

ASSIGNMENT OF OPTION TO PURCHASE AND ESCROW INSTRUCTIONS

THIS ASSIGNMENT OF OPTION TO PURCHASE AND ESCROW INSTRUCTIONS (“**Assignment**”) dated for reference purposes as _____, 2022, is by and between Sierra Nevada College, a Nevada non-profit corporation, as assignor (“**Sierra Nevada College**”), The Board of Regents of the Nevada System of Higher Education, on behalf of the University of Nevada, Reno, as assignee (“**Assignee**”), and The Regents of the University of California, a California corporation on behalf of the Davis Campus (“**UC Davis**”).

WHEREAS, pursuant to that certain Option to Purchase and Escrow Instructions dated April 20, 2012 (“**Option to Purchase**”), UC Davis grants to Sierra Nevada College the exclusive right and option to purchase a 57.6% tenancy-in-common interest in a building commonly known as the Tahoe Center for Environmental Sciences, located at 291 Country Club Drive, Incline Village, Nevada (“**Building**”), together with the land on which the Building is located and corresponding easements rights. The Building, the land on which the Building is located, and the corresponding easements rights subject to the Option to Purchase are collectively referred to herein as the “**Premises.**” The Option to Purchase terminates on June 30, 2028. A copy of the Option to Purchase is attached as **Exhibit A**.

WHEREAS, Sierra Nevada College seeks to assign the Option to Purchase, in its entirety, for the remaining term of the Option to Purchase to Assignee, and Assignee agrees to accept such an assignment on the terms set forth herein, and to which UC Davis is agreeable.

NOW, THEREFORE, in consideration of the Premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do agree as follows:

1. Effective Date. The “**Effective Date**” of this Assignment shall be the date of closing of the transfer of Sierra Nevada College’s academic operations to the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno, which is scheduled to occur on June 30, 2022, and shall be deemed effective as of July 1, 2022 at 12:01 a.m. PDT. If the closing does not occur, this Assignment shall be null and void and of no further force or effect. Sierra Nevada College and UC Davis represent and warrant that the Option to Purchase, attached hereto as Exhibit A, is a full and complete copy thereof. Sierra Nevada College and UC Davis represent and warrant that in addition to the Option to Purchase, additional agreements exist between the parties, including a Lease Agreement dated April 20, 2012, and a Property Management Agreement dated April 20, 2012. All capitalized terms which are not otherwise defined herein shall bear the meaning assigned thereto in the Option to Purchase.

2. Assignment. As of the Effective Date, Sierra Nevada College does hereby assign, sell, transfer, convey and set over to Assignee all of its right, title, and interest in and to the Option to Purchase. As of the Effective Date, Assignee hereby accepts all terms and conditions of the Option to Purchase.

3. Representation and Warranty. Sierra Nevada College hereby warrants and represents to Assignee with respect to all of the following:

- (i) The Option to Purchase is in full force and effect and has not been amended, transferred, or assigned.
- (ii) Sierra Nevada College’s interest in the Option to Purchase is free and clear of any

liens, encumbrances, or adverse interest of third parties.

(iii) Sierra Nevada College has full power and lawful authority to assign its interest in the Option to Purchase, subject to the consent of UC Davis thereto.

4. Release of Sierra Nevada College. UC Davis hereby agrees that Sierra Nevada College is hereby released from all liability under the Option to Purchase.

5. Recordation of Amendment. In connection with the execution of this Assignment, the parties have acknowledged and shall execute and deliver to Sierra Nevada College an Amendment to Memorandum of Option to Purchase, substantially in the form of **Exhibit B** hereto (the "**Amendment to Memorandum**"). Promptly after the Effective Date, Sierra Nevada College shall cause the Amendment to Memorandum to be recorded in the Office of the Washoe County, Nevada Recorder.

6. Authorization to Amend. Sierra Nevada College hereby authorizes Assignee to amend the Option to Purchase at Assignee's sole discretion and without notice to or the consent of Sierra Nevada College (provided any such amendment is satisfactory to and approved by UC Davis). UC Davis hereby agrees that Sierra Nevada College shall have no liability with respect to any amendments to the Option to Purchase hereafter entered into between UC Davis and Assignee.

7. Notices. Any notice, demand, or communication required, permitted, or desired to be given hereunder shall be in writing and shall be deemed effectively given (i) when personally delivered, (ii) three (3) business days next following the date of deposit in the United States mail, sent by prepaid certified mail, or (iii) the next business day following deposit with a reputable overnight courier, addressed as follows:

Sierra Nevada College:

Attn: President
999 Tahoe Blvd.
Incline Village, NV 89451

And a required copy to:

Ballard Rawson Jorgensen
Attn: Richard A. Rawson, Esq.
10181 Park Run Dr., Ste 110
Las Vegas, NV 89145

Assignee: Board of Regents of the Nevada System of
Higher Education, on behalf of the
University of Nevada, Reno c/o University Real Estate
1664 N. Virginia St./ MS 0243
Reno, NV 89557-0243

With a required copy to:

University of Nevada, Reno
General Counsel's Office
1664 N Virginia St./MS 0550
Reno Nevada 89557-0550

UC Davis: University of California,
Office of the President
Real Estate Services Group
1111 Franklin Street, 6th Floor
Oakland, California 94607 5200

With a required copy to:

The Regents of the University of California
c/o University of California, Davis
Real Estate Services
255 Cousteau Place
Davis, CA 95618

8. Choice of Law. This Assignment is governed by and construed in accordance with the laws of Nevada, without regard to its conflicts of laws principles. Any dispute arising out of this Assignment shall be brought in a court of competent jurisdiction in Washoe County, Nevada.

9. Successors and Assigns. This Assignment shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns.

10. Severability. In the event any provision of this Assignment is held to be invalid, illegal, or unenforceable for any reason, the rights and obligations of the parties shall be construed and enforced as if this Assignment did not contain that certain part, term or provision held to be illegal, invalid or unenforceable, and such invalidity, illegality, or unenforceability shall in no event affect, prejudice, or disturb the validity of the remainder of this Assignment, which shall be in full force and effect.

11. Time of Essence. Time shall be of the essence with respect to this Assignment.

12. Sovereign Immunity. Nothing in this Assignment should be construed as a waiver of sovereign immunity and/or the protections of NRS 41.031 et. seq., by Assignee or its employees.

13. Entire Agreement/Amendment/Counterparts. This Assignment supersedes all previous written or oral agreements, negotiations, and understandings, and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter and no party shall be entitled to benefits or subject to obligations other than those specified herein. This Assignment may not be amended, supplemented, canceled or discharged except by written instrument executed by all parties hereto. This Assignment may be executed in two or more counterparts, each and all of which shall be deemed an original. Signatures of this Assignment which are transmitted by either or both electronic or telephonic means

(including, without limitation, facsimile and email) are valid and binding for all purposes. Paragraph captions used herein are solely for the convenience of the reader and do not limit or define the provisions hereof.

14. Rules of Construction. The parties hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Assignment.

[Remainder of page is blank; signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment as of the date last below written.

Assignor: Sierra Nevada College, a Nevada non-profit corporation

By: _____
Name: _____
Title: _____
Date: _____

**Assignee: Board of Regents of the Nevada System of Higher Education,
on behalf of the University of Nevada, Reno**

Recommended by:

Brian Sandoval, President

Date

Approved by:

Chancellor

Date

**UC DAVIS: The Regents of the University of California,
a California public corporation on behalf of the Davis Campus**

By: _____
Name: _____
Its: _____
Date: _____

EXHIBIT A

[Option to Purchase and Escrow Instructions]

**OPTION TO PURCHASE
AND
ESCROW INSTRUCTIONS**

by and between

**The Regents of the University of California,
a California corporation,
on behalf of the Davis Campus,
as Optionor**

and

**Sierra Nevada College,
a Nevada nonprofit corporation,
as Optionee**

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OPTION TO PURCHASE AND ESCROW INSTRUCTIONS

This OPTION TO PURCHASE AND ESCROW INSTRUCTIONS (this “**Option Agreement**”) is made and entered into this 20th day of April, 2012 (“**Effective Date**”), by and between Sierra Nevada College, a Nevada non-profit corporation (“**Optionee**”), and The Regents of the University of California, a California corporation on behalf of the Davis Campus (“**Optionor**”), with reference to the following facts and is as follows:

RECITALS

A. Optionor is the owner of that certain improved land which is approximately 1.39 acres in size comprising Washoe County Assessor’s Parcel Number 127-040-09 which land is depicted on the site plan attached hereto as **Exhibit A** (the “**Site Plan**”), and legally described in **Exhibit A-1** attached hereto, which are by this reference incorporated herein (the “**Land**”), upon which a building commonly known as the Tahoe Center for Environmental Sciences, with an address of 291 Country Club Drive, Incline Village (the “**Building**”), has been constructed, which Land and Building and other improvements to the Land are collectively referred to herein as the “**Premises.**” Optionor is the holder of certain corresponding easement rights (the “**Easements**”) set forth in a Declaration of Easements, recorded on April 21, 2005 in the office of the County Recorder of Washoe County, Nevada, as Document No. 3201794 (“**Declaration**”) granted in favor of Resultant Parcel 1 (as defined in the Declaration of Easements). The Premises together with the Easements are collectively referred to herein as the “**Property.**”

B. Concurrently with the execution of this Option Agreement, Optionor and Optionee have entered into a Lease, dated April 20, 2012 (the “**Lease**”), wherein Optionee will lease approximately 57.6% of the gross square footage of the Building, together with certain rights in the balance of the Property, for the term set forth in the Lease (the “**Lease Term**”).

C. Optionor desires to grant to Optionee, and Optionee desires to accept from Optionor, an exclusive option to purchase a 57.6% tenancy-in-common interest in the Property (the “**Option**”). Optionor and Optionee also desire that their respective tenancy-in-common interests in the Property, which shall vest as of Close of Escrow hereunder, be governed by the Tenancy-In-Common Agreement (the “**TIC Agreement**”) attached hereto as **Exhibit B** and by this reference incorporated herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and in the Lease and the other documents referred to herein relating to the Property, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Optionor and Optionee agree as follows:

1. **The Option.** On the terms and conditions and for the purposes set forth in this Option Agreement, Optionor hereby grants to Optionee the exclusive right and option to purchase a 57.6% tenancy-in-common interest in the Property (the “**Optionee’s Interest**”). The interest in

the Property which is retained by Optionor and not included within the Optionee's Interest is referred to herein as the "**Optionor's Interest.**"

1.1 Term. The term of the Option ("**Option Term**") shall commence on April 20, 2012 (the "**Option Commencement Date**"), and shall expire on June 30, 2028.

1.2 Exercise. To exercise the Option, Optionee shall deliver written notice to Optionor ("**Option Exercise Notice**") at any time during the Option Term. The Option Exercise Notice shall fix a date for the Close of Escrow for the purchase of the Optionee's Interest (the "**Closing Date**") within ninety (90) days after the date of such written notice.

1.3 Purchase and Sale of the Optionee's Interest. If the Option is exercised as provided in this Article 1, Optionor shall sell and Optionee shall purchase the Optionee's Interest pursuant to the terms and provisions of this Option Agreement.

1.4 Option Purchase Price. The purchase price for the Optionee's Interest shall be as set forth in Section 2.1 hereof.

1.5 Memorandum of Option. Concurrently with the execution of this Option Agreement, Optionor and Optionee have executed a memorandum of Option Agreement in the form of agreement attached hereto as **Exhibit C ("Memorandum of Option Agreement")**. Optionee may cause the Memorandum of Option Agreement to be recorded in the office of the County Recorder of Washoe County, Nevada concurrently with the recordation of a memorandum of the Lease.

2. Option Consideration. The consideration for the Option granted hereby is Ten Dollars (\$10.00) cash in hand, Optionee's execution of the Lease and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and accepted ("**Option Consideration**").

2.1 Purchase Price. The purchase price ("**Purchase Price**") for the Optionee's Interest shall be equal to the aggregate sum of (x) the Anticipated Fixed Base Rent at the time of Closing, if any, plus (y) all amounts necessary to fully surrender and release any debt that Landlord has obtained to capitalize Landlord's interest in the Property (whether a bond financing identified in a Financing Notice, or otherwise), provided that any amounts paid pursuant to the preceding item (x) shall be applied toward payment of the principal amount of such debt (but not any interest or closing costs and expenses (including, pre-payment charges, lender fees and expenses or other costs of surrender of such debt), plus (z) Ten And No/100ths Dollars (\$10.00).

3. Escrow.

3.1 Escrow Instructions. The purchase and sale of the Optionee's Interest shall be consummated through an escrow (the "**Escrow**") to be established at the offices of an escrow agent designated by Optionor and Optionee (the "**Escrow Agent**"). Upon the opening of Escrow, Optionor and Optionee agree to deliver to Escrow Agent a fully executed copy of this Option Agreement, which shall constitute Escrow Agent's instructions. Optionor and Optionee agree to execute and deliver to Escrow Agent such additional and supplemental instructions as Escrow Agent may require in order to clarify Escrow Agent's duties under this Option

Agreement; provided, however, that in the event of any conflict or inconsistency between this Option Agreement and any instructions delivered to Escrow Agent, the terms of this Option Agreement shall govern the duties of Escrow Agent and the rights and obligations of Optionor and Optionee.

3.2 Definition of "Close of Escrow." For purposes of this Option Agreement, the term "**Close of Escrow**" or "**Closing Date**" shall mean the time when Escrow Agent shall have recorded the Deed conveying the Optionee's Interest in the Property to Optionee.

3.3 Close of Escrow.

3.3.1. Close of Escrow. Close of Escrow for the Optionee's Interest shall occur on the Closing Date specified in the Option Exercise Notice, provided that such date is consistent with the terms of this Option Agreement.

3.3.2. Optionor's Deliveries. Provided the Option has been exercised, Optionor shall deliver into Escrow on or before the Closing Date, the following:

(a) The Deed. A grant, bargain and sale deed ("**Deed**") executed by Optionor and acknowledged, conveying to Optionee the Optionee's Interest.

(b) The TIC Agreement. Four (4) originals of the TIC Agreement, duly executed by Optionor.

(c) Optionor's IRS Section 1445 Affidavit. An affidavit executed in satisfaction of the requirements of Section 1445 of the United States Internal Revenue Code.

(d) Recertification of Representations and Warranties. Recertification of Representations and Warranties certifying that Optionor's representations and warranties, as set forth in Section 6.1 hereof, are true and accurate as of Close of Escrow.

(e) Certification of Authority. Seller's certificate of authority evidencing Seller's ability to convey to Optionee the Optionee's Interest.

(f) Funds. All funds and instruments necessary to (i) discharge all record encumbrances other than those which are Permitted Exceptions, (ii) pay Optionor's charges under Section 5.2.2(a) of this Option Agreement and (iii) consummate the transfer to Optionee of the Optionee's Interest.

3.3.3. Optionee's Deliveries. Provided the Option has been exercised, Optionee shall deliver into Escrow for the Optionee's Interest, on or before the Closing Date, the following:

(a) Recertification of Representations and Warranties. Recertification of Representations and Warranties certifying that Optionee's representations and warranties, as set forth in Section 6.2 hereof, are true and accurate as of Close of Escrow.

(b) The TIC Agreement. Four (4) originals of the TIC Agreement, duly executed by Optionee.

(c) Funds. All funds and instruments necessary to (i) pay any outstanding Base Rent, Additional Rent or other charges (including any late charges and Default Interest charges) (as such terms are defined in the Lease) due and owing under the Lease on the Closing Date; (ii) pay Optionee's charges under Section 5.2.2(b) of this Option Agreement; (iii) an amount equal to Optionee's Share of Restoration Costs (as defined in Section 5.2.3 below), if any; and (iv) consummate the conveyance to Optionee of the Optionee's Interest.

4. Condition of Title.

4.1 Title. Optionor shall convey to Optionee fee simple title to the Optionee's Interest in the Property, subject only to the Permitted Exceptions and the TIC Agreement. As used herein, the term "**Permitted Exceptions**" shall mean (w) exception nos. 1 through 13, 21 and 22 shown the Title Report of First American Title Insurance Company, no. NCS 518418, dated as of April 2, 2012, (x) any encumbrances created by Optionee, consented to by Optionee or otherwise authorized or approved by Optionee, (y) mechanics liens and similar liens of suppliers securing amounts that have not yet been paid in the ordinary course of business, and (z) minor covenants, conditions, restrictions, survey exceptions, non-monetary encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph, and telephone lines and other similar purposes, and zoning or similar governmental land use restrictions that shall not unreasonably interfere with Optionee's use of the Optionee's Interest.

4.2 Title Insurance Policy. At Close of Escrow and as a condition thereto, Escrow Agent shall issue to Optionee an American Land Title Association ("**ALTA**") extended coverage owner's policy of title insurance with policy coverage in the amount of the fair market value of the Optionee's Interest in the Property, as reasonably determined by Optionee, insuring that fee simple title in the Optionee's Interest in the Property vests in Optionee subject only to: (i) standard printed form exclusions from coverage and conditions and stipulations of such policy of title insurance, (ii) general and special real estate taxes which are, as of the Closing Date, not delinquent, (iii) the Permitted Exceptions, and (iv) the TIC Agreement (the "**Optionee's Title Policy**").

5. Closing; Escrow Cancellation.

5.1 Conditions to Close of Escrow. Escrow Agent shall close Escrow by: (i) filing for record the Deed (and such other documents as are required to be recorded at the Close of Escrow pursuant to the terms hereof) and (ii) delivering documents to the parties as appropriate when each of the following conditions has been satisfied:

5.1.1. Deliveries. All documents described in Section 3.3 for the Close of Escrow have been delivered to Escrow Agent.

5.1.2. Closing Statement. Escrow Agent shall have delivered to the parties and the parties shall have approved the proposed closing statement.

5.1.3. Title Policies. Escrow Agent is prepared to issue the Optionee's Title Policy described in Section 4.2 hereof.

5.2 Prorations, Credits and Costs.

5.2.1. Prorations. Escrow Agent shall prorate to the Closing Date on the basis of a 30-day month with respect to the Optionee's Interest in the Property, the following:

(a) Taxes. General and special real estate taxes; provided, however, that the proration herein shall not limit the obligations of Optionee (as Tenant) under the Lease for periods prior to the Close of Escrow.

(b) Other Items. All other items customarily prorated between a seller and buyer of real property at Close of Escrow; provided, however, that the proration herein shall not limit the obligations of Optionee (as Tenant) under the Lease for periods prior to the Close of Escrow.

5.2.2. Closing Costs.

(a) Costs to be Paid by Optionor. Optionor shall pay the following costs ("**Optionor's Closing Costs**") with respect to the conveyance of the Optionee's Interest:

(i) A percentage of the premium for a CLTA standard coverage title policy with a limit of liability equal to that of the Optionee's Title Policy, which percentage shall equal the total premium for such policy multiplied by Optionor's Interest in the Property.

(ii) A percentage of the real property transfer tax imposed pursuant to NRS Chapter 375 in an amount equal to the total transfer tax due multiplied by Optionor's Interest in the Property.

(iii) A percentage of the escrow fee charged by Escrow Agent in an amount equal to the total escrow fee multiplied by Optionor's Interest in the Property.

(iv) Fees for recording the documents described in this Option Agreement which are to be recorded at the Close of Escrow.

(b) Costs to be Paid by Optionee. Optionee shall pay the following costs ("**Optionee's Closing Costs**") with respect to the conveyance of the Optionee's Interest:

(i) A percentage of the premium for a CLTA standard coverage title policy with a limit of liability equal to that of the Optionee's Title Policy, which percentage shall equal the total premium for such policy multiplied by Optionee's Interest in the Property, together with the difference in cost between the ALTA title policy premium for the policy described in Section 4.2 hereof and the premium for a CLTA standard coverage owner's title policy with the same coverage amount, and the cost of any endorsements requested by Optionee.

(ii) A percentage of the real property transfer tax imposed pursuant to NRS Chapter 375 in an amount equal to the total transfer tax due multiplied by Optionee's Interest in the Property.

(iii) A percentage of the escrow fee charged by Escrow Agent in an amount equal to the total escrow fee multiplied by Optionee's Interest in the Property.

5.2.3. Property Restoration Costs. Optionor and Optionee acknowledge and agree that if Optionee proceeds with the Close of Escrow and the Close of Escrow occurs during a period when any casualty or condemnation exists for which restoration remains to be completed or paid for, then Optionee shall be obligated to share in the costs of such restoration, irrespective of whether the Lease has been terminated as a result of such casualty or condemnation or whether some of the subject restoration is to be completed following the Closing Date. In connection with the foregoing, Optionor and Optionee acknowledge and agree that it is their intention that Optionee shall share in such costs and expenses of restoration in an amount equal to the Optionee's Interest (such amount, herein the "**Optionee's Share of Restoration Costs**"), but that Optionee's Share of Restoration Costs should be computed after taking into consideration any amounts paid by Optionee, as Tenant, under the Lease with respect to the subject costs and expenses and any amounts of insurance and/or awards in condemnation which are made available for such restoration. At the Close of Escrow, Optionor shall determine Optionee's Share of Restoration Costs, if any; provided, however, if restoration work is ongoing, then Optionor shall prepare an estimate of Optionee's Share of Restoration Costs, which amount shall be subject to reconciliation upon the completion of such restoration work. Optionee shall fund Optionee's Share of Restoration Costs prior to the Closing Date, as set forth in item (iii) of Section 3.3.3(c) and such amounts shall be used in connection with the subject restoration work.

5.2.4. Survival of Close of Escrow. The provisions of this Section 5.2 shall survive the Close of Escrow and continue to be binding upon Optionor and Optionee.

6. Warranties and Representations of the Parties.

6.1 Optionor's Representations. As a material inducement to Optionee to enter into this Option Agreement, Optionor covenants, represents and warrants to Optionee as of the date hereof, and as of the date of the Close of Escrow, as follows:

6.1.1. Authority; Qualifications.

(a) Optionor is a duly organized, validly existing corporation formed under the laws of the State of California and is duly qualified to do business in the State of Nevada, and has the full right, power and authority to enter into and carry out the transactions contemplated by this Option Agreement. The entering into of this Option Agreement and the carrying out of the transactions contemplated hereby do not and will not constitute a violation (or an event which, with the giving of notice or the passage of time, would constitute a violation) under any of Optionor's formation and governing documents.

(b) This Option Agreement and all other documents herein provided to be executed are and will be valid and binding obligations of Optionor enforceable in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting contracting parties generally.

(c) All requisite action has been taken by Optionor in connection with the entering into of this Option Agreement, the instruments referenced herein, and the consummation of this transaction. The individuals executing this Option Agreement and the instruments referenced herein on behalf of Optionor have the legal power, right and actual authority to bind Optionor. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.

(d) This Option Agreement does not now or shall not hereafter breach, invalidate, cancel, make inoperative or interfere with any contract, agreement, instrument, mortgage, deed of trust, promissory note, lease, bank loan or credit agreement to which Optionor is a party or by which it is bound.

(e) Optionor is exempt from federal income taxes under Section 501(a) and Section 501(c)(3) of the IRC

6.1.2. Environmental Representations and Disclosures.

(a) Hazardous Materials. Except as previously disclosed and excluding actions taken by Optionee, to Optionor's knowledge (i) no portion of the Land is being used or has been used for the disposal, storage, treatment, processing or other handling of Hazardous Materials (defined in Section 6.1.2(c) below), (ii) no condition on the Land is in material violation of any Environmental Laws, and (iii) there has been no release, discharge or migration of Hazardous Materials onto or under the Land. Optionor agrees to notify Optionee of any subsequent event which renders this representation inaccurate or misleading.

(b) No Release for Pre-Escrow Conditions. Optionor acknowledges and agrees that the transfer of the Optionee's Interest to Optionee shall not relieve or release Optionor of any legal liability or responsibility Optionor would otherwise have as the owner of the Land whether by way of damages, penalties, remedial actions or otherwise, for any adverse effects or consequences resulting at any time from any contamination existing on, above, or under the Land at the time of Close of Escrow. Optionee acknowledges that Optionee was previously the owner of the Property and that Optionee was previously an occupant of portions of the Property and Optionee further acknowledges and agrees that neither the provisions of the preceding sentence nor the consummation of the transactions contemplated by this Agreement shall act to relieve or release Optionee of any legal liability or responsibility Optionee would otherwise have as the owner of the Property or the prior occupant of portions of the Property, whether by way of damages, penalties, remedial actions or otherwise, for any adverse effects or consequences resulting at any time from any contamination existing on, above, or under the Property at the time of Close of Escrow.

