or any part of the Site then in effect between the Board and any assignee or subtenant of the Board (other than the subtenancy created under the Facility Lease); and provided, further, that, so long as any bonds or other indebtedness of the Board is outstanding and unpaid in accordance with the terms of any indenture authorizing such bonds or other indebtedness, the rentals or any part thereof payable to the trustee pursuant to such indenture (by the terms of such assignment or sublease) shall continue to be paid to said trustee. So long as any such assignee or subtenant of the Board shall duly perform the terms and conditions of this Site Lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the Department hereunder and shall be entitled to all of the rights and privileges granted under any such assignment or sublease; provided, further, however, that, so long as any bonds or other indebtedness of the Board is outstanding and unpaid in accordance with the terms of any indenture authorizing such bonds or other indebtedness, the rentals or any part thereof payable to the trustee pursuant to such indenture (by the terms of such assignment or sublease) shall continue to be paid to said trustee.

SECTION 12. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Board are solely liabilities of the Board as an entity of state government, and the Department hereby releases each and every member, officer, agent and employee of the Board of and from any personal or individual liability for negligence under this Site Lease. All liabilities under this Site Lease on the part of the Department are solely liabilities of the Department as an entity of state government, and the Board hereby releases each and every member, officer, agent and employee of the Department of and from any personal or individual liability for negligence under this Site Lease.

SECTION 13. Eminent Domain. In the event the whole or any part of the Site or the improvements thereon (including the Project) is taken permanently or temporarily under the power of eminent domain, the interest of the Board shall be recognized and is hereby determined to be the amount of the then unpaid indebtedness incurred by the Board to finance or refinance the construction of the Project, including the unpaid principal of and interest on any then outstanding bonds or other indebtedness of the Board, and shall be paid to the trustee under any indenture authorizing such bonds or other indebtedness and applied as provided in said indenture. The term "unpaid indebtedness," as used in the preceding sentence, includes the face amount of the indebtedness evidenced by any outstanding bonds or notes of the Board issued to finance or refinance the construction of the Project, together with the interest thereon and all other payments required to be made by the trustee pursuant to the indenture authorizing the issuance of said bonds or notes on account of said indebtedness, until such indebtedness, together with the interest thereon, has been paid in full in accordance with the terms thereof.

SECTION 14. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 15. Amendment. This Site Lease may only be amended by a written instrument duly authorized and executed by the Department and the Board; provided, however, that no such amendment shall materially adversely affect the owners of the Bonds.

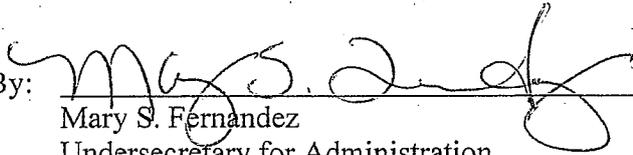
SECTION 16. Execution. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same Site Lease. It is also agreed that separate counterparts of this Site Lease may separately be executed by the Department and the Board, all with the same force and effect as though the same counterpart had been executed by both the Department and the Board.

SECTION 17. Binding Effect. The rights granted herein shall run with the ownership of the Property and this Site Lease shall be binding upon and inure to the benefit of the Board and the Department and their respective successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

DEPARTMENT OF CORRECTIONS AND
REHABILITATION OF THE STATE OF
CALIFORNIA

By: 
Mary S. Fernandez
Undersecretary for Administration

STATE PUBLIC WORKS BOARD OF THE STATE
OF CALIFORNIA

By: _____
Christopher Lief
Assistant Administrative Secretary

APPROVED:

DEPARTMENT OF GENERAL SERVICES

By: _____
Henry D. Nanjo
Assistant Chief Counsel

EXHIBIT A

**FOLSOM STATE PRISON, REPRESA:
CONVERT OFFICER AND GUARDS BUILDING TO OFFICE SPACE**

Legal Description

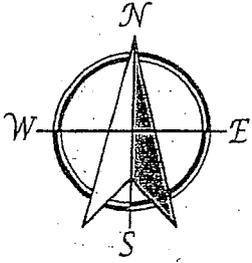
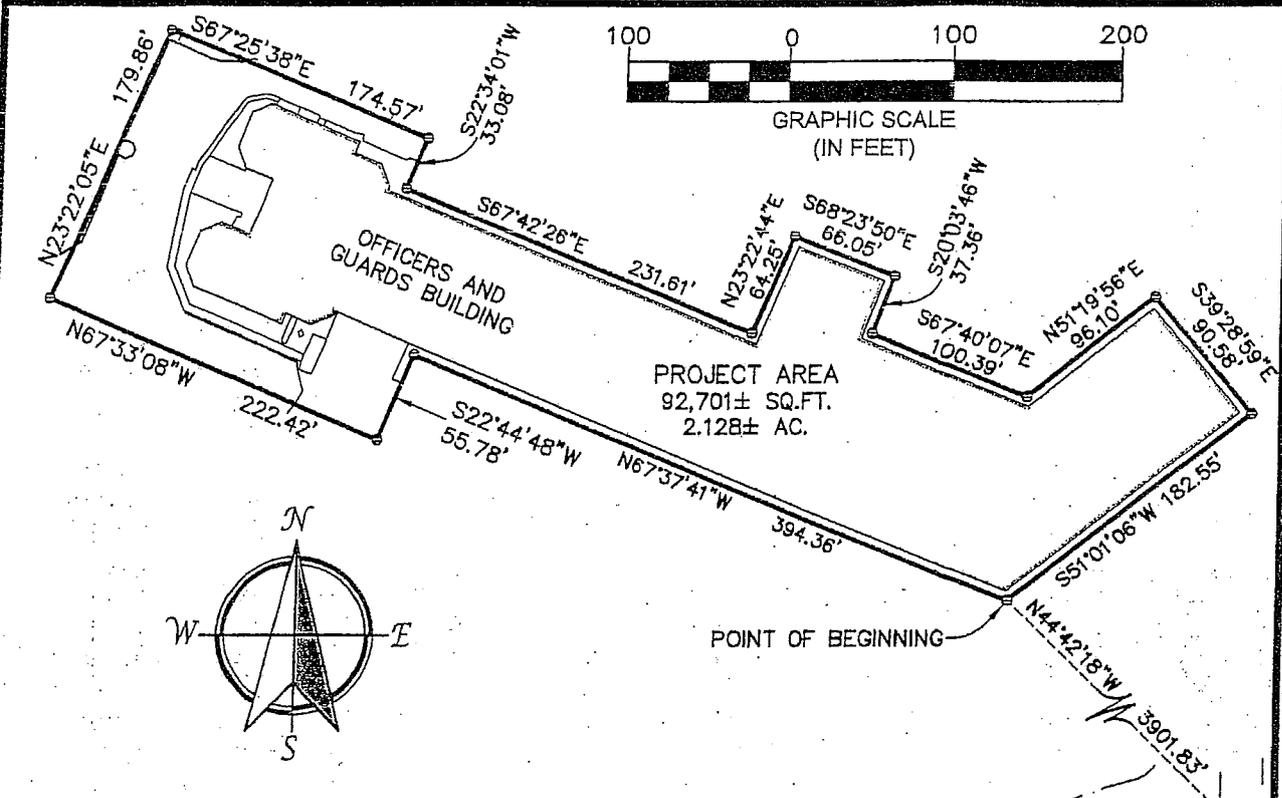
All that real property located in the County of Sacramento, State of California, being a portion of projected Section 25, Township 10 North, Range 7 East, Mount Diablo Meridian, and being more particularly described as follows:

COMMENCING at a 5/8 inch rebar located on the centerline of Spencer Street, as shown on the Plat of "Cimmaron Hill", filed in the office of the Recorder of Sacramento County in Book 122 of Maps, Map No. 10; thence from said Point of Commencement North 58°18'51" East, 962.16 feet to a 5/8 inch rebar located at the centerline intersection of Spencer Street and Cimmaron Circle, as shown on said Plat of "Cimmaron Hill"; thence North 44°42'18" West, 3901.83 feet to the POINT OF BEGINNING; thence from said Point of Beginning North 67°37'41" West, 394.36 feet; thence South 22°44'48" West, 55.78 feet; thence North 67°33'08" West, 222.42 feet; thence North 23°22'05" East, 179.86 feet; thence South 67°25'38" East, 174.57 feet; thence South 22°34'01" West, 33.08 feet; thence South 67°42'26" East, 231.61 feet; thence North 23°22'44" East, 64.25 feet; thence South 68°23'50" East, 66.05 feet; thence South 20°03'46" West, 37.36 feet; thence South 67°40'07" East, 100.39 feet; thence North 51°19'56" East, 96.10 feet; thence South 39°28'59" East, 90.58 feet; thence South 51°01'06" West, 182.55 feet to the point of beginning; containing 92,701 square feet or 2.128 acres, more or less.

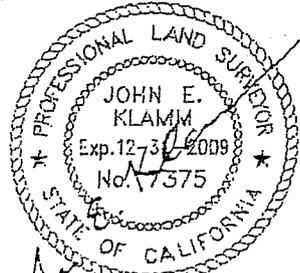
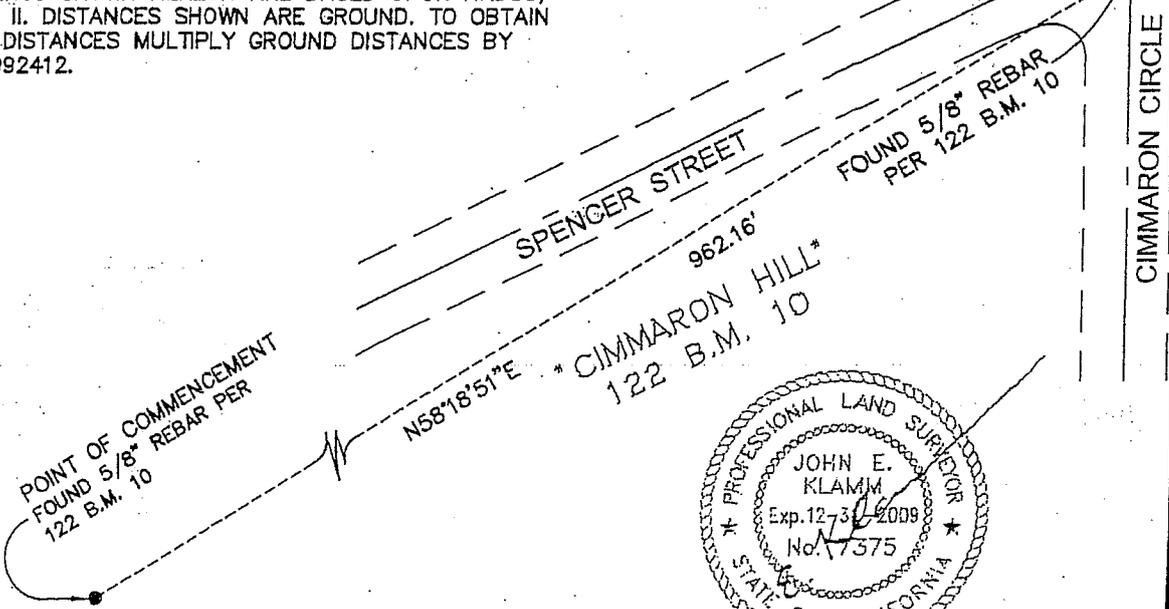
End of Description



4/28/2009



BEARINGS SHOWN HEREON ARE BASED UPON NAD83, ZONE II. DISTANCES SHOWN ARE GROUND. TO OBTAIN GRID DISTANCES MULTIPLY GROUND DISTANCES BY 0.99992412.



4/28/2009

FOLSOM STATE PRISON
RENOVATE OFFICERS AND GUARDS BUILDING
REPRESA, CALIFORNIA