(c) “Hazardous Materials.” Hazardous Materials, for purposes of Section 6.1.2 and Section 6.2.2 hereof, means any substance, water or material which has been determined by any state, federal or local governmental authority to be capable of posing a risk of injury to health, safety and property, including, but not limited to, all of those materials, wastes and substances (a) designated as hazardous, toxic or required to be remediated by the U.S. Environmental Protection Agency, the U.S. Department of Labor, the U.S. Department of Transportation and/or any other governmental agency now or hereafter authorized to regulate materials and substances in the environment, or (b) subject to regulation under any and all present and future federal, state and local laws, statutes, ordinances, regulations, policies, guidelines, decisions or orders and any other requirements of any governmental body governing the generation, storage, release, discharge, transportation, removal, remediation, reduction or disposal of hazardous or toxic materials, without limitation, Comprehensive Environmental Response, Compensation and Liability Act of 1976, 42 U.S.C. §§6901, *et seq.*, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §1820, *et seq.*, the Resource Conservation and Recovery Act, as amended (RCRA), 42 U.S.C. §9601, *et seq.*, the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1810, *et seq.*, the Endangered Species Act, as amended, the Clean Water Act, as amended, 33 U.S.C. §1251, *et seq.*, the Occupational Safety and Health Act, as amended, the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRTKA), 42 U.S.C. §11001, *et seq.*, the Clean Air Act, 42 U.S.C. §7412, *et seq.*, the Pollution Prevention Act of 1990, 42 U.S.C. §13101, *et seq.*, the applicable provisions of Nevada Revised Statutes (“NRS”) Chapters 444, 445A, 445B, 459, 590 and 618, the Uniform Fire Code, the Tahoe Regional Planning Agency (“TRPA”) Code of Ordinances, and any and all successor statutes or codes, each as hereafter amended from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing (collectively, “Environmental Laws”).

6.1.3. Period of Optionor’s Representations and Warranties. Optionor’s representations and warranties under Sections 6.1.1 and 6.1.2 shall survive the Close of Escrow for the Optionee’s Interest. Optionee shall be entitled to recover damages and obtain relief for any breach of such representations or warranties if (i) written notice specifically setting forth the grounds of such breach is given to Optionor by Optionee promptly after discovery, (ii) a suit by Optionee against Optionor is filed in a court of competent jurisdiction and (iii) service of such complaint is made on Optionor within thirty (30) days after the complaint is filed. Notwithstanding the foregoing, to the extent Optionee has actual knowledge at Close of Escrow that any warranty or representation set forth in this Section 6.1 is inaccurate, incomplete or false, Optionee cannot pursue a claim for breach of such warranty or representation.

6.2 Optionee’s Warranties and Representations. As a material inducement to Optionor to enter into this Option Agreement, Optionee covenants, represents and warrants to Optionor as of the date hereof, and as of the date of the Close of Escrow, as follows:

6.2.1. Authority; Qualifications.

(a) Optionee is a duly organized, validly existing non-profit corporation formed under the laws of the State of Nevada and is duly qualified to do business in the State of Nevada, and has the full right, power and authority to enter into and carry out the transactions contemplated by this Option Agreement. The entering into of this Option Agreement

and the carrying out of the transactions contemplated hereby do not and will not constitute a violation (or an event which, with the giving of notice or the passage of time, would constitute a violation) of Optionee's formation and governing documents.

(b) This Option Agreement and all other documents herein provided to be executed are and will be valid and binding obligations of Optionee enforceable in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting contracting parties generally.

(c) All requisite action has been taken by Optionee in connection with the entering into of this Option Agreement, the instruments referenced herein, and the consummation of this transaction. The individuals executing this Option Agreement and the instruments referenced herein on behalf of Optionee have the legal power, right and actual authority to bind Optionee. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.

(d) This Option Agreement does not now or shall not hereafter breach, invalidate, cancel, make inoperative or interfere with any contract, agreement, instrument, mortgage, deed of trust, promissory note, lease, bank loan or credit agreement to which Optionee is a party or by which it is bound.

(e) As of the date of this Option Agreement, Optionee is an organization described in IRC Section 501(c)(3) which is not a "private foundation" as defined in IRC Section 509(a), it has received a letter from the Internal Revenue Service to that effect, such letter has not been modified, limited or revoked, Optionee is in compliance with all terms, conditions and limitations, if any, contained in such letter applicable to it, the facts and circumstances which form the basis of such letter as represented to the Internal Revenue Service continue substantially to exist, and Tenant is exempt from federal income taxes under IRC Section 501(a) and IRC Section 501(c)(3).

(f) Optionee shall at all times during the Option Term maintain its status as an organization described in IRC Section 501(c)(3) and its exemption from federal income tax under IRC Section 501(a) or corresponding provisions of future federal income tax laws.

(g) No proceedings are pending or threatened in any way affecting the status of Optionee as an organization described in Section 501(c)(3) of the IRC, or which would subject any income of the Optionee to federal income taxation to such extent as would result in the loss of its tax-exempt status under Section 501(a) of the IRC. Optionee is not under examination or audit by the Internal Revenue Service, nor has Optionee received notice, oral or written, from the Internal Revenue Service of a proposed examination or audit thereby, with respect to any fiscal year of Optionee.

6.2.2. Environmental Representations and Disclosures. Except as previously disclosed and excluding actions taken by Optionor, to Optionee's knowledge (i) no portion of the Land is being used or has been used for the disposal, storage, treatment, processing or other handling of Hazardous Materials, (ii) no condition on the Land is in material violation of any

Environmental Laws, and (iii) there has been no release, discharge or migration of Hazardous Materials onto or under the Land. Optionee agrees to notify Optionor of any subsequent event which renders this representation inaccurate or misleading.

6.2.3. Period of Optionee's Representations and Warranties. Optionee's representations and warranties under Sections 6.2.1 and 6.2.2 shall survive the Close of Escrow for the Optionee's Interest. Optionor shall be entitled to recover damages and obtain relief for any breach of such representations or warranties if (i) written notice specifically setting forth the grounds of such breach is promptly given to Optionee by Optionor, (ii) a suit by Optionor against Optionee is filed in a court of competent jurisdiction and (iii) service of such complaint is made on Optionee within thirty (30) days after the complaint is filed. Notwithstanding the foregoing, to the extent Optionor has actual knowledge at Close of Escrow that any warranty or representation set forth in this Section 6.2 is inaccurate, incomplete or false, Optionor cannot pursue a claim for breach of such warranty or representation.

7. Default by Optionor or Optionee.

7.1 Optionor's Remedies. If Optionee fails to complete the sale of the Optionee's Interest or otherwise breaches the terms of this Option Agreement, the parties agree that Optionor may terminate this Option Agreement and shall be entitled to pursue reimbursement for all expenses incurred as a result of Optionee's exercising its rights under the Option Agreement.

7.2 Optionee's Remedies. If Optionor fails to complete the sale of the Optionee's Interest or is otherwise in breach of the terms this Option Agreement, Optionee shall be entitled to pursue specific performance of this Option Agreement with respect to the Optionee's Interest and the costs of pursuit of such action for specific performance.

8. Brokerage Commissions. Except as otherwise disclosed in writing, each party warrants to the other that the warranting party has incurred no obligations, by reason of this Option Agreement or the transaction contemplated hereby, for a real estate brokerage commission or finder's fee for which the other party would be liable. Each party will hold the other party free and harmless from and against any damage or expense the other party may incur by reason of the untruth as to the warranting party of the foregoing warranty, including expenses for attorneys' fees and court costs.

9. Miscellaneous.

9.1 Notices. All notices or correspondence provided for herein shall be effective only if made in writing, personally delivered with an executed acknowledgment of receipt or deposited in the United States mail, certified, postage prepaid, and addressed as follows:

To Optionor: Sierra Nevada College
 Attention: President
 999 Tahoe Blvd.
 Incline Village, Nevada 89451

and a required copy to: Jones Vargas
Attention: Richard A. Rawson, Esq.
3773 Howard Hughes Parkway
Third Floor South
Las Vegas, Nevada 89130

To Optionee: University of California, Office of the President
Real Estate Services Group
1111 Franklin Street, 6th Floor
Oakland, California 94607 5200

and a required copy to:
The Regents of the University of California
c/o University of California, Davis
Real Estate Services
255 Cousteau Place
Davis, California 95618

Any notice shall be deemed delivered (i) five (5) days after notice is mailed or (ii) if personally delivered, when acknowledgment of receipt is signed, as provided above or (iii) for any notice by overnight courier, the next business day after deposit with the courier. By written notice to the other, either party may change its own mailing address.

9.2 Time of the Essence. Time is of the essence of this Option Agreement and each and every term and provision hereof.

9.3 Interpretation; Governing Law. This Option Agreement shall be construed as if prepared by both parties. Optionor and Optionee hereby agree that the State of Nevada has a substantial relationship to the parties and to the underlying transaction embodied hereby, including, without limiting the generality of the foregoing, matters of construction, validity and performance of this Option Agreement. Accordingly, this Option Agreement and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Nevada applicable to contracts made and performed therein and all applicable law of the United States of America. To the fullest extent permitted by law, Optionor and Optionee hereby unconditionally and irrevocably waive any claim to assert that the law of any other jurisdiction governs this Option Agreement. Any legal suit, action or proceeding against Optionor or Optionee arising out of or relating to this Option Agreement may be instituted in any federal or state court sitting in the County of Washoe, State of Nevada, and Optionor and Optionee waive any objection which either may now or hereafter have to the laying of venue of any such suit, action or proceeding in such County and State, and Optionor and Optionee hereby expressly and irrevocably submit to the jurisdiction of any such court in any suit, action or proceeding.

9.4 Further Assurances; Survival. Each party will, whenever and as often as it shall be requested to do so by the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all such further conveyances, assignments, approvals, consents and any and all other documents and do any and all other acts as may be necessary to carry out the intent and purpose of this Option Agreement. All covenants,

agreements and obligations of Optionor and Optionee contained in this Option Agreement which imply or require performance after the Close of Escrow hereunder shall survive the Close of Escrow.

9.5 Entire Agreement; Amendments. This Option Agreement, together with all Exhibits hereto and the other written agreements referred to herein, is intended by the parties to be the final expression of their agreement with respect to the subject matter hereof, and is intended as the complete and exclusive statement of the terms of the agreement between the parties. As such, this Option Agreement supersedes any and all prior understandings between the parties, whether oral or written. Any amendments to this Option Agreement shall be in writing and shall be signed by both parties hereto.

9.6 No Waiver. A waiver by either party hereto of a breach of any of the covenants or agreements hereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

9.7 No Assignment. Neither Optionee nor Optionor shall assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld. Subject to the foregoing, all of the rights, obligations, benefits and duties of Optionee hereunder shall inure to the benefit of and be binding upon any such transferee.

9.8 Binding Effect. This Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives, successors and permitted assigns.

9.9 Headings; Exhibits; Cross References. The headings and captions used in this Option Agreement are for convenience and ease of reference only and shall not be used to construe, interpret, expand or limit the terms of this Option Agreement. All Exhibits attached to this Option Agreement and the Recitals at the front of this Option Agreement are incorporated herein by the references thereto contained herein. Any term used in an Exhibit hereto shall have the same meaning as in this Option Agreement unless otherwise defined in such Exhibit. All references in this Option Agreement to Sections and Exhibits shall be to Sections and Exhibits of or to this Option Agreement, unless otherwise specified.

9.10 Severability. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Option Agreement shall become illegal, null or void, or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void, or against public policy, the remaining portions of this Option Agreement shall not be affected thereby and shall remain in force and effect to the full extent permitted by law.

9.11 Performance of Acts on Business Days. Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to calendar days. In the event that the final date for payment of any amount or performance of any act hereunder falls on a Saturday, Sunday or holiday, such payment may be made or act performed on the next succeeding business day.

9.12 Attorneys' Fees. In the event Landlord or Tenant bring suit against the other to enforce any rights under this Option Agreement, the prevailing party shall recover from the

other, in addition to any other award, an amount equal to reasonable attorneys' fees to be fixed by the court.

9.13 No Third Party Beneficiaries. This Option Agreement is intended for the exclusive benefit of Optionor and Optionee and their respective permitted assigns and is not intended and shall not be construed as conferring any benefit on any third party or the general public.

9.14 Counterparts. This Option Agreement may be executed in any number of counterparts and by facsimile or e-mail pdf or other electronic method, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Optionor and Optionee have executed this Option Agreement effective as of the Effective Date.

OPTIONEE:

SIERRA NEVADA COLLEGE,
a Nevada nonprofit corporation

By: _____
Name: Lynn G. Gillette
Its: President

OPTIONOR:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California public corporation on behalf of the Davis Campus

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

By: _____
Name: James D. Agate
University Counsel Of The Regents
Of The University Of California

**Exhibit A
Site Plan**

(See attached.)

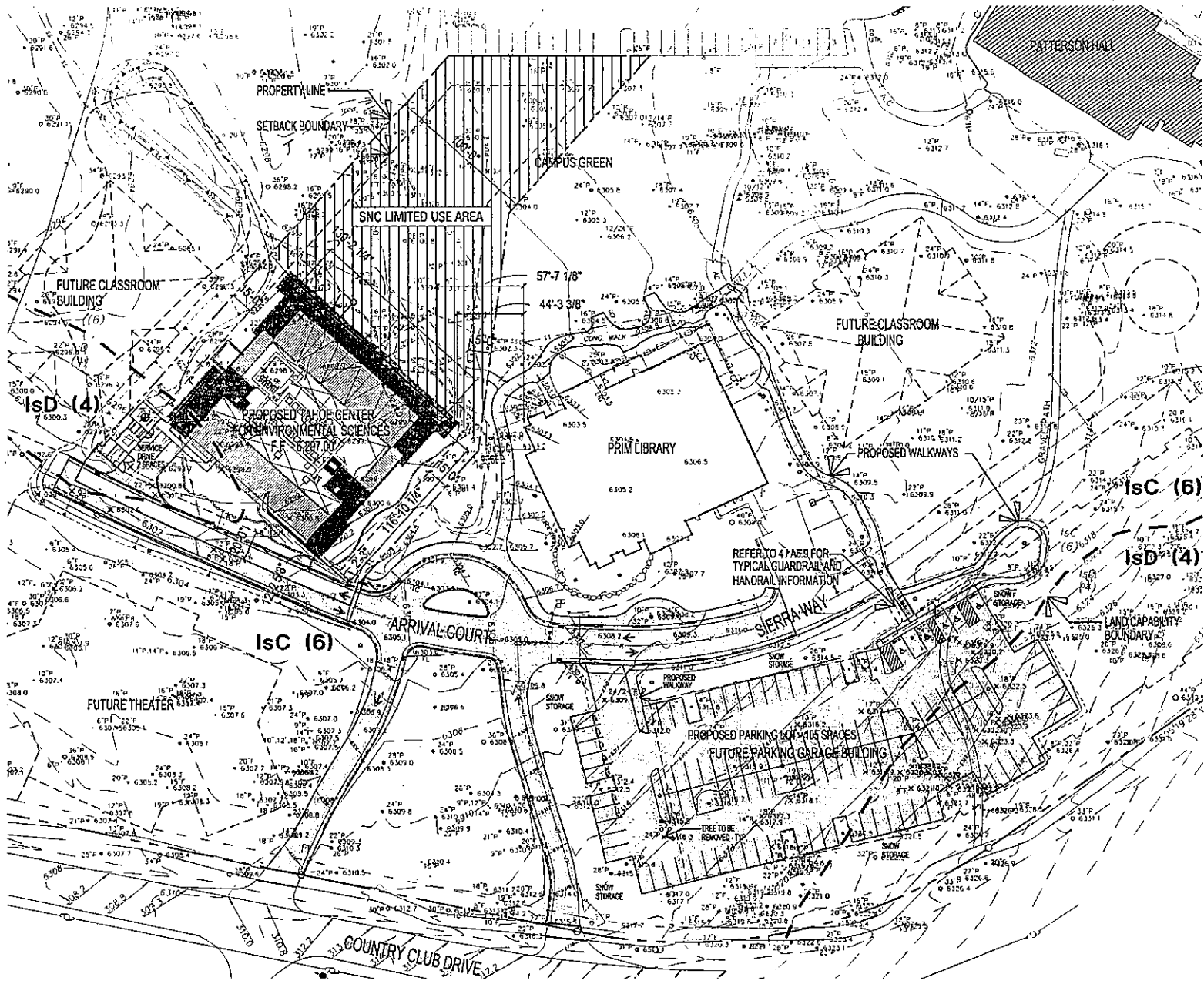


Exhibit A-1
Legal Description

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

**Exhibit B
TIC Agreement**

(See attached.)

TENANCY-IN-COMMON AGREEMENT

THIS TENANCY-IN-COMMON AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 20__, by and between Sierra Nevada College, a Nevada non-profit corporation ("SNC"), and The Regents of the University of California, a California corporation on behalf of the Davis Campus ("UC"), with reference to the following facts and is as follows:

RECITALS:

A. UC is the owner of that certain improved land which is approximately 1.39 acres in size comprising Washoe County Assessor's Parcel Number 127-040-09, which land is depicted on the site plan attached hereto as **Exhibit A** (the "Site Plan") and legally described in **Exhibit A-1** attached hereto, which are by this reference incorporated herein (the "Land").

B. The Land contains a building commonly known as the Tahoe Center for Environmental Sciences, with an address of 291 Country Club Drive, Incline Village (the "Building"), and site improvements related thereto, which Land, Building and improvements are herein referred to as the "Premises." The Premises, together with the easements appurtenant thereto, including, but not limited to, the easements described in that certain Declaration of Easement ("Declaration") recorded in the Official Records of Washoe County, Nevada on April 21, 2005, as Document No. 3201794 (collectively, the "Easements"), are referred to herein as the "Property."

C. Pursuant to the Option Agreement dated as of April 20, 2012, to which this Agreement is attached (the "Option Agreement"), UC has granted to SNC the exclusive right and option to purchase a 57.6% undivided interest in the Premises ("SNC's Ownership Interest"), together with rights in the Easements, on the terms and conditions set forth therein (the "Option").

D. Prior to and until the Effective Date, SNC has leased a portion of the Building pursuant to a Lease Agreement, dated April 20, 2012 (the "Lease"), with UC as Landlord and SNC as Tenant, and SNC has managed the operations of the Property pursuant to a Property Management Agreement, dated April 20, 2012 (the "Property Management Agreement"), which Prior Agreements have governed the use and occupancy rights of SNC with respect to the Property.

E. This Agreement shall become effective upon the date of Close of Escrow under the Option Agreement (the "Effective Date").

F. Each of SNC and UC desire to exclusively occupy certain portions of the Building which are defined below as SNC's Occupancy Area and UC's Occupancy Area as tenants-in-common, to jointly occupy the Shared Space and to use the Premises for educational, cultural, laboratory, research and public outreach purposes, all as more particularly provided in this Agreement. SNC and UC further desire that from and after the Effective Date, the Prior

Agreements shall be terminated in their entirety and thereafter the rights and obligations of SNC and UC as co-owners and co-occupants of the Premises be governed by the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions. The following terms when used in this Agreement, including its Preamble and Recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

1.2 “Access Easement” is defined in Section 4.5(b).

1.3 “Agreement” is defined in the Preamble.

1.4 “Annual Meeting” is defined in Section 8.8(b).

1.5 “Appraiser” means a professional appraiser with MAI designation from the Appraisal Institute and a minimum of five years experience appraising properties similar to the Property and who has not done business with either party during the five (5) year period preceding such appointment.

1.6 “Approved Capital Budget” is defined in Section 8.8(c).

1.7 “Approved Operating Budget” is defined in Section 8.8(c).

1.8 “Assignee” is defined in Section 13.7.

1.9 “Bankrupt Co-Tenant” is defined in Section 13.5.

1.10 “BLS” means the Bureau of Labor Statistics.

1.11 “Business Day” means any day on which banks are required to be open for business within both the State of California and the State of Nevada, and shall not include (i) any Saturday or Sunday, (ii) any national holiday, or (iii) any holiday within the State of California or the State of Nevada.

1.12 “Building” is defined in Recital B.

1.13 “Buyout Option” is defined in Section 13.2(a).

1.14 “Capital Budget” is defined in Section 8.8(a)(ii).

1.15 “Capital Expenses” is defined in Section 8.8(a)(ii).

1.16 “Capital Replacement Account” means the account in which Capital Expenses are deposited and which is drawn on for Capital Replacements to the Premises.

1.17 “Capital Replacements” means capital improvements to the Premises and furniture, fixtures and equipment replacements for the Shared Space and the Common Areas projected to be required during the following fiscal year to bring the Premises into compliance with then-current codes or to meet the standard set forth in Section 8.7 hereof.

1.18 “Claims” is defined in Section 7.1.

1.19 “Close of Escrow” means the date that SNC shall acquire its Undivided Ownership Interest in the Premises, together with its rights in the Easements, in accordance with the provisions of the Option Agreement.

1.20 “Common Areas” is defined in Section 4.2.

1.21 “Consumer Price Index” means the Consumer Price Index for all urban consumers, all items, (CPI-U) West Urban Region, published by the U.S. Department of Labor, Bureau of Labor Statistics (the “BLS”). If the Consumer Price Index:

(i) is not published for a given calendar month, then the Consumer Price Index for that month shall be the Consumer Price Index published for the most recent prior calendar month or other period for which it is so published; or

(ii) hereafter uses a different standard reference base or is otherwise revised, an adjustment shall be made therein for the purposes of this Agreement, using the conversion factor, formula, or table for making that adjustment as is published by the BLS, or if the BLS does not publish the same, then as is published by Prentice-Hall, Inc., the Bureau of National Affairs, Commerce Clearing House, or any other nationally recognized publisher of similar statistical information, as selected by the Co-Tenants; or

(iii) ceases to be published;

then for the purposes of this Agreement there shall be substituted for it such other index as the Co-Tenants may agree upon, or in the absence of such an agreement, the Consumer Price Index first issued for the month and year in question.

1.22 “Contributing Co-Tenant” means a Co-Tenant who makes any Required Funding or Extraordinary Funding in lieu of a Defaulting Co-Tenant as provided in Section 9.4(a) or 9.4(b).

1.23 “Co-Tenants” means SNC and UC, together with any Person who becomes a substituted or additional owner of interests in the Property as herein provided and who is listed as an owner of the Property in the books and records relating to the Property, in such Person’s capacity as an owner of an interest in the Property.

1.24 “Cure Expiration Date” is defined in Section 9.5.

1.25 “Current Dollars” means a dollar amount calculated by multiplying a dollar amount specified in this Agreement by a fraction, the numerator of which is the Consumer Price Index last published prior to the date upon which such amount is calculated and the denominator of which is the Consumer Price Index last published prior to April 2012.

1.26 “Declaration” is defined in Recital B.

1.27 “Defaulting Co-Tenant” means a Co-Tenant who fails to make a Required Funding or an Extraordinary Funding on or before the Funding Contribution Date.

1.28 “Deed” means the grant, bargain and sale deed in which UC conveyed to SNC SNC’s Undivided Ownership Interest in the Premises together with its rights in the Easements.

1.29 “Disapproved Naming Party” is defined in Section 21.5.

1.30 “Easements” means any and all easements which are appurtenant to the Premises, both express and implied and including, without limitation, the easements described in the Declaration.

1.31 “Effective Date” is defined in Recital E.

1.32 “Emergency Easements” is defined in Section 4.5(c).

1.33 “Environmental Laws” means any and all present and future federal, state and local laws, statutes, ordinances, regulations, policies, guidelines, decisions or orders and any other requirements of any governmental body governing the generation, storage, release, discharge, transportation, removal, remediation, reduction or disposal of hazardous or toxic materials, without limitation, Comprehensive Environmental Response, Compensation and Liability Act of 1976, 42 U.S.C. §§6901, *et seq.*, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §1820, *et seq.*, the Resource Conservation and Recovery Act, as amended (RCRA), 42 U.S.C. §9601, *et seq.*, the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1810, *et seq.*, the Endangered Species Act, as amended, the Clean Water Act, as amended, 33 U.S.C. §1251, *et seq.*, the Occupational Safety and Health Act, as amended, the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRTKA), 42 U.S.C. §11001, *et seq.*, the Clean Air Act, 42 U.S.C. §7412, *et seq.*, the Pollution Prevention Act of 1990, 42 U.S.C. §13101, *et seq.*, the applicable provisions of Nevada Revised Statutes (“NRS”) Chapters 444, 445A, 445B, 459, 590 and 618, the Uniform Fire Code, the Tahoe Regional Planning Agency (“TRPA”) Code of Ordinances, and any and all successor statutes or codes, each as hereafter amended from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing.

1.34 “Estoppel Certificate” is defined in Section 20.19.

1.35 “Exempt Donor” is defined in Section 21.1.

1.36 “Exercise Date” is defined in Section 13.3(b).

1.37 “Exterior Naming Donation” is defined in Section 21.1.

- 1.38 “Extraordinary Funding” is defined in Section 9.3.
- 1.39 “Fair Market Value” means the fair market value of the Property, as determined in the manner provided in Section 13.3(b)(i).
- 1.40 “Final Default” is defined in Section 9.5.
- 1.41 “Fiscal Year” means the period commencing July 1 and ending June 30, unless otherwise determined by mutual consent of the Co-Tenants.
- 1.42 “Floor Plans” is defined in Section 4.1(a).
- 1.43 “Funding Contribution Date” is defined in Sections 9.2 and 9.3.
- 1.44 “Funding Notice” is defined in Section 13.1.
- 1.45 “Funding Default” is defined in Section 9.4.
- 1.46 “GAAP” means generally accepted accounting principles, applied on a consistent basis in the preparation of the financial statements with respect to the Property.
- 1.47 “Hazardous Substances Policies Agreement” is defined in Section 7.3.
- 1.48 “Improvements” is defined in Section 8.9.
- 1.49 “Interest” means interest at the annual rate charged by the Federal Reserve to member banks plus 5 % per annum.
- 1.50 “Interior Naming Donation” is defined in Section 21.1.
- 1.51 “Land” is defined in Recital A.
- 1.52 “Lease” means that certain lease by and between UC, as lessor, and SNC, as lessee, which governed the Co-Tenants’ rights in the Property prior to the Effective Date.
- 1.53 “Management Duties” includes, without limitation, the following duties: (a) managing, operating, repairing and maintaining the Property; (b) making Capital Replacements to the Premises; (c) obtaining and maintaining casualty insurance, public liability insurance, fidelity bond coverage and other insurance pursuant to Article 10 hereof; (d) payment of Property Taxes, assessments, fees or other impositions levied, assessed or imposed against the Property for use, occupancy or operation thereof; (e) maintenance of the Operating Account, books, records, and financial statements; (f) preparation of the annual Capital Budgets and annual Operating Budgets; and (g) all other duties delegated to SNC under this Agreement; all in accordance with the Approved Budgets.
- 1.54 “Management Easement” is defined in Section 4.5(a).
- 1.55 “Management Litigation Expenses” is defined in Section 8.6(b).

- 1.56 “Memorandum of Agreement” is defined in Section 20.14.
- 1.57 “Naming Donation” is defined in Section 21.1.
- 1.58 “Non-Exempt Donor” is defined in Section 21.1.
- 1.59 “Notice” is defined in Article 18.
- 1.60 “Notice of Final Default” is defined in Section 9.5.
- 1.61 “Notice of Intent to Sell” is defined in Section 13.2(a).
- 1.62 “OFAC” is defined in Section 21.5.
- 1.63 “Occupancy Area(s)” means UC’s Occupancy Area together with SNC’s Occupancy Area.
- 1.64 “Operating Account” means the account in which Required Fundings of Operating Expenses are deposited and which is drawn on for the maintenance and operation of the Premises.
- 1.65 “Operating Budget” is defined in Section 8.8(a)(i).
- 1.66 “Operating Expenses” means the expenses, costs and amounts set forth in Addendum 1 hereto.
- 1.67 “Option” is defined in Recital C.
- 1.68 “Option Agreement” is defined in Recital C.
- 1.69 “Parking Area” is defined in Section 4.5(f).
- 1.70 “Parking Easement” is defined in Section 4.5(f).
- 1.71 “Person” means any natural person, partnership, corporation, limited liability company and any other form of business or legal entity.
- 1.72 “Personal Property Taxes” is defined in Section 11.2
- 1.73 “Premises” is defined in Recital B.
- 1.74 “Presiding Judge” means the chief judge of the Second Judicial District Court of the State of Nevada in and for the County of Washoe.
- 1.75 “Prior Agreements” means the Lease, Property Management Agreement and all other agreements by and between UC and SNC pertaining to their rights in the Property prior to the Effective Date.
- 1.76 “Property” is defined in Recital B.

1.77 “Property Management Agreement” is defined in Recital D.

1.78 “Property Taxes” means any form of real or personal property taxes, special assessments, license fees, license taxes, business license fees, business license taxes, commercial rental taxes, assessments, fees, charges, levies, penalties, service payments in lieu of taxes, excises, assessments and charges for any other purpose, impositions or taxes of every kind and nature whatsoever, assessed or levied or imposed by any authority having the direct or indirect power to tax, including, without limitation, any city, county, state or federal government, or any improvement or assessment district of any kind or nature whatsoever against the Property, whether now or hereafter imposed, whether or not now customary or in the contemplation of the Co-Tenants on the date of this Agreement.

1.79 “Proposed Naming Party” is defined in Section 21.5.

1.80 “Purchase Price” is defined in Section 13.3

1.81 “Purchasing Co-Tenant” is defined in Sections 13.2 (a), 13.2(b) and 13.2(c).

1.82 “Purchasing Co-Tenant’s Credits” is defined in Section 13.4(b).

1.83 “Reinstatement Period” is defined in Section 13.2(c).

1.84 “Remaining Co-Tenant” is defined in Section 14.2.

1.85 “Required Funding” is defined in Section 9.2.

1.86 “Right of First Refusal” is defined in Section 13.2(b).

1.87 “Rules and Regulations” means the rules and regulations adopted by the Co-Tenants from time to time governing the use and occupancy of the Property, including, without limitation, the rules and regulations pertaining to the Common Areas, the Shared Space, and the Parking Area.

1.88 “Selling Co-Tenant” is defined in Sections 13.2 (a), 13.2(b) and 13.2(c).

1.89 “Shared Space” is defined in Section 4.3.

1.90 “Site Plan” is defined in Recital A.

1.91 “SNC’s Building Occupancy Area” is defined in Section 4.1(b)(i).

1.92 “SNC Limited Use Area” shall mean the area of the Land located outside the Building and designated as the SNC Limited Use Area on the Site Plan.

1.93 “SNC’s Occupancy Area” is defined in Section 4.1(b)(ii).

1.94 “SNC’s Ownership Interest” means the Undivided Ownership Interest of SNC in the Property as a tenant-in-common on the Effective Date, being the undivided interest conveyed under the Deed.

1.95 “SNC Trademarks” is defined in Section 20.13.

1.96 “Term” means the period in which this Agreement is in effect, which shall begin on the Effective Date and continue until terminated in accordance with the terms hereof.

1.97 “Terminating Co-Tenant” is defined in Section 14.2.

1.98 “Third Party Lender” means a lender making a Third Party Loan to the Co-Tenants.

1.99 “Third Party Loan” means a loan made to the Co-Tenants that is secured by a deed of trust or mortgage encumbering the Property.

1.100 “Third Party Loan Documents” means any and all agreements, documents and instruments, executed and delivered by the Co-Tenants, and/or for the benefit of the Co-Tenants and/or the Third Party Lender, in connection with a Third Party Loan.

1.101 “Third Party Offer” is defined in Section 13.2(b).

1.102 “UC’s Occupancy Area” is defined in Section 4.1(a).

1.103 “UC’s Ownership Interest” means the Undivided Ownership Interest of UC in the Property (as a tenant-in-common) on the Effective Date, which is the interest not conveyed to SNC under the Deed.

1.104 “UC Trademarks” is defined in Section 20.13.

1.105 “Undivided Ownership Interest” means, with respect to either Co-Tenant and as of any date of determination, the undivided ownership interest of such Co-Tenant in the Premises as a tenant-in-common.

ARTICLE 2

PURPOSE

The Co-Tenants are entering into this Agreement to set forth their respective rights and obligations as tenants-in-common with respect to the Property and their respective Undivided Ownership Interests in the Premises. This Agreement shall not cause either Co-Tenant to become, and the Co-Tenants do not intend to be, partners or joint venturers. Except as herein expressly and specifically provided, this Agreement shall not cause either Co-Tenant to become the agent of the other Co-Tenant, nor permit either Co-Tenant to have any authority to act for or to assume any obligations or responsibilities on behalf of the other Co-Tenant, nor in any manner limit the Co-Tenants in carrying on their respective separate businesses or activities, nor impose upon either Co-Tenant any fiduciary duty by reason of its carrying on its separate business or activity, nor impose upon either Co-Tenant any liability or obligation except as herein expressly provided and as expressly provided by law.

ARTICLE 3

TENANCY-IN-COMMON

The Co-Tenants hereby acknowledge and agree that (a) SNC is the owner of SNC's Ownership Interest, (b) UC is the owner of UC's Ownership Interest, and (c) collectively, SNC and UC own 100% of the Premises and the Easements. In connection therewith, this Agreement, together with the related conveyancing documents, shall create a tenancy-in-common between the Co-Tenants as to their respective Undivided Ownership Interests, in accordance with the terms of this Agreement.

ARTICLE 4

OCCUPANCY AREAS

4.1 Exclusive Occupancy Rights. Notwithstanding the tenancy-in-common between the Co-Tenants created by this Agreement and the related conveyance documents, including the Deed, the Co-Tenants hereby agree that each Co-Tenant shall have the exclusive right to the use, possession, and occupancy of its respective Occupancy Area within the Premises, as more particularly set forth in this Section 4.1, excluding the Shared Space which is governed by Section 4.3 hereof. The Co-Tenants further acknowledge and agree that, except as otherwise provided herein, each Co-Tenant may exclude the other Co-Tenant from the use, possession and occupancy of such Co-Tenant's Occupancy Area within the Building (or the Land, with respect to the SNC Limited Use Area), and, notwithstanding any law or provision hereof to the contrary, the Co-Tenants shall not have the right to use and possession of the entirety of the Building.

(a) UC's Occupancy Area. SNC hereby grants to UC the exclusive right to use, occupy and possess a portion of the Building, excluding the Common Areas, equal in proportion to UC's Ownership Interest ("UC's Occupancy Area"), as depicted on the Floor Plans attached hereto as **Exhibit B** and by this reference incorporated herein (the "Floor Plans"), which Floor Plans are subject to adjustment in accordance with the provisions of this Section 4.1.

(b) SNC's Occupancy Area.

(i) SNC's Building Occupancy Area. UC hereby grants to SNC the exclusive right to use, occupy and possess a portion of the Building, excluding the Common Areas of the Building, equal in proportion to SNC's Ownership Interest ("SNC's Building Occupancy Area"), as designated on the Floor Plans.

(ii) SNC Limited Use Area. UC hereby grants to SNC the primary right to use, occupy and possess the SNC Limited Use Area (SNC's Building Occupancy Area and the SNC Limited Use Area being collectively referred to herein as "SNC's Occupancy Area"); provided, however, that the SNC Limited Use Area shall remain open space and to be used only for educational, cultural and related recreational purposes. Notwithstanding the foregoing or anything to the contrary herein, UC shall have the non-exclusive right for pedestrian access over, across and through the SNC Limited Use Area and shall have the right to use the SNC Limited Use Area, at no cost to UC, upon request of SNC, consent to which shall not be unreasonably withheld, conditioned or delayed.

4.2 Common Areas. Each Co-Tenant hereby grants to the other Co-Tenant, for the benefit of the Co-Tenants and their employees, suppliers, customers, and invitees, the non-exclusive right to use, in common with others entitled to such use, (i) the Land outside of the Building, including, but not limited to, the three (3) shared parking spaces for common use by the Co-Tenants (two of which are located on the loading ramp and one of which is located across the drive from the loading ramp), loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways, and landscaped areas, but excluding the SNC Limited Use Area; (ii) the areas accommodating the easements described in Section 4.5 hereof and the Easements (excluding the Parking Area, as defined in the Declaration, which is governed by Section 4.6 hereof); and (iii) the portions of the Building consisting of rest rooms, janitor, telephone and electrical closets, mechanical areas, public corridors providing access to Occupancy Areas, public stairs, elevator shafts and pipe shafts, together with their enclosing walls, as depicted on the Floor Plans and the Site Plan (the "Common Areas"). The Co-Tenants shall share in the use and occupancy rights of the Common Areas and shall, from time to time, establish, modify, amend, and enforce reasonable Rules and Regulations with respect thereto. The Co-Tenants agree to abide by and conform to all Rules and Regulations and to cause their employees, suppliers, customers, and invitees to so abide and conform.

4.3 Shared Space. Each Co-Tenant hereby grants to the other Co-Tenant the right to use and occupy certain portions of the Occupancy Areas for exclusive use periods (the "Shared Space"). The Co-Tenants may from time to time adopt Rules and Regulations relating to the Co-Tenants' use of the Shared Space, and the portions of the Occupancy Areas comprising the Shared Space, together with the exclusive periods for use thereof, will be determined by the Co-Tenants at the Annual Meeting.

4.4 Modification. Upon mutual agreement, the Co-Tenants shall have the right, exercisable at any time and from time to time, to rearrange, modify or alter the location of the Occupancy Areas, the Common Areas, and the Shared Space, and to adopt modifications to the Floor Plans depicting the same.

4.5 Grants of Easements within the Premises.

(a) Easements for Performance of Management Duties. The Co-Tenants hereby grant to each other, for the benefit of the Property and for use by the Co-Tenants' agents, officers, employees and contractors, reciprocal nonexclusive easements over each Co-Tenant's respective Occupancy Area, for the purpose of carrying out and performing the Management Duties (the "Management Easements"). The Co-Tenants may grant additional easements and rights-of-way over the Premises to utility companies and public agencies, as necessary, for the proper maintenance and disposition of the Property.

(b) Access Easements. The Co-Tenants hereby grant each other, for the benefit of the Co-Tenants, their guests, invitees, and permittees, vehicular and pedestrian access and emergency easements over each Co-Tenant's respective Occupancy Area (the "Access Easements"); provided, however, that use of the Access Easements may not unreasonably interfere with the Co-Tenants' use and enjoyment of their respective Occupancy Areas within the Building or the Land, as the case may be.

(c) Emergency Easements. The Co-Tenants hereby grant to each other, for the benefit of the Property and for use by the Co-Tenants' agents, officers, employees and contractors, reciprocal nonexclusive easements over each Co-Tenant's respective Occupancy Area for purposes of emergency access and use (the "Emergency Easements").

(d) Encroachment and Drainage Easements. The Co-Tenants hereby grant to each other reciprocal easements appurtenant to each Co-Tenant's respective Occupancy Area over the other Co-Tenant's Occupancy Area to accommodate (a) any existing encroachment of any wall or any other improvement, (b) authorized construction or repair, and (c) shifting, movement or natural settling of the Building. The Co-Tenants further grant to each other, for the benefit of the Property and the Co-Tenants, reciprocal nonexclusive easements for drainage of water over, across and on each Co-Tenant's respective Occupancy Area.

(e) Easements in Common Areas and Shared Space. The Co-Tenants hereby grant to each other, for the benefit of the Property and for use by the Co-Tenants' agents, officers, employees and contractors, reciprocal nonexclusive easements for use and occupancy of the Common Areas and the Shared Space in accordance with the terms, conditions, Rules and Regulations pertaining to use thereof.

4.6 Parking Easements. Each Co-Tenant hereby grants to the other Co-Tenant exclusive easements for purposes of vehicle parking ("Parking Easements") over, across and through that certain Parking Area (as defined in the Declaration) (the "Parking Area"). UC shall have an easement to use 20 spaces in the Parking Area, and SNC shall have an easement to use 85 spaces in the Parking Area. The Co-Tenants, in use of the Parking Easements, agree to comply with the Rules and Regulations for parking as the Co-Tenants may adopt from time to time for the orderly and proper operation of the Parking Areas. Such rules may include but shall not be limited to the following: (1) the restricting of employee parking to an area or areas, and (2) the regulation of the removal, storage, and disposal of the Co-Tenants' refuse and other rubbish.

4.7 Signage. All signage to be placed in, on or about the Common Areas of the Building, the exterior façade of the Building and/or within any portion of the Property outside of the Building (including, without limitation, within the SNC Limited Use Area) shall be subject to the mutual approval of the Co-Tenants, which approval not to be unreasonably withheld, conditioned or delayed.

ARTICLE 5

USE

The Co-Tenants shall use the Premises for laboratory, research, classrooms, public outreach and education, and related offices. A Co-Tenant may alter said use to any lawful purpose reasonably ancillary thereto.

ARTICLE 6

ASSIGNMENT AND SUBLETTING

The Co-Tenants may lease any portion of their respective Occupancy Areas with the prior written consent of the other Co-Tenant for a use described in Article 5, which consent shall not be unreasonably withheld. Unless otherwise agreed between the Co-Tenants, if any lease by a Co-Tenant shall increase the Property Taxes due on the Property, such leasing Co-Tenant shall be solely responsible for the payment of the increased Property Taxes, and the increased Property Taxes will not be included within the Operating Expenses.

ARTICLE 7

INDEMNITY

7.1 UC's Obligation. Except as otherwise provided in this Article 7, UC shall indemnify, defend and hold harmless SNC, its officers, agents, and employees from and against any claims, damages, costs, expenses, or liabilities (collectively "Claims") arising out of or in any way connected with this Agreement including, without limitation, claims for loss or damage to any property, or for death or injury to any person or persons, but only in proportion to and to the extent that such claims arise from negligent or wrongful acts or omissions of UC, its officers, agents or employees.

7.2 SNC's Obligation. SNC shall indemnify, defend and hold harmless UC, its officers, agents, and employees from and against any Claims arising out of or in any way connected with this Agreement including, without limitation, Claims for loss or damage to any property or for death or injury to any person or persons, but only in proportion to and to the extent that such Claims arise from the negligent or wrongful acts or omissions of SNC, its officers, agents or employees.

7.3 Environmental Indemnity. The Co-Tenants shall comply with all Environmental Laws. Prior to the Effective Date, the Co-Tenants intend to adopt an Environmental and Hazardous Substances Policies and Procedures Agreement (the "Hazardous Substances Policies Agreement"), which when adopted shall be attached hereto as an addendum. A Co-Tenant shall have no liability or responsibility for toxic or hazardous materials or substances in existence in, on, or about the Occupancy Area of the other Co-Tenant, unless the liability arises from an act or omission of such Co-Tenant, its agents, employees, invitees or guests. Each Co-Tenant agrees to protect, indemnify and defend the other Co-Tenant from and against any and all liability arising or resulting from failure to comply with the Environmental Laws or for breach of the Hazardous Substances Policies Agreement.

ARTICLE 8

CONTROL AND MANAGEMENT

8.1 Appointment and Responsibility of SNC for Management Duties. Subject to the terms of this Agreement and the Approved Budgets (as defined in Section 8.8(c) below), SNC shall manage, operate, maintain and repair the Property, and shall control and conduct the affairs of the Co-Tenants and perform acts on behalf of the Co-Tenants with respect to the Undivided

Ownership Interests and the Property. Without limiting the generality of the foregoing, SNC shall have the following powers, rights and obligations:

- (a) the power, authority and obligation to perform the Management Duties;
- (b) the power and authority to bind the Co-Tenants with respect to affairs regarding the Management Duties;
- (c) the power and authority to execute and deliver documents, contracts and agreements on behalf of the Co-Tenants which pertain to the Management Duties; and
- (d) the power and authority to draw from the Operating Account for purposes of performing the Management Duties.

8.2 Proscriptions. Without the written consent or ratification of UC, SNC shall have no authority to draw from the Capital Replacement Account, expend or use UC's money or property other than as set forth in this Agreement or to pledge any of UC's credit or property.

8.3 Payments to SNC. During the Term, SNC shall not be entitled to any fees or other remuneration for its services under this Agreement except as specifically provided herein; provided that the foregoing shall not affect the right of SNC to be reimbursed for its expenses and costs as herein provided.

8.4 Potential Conflicts. SNC shall cause so much time to be devoted to the business of the Co-Tenants as, in its judgment (taking into account its Management Duties described hereunder), the conduct of the business of the Co-Tenants with respect to the Property shall reasonably require.

8.5 UC Performance of Management Duties.

(a) Right of SNC to Delegate Duties. SNC shall have the right to delegate all or a portion of its duties and responsibilities under this Agreement from time to time to UC and/or to other third parties as are determined by SNC from time to time, subject to approval by UC. Any expenses arising from any such delegation shall be an Operating Expense or Capital Expense, as applicable.

(b) Right of UC to Perform Duties. In the event of failure by SNC to perform, in a satisfactory manner, any of the Management Duties as provided in this Agreement, UC may perform the same if SNC has not undertaken to correct such failure within five (5) business days after written notice, and, in addition to any other remedy UC may have, collect the cost thereof from the Operating Account, together with Interest thereon, which Interest shall accrue from the date such costs are advanced by UC until repaid to UC from the Operating Account.

8.6 Reimbursement of Expenses.

(a) The Co-Tenants shall, in accordance with their respective Undivided Ownership Interests, reimburse SNC for its out-of-pocket costs incurred in connection with performing the Management Duties, to the extent that such costs are drawn from a source other than the Operating Account; provided however, that such reimbursements shall be limited to (x) three and one half percent (3.5%) of the sum of (i) the Annual Operating Budget for the subject Fiscal Year, minus (ii) all costs and expenses attributable to taxes and insurance, and (y) the following employment costs and expenses (collectively, the "Reimbursable Employee Expenses"): (i) twenty percent (20%) of the annual wages, salaries, normal employee benefits and taxes payable with respect to SNC's Chief Financial Officer, (ii) twenty percent (20%) of the annual wages, salaries, normal employee benefits and taxes payable with respect to SNC's Controller, and (iii) ten percent (10%) of the annual wages, salaries, normal employee benefits and taxes payable with respect to SNC's Payables Clerk; provided, however, that such Reimbursable Employee Expenses shall be included within the Annual Operating Budget during the respective Fiscal Year to which the subject Reimbursable Employee Expenses apply. Without limiting the foregoing, in the event that UC performs any of the Management Duties as set forth in Section 8.5, and as a result of such performance of duties UC incurs expenses in connection with its so acting on behalf of the Co-Tenants, then the Co-Tenants shall, in accordance with their respective Undivided Ownership Interests, reimburse UC for its out-of-pocket expenses incurred in connection with its acting on behalf of the Co-Tenants.

(b) In the event any litigation is commenced against SNC that arises solely out of SNC's performance of SNC's Management Duties under this Article 8, then the Co-Tenants shall reimburse SNC for its expenses arising therefrom ("Management Litigation Expenses") unless such litigation is commenced by another Co-Tenant or such litigation arises as a result of the negligence, gross negligence or willful misconduct of SNC. Notwithstanding the foregoing, the Co-Tenants shall not be obligated to reimburse SNC for Management Litigation Expenses arising from litigation commenced by another Co-Tenant or as a result of the negligence, gross negligence or willful misconduct of SNC; provided, however, in the event of litigation that is not between SNC, on the one hand, and UC, on the other hand, if SNC disputes the determination that such litigation is the result of the negligence, gross negligence or willful misconduct of SNC, then, pending the resolution by a court of competent jurisdiction of the issue whether such litigation arose as a result of the negligence, gross negligence or willful misconduct of SNC, the Co-Tenants shall reimburse SNC for the Management Litigation Expenses; provided, further, however, that if a court of competent jurisdiction ultimately determines that such litigation arose as a result of the negligence, gross negligence or willful misconduct of SNC, then SNC shall repay to UC any Management Litigation Expenses reimbursed to SNC by UC, plus Interest, as hereinabove provided. If UC performs any of the Management Duties in accordance with Section 8.5 and litigation is commenced against UC in connection with UC's performance of such Management Duties, the Co-Tenants shall reimburse UC to the same extent that SNC is entitled to reimbursement under this Section 8.6(b).

8.7 Standards of Operation and Maintenance. SNC shall, at all times during the term of this Agreement, at the cost and expense of the Co-Tenants, perform the Management Duties in a manner that maintains the Premises in a sanitary, clean and structurally sound condition, no worse than the better of the condition of (i) the balance of the Sierra Nevada College campus, or

(ii) well maintained commercial and institutional office buildings in the Washoe County area of similar quality and age. SNC shall, at all times, (a) utilize the effort, care and skill generally expected of managers of properties comparable in size, use, quality, location and value of the Premises, (b) employ sound business practices, (c) take such steps as are necessary or appropriate to maintain and enhance the value of the Premises within the confines of the Approved Budgets, and (d) use its diligent efforts to operate the Premises and carry out the Approved (collectively, the "Performance Standard").

8.8 Annual Budgets.

(a) No later than ninety (90) days prior to the commencement of each Fiscal Year, SNC shall prepare and submit to UC for its approval the following:

(i) annual operating budget for the Premises which sets forth the detail and summary of anticipated Operating Expenses for the Premises for the following Fiscal Year (the "Operating Budget"); and

(ii) A capital budget which sets forth (a) the nature, cost, and timing of the Capital Replacements; and (b) the amount of funds ("Capital Expenses") proposed to be deposited into the Capital Replacement Account during the following Fiscal Year, taking into account the balance then existing in the Capital Replacement Account and the Operating Account (the "Capital Budget").

The proposed annual Operating Budget and Capital Budget shall be in a form reasonably acceptable to UC.

(b) Capital Reserve Study. Not later than July 1 first occurring following the date of this Agreement and April 1st of each Reserve Study Year (as defined below) thereafter, SNC shall retain a consultant ("Capital Reserve Consultant"), subject to UC's review and approval, who shall prepare a long-term capital improvement analysis (the "Primary Capital Improvement Analysis") to determine the sufficiency of the Capital Budget, the scope and accuracy of the Capital Replacements and the sufficiency of the then current funds in the Capital Replacement Account. At the April Bi-Annual Meeting of each year which is not a Reserve Study Year, SNC and UC shall review the then current Primary Capital Improvement Analysis to assess whether any current adjustments should be made (each an "Annual Capital Improvement Review"). As used herein, the term "Reserve Study Year" shall mean the Fiscal Year beginning July 1 immediately following the date of this Agreement and the Fiscal Year beginning on each consecutive fifth (5th) year anniversary thereafter. Each Primary Capital Improvement Analysis and each Annual Capital Improvement Review will determine the sufficiency of the Approved Capital Budget, the scope and accuracy of the Capital Replacements and the sufficiency of the then current funds in the Capital Replacement Account and such other matters as SNC and/or UC shall require. SNC shall cooperate with and supervise the Primary Capital Improvement Analysis.

(c) Bi-Annual Meeting. The Co-Tenants shall meet in April and November or at such other time as the Co-Tenants shall mutually designate (each a "Bi-Annual Meeting"), at a time reasonably determined by both, for purposes of (i) reviewing and approving the Capital

Budget and Operating Budget or any modifications thereto, (ii) determining their respective periods of exclusive use of the Shared Space; and (iii) with respect to the April Bi-Annual Meeting in any year which is not a Reserve Study Year, completing the Annual Capital Improvement Review. UC may request that SNC provide backup documentation or written justification for all or individual line items in either the Operating Budget or the Capital Budget, if it believes that such budgets will not allow the Premises to be maintained and operated in accordance with the standard set forth in Section 8.7, or it believes the estimated costs of individual line items to be either inadequate or excessive. UC will review the proposed budgets, and if UC considers them acceptable, UC will so notify SNC in writing (the proposed annual Operating Budget and Capital Budget which are approved by UC are referred to herein as the "Approved Operating Budget" and the "Approved Capital Budget", respectively, and collectively as the "Approved Budgets"). If UC considers any proposed budget unacceptable, UC shall specify to SNC in writing the reason(s) therefor and SNC and UC shall meet and confer in an attempt to resolve the items in dispute. If the Co-Tenants cannot agree on the Approved Operating Budget and/or the Approved Capital Budget on or before the date which is 15 days prior to the commencement of the Fiscal Year to which such Approved Operating Budget and/or Approved Capital Budget applies, as applicable, then the respective Approved Operating Budget and/or Approved Capital Budget, as applicable, for such year shall be determined by mediation and arbitration in accordance with the procedures set forth in Article 19, with directions to provide reasonable estimates of costs.

(d) Initial Approved Operating Budget. The initial Approved Operating Budget shall be the Approved Operating Budget under the Property Management Agreement in effect on the Effective Date; provided, however, if no such budget exists, then within five days of the Effective Date, SNC shall prepare and submit to UC an Operating Budget setting forth the anticipated Operating Expenses for the Premises for the balance of the then-current Fiscal Year, which Operating Budget shall constitute the Approved Operating Budget for the Premises until the following Fiscal Year.

(e) Reconciliation of Approved Budgets. SNC shall complete reconciliation of (i) actual Operating Expenses and Capital Replacement expenses allocable to each month with (ii) the estimated Operating Expenses and Capital Replacement expenses for such month from the Approved Budgets within twenty (20) calendar days following the end of each month.

8.9 Alterations and Improvements. Except as provided in this paragraph, no structural alterations, improvements or additions (collectively, "Improvements") shall be made to the Building by a Co-Tenants or at a Co-Tenant's request, nor Improvements visible from the exterior of the Building, without the prior written consent of the other Co-Tenant, which consent shall not be unreasonably withheld. Non-structural Improvements that do not interfere with either Co-Tenant's use or enjoyment of the Premises not exceeding \$20,000 Current Dollars in cost shall not require the other Co-Tenant's consent, as applicable, but shall be conditioned upon the Co-Tenant making such alterations acquiring any necessary permits from appropriate governmental agencies, the furnishing of copies thereof to the other Co-Tenant prior to the commencement of the work and the compliance by the Co-Tenant with all conditions of such permits in a prompt and expeditious manner. The costs for Improvements shall not be considered part of the Approved Budgets, and the Co-Tenant performing such Improvements

shall be solely responsible for the costs thereof. All work with respect to any Improvements must be performed in a good and workmanlike manner, and none of the costs associated with performance of any such Improvements will be reimbursed or credited to the Co-Tenant performing such work in the event of disposition of the Property or termination of this Agreement.

ARTICLE 9 ACCOUNTS AND FUNDINGS

9.1 Accounts. Each account opened pursuant to this Section 9.1 shall be managed by the respective Co-Tenant as set forth below for the benefit of the Co-Tenants and the Property, with the balance of such accounts to at all times be owned by SNC and UC in proportion to their respective Undivided Ownership Interests.

(a) Operating Account. Within five (5) days of the Effective Date, SNC shall open one bank account that shall be designated as the Operating Account. The Co-Tenants acknowledge and agree that the Required Fundings of Operating Expenses described in this Section 9.2(a) shall be deposited in the Operating Account. To the extent available, SNC shall make distributions from the Operating Account for costs associated with maintenance and operation of the Premises set forth in the Approved Operating Budget or otherwise approved by the Co-Tenants.

(b) Capital Replacement Account. Within five (5) days of the Effective Date, UC shall open a bank account that shall be designated as the Capital Replacement Account. The Co-Tenants acknowledge and agree that the Required Fundings of Capital Expenses described in Section 9.2 shall be deposited in the Capital Replacement Account. To the extent available, UC shall arrange to have funds from the Capital Replacement Account deposited into the Operating Account to be applied toward the costs associated with Capital Replacements set forth in the Approved Capital Budget or otherwise approved by UC and SNC.

(c) Transfers. An amount equal to 90% of the balance in the Operating Account on June 30 of each Fiscal Year, after being adjusted for accrued but unpaid expenses for the Fiscal Year then ending and subject to confirmation of the accuracy of such balance through the audit provisions of Article 12, shall be transferred to the Capital Replacement Account on the following December 1. No other transfers between bank accounts shall be permitted without the prior written consent of the Co-Tenants.

(d) Authority. SNC shall have the right to designate a representative or representatives of SNC (or other third parties as determined by SNC with the consent of UC, from time to time) to execute checks on the Operating Account.

9.2 Required Fundings. Each Co-Tenant shall fund the Operating Account and the Capital Replacement Account, pro rata to each Co-Tenant's Undivided Ownership Interest (a "Required Funding"), as follows:

(a) Operating Expenses. On or before the tenth day following the Effective Date, and on or before the first of each month during the then-current Fiscal Year, each Co-Tenant shall deposit into the Operating Account an amount equal to its Required Funding of Operating Expenses for the balance of the then-current Fiscal Year, divided by the number of months remaining in the then-current Fiscal Year. For each Fiscal Year after the Effective Date, on or before the first of each month each Co-Tenant shall deposit into the Operating Account an amount no less than one-twelfth of its Required Funding of annual Operating Expenses, as such Operating Expenses are determined in the Approved Operating Budget as set forth in Section 8.8, unless a different amount has been agreed to in writing by the Co-Tenants.

(b) Capital Expenses. On or before October 1 of each Fiscal year each Co-Tenant shall deposit into the Capital Replacement Account an amount equal to its Required Funding of the Capital Expenses, as such Capital Expenses are determined in the Approved Capital Budget, unless a different amount has been agreed to in writing by the Co-Tenants. For purposes of subsections (a) and (b) of this Section 9.2, the date that a Required Funding is required to be made is referred to herein as the "Funding Contribution Date."

9.3 Extraordinary Fundings. SNC may call upon the Co-Tenants to fund unforeseen extraordinary requirements of the Premises ("Extraordinary Fundings"), and shall do so by delivering to the Co-Tenants a notice (a "Funding Notice") setting forth (i) the event or circumstance requiring such funding, (ii) the total Extraordinary Funding the Co-Tenants are being called to make, (iii) the date that such Extraordinary Funding is required to be made (the "Funding Contribution Date"), which date shall not be sooner than fourteen (14) days after the delivery of the Funding Notice, and (iv) the Extraordinary Funding to be funded by each Co-Tenant, which shall equal the product of the Extraordinary Funding and such Co-Tenant's Undivided Ownership Interest as of the date of the Funding Notice. SNC shall deposit the Extraordinary Fundings in the Operating Account.

9.4 Funding Default. If either of the Co-Tenants shall fail to make Required Funding or an Extraordinary Funding on or before the Funding Contribution Date, then such failure shall be deemed a "Funding Default" by such Co-Tenant, and such Co-Tenant shall be deemed a "Defaulting Co-Tenant."

(a) Funding Default by SNC. In the event of a Funding Default by SNC, UC shall be deemed discharged from its obligation to fund its pro rata share of the Required Funding which SNC failed to fund, and shall have the right, but not the obligation, to assume the Management Duties with respect to UC's Occupancy Area and/or the Common Areas. UC shall further have the right, but not the obligation, to make Required Fundings or Extraordinary Fundings in lieu of SNC, in which case UC shall be entitled, but not obligated, to assume the Management Duties with respect to the entire Property.

(b) Funding Default by UC. In the event of a Funding Default by UC, SNC may elect to either: (i) discontinue its performance of the Management Duties with respect to UC's Occupancy Area, or (ii) make Required Fundings or Extraordinary Fundings in lieu of UC and continue to carry out the Management Duties with respect to the entire Property.

9.5 Final Default; Contributing Co-Tenant Buyout Option. If a Contributing Co-Tenant makes any Required Funding or Extraordinary Funding in lieu of a Defaulting Co-Tenant pursuant to Section 9.4, and the Defaulting Co-Tenant fails to repay the Contributing Co-Tenant the amount of such funding, plus Interest thereon, within one year of the date of the Funding Default, the Defaulting Co-Tenant shall be deemed in "Final Default." On the date of such Final Default or at any time thereafter, the Contributing Co-Tenant shall, if it intends to exercise its rights set forth in this Section 9.5, provide to the Defaulting Co-Tenant a notice setting forth the amount necessary to cure the Final Default, along with a copy of the provisions of this Article 9 and a statement that the Contributing Co-Tenant intends to exercise its rights hereunder (the "Notice of Final Default"), which notice shall be given in the manner described in Article 18. The Defaulting Co-Tenant shall have thirty days after receipt of the Notice of Final Default to cure the Final Default by repaying the Contributing Co-Tenant the amount of any Required Funding(s) or Extraordinary Funding(s) paid by the Contributing Co-Tenant. If the Defaulting Co-Tenant fails to so cure the Final Default within thirty days after receipt of the Notice of Final Default (the "Cure Expiration Date"), the Defaulting Co-Tenant shall be deemed to have given on the Cure Expiration Date, a Notice of Intent to Sell to the Contributing Co-Tenant, and the Contributing Co-Tenant shall have the right to purchase all or any part of the Defaulting Co-Tenant's Undivided Ownership Interest in the Premises, together with its rights in the Easements, by exercising the Buyout Option granted in Section 13.2(a) hereof. The terms and conditions of the sale shall be as set forth in Sections 13.3 and 13.4 hereof, except that the purchase price shall be eighty percent (80%) of the Fair Market Value of the Property multiplied by the Defaulting Co-Tenant's Undivided Ownership Interest, and the fundings paid by the Contributing Co-Tenant in lieu of the Defaulting Co-Tenant, plus Interest thereon, shall be additionally credited towards such purchase price.

9.6 Determination of Co-Tenants not to Fund. The Co-Tenants acknowledge that neither of the Co-Tenants have by this Agreement made any commitment or obligation of any kind or nature to make any Required Funding or any other additional contributions, loans or other advances of funds with respect to the Property, it being acknowledged that, subject to the provisions of Section 9.5 hereof, each Co-Tenant shall have the right to determine not to fund any or all proposed Required Funding or Extraordinary Funding for any reason or for no reason.

9.7 No Right to Return of Funding Amounts. Neither Co-Tenant shall have the right to withdraw from this Agreement or to demand or return all or any part of its Required Fundings or Extraordinary Funding during the Term of this Agreement. Notwithstanding the foregoing, if the balance of the Capital Replacement Account shall at any time exceed the amount necessary to fund the Capital Replacements required for the then-current fiscal year, then SNC may refund to the Co-Tenants, pro rata based on their respective Undivided Ownership Interests, the excess balance of the Capital Replacement Account.

9.8 Limited Liability of Co-Tenants. Except as otherwise specifically provided herein, in no event shall either Co-Tenant be liable to pay for any loss beyond the amount of any Required Funding or Extraordinary Funding made by it pursuant to this Article 9 or be personally liable for any debts of the other Co-Tenant or otherwise with respect to the Property, it being agreed that the sole remedy of a Co-Tenant for the failure of the other Co-Tenant to make a Required Funding is as set forth in this Article 9.

ARTICLE 10
INSURANCE REQUIREMENTS

10.1 SNC's Duty to Obtain Insurance.

(a) Fire and Casualty Insurance. SNC shall cause to be obtained and maintained a blanket policy of property insurance covering all structural elements of the Premises, together with all equipment, trade fixtures, inventory, fixtures and other personal property located on or in the Premises including improvements constructed or installed therein. Such coverage shall afford fire, extended coverage and special perils protection (if reasonably available) in an amount equal to one hundred percent (100%) of the full replacement value of the Premises and the personal property described in this Section 10.1(a) to conform with then current codes and the costs of demolition and debris removal, excluding land and the footings, foundations and installations below the basement level.

(b) Fidelity Bonds. Fidelity bond coverage which names the Co-Tenants as obligees must be obtained by or on behalf of SNC for any Person handling funds of the Co-Tenants, including, but not limited to, officers, directors, trustees, employees and agents of SNC, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum amount of funds in the custody of SNC at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than Two Hundred Fifty Thousand Dollars (\$250,000) Current Dollars.

(c) Other Insurance. SNC shall purchase such other insurance, as the Co-Tenants deem reasonably necessary, including, but not limited to, errors and omissions, plate glass insurance, medical payments, malicious mischief, and vandalism insurance, and such other risks as shall customarily be covered with respect to educational institutions similar in construction, location and use.

(d) Beneficiaries. The insurance hereinabove described shall be maintained for the benefit of the Property and the Co-Tenants, as their interests may appear as named insured.

(e) Indemnity. SNC shall indemnify UC for any loss or liability which arises as a result of SNC's failure to obtain and maintain insurance on the Property as required by this Section 10.1; provided, however, that nothing set forth in this Section 10.1 shall in any way abrogate UC's right to obtain insurance as set forth in Section 8.5(b) hereof.

10.2 Co-Tenants' Duty to Maintain Insurance. Each Co-Tenant, at its sole cost and expense, shall obtain and maintain insurance as follows (it being understood that obtaining and maintaining such insurance is not part of the Management Duties and that the Co-Tenants may not be called to make a Required Funding or Extraordinary Funding to fund the same):

(a) Commercial Form General Liability Insurance, or a funded policy of self insurance, with minimum limits as follows:

- (i) Each Occurrence \$1,000,000 Current Dollars;
 - (ii) Products/Completed Operations Aggregate \$5,000,000 Current Dollars;
 - (iii) Personal and Advertising Injury \$1,000,000 Current Dollars; and
 - (iv) General Aggregate \$5,000,000 Current Dollars.
- (b) Business Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles with a combined single limit of not less than one million dollars (\$1,000,000) Current Dollars per occurrence; and
- (c) Workers' Compensation insurance as required by applicable law.

ARTICLE 11

TAXES

11.1 Property Taxes. SNC shall pay all Property Taxes due on the Property, and shall defend and indemnify UC for any loss or liability which arises as a result of SNC's failure to pay such Property Taxes; provided, however, that nothing set forth in this Section 11.1 shall in any way abrogate UC's right to pay Property Taxes as set forth in Section 8.5(b) hereof. In addition, in the event that either Co-Tenant shall, whether by reason of change in law, change of status or otherwise, cause an increase in Property Taxes due on the Property, such Co-Tenant shall be solely responsible for the payment of the increased Property Taxes, and the increased Property Taxes will not be included within the Operating Expenses.

11.2 Personal Property Taxes. Each Co-Tenant shall pay directly to the taxing authority the following Property Taxes ("Personal Property Taxes"): (a) upon or measured by the cost or value of the Co-Tenant's equipment, furniture, fixtures and other personal property located in such Co-Tenant's Occupancy Area or by the cost or value of any improvements made in or to such Occupancy Area or by the cost or value of any improvements made in or to such Occupancy Area, regardless of whether title to such improvements shall be in SNC or UC; (b) upon or with respect to the possession, operation, management, maintenance, improvement, alteration, repair, use or occupancy by a Co-Tenant of its respective Occupancy Area or any portion thereof. SNC shall provide UC a copy of the Personal Property Tax bill within five (5) business days after SNC's receipt thereof. Payment of the Personal Property Taxes does not comprise part of the Management Duties, and the Co-Tenants may not be called to make a Required Funding or Extraordinary Funding to fund the same.

ARTICLE 12
BOOKS AND RECORDS

12.1 Fiscal Year. The books and records maintained in connection with the Property shall be kept on an accrual basis.

12.2 Maintenance of Books and Records. At all times during the term of this Agreement, SNC shall keep or cause to be kept, at the office of SNC, full and complete books of account. The books of account shall be maintained in a manner that provides sufficient assurance that transactions with respect to the Property are recorded so as to permit the preparation of financial statements in accordance with GAAP.

12.3 Access to Books of Account. Each Co-Tenant shall have the right at all reasonable times during usual business hours to audit, examine and make copies or extracts of or from the books of account. Such rights may be exercised through any agent or employee of such Co-Tenant designated by it or by independent certified public accountants designated by such Co-Tenant.

ARTICLE 13
TRANSFER OF INTERESTS

13.1 Consent Requirement for Transfer of Interest by Co-Tenants.

(a) Without first obtaining the written consent of the other Co-Tenant and complying with the provisions of this Article 13, (i) neither Co-Tenant shall sell, transfer, assign, or otherwise dispose of, directly or indirectly, its right, title or interest in this Agreement, the Property, or its Undivided Ownership Interest to any other Person or (ii) permit such Co-Tenant's right, title or interest in this Agreement, the Property or its Undivided Ownership Interest to be encumbered, hypothecated or pledged as collateral security for any obligation in favor of any other Person. In connection with the foregoing, SNC acknowledges that UC's approval of any encumbrance, hypothecation or pledge of SNC's right, title or interest in this Agreement, the Property, or its Undivided Ownership Interest may be conditioned upon SNC's agreement to apply up to 50% of any amounts received by SNC as a Naming Donation (as defined in Section 21.1) after the date of such encumbrance, hypothecation or pledge toward satisfaction of the debt which such encumbrance, hypothecation or pledge secures.

(b) Any transfer in contravention of any of the provisions of this Article 13 shall be void and ineffective, and shall not bind, or be recognized by, the Co-Tenants.

13.2 Permitted Transfers.

(a) Option to Purchase. Each Co-Tenant hereby grants to the other Co-Tenant for the term of this Agreement, the exclusive right to purchase such Co-Tenant's Undivided Ownership Interest in the Premises, together with its rights in the Easements (the "Buyout Option") for the price and on the terms and conditions set forth in this Article 13, which Buyout Option may be exercised only within sixty (60) days after the Co-Tenant desiring to sell (the "Selling Co-Tenant") gives notice to the other Co-Tenant of its intent to market its Undivided Ownership Interest and its rights in the Easements ("Notice of Intent to Sell") for sale, which notice shall be given in the manner provided in Article 18 hereof. If the other Co-Tenant (the "Purchasing Co-Tenant") desires to exercise the Buyout Option, notice of exercise shall be given to the Selling Co-Tenant, in the manner provided in Article 18 hereof, within the sixty (60) day period set forth in the Notice of Intent to Sell.

Neither Co-Tenant shall offer to sell such Co-Tenant's Undivided Ownership Interest in the Premises (or any portion thereof) or its rights in the Easements to a third party, nor in any manner advertise his or her interest for sale, unless the Selling Co-Tenant has first given a Notice of Intent to Sell to the other Co-Tenant and the sixty (60) day Buyout Option period described above has expired.

(b) Right of First Refusal. Each of the Co-Tenants hereby grants to the other Co-Tenant a right of first refusal (the "Right of First Refusal") on the terms set forth in herein. In the event a Co-Tenant (the "Selling Co-Tenant") receives from a third party a bona fide "arms-length" offer to purchase its Undivided Ownership Interest, or any portion thereof, together with its rights in the Easements (the "Third Party Offer"), and the Selling Co-Tenant intends to accept such offer, then the Selling Co-Tenant shall, before accepting the Third Party Offer, offer to sell to the other Co-Tenant (the "Purchasing Co-Tenant") its Undivided Ownership Interest in the Premises (or such portion of the Selling Co-Tenant's Undivided Ownership Interest which is described in the Third Party Offer), together with its rights in the Easements, on the same terms and conditions as are contained in the Third Party Offer. The Selling Co-Tenant shall make such offer to the Purchasing Co-Tenant in writing, and such offer shall be delivered to the Purchasing Co-Tenant in the manner set forth in Article 18 hereof. The Purchasing Co-Tenant shall have sixty (60) days after receipt of the written offer to conditionally accept such offer in the manner provided in Article 18 hereof. The Purchasing Co-Tenant's acceptance of the Selling Co-Tenant's offer may be conditioned upon approval of the offer by Purchasing Co-Tenant's Board of Regents or Board of Trustees, in which case Purchasing Co-Tenant shall have forty-five (45) days after the Purchasing Co-Tenant's conditional acceptance of such offer to unconditionally accept such offer. Upon such acceptance by the Purchasing Co-Tenant, the Selling Co-Tenant and the Purchasing Co-Tenant shall open an escrow at a title company to be mutually agreed upon, and shall execute written escrow instructions which are not inconsistent with the terms of their contract and the parties shall thereafter proceed with the transfer in accordance with the terms of the Third Party Offer. Such escrow shall close within a reasonable time thereafter, but not to exceed the earlier of (A) thirty (30) days after the earlier of Purchasing Co-Tenant's unconditional acceptance of the offer, or (B) seventy five (75) days after the Purchasing Co-Tenant's conditional acceptance of such offer.

In the event the Selling Co-Tenant receives a Third Party Offer before giving a Notice of Intent to Sell to the other Co-Tenant, or after the Notice of Intent to Sell is given but prior to the expiration of the sixty (60) day Buyout Option period (described in Section 13.2(a) hereof), then the Purchasing Co-Tenant may elect, but shall not be required, to either: (i) purchase the Selling Co-Tenant's Undivided Ownership Interest in the Premises, or any portion thereof, together with its rights in the Easements, on the terms set forth in Section 13.2(a) above, by exercising the Buyout Option within sixty (60) days after the Notice of Intent to Sell was given, or if no such notice was given, within sixty (60) days after the offer to sell is made by the Selling Co-Tenant under this Section 13.2(b); or (ii) exercise the Right of First Refusal under this Section 13.2(b).

The Co-Tenants acknowledge and agree that the Memorandum of Agreement to be recorded against the Property as of the Effective Date (described in Section 20.14 hereof), shall memorialize the Buyout Option, the Right of First Refusal, and this Agreement.

(c) Liens or Encumbrances. Any and all liens or encumbrances which attach to the Undivided Ownership Interest of a Co-Tenant without the consent of the other Co-Tenant as set forth in Section 13.1 hereof, including, but not limited to, judgment liens, IRS liens, mechanic's liens, mortgages or deeds of trust shall be subject and subordinate to the Buyout Option granted in Section 13.2(a) hereof. In the event either Co-Tenant suffers or causes to be placed against its interest in the Property any such lien or encumbrance, such Co-Tenant (the "Selling Co-Tenant") shall be deemed to have given to the other Co-Tenant on the date such lien or encumbrance attaches, a Notice of Intent to Sell to the other Co-Tenant as provided in Section 13.2(b) hereof; provided, however, that the Notice of Intent to Sell shall be deemed to have been withdrawn if the Selling Co-Tenant causes the lien or encumbrance to be removed on or before the earlier of: (i) twenty (20) days after the lien or encumbrance attaches to its interest in the Property; or (ii) ten (10) days prior to the date set for involuntary sale of its interest in the Property (the "Reinstatement Period"). The Co-Tenant other than the Selling Co-Tenant (the "Purchasing Co-Tenant"), shall have the right to exercise the Buyout Option granted hereby for the price, and on the terms and conditions set forth herein, within thirty (30) days after the expiration of the Reinstatement Period, or within ninety (90) days after the Purchasing Co-Tenant receives actual notice of such lien or encumbrance, whichever date is later in time.

In the event that any of the liens or encumbrances described herein are deemed prior to the Buyout Option, and the Selling Co-Tenant fails to remove such lien or encumbrance, then the amount necessary to discharge the lien or encumbrance shall be credited against the Purchase Price (as hereinafter defined) in the event the Purchasing Co-Tenant elects to exercise the Buyout Option.

In addition to the foregoing, each Co-Tenant indemnifies the other Co-Tenant against, and agrees to hold the other Co-Tenant harmless from, all claims, costs, damages and liabilities of every kind arising from liens and encumbrances incurred by the indemnifying party.

13.3 Purchase Price and Terms of Sale.

(a) Purchase Price.

(i) Any sale from the Selling Co-Tenant to the Purchasing Co-Tenant pursuant to the terms of this Agreement, other than (a) a sale pursuant to the exercise of

the Right of First Refusal set forth in Section 13.2(b) hereof, or (b) a sale pursuant to a Final Default under Section 9.5 hereof, shall be for a price determined in the manner set forth in Section 13.3(b) hereof (the "Purchase Price") and the terms of purchase shall be as set forth in Section 13.4 hereof.

(ii) In the event of a sale pursuant to the exercise of the Right of First Refusal set forth in Section 13.2(b) hereof, the purchase price and the terms for purchase shall be as stated in the Third Party Offer.

(iii) In the event of a sale pursuant to a Final Default under Section 9.5 hereof, the purchase price and the terms of purchase shall be as set forth in Section 9.5 above.

(b) Determination of Value. The Purchase Price for the Selling Co-Tenant's Undivided Ownership in the Property (other than (a) a sale pursuant to the exercise of the Right of First Refusal set forth in Section 13.2(b) hereof, or (b) a sale pursuant to a Final Default under Section 9.5 hereof), together with its rights in the Easements, shall be agreed upon by the Selling Co-Tenant and the Purchasing Co-Tenant. If an agreement cannot be reached within fifteen (15) days after the Purchasing Co-Tenant exercises its right to purchase, then the Purchase Price shall be the Fair Market Value of the Property as of the date the Purchasing Co-Tenant exercises its right to purchase (the "Exercise Date") multiplied by the Undivided Ownership Interest of the Selling Co-Tenant as of the Exercise Date.

(i) To determine the Fair Market Value, the Selling Co-Tenant and the Purchasing Co-Tenant shall mutually appoint an Appraiser within fifteen (15) days after the Exercise Date and the Appraiser so selected shall determine the value the Property and submit its appraisal to each of the Co-Tenants, within thirty (30) days thereafter. If the Selling Co-Tenant and the Purchasing Co-Tenant cannot mutually agree upon the appointment of the Appraiser within fifteen (15) days after the Exercise Date, then the Selling Co-Tenant and the Purchasing Co-Tenant shall, within thirty (30) days of the Exercise Date, each appoint an Appraiser. If either Co-Tenant fails to designate an Appraiser within the time required, the appraisal of the Appraiser who has been designated within the time required shall be binding upon both Co-Tenants. The two Appraisers appointed by the Co-Tenants shall value the Property and submit their appraisals to each of the Co-Tenants in writing. If the two Appraisers are unable to agree upon the value of the Property, then the two Appraisers shall appoint by instrument in writing a third Appraiser; provided, however, that either Co-Tenant may consent to the valuation determined by the Appraiser appointed by the other Co-Tenant. The third Appraiser shall review the two appraisals prepared by the two Appraisers appointed by each of the Co-Tenants and shall select one of those two appraisals as the final binding and conclusive Fair Market Value of the Property. If the two Appraisers fail to appoint a third Appraiser, the appointment shall be made by the Presiding Judge acting in his/her individual and nonofficial capacity on the application of either Co-Tenant and on ten (10) days' notice to the other Co-Tenant.

The Selling Co-Tenant shall pay the fees and expenses of any mutually selected Appraiser. If the Selling Co-Tenant and the Purchasing Co-Tenant fail to agree on the selection of a single Appraiser, the Selling Co-Tenant shall pay the fees and expenses of the Appraiser it

selects and the Purchasing Co-Tenant shall pay the fees and expenses of the Appraiser it selects. The Co-Tenants shall share equally the fees of any third Appraiser appointed hereunder.

13.4 Payment of Purchase Price; Escrow.

(a) Payment of Purchase Price. The Purchasing Co-Tenant shall pay into escrow on or before its close a sum in cash equal to the entire purchase price less the Purchasing Co-Tenant's Credits (as defined in Section 13.4(b) hereof).

(b) Purchasing Co-Tenant's Credits. The Purchasing Co-Tenant shall receive a credit against the cash payable at close of escrow ("Purchasing Co-Tenant's Credits") in the sum of the following:

(i) The Selling Co-Tenant's proportionate share of any and all taxes and assessments against the Property and any penalties thereon which were paid by the Purchasing Co-Tenant; and

(ii) The Selling Co-Tenant's proportionate share of any Third Party Loans which were paid by the Purchasing Co-Tenant;

(iii) The Selling Co-Tenant's proportionate share of any advances made by the Purchasing Co-Tenant to preserve or protect its interest in the Property, including, but not limited to, payments towards taxes, assessments, and Third Party Loans.

(iv) Any amounts owed by the Selling Co-Tenant for Third Party Obligations incurred by the Selling Co-Tenant which are prior to the Buyout Option, by reason of law or otherwise.

(c) Escrow. Within ten (10) days after the Purchase Price is determined, the Co-Tenants shall open an escrow with a mutually acceptable title company, and shall execute escrow instructions which are not inconsistent with the terms of this Agreement. Escrow shall close on or before sixty (60) days after the Purchase Price is determined in the manner set forth in Section 13.3(b) above.

(d) Title Insurance. The Selling Co-Tenant shall provide to the Purchasing Co-Tenant an extended form ALTA owner's policy of title insurance in the amount of the Purchase Price, naming the Purchasing Co-Tenant as the insured, insuring title to the Selling Co-Tenant's Undivided Ownership Interest in the Premises, together with its rights in the Easements, subject only to the Third Party Loans.

(e) Debt Service Prior to Close of Escrow. Nothing contained in this Section 13.4 shall relieve any Co-Tenant of its obligations to make payments due on account of the Third Party Loans.

13.5 Involuntary Transfers. In the event either Co-Tenant shall be adjudged bankrupt, enter into proceedings for reorganization or into an assignment for the benefit of creditors, have a receiver appointed to administer such Co-Tenant's Undivided Ownership Interest, be the subject

of a voluntary or involuntary petition for bankruptcy, apply to any court for protection from its creditors or have its Undivided Ownership Interest seized by a judgment creditor (such Co-Tenant being referred to as a "Bankrupt Co-Tenant"), the personal representative or trustee (or successor in interest) of the Bankrupt Co-Tenant shall be an Assignee of such Co-Tenant's Undivided Ownership Interest and shall not become an additional or substitute Co-Tenant unless and until the conditions set forth in Section 13.7 are satisfied; and any such Co-Tenant's successor in interest shall be liable for all of its obligations as a Co-Tenant.

13.6 Dissolution or Termination of Co-Tenants. In the event of the dissolution of a Co-Tenant that is a corporation, partnership or limited liability company or the termination of a Co-Tenant that is a trust, the successor in interest of the dissolved or terminated Co-Tenant shall, for the purposes of winding up the affairs of the dissolved or terminated Co-Tenant, be an Assignee of such Co-Tenant's Undivided Ownership Interest and shall not become additional or substituted Co-Tenants unless and until the conditions set forth in Section 13.7 are satisfied.

13.7 Requirements for a Third Party to Become a Co-Tenant. Any Person who acquires all or any portion of an Undivided Ownership Interest of a Co-Tenant in any manner, whether voluntary or involuntary ("Assignee"), shall have no right to participate in the management of the business and affairs regarding the Co-Tenants, the Property or this Agreement, and shall be disregarded in determining whether the approval, consent or any other action has been given or taken by the Co-Tenants, unless and until:

(a) the conditions set forth in Sections 13.1 and 13.2, if applicable, are fully complied with;

(b) the Assignee shall have agreed in writing, with a duplicate original delivered to each Co-Tenant, to assume and be bound by all the obligations and restrictions of the Co-Tenants with respect to the Undivided Ownership Interest assigned or transferred arising from and after the date of such assignment or transfer (and an appropriate amendment to the Memorandum of Agreement shall be recorded evidencing the acquisition by such Assignee of its Undivided Ownership Interest); and

(c) all required consents to such transfer of any Third Party Lender or other Person or entity, if any, shall have been obtained in writing and delivered to the Co-Tenant(s) retaining an interest in the Property.

Upon fulfillment of the requirements set forth in this Section 13.7, the Assignee shall become a Co-Tenant and shall be entitled to all of the rights and privileges of the original Co-Tenants hereunder and shall be subject to all of the obligations and restrictions hereunder; and the failure of any Assignee, including an Assignee by operation of law or otherwise, to fulfill such requirements shall entitle the Co-Tenants to exercise any remedies available at law or in equity, including, without limitation, the remedy of injunction.

ARTICLE 14

DESTRUCTION

14.1 De Minimus Destruction. If fire or other casualty shall render ten percent (10%) or less of the floor space of the Building unusable for the purpose intended, SNC shall diligently prosecute the repair and restoration of the Premises to its condition prior to the event causing the damage or destruction. If the destruction is fully covered by insurance, all of the proceeds shall be held and administered by SNC, and applied to pay for reconstruction. If the insurance proceeds exceed the cost of reconstruction, the excess proceeds shall be disbursed to the Co-Tenants pro rata based on their Undivided Ownership Interests following completion of repairs. If the insurance proceeds are insufficient to cover the cost of reconstruction or if the cause of the destruction is not covered by insurance, the cost of reconstruction in excess of insurance proceeds shall be paid by the Co-Tenants pro rata based on their respective Undivided Ownership Interests, within thirty (30) days after the date of the execution of a guaranteed maximum price construction contract for the reconstruction, with such funds to be applied for the costs of reconstruction.

14.2 Partial or Total Destruction. If fire or other casualty shall render more than ten percent (10%) of the Building unusable, the Co-Tenants may:

(a) If neither wish to rebuild, elect not to repair the Premises and to terminate this Agreement, in which case the insurance proceeds shall be distributed to the Co-Tenants pro-rata based on their Undivided Ownership Interests in the Premises.

(b) If only one Co-Tenant wishes to rebuild (the "Remaining Co-Tenant") (i) the other Co-Tenant (the "Terminating Co-Tenant") shall be deemed to have given to the Remaining Co-Tenant a Notice of Intent to Sell pursuant to Section 13.2, (ii) the Remaining Co-Tenant shall be entitled to exercise the Buyout Option in accordance with Article 13 hereof (provided that the Fair Market Value, if utilized in determining the Purchase Price, shall reflect the damaged condition of the Premises), and (iii) the insurance proceeds shall be distributed to the Co-Tenants pro-rata based on their Undivided Ownership Interests in the Premises.

(c) If both Co-Tenants wish to rebuild, SNC shall diligently prosecute the repair and restoration of the Premises to its condition prior to the event causing the damage or destruction. If the destruction is fully covered by insurance, all of the proceeds shall be held and administered by SNC, and applied to pay for reconstruction. If the insurance proceeds exceed the cost of reconstruction, the excess proceeds shall be disbursed to the Co-Tenants pro rata based on their Undivided Ownership Interests following completion of repairs. If the insurance proceeds are insufficient to cover the cost of reconstruction or if the cause of the destruction is not covered by insurance, the cost of reconstruction in excess of insurance proceeds shall be paid by the Co-Tenants pro rata based on their respective Undivided Ownership Interests, within thirty (30) days after the date of the execution of a guaranteed maximum price construction contract for the reconstruction, with such funds to be applied for the costs of reconstruction.

ARTICLE 15
CONDEMNATION

If the entire Premises is taken under the power of eminent domain, or sold under the threat of the exercise of such power (all of which are herein called "condemnation"), this Agreement shall terminate as of the date the condemning authority takes title or possession, whichever occurs first. If more than ten percent of the floor area of the Building, but less than all of the Premises or that portion of the Common Areas designated as parking for the Premises which is taken by condemnation renders the Building unusable, either Co-Tenant may terminate this Agreement as of the date the condemning authority takes possession. Upon termination of this Agreement as provided in this Article 15, the Co-Tenants shall share in the condemnation award pro rata based upon their respective Undivided Ownership Interests in the Premises. If this Agreement is not terminated in accordance with the foregoing, this Agreement shall remain in full force and effect as to the portion of the Premises remaining.

ARTICLE 16
DURATION; WAIVER OF RIGHTS

16.1 Termination Events. This Agreement shall continue until the earliest to occur of:

- (a) the sale or other disposition of all or substantially all of the Property, it being agreed that (i) the proceeds of such sale or distribution shall be distributed to the Co-Tenants pro rata based on their respective Undivided Ownership Interests, and (ii) if any liability or obligation arises with respect to the Property after such sale or disposition, the Co-Tenants shall share in any such liability pro rata based on their respective Undivided Ownership Interests;
- (b) termination at the election of a Co-Tenant pursuant to Article 14 or 15 hereof;
- (c) the date upon which SNC and UC no longer own any interest in the Property; or
- (d) the date on which the Co-Tenants execute an instrument (or counterpart thereof) so stating.

16.2 Integrity of Co-Tenants. The Co-Tenants shall not be permitted to withdraw from this Agreement except as expressly permitted hereunder. In addition, the Co-Tenants acknowledge and agree as follows:

- (a) notwithstanding any change in the Undivided Ownership Interests of the Co-Tenants, the owners of the Undivided Ownership Interests will continue as Co-Tenants under this Agreement;

(b) each Co-Tenant shall (i) maintain its existence as a legal entity throughout the term of this Agreement and (ii) shall not terminate, merge or dissolve without concurrently being reconstituted or reincorporated; and

(c) neither Co-Tenant shall terminate or attempt to terminate this Agreement except as may be expressly permitted hereunder.

16.3 Partition. Neither Co-Tenant shall have the right to partition all or a portion of the Property, and neither Co-Tenant shall make application to any court of authority having jurisdiction in the matter or commence or prosecute any action or proceeding for such partition and the sale thereof, and upon any breach of the provisions of this Section 16.3 by either Co-Tenant, the other Co-Tenant, in addition to all of the rights and remedies in law and in equity that they may have, shall be entitled to a decree or order restraining and enjoining such application, action or proceeding. Without limitation of the foregoing, each Co-Tenant hereby expressly waives the right to partition with respect to the Property and further acknowledges and agrees that each Co-Tenant has relied on this Section 16.3 and waiver as an essential inducement to purchase its respective Undivided Ownership Interest and enter into this Agreement. Each Co-Tenant further agrees that partition in kind of the Property would be impracticable and result in great prejudice to the Co-Tenants.

16.4 Purchase at Foreclosure or Tax Sale. A Co-Tenant in default under any provision of this Agreement may not purchase all or any portion of the Property at a tax sale or at any sale resulting from the foreclosure of any mortgage security agreement or any other lien on the Property.

ARTICLE 17

REPRESENTATIONS, WARRANTIES, AND COVENANTS

17.1 Representations and Warranties of SNC. SNC represents and warrants to UC as of the date hereof that:

(a) There are no consents or approvals of governmental authorities or third parties that are required for the execution and delivery of this Agreement; the execution of this Agreement by SNC shall not constitute a default under any material contract or agreement to which SNC is bound; and no agreement or obligation exists that has the effect of restricting the ability of SNC to perform its obligations under this Agreement.

(b) There is no litigation, action or proceeding pending or, to the best knowledge of SNC, threatened, to which SNC is party that, if adversely determined, could have a material adverse effect on, or enjoin, restrict or otherwise prevent, the consummation of any of the transactions contemplated by this Agreement, or the ability of SNC to perform its obligations under this Agreement.

(c) This Agreement has been duly authorized, executed and delivered by and are binding upon SNC as of the date hereof.

(d) SNC is a non-profit corporation, duly formed, validly existing and in good standing under the laws of the State of Nevada and duly authorized and qualified to do all things required of it under this Agreement and any agreement executed in connection with the transactions herein contemplated.

(e) SNC has the capacity and authority to enter into this Agreement and to consummate the transactions herein provided and nothing prohibits or restricts the right or ability of SNC to close the transaction contemplated hereunder and carry out the terms hereof. Neither this Agreement, anything provided in or contemplated by this Agreement, nor any other agreement, document or instrument, does now or shall hereafter breach, invalidate, cancel make inoperative or interfere with, or result in the acceleration or maturity of, any contract, agreement, lease, easement, right or interest, affecting or relating to SNC.

(f) As of the date of this Agreement, SNC is an organization described in IRC Section 501(c)(3) which is not a "private foundation" as defined in IRC Section 509(a), it has received a letter from the Internal Revenue Service to that effect, such letter has not been modified, limited or revoked, SNC is in compliance with all terms, conditions and limitations, if any, contained in such letter applicable to it, the facts and circumstances which form the basis of such letter as represented to the Internal Revenue Service continue substantially to exist, and SNC is exempt from federal income taxes under IRC Section 501(a) and IRC Section 501(c)(3). Further, until the termination of this Agreement, SNC will continue to be an organization described in IRC Section 501(c)(3) which is not a "private foundation" as defined in IRC Section 509(a).

(g) No proceedings are pending or threatened in any way affecting the status of SNC as an organization described in Section 501(c)(3) of the IRC, or which would subject any income of SNC to federal income taxation to such extent as would result in the loss of its tax-exempt status under Section 501(a) of the IRC. SNC is not under examination or audit by the Internal Revenue Service, nor has SNC received notice, oral or written, from the Internal Revenue Service of a proposed examination or audit thereby, with respect to any fiscal year of SNC.

(h) So long as any financing which was the subject of a Financing Notice (as defined in the Lease) delivered by UC (as Landlord) remains outstanding, SNC shall maintain its status as an organization described in IRC Section 501(c)(3) and its exemption from federal income tax under IRC Section 501(a) or corresponding provisions of future federal income tax laws.

17.2 Representations and Warranties of UC. UC represents and warrants to SNC as of the date hereof that:

(a) There are no consents or approvals of governmental authorities or third parties that are required for the execution and delivery of this Agreement; the execution of this Agreement by UC shall not constitute a default under any material contract or agreement to which UC is bound; and no agreement or obligation exists that has the effect of restricting the ability of UC to perform its obligations under this Agreement.

(b) There is no litigation, action or proceeding pending or, to the best knowledge of UC, threatened, to which UC, is party that, if adversely determined, could have a material adverse effect on, or enjoin, restrict or otherwise prevent, the consummation of any of the transactions contemplated by this Agreement, or the ability of UC to perform its obligations under this Agreement.

(c) This Agreement has been duly authorized, executed and delivered by and are binding upon UC as of the date hereof.

(d) UC is a corporation, duly formed, validly existing and in good standing under the laws of the State of California and duly authorized and qualified to do all things required of it under this Agreement and any agreement executed in connection with the transactions herein contemplated.

(e) UC has the capacity and authority to enter into this Agreement and to consummate the transactions herein provided and nothing prohibits or restricts the right or ability of UC to close the transaction contemplated hereunder and carry out the terms hereof. Neither this Agreement, anything provided in or contemplated by this Agreement, nor any other agreement, document or instrument, does now or shall hereafter breach, invalidate, cancel make inoperative or interfere with, or result in the acceleration or maturity of, any contract, agreement, lease, easement, right or interest, affecting or relating to UC.

17.3 Recertification of Representations and Warranties. On or prior to the Effective Date, each Co-Tenant shall deliver to the other Co-Tenant a Recertification of Representations and Warranties re-certifying that the representations and warranties set forth in this Article 17 are true and accurate as of the Effective Date.

ARTICLE 18

NOTICES

Any notice or request required or permitted to be given hereunder (each, a “Notice” or a “notice”) and any approval by a Co-Tenant shall be in writing and shall be (as elected by the Co-Tenant giving such notice or granting such approval) (i) transmitted by certified or registered mail, return receipt requested, postage prepaid, (ii) transmitted by personal delivery, or (iii) transmitted by nationally recognized overnight courier service. Except as otherwise specified herein, all notices and other communications shall be deemed to have been duly given (a) five (5) Business Days after the date of posting if transmitted by certified or registered mail, (b) the date of delivery if transmitted by personal delivery, or (c) the first Business Day after the date of posting if delivered by recognized national overnight courier service. Any Co-Tenant may change its address for purposes hereof by notice given to the other Co-Tenants. Notices hereunder shall be directed:

To SNC: Sierra Nevada College
Attention: President
999 Tahoe Blvd.
Incline Village, Nevada 89451

and a required copy to: Jones Vargas
Attention: Richard A. Rawson, Esq.
3773 Howard Hughes Parkway
Third Floor South
Las Vegas, Nevada 89130

To UC: University of California, Office of the President
Real Estate Services Group
1111 Franklin Street, 6th Floor
Oakland, California 94607 5200

and a required copy to: The Regents of the University of California
c/o University of California, Davis
Real Estate Services
255 Cousteau Place
Davis, California 95618

ARTICLE 19 MEDIATION AND ARBITRATION

19.1 Right to Submit Dispute. Except for each Co-Tenant's right, hereby acknowledged, to pursue injunctive relief without first pursuing relief through mediation and arbitration, all disputes between the Co-Tenants relating to the interpretation and enforcement of their rights and obligations under this Agreement other than (i) a claim that a Co-Tenant is entitled to terminate this Agreement, or (ii) a claim in excess of Five Hundred Thousand Dollars (\$500,000) Current Dollars, shall be resolved solely by mediation and arbitration in accordance with the provisions of this Article 19.

19.2 Mediation. With respect to any dispute between the Co-Tenants that is to be resolved by mediation and arbitration as provided in this Agreement, the Co-Tenants shall attempt in good faith first to mediate such dispute and use their best efforts to reach agreement on the matters in dispute. Within seven (7) calendar days of the written request of either Co-Tenant, the Co-Tenants shall attempt to employ the services of an independent third party mutually acceptable to the Co-Tenants to conduct such mediation within five (5) days of his or her appointment. If the Co-Tenants are unable to agree on such independent third party, or, if on

completion of such mediation, the Co-Tenants are unable to agree and settle the dispute, then the dispute shall be referred to arbitration in accordance with Sections 19.3 through 19.6 below.

19.3 Arbitration. The party demanding arbitration shall give written notice of its demand to the other Co-Tenant stating the subject matter of the dispute and the name and address of an independent arbitrator with not less than ten (10) years experience in the field of the matter in dispute, who has not done business with either party during the five (5) year period preceding such date. Within fifteen (15) days after the receipt of such notice, the Co-Tenants shall mutually appoint an independent arbitrator with not less than ten (10) years experience in the field of the matter in dispute, who has not done business with either party during the five (5) year period preceding such appointment. If the Co-Tenants cannot mutually agree upon the appointment of the arbitrator within such fifteen (15) days, then the Co-Tenants shall each appoint a similarly qualified person to act as arbitrator, and shall give notice to each other within ten (10) days of the expiration of the fifteen (15) day period stating the name and address of such arbitrator. The two arbitrators appointed by the Co-Tenants shall make a determination of the matter which is the subject of such dispute and shall submit their determination of the matter to each of the Co-Tenants in writing.

19.4 Appointment of Third Arbitrator. If within thirty (30) days following the appointment of the latter of the arbitrators, the two arbitrators are unable to agree in respect of the matter in dispute, the two arbitrators shall appoint by instrument in writing as a third arbitrator a similarly qualified person; provided, however, that either Co-Tenant may consent to the determination of the matter in dispute made by the arbitrator appointed by the other Co-Tenant. The third arbitrator shall review the two determinations prepared by the two arbitrators appointed by each of the Co-Tenants and shall select one of those two determinations as the final binding and conclusive resolution of the matter in dispute. If the two arbitrators fail to appoint a third arbitrator, the appointment shall be made by the Presiding Judge acting in his/her individual and nonofficial capacity on the application of either Co-Tenant and on ten (10) days' notice to the other Co-Tenant.

19.5 Replacement. The foregoing procedure shall also apply if any arbitrator appointed as aforesaid by the Presiding Judge, or by the other two arbitrators so appointed, shall die, resign, be disqualified or incapacitated, or shall fail or refuse to act before such matter shall have been determined. An arbitrator appointed in such manner who dies, is disqualified or incapacitated or who fails or refuses to act shall be replaced promptly with another arbitrator by the party selecting the displaced arbitrator.

19.6 Procedures. Other than as set forth hereinabove, the arbitration shall be in conformity with and subject to the applicable rules and procedures of the American Arbitration Association. If the American Arbitration Association is not then in existence, the arbitration shall be in conformity with and subject to the provisions of the Nevada Rules of Civil Procedure relating to arbitration as they shall stand amended at the time of the notice of demand to arbitrate.

19.7 Finality of Award. The decision of the arbitrators shall be final and binding on the Co-Tenants and enforceable by a judicial proceeding in a court having jurisdiction over the Property.

ARTICLE 20
MISCELLANEOUS

20.1 Other Agreements Superseded. UC and SNC hereby acknowledge and agree that the Prior Agreements have terminated effective as of the Effective Date. With respect to all periods from and after the Effective Date, this Agreement supersedes in its entirety all Prior Agreements between the Co-Tenants pertaining to the subject matter of this Agreement. In the event that either Co-Tenant has executed a term sheet or other agreement pertaining to the subject matter of this Agreement, the Co-Tenants have each executed this Agreement to confirm that such term sheet or other agreement has been superseded hereby as hereinabove provided.

20.2 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement. This Agreement shall become effective on the Effective Date.

20.3 Integration, Modification and Waiver. Except as otherwise provided herein, this Agreement constitutes the entire agreement between the Co-Tenants with respect to the subject matter hereof, and all understandings and agreements heretofore or simultaneously had between the Co-Tenants are merged in and are contained in this Agreement. This Agreement may not be waived, changed, amended, modified, supplemented or discharged orally, but only by an agreement in writing signed by the party against whom any waiver, change, modification or discharge is sought. Failure on the part of any Co-Tenant to complain of any act or failure to act by any Co-Tenant or to declare any Co-Tenant in default, irrespective of how long such failure continues, shall not constitute a waiver by such Co-Tenant of its rights hereunder. The giving of consent (to the extent any such consent is required) by any Co-Tenant in any one instance shall not limit or waive the necessity to obtain such Co-Tenant's consent in any future instance.

20.4 Current Dollars. References herein to dollars or dollar amounts shall at all times be interpreted as requiring valuation and/or calculation based on Current Dollars.

20.5 Headings. The captions or titles and the table of contents contained in or appended to this Agreement are for convenience of reference only and shall not be deemed a part of the context of this Agreement.

20.6 Severability. If any term or provision of this Agreement or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to Persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

20.7 Meaning of "hereof," etc. The terms "hereof", "herein", "hereunder" and "hereinafter" and words of similar import, shall be construed to refer to this Agreement as a whole, and not to any particular paragraph or provision, unless expressly so stated.

20.8 Number and Gender. All words or terms used in this Agreement, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

20.9 Information Requests. Each Co-Tenant shall, at the request of SNC, promptly supply reasonable evidence or information reasonably requested to confirm such Co-Tenant's compliance with the transfer or other restrictions contained herein, including, without limitation, the restrictions on transfers herein provided.

20.10 Governing Law. This Agreement shall be construed as if prepared by both Co-Tenants. The Co-Tenants hereby agree that the State of Nevada has a substantial relationship to the Co-Tenants and to the underlying transaction embodied hereby, including, without limiting the generality of the foregoing, matters of construction, validity and performance of this Agreement. Accordingly, this Agreement and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Nevada applicable to contracts made and performed therein and all applicable law of the United States of America, it being understood that, to the fullest extent permitted by law of the State of Nevada, the law of the State of Nevada shall govern the validity and the enforceability of this Agreement, and the obligations arising hereunder. To the fullest extent permitted by law, the Co-Tenants hereby unconditionally and irrevocably waive any claim to assert that the law of any other jurisdiction governs this Agreement. Any legal suit, action or proceeding against either Co-Tenant arising out of or relating to this Agreement may be instituted in any federal or state court sitting in the County of Washoe, State of Nevada, and the Co-Tenants waive any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding in such County and State, and the Co-Tenants hereby expressly and irrevocably submits to the jurisdiction of any such court in any suit, action or proceeding.

20.11 No Third Party Beneficiaries. Except as provided for herein, this Agreement is for the sole benefit of the Co-Tenants, and nothing herein, express or implied, shall give or be construed to give to any Person, other than the Co-Tenants, any legal or equitable rights hereunder.

20.12 Confidentiality. Except for the contents of the recorded Memorandum of Agreement (defined in Section 20.14), the Co-Tenants agree to keep the terms and provisions of this Agreement confidential and not to disclose the terms thereof to third parties other than (i) their auditors, attorneys, investors accountants and other Persons having similar need to be cognizant of such terms and (ii) as required by any applicable law, rule or regulation.

20.13 Trademarks. SNC acknowledges that UC has the sole right to the various "University of California" tradenames, trademarks, servicemarks and logos (collectively, the "UC Trademarks"). SNC warrants that it shall not use, nor permit others to use, in any manner whatsoever the UC Trademarks or the name "University of California" without the prior written consent of UC. UC acknowledges that SNC has the sole right to the various "Sierra Nevada College" tradenames, trademarks, servicemarks and logos (collectively, the "SNC Trademarks"). UC warrants that it shall not use, nor permit others to use, in any manner whatsoever the SNC Trademarks or the name "Sierra Nevada College" without the prior written consent of SNC.

20.14 Successors and Assigns. This Agreement shall be binding upon and, subject to the restrictions on transfer set forth in Article 13, shall inure to the benefit of the successors and assigns of the Co-Tenants. The Co-Tenants acknowledge and agree that as of the date hereof a Memorandum of Tenancy-in-Common Agreement, Buyout Option and Right of First Refusal (“Memorandum of Agreement”) shall be recorded against the Property in the form of agreement attached hereto as **Exhibit C** and by this reference incorporated herein, and it is the intent of the Co-Tenants that this Agreement run with and burden the Property until termination of this Agreement.

20.15 Rules and Regulations. The Co-Tenants may adopt such Rules and Regulations governing the Property to which they may mutually agree.

20.16 Broker. Each party to this Agreement represents and warrants to each other party to this Agreement that it has not dealt with any Person acting as a broker, finder or like agent in connection with this Agreement or the transactions contemplated hereby. The execution and delivery of this Agreement by a party is conclusive evidence that such party has relied on the foregoing representation and warranty. Each Co-Tenant shall indemnify and hold harmless the other Co-Tenant from and against any and all damage, loss, cost or expense (including, without limitation, reasonable attorneys’ fees and costs incurred in the enforcement of the foregoing indemnity) arising out of the falsity of the foregoing representation and warranty. The provisions of this Section 20.13 shall survive the expiration or termination of this Agreement.

20.17 Approvals. Notwithstanding anything to the contrary contained in this Agreement, unless otherwise specifically stated herein (i) any approval or consent of any party may be granted or withheld in the sole and absolute discretion of such party and (ii) any approval or consent, to be effective for any purpose, shall be in writing.

20.18 Further Assurances. Each Co-Tenant agrees to take such further actions and to furnish to the other Co-Tenant such further information and to execute such further instruments as are reasonably requested by such Co-Tenant in connection with the furtherance of business with respect to the Property and the Undivided Ownership Interests.

20.19 Estoppel Certificates. Each Co-Tenant shall, from time to time, within ten (10) Business Days after written request from the other Co-Tenant, execute, acknowledge and deliver to the requesting party, a certificate (“Estoppel Certificate”) stating:

(a) That the terms and provisions of this Agreement are unmodified and are in full force and effect or, if modified, identifying such modifications;

(b) Whether, to the knowledge of the Co-Tenant executing the Estoppel Certificate, there is any existing default under this Agreement (or grounds therefor after giving the requisite notice hereunder) by the requesting Co-Tenant and, if so, specifying the nature and extent thereof;

(c) Whether there are any sums which the Co-Tenant executing such Estoppel Certificate is entitled to receive or demand from the requesting Co-Tenant, and if there is any such sum, specifying the nature and amounts thereof;

(d) The total amount of all liens being asserted or capable of being asserted (after giving the requisite notice, if any, required hereunder) by the Co-Tenant executing the Estoppel Certificate under the provisions of this Agreement describing the applicable provision or provisions and the details of any such lien claim;

(e) Such other facts or conclusions as may be reasonably requested.

20.20 Action by Co-Tenant. Each Co-Tenant agrees to join in and to execute and deliver any and all necessary documents and to give testimony in any action to prosecute a suit for damages to all or a portion of the Property by the Co-Tenants and to share in the costs pro rata of such action, including, but not limited to, reasonable attorneys' fees and disbursements.

20.21 Attorneys Fees. In the event a Co-Tenant bring suit against the other to enforce any rights under this Agreement, the prevailing party shall recover from the other, in addition to any other award, an amount equal to reasonable attorneys' fees to be fixed by the court.

20.22 Remedies. The Co-Tenants hereby confirm that damages at law may be an inadequate remedy for a breach or threatened breach of this Agreement and agree that, in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction or other equitable remedy. Subject to the provisions of Article 19, the Co-Tenants shall additionally have the right to pursue all remedies available at law or by statute.

20.23 Non-Liability. Notwithstanding anything to the contrary contained in this Agreement, no direct or indirect partner, officer, director, shareholder, member, manager, employee, agent or affiliate of the Co-Tenants shall have any liability of any kind or nature arising out of this Agreement.

20.24 Removal of Judgment and/or Lien. The Co-Tenants agree that if any mechanics' lien, other statutory lien or judgment shall be filed against a Co-Tenant and/or all or any part of such Co-Tenant's Undivided Ownership Interest and/or the Property, such Co-Tenant shall cause to be paid and discharged, or cause to be bonded over, the lien or judgment of record before the first to occur of (i) thirty (30) days after the filing thereof, (ii) ten (10) days after notice of commencement of foreclosure proceedings of such lien, (iii) the time set forth in any Third Party Loan Documents applicable to the Property or (iv) immediately upon the demand of the other Co-Tenant if the Co-Tenants are then engaged in bona fide discussions for the sale, assignment or financing of the Undivided Ownership Interests and/or the Property. Nothing contained herein shall restrict the right of a Co-Tenant to contest the validity, amount or applicability of any such lien by and in accordance with all applicable laws and any Third Party Loan Documents with diligence and in good faith; provided, however, that the Co-Tenant to which the lien and/or judgment is applicable shall cause the lien(s) and/or judgment to be bonded off pending resolution of the dispute which resulted in the lien and/or judgment.

ARTICLE 21
NAMING RIGHTS

21.1 Subject to the limitations set forth in this Article 21, SNC and UC agree that SNC shall have the right (but not the obligation) to consider and receive donations in exchange for naming rights of the Building (an “**Exterior Naming Donation**”) and interior portions of the Building (an “**Interior Naming Donation**”, together with an Exterior Naming Donation, a “**Naming Donation**”). Naming Donations may be received from, and the Building may be named after, individuals, families or tax-exempt foundations (“**Exempt Donors**”) or from business entities (“**Non-Exempt Donors**”).

21.2 SNC represents and warrants to UC that as of the date hereof, SNC is not in discussions with any potential Non-Exempt Donor(s) regarding a Naming Donation.

21.3 Subject to Section 21.4, SNC is free to accept one or more Interior Naming Donations; provided that such Interior Naming Donations do not provide any benefit to the donors other than the tax consequences of the Naming Donation and the existence of the named interior portion of the Building.

21.4 Before accepting any Naming Donation, SNC shall provide UC with written notification identifying the name of the proposed donor(s) and the proposed name of the Building or interior portion thereof for UC’s approval, which approval may only be withheld if UC determines, in the exercise of UC’s reasonable discretion, that the donor(s) or the proposed name is inconsistent with the core values of UC or is otherwise a Disapproved Naming Party, as defined below. For purposes herein, the term “**Proposed Naming Party**” shall mean a proposed Exempt Donor or a proposed Non-Exempt Donor or any direct or indirect holders of any equity interest in such proposed Exempt Donor or proposed Non-Exempt Donor, as applicable. For purposes herein, the term “**Disapproved Naming Party**” shall mean a Proposed Naming Party who: (i) has been a party to any repeated or significant unresolved complaints or repeated and significant unresolved claims in any other contract between such Proposed Naming Party and UC; (ii) has been the subject of any civil or administrative claims involving fraud or dishonesty; (iii) has any criminal convictions of any kind; (iv) has been the subject of any civil, administrative or criminal investigation involving matters of moral turpitude, violations of human rights, harassment, hate crimes or matters of similar disregard or disrespect of mankind which, in each case, did not result in a dismissal with prejudice of all such charges; and/or (v) a person with whom any lender is restricted from doing business under regulations of the Office of Foreign Asset Control (“**OFAC**”) of the Department of the Treasury of the United States of America (including, those persons named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive order (including, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action or is otherwise engaged in any dealings or transactions or otherwise associated with any such persons.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

SIERRA NEVADA COLLEGE,
a Nevada non-profit corporation

By: _____
Name: _____
Its: _____

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California public corporation on behalf of the Davis Campus

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

By: _____

Name: _____
University Counsel Of The Regents
Of The University Of California

Addendum 1
Premises Operating Expense Addendum

1. PURPOSE OF ADDENDUM

SNC and UC acknowledge that the Required Fundings of Operating Expenses for the Property shall be calculated based on the Undivided Ownership Interests of the Co-Tenants. This Property Operating Expenses Addendum (“**POE Addendum**”) is attached to the Agreement for the purposes of identifying those items that are to be included in as well as excluded from “Operating Expenses,” and UC’s right to audit. To the extent that there is any inconsistency between any other provisions of the Agreement and this POE Addendum, then in such event, the provisions of this POE Addendum shall prevail. SNC and UC further acknowledge that this POE Addendum shall not alter or reduce the Co-Tenant’s respective obligations to fund any Required Funding of the Capital Expenses or any Extraordinary Fundings in accordance with the Agreement.

2. DEFINITIONS

“Operating Expenses” means all expenses, costs, and amounts [**of every kind**] incurred during any Fiscal Year because of or in connection with the ownership, operation, management, maintenance or repair of the Property. Operating Expenses may include the items set forth in Section 3 and shall not include the items set forth in Section 4.

“Sierra Nevada College Lake Campus” shall mean the three parcels described in **Exhibit ”1”** hereto.

3. PROPERTY OPERATING COST INCLUSIONS

The following are costs that may be included within the computation of Operating Expenses:

3.1 all costs of managing, operating, maintaining and repairing the Property, including all floor, wall and window coverings, Building systems such as heat, ventilation and air conditioning systems, fire sprinkler systems, elevators, escalators, and all other mechanical or electrical systems serving the Building, the Common Areas and the Easements and service agreements for all such systems and equipment, but only as any such cost is consistent with that of other comparable premises in the Incline Village, Nevada area, and “Operating Expenses” shall include the Building’s *pro rata* share (based on the total square footage of the Sierra Nevada College Lake Campus) of any such costs of the Easements, including pavement repairs, sealing, striping and replacement; provided, however, that the Building’s *pro rata* share of the Parking Easement costs shall be 100%;

3.2 the cost of compensation including fees of entities and employment taxes, similar governmental charges and other normal fringe benefits (such as medical, dental, life insurance etc. but not health club dues, tickets to special events, etc.) with respect to all persons who perform duties in connection with the management, landscaping, janitorial, painting, window cleaning and general cleaning services, security services and any other services related to the

operation, maintenance or repair of the Property, including materials, supplies, and the rental costs of equipment and tools related to any of the foregoing; provided, however, that SNC shall not be permitted to collect costs in excess of those permitted as Reimbursable Employee Expenses pursuant to Section 8.6 of the Agreement;

3.3 costs in providing rubbish and waste pickup and disposal to the Property;

3.4 costs in providing all forms of security, but only to the extent necessary for the normal ongoing operation of the Property and only to the extent consistent with that utilized by other comparable premises in the Incline Village, Nevada area;

3.5 insurance premiums for property, liability and any other types of insurance carried by SNC as required in accordance with the provisions of Section 10.1 of the Agreement relating to the insurance required to be provided by the SNC with respect to the Property, plus the deductible portion of any insured loss under such insurance;

3.6 costs and expenses of utilities furnished to the Premises, including all costs and expenses attributable to the supply of electrical service, telecommunications systems, water and sewage service, natural gas, and other steam, heat or cooling utility charges with respect to the Premises;

3.7 license, permit and inspection fees associated with the ongoing operation and maintenance of the Premises;

3.8 wages, salaries, normal employee benefits and taxes (or an allocation of the foregoing) for personnel working full or part time in connection with only the operation, maintenance and management of the Property;

3.9 the portion of the cost of accounting and legal services directly attributable to the Premises;

3.10 costs of (i) landscaping, including the replacing and replanting of flowers, grass and bushes, and (ii) snow removal for the Property, including the *pro rata* share of such costs for the Easements;

3.11 all costs of legal proceedings contesting the amount or validity of any of any of the items listed as Operating Expenses in this Section 3, including, without limitation, the cost of taxes, assessments, fees or impositions levied, assessed or imposed against the Property; or governmental regulation of use, occupancy or operation of the Property;

3.12 costs of any capital improvements made to the Premises during the term of the Lease which are not fully amortized prior to the Effective Date;

3.13 subject to the limitations of Article 6 and Section 11.1 of the Agreement, all "Property Taxes," as defined in the Agreement, imposed by any governmental authority or agency on the Premises or the Property;

3.14 cost of compliance with all applicable state, federal, and local laws and governmental regulations and insurance company requirements affecting the Property, including, without limitation, any cleanup, removal, remedial or restoration work required by any federal, state or local governmental agency or political subdivision under Environmental Laws;

3.15 all assessments and special assessments due to deed restrictions, declarations and/or owners associations which accrue against the Premises; and

3.16 if SNC provides administrative and management services to the Property, the fee provided in Section 8.6 of the Agreement.

4. PROPERTY OPERATING EXPENSES EXCLUSIONS

A. Subject to the items expressly allowed by Section 3 of this POE Addendum, except as expressly provided in the Agreement, Section 3 above or this Section 4, none of the following items shall be included in Operating Expenses:

4.1 any expenses which under generally accepted accounting principles and sound management practices consistently applied would not be considered a normal maintenance or operating expense;

4.2 all costs associated with the operation of the business of the ownership or entity which constitutes "SNC," as distinguished from the costs of Premises operations, including, but not limited to, costs of partnership, accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging, or hypothecating any of the SNC's interest in the Premises, costs of any disputes between SNC and its employees, or costs paid in connection with disputes with UC;

4.3 any increase in Property Taxes for which a Co-Tenant is responsible pursuant to Article 6 or Section 11.1 of the Agreement or any Personal Property Taxes, as defined in the Agreement, for which a Co-Tenant is responsible pursuant to Article 11 of the Agreement;

4.4 costs incurred by either Co-Tenant for alterations or additions which are considered capital improvements and replacements under generally accepted accounting principles and sound management practices consistently applied, SNC and UC herein acknowledging that capital improvements shall be performed utilizing funds from the Capital Replacement Account and further acknowledging that this Section 4.4 shall not alter or reduce either Co-Tenant's obligation to fund any Required Funding of the Capital Expenses or any Extraordinary Fundings, as applicable, in accordance with the Agreement;

4.5 costs incurred by SNC in connection with the construction of the Premises and related facilities, the correction of defects in construction, or the cost of SNC's negligence;

4.6 any improvement installed or work performed or any other cost or expense incurred by SNC in order to comply with the requirements for obtaining renewal of the original certificate of occupancy for the Premises or any space therein;

4.7 cost of replacement of capital equipment, provided, however, that SNC and UC herein acknowledge that this Section 4.7 shall not alter or reduce either Co-Tenant's obligation to fund any Required Funding of the Capital Expenses or any Extraordinary Fundings, as applicable, in accordance with the Agreement;

4.8 any reserves for equipment or capital replacement, provided, however, that SNC and UC herein acknowledge that this Section 4.8 shall not alter or reduce either Co-Tenant's obligation to fund any Required Funding of the Capital Expenses in accordance with the Agreement;

4.9 other costs of a capital nature, including, but not limited to, capital improvements, capital repairs, capital equipment, and capital tools, all as determined in accordance with generally accepted accounting principles and sound management practices consistently applied, except those costs associated with Section 3.12, above;

4.10 costs for all items and services for which UC or other occupants reimburse SNC or pay to third parties;

4.11 depreciation and amortization of the Premises;

4.12 interest on debt or amortization payments on any mortgages or deeds of trust or any other debt service instrument encumbering the Premises;

4.13 SNC's general corporate overhead and general administrative expenses;

4.14 except to the extent payable pursuant to Section 8.6 of the Agreement, Premises management fees and expense reimbursements, wages, salaries and other compensation paid to any executive employee of SNC who is not directly involved in day-to-day management of the Premises;

4.15 except as provided in Section 3.1 of this Addendum, costs incurred in owning, operating, maintaining and repairing any underground or above ground parking garage associated with the Premises, including, but not limited to, any expenses for parking equipment, tickets, supplies, signage/signs, claims insurance, cleaning, business taxes, management fees and costs, structural maintenance, utilities, insurance of any form, real estate taxes, and the wages, salaries, employee benefits and taxes for personnel working in connection with any such parking facilities; provided, however, that an amount equal to the parking costs for surface parking last paid by UC shall not be excluded;

4.16 the cost of repairs or other work incurred by reason of fire, windstorm or other casualty (except that deductibles paid pursuant to any insurance shall be included as Operating Expenses) or by the exercise of the right of eminent domain to the extent that SNC is

compensated therefor through proceeds of insurance or condemnation awards, or would have been so reimbursed if SNC had in force all of the insurance required to be carried by SNC under the provisions of this Agreement; provided, however, that SNC and UC herein acknowledge that this Section 4.16 shall not alter or reduce either Co-Tenant's obligation to fund any Required Funding of the Capital Expenses or any Extraordinary Fundings, as applicable, in accordance with the Agreement;

4.17 SNC's gross receipts taxes, personal and corporate income taxes, inheritance and estate taxes, and other business taxes and assessments, franchise, gift and transfer taxes;

4.18 costs of repair or replacement for any item covered by a warranty;

4.19 costs of which SNC is reimbursed by an insurance carrier or by any other entity;

4.20 any fines, costs, penalties or interest resulting from the negligence or willful misconduct of the SNC or its agents, contractors, or employees;

4.21 rental payments and any related costs pursuant to any ground lease of land underlying all or any portion of the Premises to which fewer than all of the Co-Tenants are a party;

4.22 any costs or fees that are unreasonable in view of the goods or services obtained for such costs or fees, but only to the extent that such costs exceed what is reasonable;

4.23 any costs, fees, dues, contributions or similar expenses for political, charitable, industry association or similar organization;

4.24 any bad debt loss, rent loss, or reserves for bad debt or rent loss;

4.25 acquisition costs for sculptures, paintings, or other objects of art; and

4.26 any costs and expenses which are not consistent with the approved Annual Budget, except to the extent otherwise mutually approved by the Co-Tenants.

B. Notwithstanding anything to the contrary herein, each of the Co-Tenants shall be permitted to pursue any applicable Property Tax exemptions which may be available due to their respective use and occupancy of the Building (each a "Use Exemption" and each party to whom a Use Exemption applies, a "Tax Benefitted Party"). In the event a Use Exemption is actually applied to reduce the amount of Property Taxes payable during any Fiscal Year, then the applicable Tax Benefitted Party shall be afforded the full benefit of the reduction in the amount of the Property Taxes resulting from application of such Use Exemption. For example, if Property Taxes would be \$1,000 in a Fiscal Year and the respective Tax Benefitted Party's liability is 57.6% of that amount (or \$576), but a Use Exemption is actually applied to reduce the Property Taxes by \$576, then the applicable Tax Benefitted Party will be treated as having paid \$576 toward Property Taxes and an adjustment shall be made to the respective Tax Benefitted Party's Share of Operating Expenses so that such Tax Benefitted Party shall have no further

liability for Property Taxes during such Fiscal Year. By way of further example, once again if Property Taxes would be \$1,000 in a Fiscal Year and the respective Tax Benefitted Party's liability is 57.6% of that amount (or \$576), but a Use Exemption is actually applied to reduce the Property Taxes by \$400, then the subject Tax Benefitted Party will be treated as having paid \$400 toward Property Taxes and an adjustment shall be made to such Tax Benefitted Party's Share of Operating Expenses so that such Tax Benefitted Party shall have liability for payment of only \$176 for Property Taxes during such Fiscal Year.

5. AUDIT BY UC

SNC shall provide to UC within seventy five (75) days after the end of each Fiscal Year, substantial detail of the calculations of the Operating Expenses each year in accordance with the applicable provisions of the Agreement. SNC shall show by account the total Operating Expenses for the Property and all adjustments corresponding to the requirements set forth in this POE Addendum. SNC shall also provide in reasonable detail the calculation of UC's *pro rata* share of the Operating Expenses as said calculations are delineated in the Agreement. UC shall have the right, at its own cost and expense, to audit or inspect SNC's detailed records each year with respect to Operating Expenses. SNC shall utilize, and cause to be utilized, accounting records and procedures for each Fiscal Year conforming to generally accepted accounting principles consistently applied with respect to all of the Operating Expenses for such Fiscal Year, including without limitation, all payments for Operating Expenses, to enable the audit or inspection by UC pursuant to this clause to be conducted. Pursuant to the foregoing, SNC shall be obligated to keep such records for all Fiscal Years associated with this Agreement for not less than four (4) years after each Fiscal Year. If UC desires to conduct an audit of Operating Expenses for any Fiscal Year, then, within four (4) years following the end of such Fiscal Years, UC shall give SNC not less than ten (10) business days prior written notice of its intention to conduct any such audit. SNC shall cooperate with UC during the course of such audit, which shall be conducted during normal business hours in SNC's Premises management office. SNC will make such personnel available to UC as is reasonably necessary for UC, UC's employees and agents, to conduct such audit, but in no event shall such audit last more than five (5) business days in duration for each Fiscal Year audited. SNC shall make such records available to UC, UC's employees and agents, for inspection during normal business hours. UC, UC's employees and agents, shall be entitled to make photostatic copies of such records, provided UC bears the expense of such copying, and further provided that UC keeps such copies in a confidential manner and does not show or distribute such copies to any other third party. The results of such audit, as reasonably determined by both parties, shall be binding upon SNC and UC. If such audit discloses that the amount paid by UC as UC's Share of Operating Expenses has been overstated by more than five percent (5%), then, in addition to immediately repaying such overpayment to UC, SNC shall also pay the reasonable costs incurred by UC in connection with such audit. If such audit discloses that the amount paid by UC as UC's share of Operating Expenses payable pursuant to this Agreement has been understated, then UC shall pay the amount of such underpayment to SNC within ten (10) business days of receipt of the audit.

Exhibit "1"
to
Addendum 1
Description of Sierra Nevada College "Lake Campus"

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

- Parcel 1: Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.
- Parcel 2: Resultant Parcel 2 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.
- Parcel 3: Parcel 1 of Parcel Map No. 946, according to the map thereof filed in the office of the County Recorder of Washoe County, State of Nevada on September 26, 1979 as File No. 631771, Official Records.

Exhibit "1" to Addendum 1

**Exhibit A
Site Plan**

(See attached.)

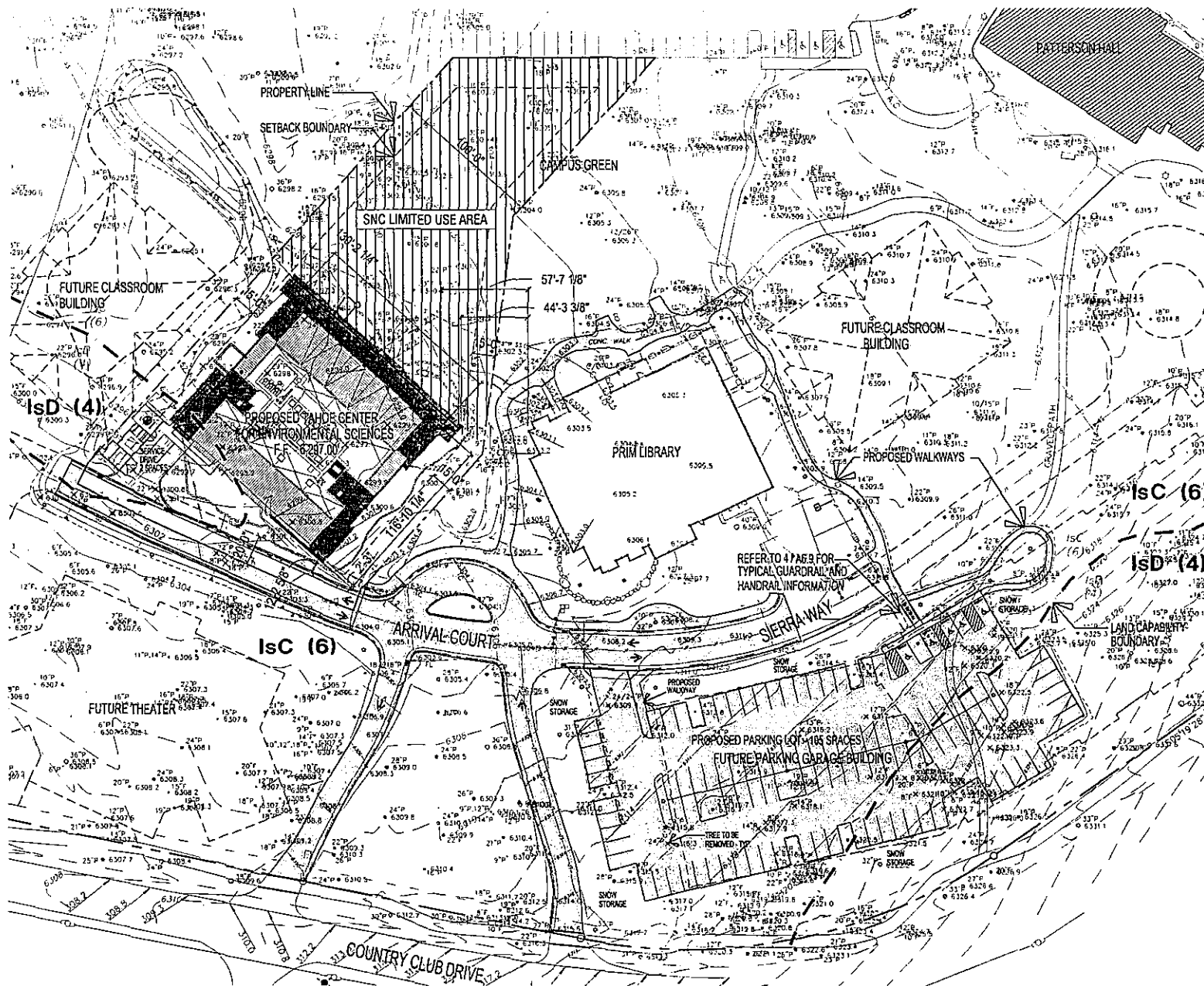


Exhibit A-1
Legal Description of the Land

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

Exhibit "A-1"

**Exhibit B
Floor Plans**

(See attached.)

TCES Shared Space Assignments

As Of April 10, 2012

Basement:

- The space is predominantly dedicated to building mechanical and electrical systems
 - This space, dedicated to facilities support, is used by both the University of California (UC) and Sierra Nevada College (SNC) for tours
- A portion of the space, housing the fresh air plenum, is off limits to all but facilities personnel
- The south side of the floor is enclosed by storm fencing and serves as facilities storage, facilities office and work space, and houses an electrical closet and server room

First Floor:

- Shared at all times **[GREEN]**
 - Rooms 136 and 111 (restrooms)
 - Room 107 (front desk)
 - Room 112 (telephone and data storage closet, managed by SNC IT team)
 - Room 128 (facilities storage and loading dock)
 - Room 129 (janitorial closet)
- UC Use Exclusively **[YELLOW]**
 - Rooms 146, 148, 149, and 152 (UC Davis Thomas J. Long Foundation Education Center – SNC allowed to enter/use, but not manage or alter)
 - Rooms 124 and 125 (storage/loading dock spaces)
 - Room 132 (hazardous material holding)
 - Rooms 147 and 151 (storage closets)
- UC First Priority (SNC may use with UC permission) **[RED]**
 - Room 141 (multipurpose room)
 - Room 121 (kitchen)
 - Room 123 (shower)
- SNC First Priority (UC may use with UC permission) **[BLUE]**
 - Room 139 (multi-purpose room)
 - Room 119 (seminar/conference room)
- SNC Use Exclusively **[PURPLE]**
 - Room 104 (office)
 - Room 106 (case study classroom)
 - Room 108 (Development office)
 - Room 115 and 154 (lounge)
 - Room 116 (greenhouse)
 - Room 118 (offices)
 - Room 131 (field equipment storage)
 - Room 142 (multipurpose storage)

Second Floor: Entirely SNC

Third Floor: Entirely UC

Exhibit C
Memorandum of Agreement

(See attached.)

APN: 127-040-09

WHEN RECORDED, MAIL TO:
Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105
Attention: Stephan C. Wagner, Esq.

**MEMORANDUM OF TENANCY-IN-COMMON AGREEMENT, RIGHT OF FIRST
REFUSAL AND BUYOUT OPTION**

This Memorandum of Tenancy-in-Common Agreement, Right of First Refusal and Buyout Option (this “**Memorandum**”) is made as of the Effective Date (as defined in the Tenancy-in-Common Agreement dated as of _____), by and between Sierra Nevada College, a Nevada non-profit corporation (“**SNC**”), and The Regents of the University of California, a California corporation on behalf of the Davis Campus (“**UC**”) (SNC and UC being collectively referred to herein as the “**Co-Tenants**”) to serve as constructive notice to all persons that SNC and UC have entered into the Tenancy-in-Common Agreement, which shall take effect as of the Effective Date described therein, and which sets forth restrictions on use and transfer of that certain real property situate in Incline Village, Washoe County, Nevada, which is more particularly described in **Exhibit A** hereto and by this reference incorporated herein (the “**Premises**”), together with all easements appurtenant thereto, including, but not limited to, the easements described in that certain Declaration of Easement recorded in the Official Records of Washoe County, Nevada on April 21, 2005, as Document No. 3201794 (collectively, the “**Easements**”), which restrictions include, without limitation, a Right of First Refusal and a Buyout Option wherein each Co-Tenant grants to the other Co-Tenant the exclusive right and option to purchase such Co-Tenants Undivided Ownership Interest in the Premises, together with its rights in the Easements.

All capitalized terms herein shall have the meanings set forth in the Tenancy-in-Common Agreement. This Memorandum is intended to provide notice to third parties of the Tenancy-in-Common Agreement and the provisions contained therein. Nothing herein shall be deemed to modify, amend or otherwise affect the terms and conditions of the Tenancy-in-Common Agreement, which terms and conditions are incorporated herein by reference.

[Signature page follows]

IN WITNESS WHEREOF SNC and UC have executed this Memorandum of Tenancy-in-Common Agreement, Right of First Refusal and Buyout Option as of the Effective Date.

SNC:

SIERRA NEVADA COLLEGE,
a Nevada nonprofit corporation

By: _____

Name: _____

Title: _____

THE STATE OF NEVADA §
 §
COUNTY OF WASHOE §

This instrument was acknowledged before me on _____, 2012 by _____
as _____ of Sierra Nevada College, a Nevada non-profit corporation.

(Signature of notarial officer)

EXHIBIT A

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

Exhibit C
Memorandum of Option Agreement

(See attached.)

APN: 127-040-09

WHEN RECORDED, MAIL TO:
Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105
Attention: Stephan C. Wagner, Esq.

MEMORANDUM OF OPTION TO PURCHASE

This Memorandum of Option to Purchase (this “**Memorandum**”) is made as of April 20, 2012, by and between Sierra Nevada College, a Nevada non-profit corporation (“**Optionee**”), and The Regents of the University of California, a California corporation on behalf of the Davis Campus, or its assignee (herein collectively “**Optionor**”) to serve as constructive notice to all persons that Optionor and Optionee have entered into an Option to Purchase and Escrow Instructions of even date herewith (the “**Option Agreement**”) wherein Optionor grants to Optionee the exclusive right and option (the “**Option**”) to purchase Optionee’s Interest (as defined in the Option Agreement) in that certain real property situate in Incline Village, Washoe County, Nevada, which is more particularly described in **Exhibit A** hereto and by this reference incorporated herein, together with an interest in all easements appurtenant thereto, including, but not limited to, the easements described in that certain Declaration of Easement (“**Declaration**”) recorded in the Official Records of Washoe County, Nevada on April 21, 2005, as Document No. 3201794, all of which is referred to in the Option Agreement as the “**Property**.”

This Memorandum is intended to provide notice to third parties of the Option Agreement and the provisions contained therein. Nothing herein shall be deemed to modify, amend or otherwise affect the terms and conditions of the Option Agreement, which terms and conditions are incorporated herein by reference.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have entered into this Memorandum of Option to Purchase as of the date first written above.

OPTIONEE:

SIERRA NEVADA COLLEGE,
a Nevada nonprofit corporation

By: _____

Name: Lynn G. Gillette

Title: President

THE STATE OF NEVADA §
 §
COUNTY OF WASHOE §

This instrument was acknowledged before me on _____, 2012 by Lynn G. Gillette as President of Sierra Nevada College, a Nevada non-profit corporation.

(Signature of notarial officer)

OPTIONOR:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California public corporation on behalf of the Davis Campus

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

By: _____
Name: James D. Agate
**University Counsel Of The Regents
Of The University Of California**

STATE OF CALIFORNIA)
) §
County of _____)

On _____, before me, _____ a
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 of Notary

(Affix seal here)

Exhibit A
Legal Description

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

Exhibit "D-1"
Memorandum of Lease

(See attached.)

APN: 127-040-09

WHEN RECORDED, MAIL TO:
Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105
Attention: Stephan C. Wagner, Esq.

MEMORANDUM OF LEASE

This Memorandum of Lease is made as of April 20, 2012, by and between Sierra Nevada College, a Nevada non-profit corporation (“**Tenant**”), and The Regents of the University of California, a California corporation on behalf of the Davis Campus (“**Landlord**”) to serve as constructive notice to all persons that Landlord has leased to Tenant that certain real property situate in Incline Village, Washoe County, Nevada, which is more particularly described in **Exhibit A** hereto and by this reference incorporated herein, together with all improvements presently or hereafter constructed thereon and all easements appurtenant thereto, including, but not limited to, the easements described in that certain Declaration of Easement (“**Declaration**”) recorded in the Official Records of Washoe County, Nevada on April 21, 2005, as Document No. 3201794, upon the terms and conditions set forth in that certain Lease Agreement of even date herewith between Landlord and Tenant (the “**Lease**”), for a term commencing on April 20, 2012 and expiring in accordance with the terms thereof.

This Memorandum is intended to provide notice to third parties of the Lease and the provisions contained therein. Nothing herein shall be deemed to modify, amend or otherwise affect the terms and conditions of the Lease, which terms and conditions are incorporated herein by reference.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have entered into this Memorandum of Lease on the day and year first above written.

TENANT:

SIERRA NEVADA COLLEGE,
a Nevada nonprofit corporation

By: _____

Name: Lynn G. Gillette

Title: President

THE STATE OF NEVADA §
 §
COUNTY OF WASHOE §

This instrument was acknowledged before me on _____, 2012 by Lynn G. Gillette as President of Sierra Nevada College, a Nevada non-profit corporation.

(Signature of notarial officer)

LANDLORD:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California public corporation on behalf of the Davis Campus

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

By: _____
Name: James D. Agate
**University Counsel Of The Regents
Of The University Of California**

STATE OF CALIFORNIA)
) §
County of _____)

On _____, before me, _____ a
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 of Notary

(Affix seal here)

Exhibit A
Legal Description

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

Exhibit "D-2"
Memorandum of Right of First Offer

(See attached.)

APN: 127-040-09

WHEN RECORDED, MAIL TO:
Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105
Attention: Stephan C. Wagner, Esq.

MEMORANDUM OF RIGHT OF FIRST OFFER

This Memorandum of Right of First Offer (this “**Memorandum**”) is made as of April 20, 2012, by and between Sierra Nevada College, a Nevada non-profit corporation (“**Grantee**”), and The Regents of the University of California, a California corporation on behalf of the Davis Campus (“**Grantor**”) to serve as constructive notice to all persons that Grantor has granted to Grantee a Right of First Offer with respect to Grantor’s interest in that certain real property situate in Incline Village, Washoe County, Nevada, which is more particularly described in **Exhibit A** hereto and by this reference incorporated herein, together with all easements appurtenant thereto, including, but not limited to, the easements described in that certain Declaration of Easement (“**Declaration**”) recorded in the Official Records of Washoe County, Nevada on April 21, 2005, as Document No. 3201794, upon the terms and conditions set forth in that certain Lease Agreement of even date herewith between Grantor and Grantee (the “**Lease**”).

This Memorandum is intended to provide notice to third parties of the Right of First Offer and the provisions pertaining thereto in the Lease. Nothing herein shall be deemed to modify, amend or otherwise affect the terms and conditions of the Right of First Offer or the Lease, which terms and conditions are incorporated herein by reference.

[Signature page follows]

IN WITNESS WHEREOF Grantor and Grantee have executed this Memorandum of Right of First Offer as of the date first written above.

GRANTEE:

SIERRA NEVADA COLLEGE,
a Nevada nonprofit corporation

By: _____

Name: Lynn G. Gillette

Title: President

THE STATE OF NEVADA §
 §
COUNTY OF WASHOE §

This instrument was acknowledged before me on _____, 2012 by Lynn G. Gillette as President of Sierra Nevada College, a Nevada non-profit corporation.

(Signature of notarial officer)

GRANTOR:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California public corporation on behalf of the Davis Campus

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

By: _____
Name: James D. Agate
University Counsel Of The Regents
Of The University Of California

STATE OF CALIFORNIA)
) §
County of _____)

On _____, before me, _____ a
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 of Notary

(Affix seal here)

Exhibit A
Legal Description

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

**Exhibit “E”
Summary of Services and Utilities**

The following is a summary of service and utility responsibilities of Landlord

	N O T A P P L I C A B L E	L A N D L O R D	T E N A N T	F R E Q U E N C Y
Paper Supplies, dispensers and waste containers (common areas & restrooms)		X		
Light bulbs & fluorescent light tubes and starters		X		
Ballasts and transformers for fluorescent lights, light switches and electrical outlets		X		
Heating and air conditioning control switches		X		
Janitorial service for interior of Premises (dust, waste removal, vacuum, mop, cleaning)		X		
Janitorial service for exterior of Premises, Appurtenant Easements and Common Areas		X		
Carpet, tile and linoleum		X		
Natural gas		X		
Electric		X		
Water		X		
Window washing – interior and exterior		X		
Landscaping and gardening		X		
Drapes, blinds, window shades		X		
Kitchen appliances		X		
Refuse, rubbish & garbage disposal		X		
Pest control		X		
Other:				

Exhibit "F"
Schedule of Fixed Base Rent

(See attached.)

EXHIBIT F
FIXED BASE RENT SCHEDULE

		<u>2015 - 2016</u>		<u>2019 - 2020</u>		<u>2023 - 2024</u>	
		July	\$ 46,667	July	\$ 54,167	July	\$ 62,500
		August	46,667	August	54,167	August	62,500
		September	46,667	September	54,167	September	62,500
		October	46,667	October	54,167	October	62,500
		November	46,667	November	54,167	November	62,500
		December	46,667	December	54,167	December	62,500
		January	46,667	January	54,167	January	62,500
		February	46,667	February	54,167	February	62,500
		March	46,667	March	54,167	March	62,500
		April	46,667	April	54,167	April	62,500
		May	46,667	May	54,167	May	62,500
<u>2011 - 2012</u>		June	48,333	June	55,833	June	65,417
June	41,667	<i>Total</i>	561,667	<i>Total</i>	651,667	<i>Total</i>	752,917
<i>Total</i>	41,667						
		<u>2016 - 2017</u>		<u>2020 - 2021</u>		<u>2024 - 2025</u>	
<u>2012 - 2013</u>		July	\$ 48,333	July	\$ 55,833	July	\$ 65,417
July	\$ 41,667	August	48,333	August	55,833	August	65,417
August	41,667	September	48,333	September	55,833	September	65,417
September	41,667	October	48,333	October	55,833	October	65,417
October	41,667	November	48,333	November	55,833	November	65,417
November	41,667	December	48,333	December	55,833	December	65,417
December	41,667	January	48,333	January	55,833	January	65,417
January	41,667	February	48,333	February	55,833	February	65,417
February	41,667	March	48,333	March	55,833	March	65,417
March	41,667	April	48,333	April	55,833	April	65,417
April	41,667	May	48,333	May	55,833	May	65,417
May	41,667	June	50,417	June	57,917	June	67,500
June	43,333	<i>Total</i>	582,083	<i>Total</i>	672,083	<i>Total</i>	787,083
<i>Total</i>	501,667						
		<u>2017 - 2018</u>		<u>2021 - 2022</u>		<u>2025 - 2026</u>	
<u>2013 - 2014</u>		July	\$ 50,417	July	\$ 57,917	July	\$ 67,500
July	\$ 43,333	August	50,417	August	57,917	August	67,500
August	43,333	September	50,417	September	57,917	September	67,500
September	43,333	October	50,417	October	57,917	October	67,500
October	43,333	November	50,417	November	57,917	November	67,500
November	43,333	December	50,417	December	57,917	December	67,500
December	43,333	January	50,417	January	57,917	January	67,500
January	43,333	February	50,417	February	57,917	February	67,500
February	43,333	March	50,417	March	57,917	March	67,500
March	43,333	April	50,417	April	57,917	April	67,500
April	43,333	May	50,417	May	57,917	May	67,500
May	43,333	June	52,083	June	60,417	June	82,083
June	45,000	<i>Total</i>	606,667	<i>Total</i>	697,500	<i>Total</i>	824,583
<i>Total</i>	521,667						
		<u>2018 - 2019</u>		<u>2022 - 2023</u>		<u>2026 - 2027</u>	
<u>2014 - 2015</u>		July	\$ 52,083	July	\$ 60,417	July	\$ 78,900
July	\$ 45,000	August	52,083	August	60,417	August	78,900
August	45,000	September	52,083	September	60,417	September	78,900
September	45,000	October	52,083	October	60,417	October	78,900
October	45,000	November	52,083	November	60,417	November	78,900
November	45,000	December	52,083	December	60,417	December	78,900
December	45,000	January	52,083	January	60,417	January	78,900
January	45,000	February	52,083	February	60,417	February	78,900
February	45,000	March	52,083	March	60,417	March	78,900
March	45,000	April	52,083	April	60,417	April	78,900
April	45,000	May	52,083	May	60,417	May	78,913
May	45,000	June	54,167	June	62,500	June	-
June	46,667	<i>Total</i>	627,083	<i>Total</i>	727,083	<i>Total</i>	867,917
<i>Total</i>	541,667						
		GRAND TOTAL:	<u>\$ 9,965,000</u>				

Exhibit "F2"
Schedule of Variable Base Rent

(See Attached Example Schedule – To Be Replaced Upon Issuance Of A Financing Notice.)

The following are example computations of Variable Base Rent. Upon Landlord's delivery of a Financing Notice, Exhibit F2 will be prepared, as contemplated by Section 3.1.2 of the Lease, and attached hereto in replacement of these example computations.

EXHIBIT F-2A
VARIABLE BASE RENT SCHEDULE

		Variable Base Rent		Variable Base Rent		Variable Base Rent
		<u>2015 - 2016</u>		<u>2019 - 2020</u>		<u>2023 - 2024</u>
		July 18,126.50		July 14,952.67		July 8,880.29
		August 18,126.50		August 14,952.67		August 8,880.29
		September 18,126.50		September 14,952.67		September 8,880.29
		October 18,126.50		October 14,952.67		October 8,880.29
		November 18,126.50		November 14,952.67		November 8,880.29
		December 18,126.50		December 14,952.67		December 8,880.29
		January 18,126.50		January 14,952.67		January 8,880.29
		February 18,126.50		February 14,952.67		February 8,880.29
		March 18,126.50		March 14,952.67		March 8,880.29
		April 18,126.50		April 14,952.67		April 8,880.29
		May 18,126.50		May 14,952.67		May 8,880.29
		June 17,585.17		June 13,696.00		June 6,974.04
		Total 216,976.67		Total 178,175.33		Total 104,657.25
		<u>2016 - 2017</u>		<u>2020 - 2021</u>		<u>2024 - 2025</u>
		July 17,585.17		July 13,696.00		July 6,974.04
		August 17,585.17		August 13,696.00		August 6,974.04
		September 17,585.17		September 13,696.00		September 6,974.04
		October 17,585.17		October 13,696.00		October 6,974.04
		November 17,585.17		November 13,696.00		November 6,974.04
		December 17,585.17		December 13,696.00		December 6,974.04
		January 17,585.17		January 13,696.00		January 6,974.04
		February 17,585.17		February 13,696.00		February 6,974.04
		March 17,585.17		March 13,696.00		March 6,974.04
		April 17,585.17		April 13,696.00		April 6,974.04
		May 17,585.17		May 13,696.00		May 6,974.04
		June 16,923.00		June 12,261.08		June 4,913.42
		Total 210,359.83		Total 162,917.08		Total 81,627.88
		<u>2017 - 2018</u>		<u>2021 - 2022</u>		<u>2025 - 2026</u>
		July 16,923.00		July 12,261.08		July 4,913.42
		August 16,923.00		August 12,261.08		August 4,913.42
		September 16,923.00		September 12,261.08		September 4,913.42
		October 16,923.00		October 12,261.08		October 4,913.42
		November 16,923.00		November 12,261.08		November 4,913.42
		December 16,923.00		December 12,261.08		December 4,913.42
		January 16,923.00		January 12,261.08		January 4,913.42
		February 16,923.00		February 12,261.08		February 4,913.42
		March 16,923.00		March 12,261.08		March 4,913.42
		April 16,923.00		April 12,261.08		April 4,913.42
		May 16,923.00		May 12,261.08		May 4,913.42
		June 16,025.58		June 10,662.58		June 2,520.92
		Total 202,178.58		Total 145,534.50		Total 56,568.50
		<u>2018 - 2019</u>		<u>2022 - 2023</u>		<u>2026 - 2027</u>
		July 16,025.58		July 10,662.58		July 2,520.92
		August 16,025.58		August 10,662.58		August 2,520.92
		September 16,025.58		September 10,662.58		September 2,520.92
		October 16,025.58		October 10,662.58		October 2,520.92
		November 16,025.58		November 10,662.58		November 2,520.92
		December 16,025.58		December 10,662.58		December 2,520.92
		January 16,025.58		January 10,662.58		January 2,520.92
		February 16,025.58		February 10,662.58		February 2,520.92
		March 16,025.58		March 10,662.58		March 2,520.92
		April 16,025.58		April 10,662.58		April 2,520.92
		May 16,025.58		May 10,662.58		May 2,520.92
		June 14,952.67		June 8,880.29		June 0.00
		Total 191,234.08		Total 126,168.71		Total 27,730.08
		<u>2019 - 2020</u>		<u>2023 - 2024</u>		<u>2027 - 2028</u>
		July 14,952.67		July 8,880.29		July 0.00
		August 14,952.67		August 8,880.29		August 0.00
		September 14,952.67		September 8,880.29		September 0.00
		October 14,952.67		October 8,880.29		October 0.00
		November 14,952.67		November 8,880.29		November 0.00
		December 14,952.67		December 8,880.29		December 0.00
		January 14,952.67		January 8,880.29		January 0.00
		February 14,952.67		February 8,880.29		February 0.00
		March 14,952.67		March 8,880.29		March 0.00
		April 14,952.67		April 8,880.29		April 0.00
		May 14,952.67		May 8,880.29		May 0.00
		June 13,696.00		June 6,974.04		June 0.00
		Total 178,175.33		Total 104,657.25		Total 0.00

Landlord: _____

Tenant: _____

Assumptions
Market conditions as of March 2012
Fixed-rate long-term financing
Final maturity of 5/15/2027

Exhibit E
Property Management Agreement

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (this “**Agreement**”) is dated as of April 20, 2012 (the “**Agreement Date**”), and is made by and between The Regents of the University of California, a California corporation on behalf of the Davis Campus (“**Owner**”), and Sierra Nevada College, a Nevada nonprofit corporation (“**Manager**”), with reference to the following facts and circumstances:

A. Owner holds title to that certain improved land which is approximately 1.39 acres in size comprising Washoe County Assessor’s Parcel Number 127-040-09 (herein, the “**Land**”) as more particularly described on Exhibit A attached hereto, together with certain corresponding easement rights (the “**Appurtenant Easements**”) set forth in a Declaration of Easements, recorded on April 21, 2005 in the office of the County Recorder of Washoe County, Nevada, as Document No. 3201794 (“**Declaration of Easements**”) granted in favor of Resultant Parcel 1 (as defined in the Declaration of Easements). A building commonly known as the Tahoe Center for Environmental Sciences within the Sierra Nevada College campus (the “**Sierra Nevada College Lake Campus**”), and having an address of 291 Country Club Drive, Incline Village (the “**Building**”), has been constructed upon the Land. The Land, the Building and the Appurtenant Easements together with all other rights and improvements associated therewith are collectively referred to as the “**Project**.”

B. Owner and Manager developed and constructed the Project as a joint use facility. Owner and Manager have entered into that certain Lease Agreement (the “**Lease**”), dated April 20, 2012, wherein Owner leases to Manager a portion of the Project. Since the completion of the Project, Manager has acted as the property manager for the Project and for the remaining areas of the Sierra Nevada College Lake Campus.

C. Owner desires to retain Manager to manage, operate and supervise the Project, and Manager desires to be retained by Owner to manage, operate and supervise the Project, upon the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. As used in this Agreement, the following terms shall have the respective meanings set forth in this Section 1:

1.1. Bankruptcy: The term “**Bankruptcy**” shall mean, with respect to a specified Person, (a) the voluntary filing of an application by such Person for relief under any federal or state bankruptcy or insolvency law; (b) such Person’s consent to the appointment of a trustee, receiver, or custodian of its assets; (c) the entry of an order for relief with respect to such Person in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time; (d) the making by such Person of a general assignment for the benefit of creditors; (e) the involuntary filing of an application for relief against such Person under any federal or state bankruptcy law, or the entry (if opposed by the Person) of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of such Person, unless the application or

proceedings, as the case may be, are dismissed within ninety (90) days; or (f) the failure by such Person generally to pay its debts as they become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the Person's admission in writing of its inability to pay its debts as they become due.

1.2. Business Day: The term "**Business Day**" shall mean all days other than Saturdays, Sundays and federal or state holidays in Nevada and/or California.

1.3. Person. The term "**Person**" shall mean an individual, general or limited partnership, limited liability partnership or company, corporation, trust, estate, real estate investment trust, association or any other entity.

2. APPOINTMENT OF MANAGER. Subject to all the terms and conditions of this Agreement, Owner hereby appoints Manager as the manager of the Project during the term of this Agreement, as set forth in Section 3 below, and Manager hereby accepts such appointment.

3. TERM

3.1. Basic Term. This Agreement shall have a term commencing on the Agreement Date and ending on June 30, 2027 (the "**Term**"), unless earlier terminated pursuant to the provisions of Section 3.2 below. The expiration or earlier termination of the Term shall not affect Manager's right to recover amounts due and payable by Owner to Manager pursuant to the terms and conditions of this Agreement, which were earned prior to such expiration or earlier termination; provided, however, that, Owner shall have the right to deduct from any payments otherwise due to Manager any costs or damages which Owner incurs as a result of a termination for Cause (as defined below) or any other amounts due and payable by Manager to Owner hereunder.

3.2. Termination.

3.2.1. Termination by Owner for Cause. Notwithstanding the provisions of Section 3.1 above, Owner shall have the right to immediately terminate this Agreement upon notice to Manager for Cause (as defined below). Any termination of this Agreement by Owner shall be without prejudice to any other right or remedy that Owner may have pursuant to this Agreement, at law or in equity.

(a) Definition of "Cause". For purposes of this Agreement, the term "**Cause**" shall mean any of the following:

(i) Through any act or omission of Manager, Manager misappropriates any funds of Owner or otherwise commits gross negligence, willful misconduct, fraud, malfeasance or intentional misrepresentation in connection with Manager's duties under this Agreement;

(ii) Manager becomes the subject of a Bankruptcy or dissolves;
and

(iii) Through any act or omission of Manager, Manager commits a breach of any term, covenant, condition or obligation hereunder (including, without limitation, Manager's failure to comply with the Performance Standard (as defined in Section 4 below)), except to the extent set forth in Section 3.2.1(a)(i) – Section 3.2.1(a)(ii) above, and fails to cure the same to the reasonable satisfaction of Owner (i) within five (5) Business Days after having received notice of such breach from Owner, if the breach is primarily monetary in nature, or (ii) within thirty (30) calendar days after having received notice of such breach from Owner, if the breach is not primarily monetary in nature; provided that, if any such non-monetary breach cannot be cured within such thirty (30) calendar day period, Manager shall have additional time within which to cure such breach for so long as it is continuing to pursue such cure with all reasonable diligence at all times during that period, but not in any event to exceed sixty (60) calendar days in the aggregate from Manager's receipt of notice of such breach from Owner.

3.2.2. Termination by Owner Upon Sale. If the Project or any portion of Owner's direct or indirect interest therein is sold, exchanged or otherwise transferred at any time during the Term to any Person or Persons, at Owner's election (as evidenced by delivery of written notice thereof to Manager no later than ten (10) calendar days prior to the effective date of such sale, exchange or transfer), (a) this Agreement shall terminate as of the effective date of such sale, exchange or transfer, and (b) following such termination, (i) Manager shall reasonably cooperate with Owner to accomplish an orderly winding down of Owner's business with respect to the Project, and (ii) neither Owner nor Owner's successor shall have any further liability to Manager under this Agreement, except with respect to amounts due and payable to Manager pursuant to the terms and conditions of this Agreement accrued and unpaid as of the date of termination; provided, however, that, Owner shall have the right to deduct from any payments otherwise due to Manager any amounts due and payable by Manager to Owner hereunder.

3.3. Effect of Termination. Upon the expiration or earlier termination of this Agreement, Manager shall forthwith:

3.3.1. Immediately surrender and deliver to Owner any and all amounts in the Operating Sub-Account (as defined in Section 5.1 below);

3.3.2. Deliver to Owner any monies due to Owner, but received after such termination, within three (3) Business Days following any receipt thereof;

3.3.3. Promptly deliver to Owner all Project materials, supplies, keys, contracts, documents, plans, specifications, promotional materials and such other accountings, papers and other records pertaining to the Project as requested by Owner;

3.3.4. At Owner's request, promptly assign to Owner executed contracts relating to the operation and maintenance of the Project;

3.3.5. Subject to Section 4.2 below, at Owner's request, promptly assign or transfer to Owner or to such Person as Owner may direct any Licenses (as defined in Section 4.2 below) obtained in the name of Manager which are assignable or transferable;

3.3.6. Promptly deliver to Owner all deliverables contained in Section 4, below, up to and including the date of expiration or earlier termination of this Agreement;

3.3.7. Deliver a final accounting for the Project to Owner within thirty (30) calendar days after the effective date of the expiration or earlier termination of this Agreement. Such final accounting shall set forth all current receipts, all current expenses and all other expenses contracted for on Owner's behalf but not yet incurred in connection with the Project, together with such other information as may be reasonably requested by Owner;

3.3.8. Subject to Section 3.3.9 below, immediately cease the performance of all services required to be performed by Manager under this Agreement; and

3.3.9. Reasonably cooperate with Owner and a replacement property manager designated by Owner, if any, to accomplish an orderly transfer of the operation and management of the Project to Owner or any replacement property manager designated by Owner.

The obligations set forth in this Section 3.3 shall survive the expiration or earlier termination of this Agreement.

4. DUTIES OF MANAGER. Manager shall, at all times, (a) utilize the effort, care and skill generally expected of managers of properties comparable in size, use, quality, location and value of the Project, (b) employ sound business practices, (c) take such steps as are necessary or appropriate to maintain and enhance the value of the Project within the confines of the Approved Budgets (as defined in Section 4.7 below) and the directives of Owner, and (d) use its diligent efforts to operate the Project and carry out the Approved Budgets and the directives of Owner with respect to the Project (collectively, the "**Performance Standard**"). Manager shall provide for the day-to-day management and operation of the Project and is authorized to provide services to the Project, including the matters described below, strictly in accordance with the terms and conditions of this Agreement, including, without limitation, the Performance Standard and the Approved Budgets:

4.1. Maintenance. Manager shall take such reasonable action as may be reasonably necessary to cause the Land, Building and Appurtenant Easements to be operated and maintained in a sanitary, clean and structurally sound conditions, no worse than the better of the condition of (i) the balance of the Sierra Nevada College Lake Campus or (ii) well maintained commercial and institutional office buildings in the Washoe County area of similar quality and age.

4.2. Legal Requirements and Licenses. Manager shall take such reasonable action as may be reasonably necessary to comply with any and all orders or requirements affecting the Project by any federal, state, county or municipal authority having jurisdiction, prior to the date such action is required by such authority to be taken. Manager, however, shall not take such action as long as Owner is contesting or has notified Manager of its intention to contest any such order or requirement. Manager shall prepare, execute and, after obtaining the approval of Owner, file any reports or documents as may be required by any local, state or federal authority. Any fees or reasonable out-of-pocket expenses actually incurred and paid by Manager in connection with such legal compliance shall be borne by Owner, but only to the extent such expenses have been previously approved by Owner and Owner has been provided with documentary evidence thereof to Owner's reasonable satisfaction.

Manager shall use reasonable efforts to obtain, at Owner's expense, all licenses, permits, certificates, consents, approvals or other entitlements believed by Manager in good faith to be required for the operation of the Project (collectively, "**Licenses**"), in each case to the extent approved by Owner. All Licenses shall be obtained in Owner's name whenever possible; provided, however, that unless requested by Owner, all Licenses currently held in the name of Manager shall remain in the name of Manager until the next scheduled renewal of each such License, whereupon such License shall then be renewed in the name of Owner. Any Licenses obtained in the name of Manager (whether currently held in Manager's name or at any time hereinafter obtained in Manager's name) shall be held on behalf of, and for the benefit of, Owner, and upon expiration or earlier termination of this Agreement, Manager shall, to the extent such Licenses are transferable or assignable, transfer or assign all such Licenses for the Project to Owner or to such Person as Owner may direct at no cost to Owner.

4.3. Repairs and Maintenance Contracts. Manager shall, on behalf of Owner and at Owner's expense, make or contract for all repairs, replacements, general maintenance, renovations and capital improvements on the Project as approved by Owner in writing, and subject to the Approved Budgets; provided, however, that Owner's approval of the Approved Budgets shall constitute Owner's written approval of the repairs, replacements, general maintenance, renovations and capital improvements, if any, reflected within the subject Approved Budgets. Owner's prior written approval shall be required for execution of any contract on behalf of Owner and for any such expenditures outside of the Approved Budgets or in excess of the budgeted amounts set forth in the Approved Budgets. Manager shall use good faith efforts to include provisions in all such contracts requiring the other contracting party to indemnify, defend, protect and hold Manager and Owner harmless from and against any and all claims, liabilities, damages, losses and costs (including, without limitation, reasonable attorneys' fees) in any manner related to, arising out of and/or resulting from any damage to or injury to, or death of, persons or property caused or occasioned by or in connection with or arising out of any negligence or willful misconduct of such contracting party or its employees, agents or contractors. Manager shall also be responsible for paying (at Owner's expense) the fees, charges, expenses and commissions due to any independent contractor to the extent such fees, charges, expenses and commission are either reflected within the Approved Budgets or otherwise payable pursuant to a contract separately approved by Owner. Manager shall obtain from all independent contractors working in or about the Project certificates of insurance, evidencing property damage, liability and workmen's compensation insurance in amounts in compliance with federal and state statutes, and acceptable to Owner. Manager shall not mark up the cost of outside services and materials. Manager shall promptly pay Owner all profits, fees, rebates and any other value received directly or indirectly from any person or company furnishing any type of service or goods to the Project. Manager shall obtain and maintain records and enforce any guarantees or warranties that may concern Owner's real or personal property included within the Project. Written approval of Owner must be obtained before pursuing any legal remedies to enforce such guarantees or warranties.

4.4. Project Inspections. Manager shall inspect the Project regularly to determine that it is complying with the requirements of any laws relating to the Project. However, if Owner so requires, Manager shall, at Owner's expense, engage the services of a consulting firm selected by Owner to conduct such periodic inspections with the assistance of Manager (at no cost to Owner) as are reasonably necessary to monitor the condition of the Project and/or the Manager's compliance with the requirements of this Agreement. Manager shall promptly advise Owner of the results of all such inspections.

4.5. Claims and Awards. When requested by Owner, Manager shall, without charge, render advice and assistance to Owner in the negotiation and prosecution of all claims under any property or liability insurance policy.

4.6. Construction Facilitation. Upon Owner's written approval or request, Manager shall coordinate, facilitate, manage, supervise, oversee and direct all construction of capital improvements on or in the Project (collectively, the "**Construction Facilitation Duties**"), including construction of improvements required by Owner or Manager (in its capacity as lessee under the Lease), subject to the Approved Budgets, the Performance Standard and Owner's prior written approval. For purposes of this Agreement, construction of capital improvements, which are not the responsibility of a particular occupant of the Building, shall be referred to herein as the "**Construction Projects**". Prior to commencing or allowing the commencement of any Construction Project, Manager must provide Owner with detailed information concerning the Construction Project and receive, in writing, Owner's approval of such Construction Project, which may be granted or withheld in Owner's sole and absolute discretion.

4.7. Budgets.

4.7.1. Owner and Manager will confer to jointly review objectives for maintenance and operation of the Project during the coming Fiscal Year. As used herein, the term "**Fiscal Year**" shall mean a period commencing on July 1 of a calendar year and ending on June 30th of the following calendar year. Thereafter, Manager shall prepare and submit to Owner a proposed annual operating budget (the "**Operating Budget**") and a proposed annual capital budget (the "**Capital Budget**") for the management and operation of the Project no later than April 1 of each year during the Term. The Operating Budget shall include all Operating Expenses (as defined in the Lease and in accordance with the Property Operating Expense Addendum attached to the Lease). The Capital Budget shall include expenses and reserves related to the Capital Replacements (as defined in the Lease) and those items identified and approved by Owner in the Capital Improvement Analysis (defined below). The proposed annual Operating Budget and Capital Budget shall be in a form reasonably acceptable to Owner. Owner and Manager shall meet in April and November (each such meeting a "**Bi-Annual Meeting**"), at a time reasonably determined by both, for purposes of reviewing and approving the Capital Budget and Operating Budget or any modifications thereto. Owner will review the proposed budgets, and if Owner considers them acceptable, Owner will so notify Manager in writing (the proposed annual Operating Budget and Capital Budget which are approved by Owner are referred to herein as the "**Approved Operating Budget**" and the "**Approved Capital Budget**", respectively, and collectively as the "**Approved Budgets**"). If Owner considers any proposed budget unacceptable, Owner shall specify to Manager in writing the reason(s) therefor and Owner and Manager shall meet and confer in an attempt to resolve the items in dispute. Manager shall complete reconciliation of (i) actual Operating Expenses and Capital Replacement expenses allocable to each month with (ii) the estimated Operating Expenses and Capital Replacement expenses for such month from the Approved Budgets within twenty (20) calendar days following the end of each month during the Term (or earlier to the extent reasonably required by Owner).

4.7.2. Manager shall have the right from time to time to submit in writing proposed revised budgets to Owner for Owner's approval, and Owner may approve or disapprove such revised

budgets in Owner's reasonable discretion. Any approved changes shall become a part of the Approved Budgets only if Owner has specified in writing that such changes shall become the new Approved Budgets. Manager shall use diligence and all reasonable efforts to prevent the actual costs of maintaining and operating the Project from exceeding the Approved Budgets.

4.7.3. Not later than July 1, 2012 and April 1st of each Reserve Study Year (as defined below) thereafter, Manager shall contract with a consultant selected and approved by Owner ("**Capital Reserve Consultant**") who shall prepare a long-term capital improvement analysis (the "**Primary Capital Improvement Analysis**") to determine the sufficiency of the Capital Budget, the scope and accuracy of the Capital Replacements and the sufficiency of the then current funds in the Capital Replacement Account. The Capital Improvement Analysis will determine the appropriate level of reserves for Capital Replacements to be maintained for the Project and such other matters as Owner shall require. At the April Bi-Annual Meeting of each year which is not a Reserve Study Year, Landlord shall review the Primary Capital Improvement Analysis to assess whether any current adjustments should be made (each an "**Annual Capital Improvement Review**"). As used herein, the term "**Reserve Study Year**" shall mean the Fiscal Year beginning July 1, 2012 and the Fiscal Year beginning on each consecutive fifth (5th) year anniversary thereafter.

4.7.4. If Owner and Manager cannot agree on the Operating Budget and/or the Capital Budget on or before the date which is 15 days prior to the commencement of the Fiscal Year to which such Operating Budget and/or Capital Budget applies, as applicable, then the respective Operating Budget and/or Capital Budget, as applicable, for such year shall be determined by mediation and arbitration under Section 11 hereof.

4.8. Books and Records; Financial Statements and Other Reports.

4.8.1. Manager shall maintain at its principal office at the Sierra Nevada College Lake Campus, complete and separate books, records and documents relating to the management and operation of the Project, including, without limitation, the following: all contracts, original leases, amendments, extensions and agreements relating to contracts, files, correspondence with the Sierra Nevada College Lake Campus, computations of rental adjustments, maintenance and preventative maintenance programs, schedules and logs, tenant finish and construction records, inventories of personal property and equipment, correspondence with vendors, job descriptions, correspondence with federal, state, county and municipal authorities, brochures, and accounts held or maintained by Manager (all such books, records and documents are referred to herein collectively as "**Books, Records and Documents**").

4.8.2. Unless otherwise instructed by Owner in writing, Manager shall maintain all books and records relating to the Project in accordance with government accounting standards and management practices for real estate assets selected by Owner, at Manager's expense. Except as approved in writing by Owner and as otherwise provided in Section 4.8.3 below, all accounting functions shall be performed by those personnel of Manager whose compensation is payable solely by Manager without reimbursement by Owner, and Owner shall not be liable (and Manager shall pay) for the cost of any computer accounting and outside accounting services.

4.8.3. At the request of Owner, Manager shall, at Owner's expense, arrange for a firm of certified public accountants approved by Owner to prepare all forms, reports and returns required by any federal, state, county or municipal authority relating to the Project for execution by Owner prior to the applicable deadlines.

4.8.4. Manager shall prepare and deliver to Owner, at Manager's expense (except as otherwise expressly set forth to the contrary in the Approved Budgets), the following financial statements and other reports:

(a) Monthly reports, all in the form reasonably requested by Owner, within twenty (20) calendar days after the end of each calendar month; provided, however, that, if Owner's lender requires monthly reports to be delivered earlier, Manager shall timely prepare and deliver such monthly reports to Owner on or prior to the earlier of (x) such earlier deadline or (y) twenty (20) calendar days after the end of each calendar month:

(i) A construction report for the Project during any period when construction activities are being conducted;

(ii) A detailed report of all expenses paid for such prior month;

(iii) A comparison of the current month and year-to-date account of actual expenses to budgeted amounts, calculations of monthly and year-to-date variances from the Approved Budgets and a revised annualized projection of monies to be collected and expenses to be paid for the balance of the Fiscal Year;

(iv) A reconciliation of amounts receivable or due to Owner accompanied by payment of same for such prior month;

(v) A reconciliation of the Operating Sub-Account as to funds received, expended and held for the Project for such prior month; and

(ix) Such other reports which are reasonably requested by Owner.

(b) Periodic reports, all in the form reasonably requested by Owner, within such time as reasonably agreed to by Owner and Manger following Owner's reasonable request therefor:

(i) Reports covering on-site physical inspections and operating reviews;
and

(ii) Then current inventory of all personal property and equipment used in connection with the Project.

(c) A true and correct copy of a statement of cash receipts, disbursements and accounts with respect to the Project covering the prior Fiscal Year, prepared in accordance with government accounting standards and management practices for real estate assets selected by Owner, within sixty (60) calendar days after the end of each Fiscal Year.

4.9. Taxes. Manager shall exercise reasonable efforts to obtain on a timely basis bills for any applicable real estate and personal property taxes, sales taxes, improvement assessments or bonds and other like charges which are or may become liens against all or any part of the Project (collectively, "Taxes"). Subject to reimbursement pursuant to the provisions of Section 5.1.2, Manager shall pay all bills for Taxes prior to delinquency.

4.10. Energy Management. Manager shall use prudent and customary means to control and use utilities at the Project to minimize total costs of operating the Project while satisfying Owner's obligations to tenants of the Project.

4.11. Security. Manager shall use reasonable efforts to maintain or cause to be maintained a security program designed for the needs of the Project and its occupants (except for the tenants of the Project that are expressly required under their leases to provide for their own security at all times). In connection with the foregoing, Manager and Owner shall cooperate in mutually developing and adopting policies and procedures for security at the Project. Manager shall promptly notify Owner of any material known incidents or conditions which affect or reflect upon the adequacy of the security for the Project.

4.12. Compliance with Owner's Obligations. Manager shall operate the Project in compliance with all terms and conditions of any easement, restriction, covenant, condition and restriction, ground lease, space lease, mortgage, deed of trust or other security or comparable instrument affecting the Project, if any, provided to Manager by Owner.

4.13. Employees. Manager shall, at its sole cost and expense and without reimbursement from Owner (except for the reimbursement provided in Section 7.2 below), select, employ, pay, supervise and discharge all employees and personnel necessary for the operation, maintenance and, subject to Section 4.11 above, protection of the Project. Any such employees or personnel shall be employees or independent contractors of Manager and not of Owner. Manager shall use reasonable care to select qualified, competent and trustworthy employees and independent contractors. Subject to the provisions of this Section 4.13, the selection, terms of employment (including without limitation compensation and duration of employment), supervision, training and assignment of duties of all employees of Manager providing Project-related services shall be the duty and responsibility of Manager. Manager shall diligently endeavor to comply with all applicable laws, rules and regulations concerning worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions and other employer/employee-related subjects.

4.14. Other Actions. Manager shall take such action from time to time as Manager deems advisable for the efficient and economic management, leasing, operation and maintenance of the Project in accordance with the Performance Standard, subject to the terms and conditions of this Agreement and the Approved Budgets.

4.15. Manager's Agent. This Agreement is a personal services contract and Manager shall not have the right to transfer or assign Manager's rights, duties or obligations under this Agreement without first obtaining Owner's written consent, which may be granted or withheld in Owner's sole and absolute discretion. Without limiting the foregoing, Manager shall have the right to delegate all or

a portion of its duties and responsibilities under this Agreement from time to time to Sodexo or to another third party as determined by Manager from time to time (“**Manager’s Agent**”), subject to approval by Owner. Upon thirty (30) day prior written notice to Manager, Owner may withdraw its approval of Manager’s Agent and Manager shall no longer allow Manager’s Agent to perform all or any portion of its duties hereunder. In no event shall any delegation by Manager relieve Manager of its duties and obligations hereunder. In the event of failure by Manager or Manager’s Agent to perform, in a satisfactory manner, any of the duties provided in this Agreement, Owner may perform the same if Manager has not undertaken to correct such failure within five (5) business days after written notice, and, in addition to any other remedy Owner may have, collect the cost thereof from the Operating Sub-Account, together with interest thereon, which interest shall accrue from the date such costs are advanced by Owner until repaid to Owner from the Operating Sub-Account.

5. BOOKEEPING ACCOUNTS.

5.1. Operating Sub-Account. All sums, if any, received by Manager shall be documented in a separate bookkeeping account for the Project (collectively, the “**Operating Sub-Account**”). The funds within the Operating Sub-Account shall be and remain the property of Owner and shall be disbursed strictly in accordance with the Approved Budgets.

5.1.1. Payment of Costs and Expenses. Subject to reimbursement as provided in Section 5.1.2 below, Manager shall pay the following costs directly:

(a) Any and all costs relating to the management, operation and maintenance of the Project, including, without limitation, any and all Third Party Payments (as defined in Section 5.1.2 below), to the extent such costs are strictly within the limits of the Approved Operating Budget or as otherwise approved by Owner;

(b) Costs associated with Capital Replacements, to the extent such costs of Capital Replacements are strictly within the limits of the Approved Capital Budgets or otherwise approved by Owner; and

(c) Any and all costs reasonably necessary to handle an event of emergency in which there is an immediate danger to persons or property or in which action is required in order to avoid an imminent suspension of services, but in no event shall such costs exceed Twenty-Five Thousand Dollars (\$25,000) for any single event of emergency unless Owner has approved such expenditure in writing.

5.1.2. Reconciliation of Accounts. Manager may pay the costs and expenses identified in Section 5.1.1(a) and (c) above directly from Manager’s own funds. In connection with the foregoing, as provided in Section 5.2.2 below, Owner shall periodically deliver to Manager amounts from the Capital Replacement Account for credit to the funds of Owner maintained in the Operating Sub-Account to fund the costs of Capital Replacements set forth in the Capital Budget or otherwise approved by Owner. Notwithstanding the foregoing, within twenty (20) days following the expiration of each calendar month, Manager shall provide Owner with an unaudited statement (“**Monthly Operating Expense Reconciliation Statement**”) of the actual costs and expenses of the Project with respect to the prior calendar month, excluding any costs and expenses for Capital

Replacements, and specifying the amounts paid directly by Manager from Manager's own funds (herein, "**Manager's Direct Operating Expense Payments**"). Manager shall also provide Owner with an unaudited statement ("**Monthly Capital Replacements Reconciliation Statement**") of the actual costs and expenses for Capital Replacements with respect to the prior calendar month, and specifying the amounts paid directly by Manager from Manager's own funds, if any (herein, "**Manager's Direct Replacements Payments**"), as opposed to costs and expenses of Capital Replacements funded by Owner from the Capital Replacement Account. The Monthly Operating Expense Reconciliation Statement shall set forth the amounts payable by Manager (in its capacity as Tenant) under the Lease, with respect to Tenant's Share of Operating Expenses (as such terms are defined within the Lease) (herein "**Manager's Expense Obligations**"). In connection with the foregoing, Manager and Owner acknowledge that Owner is responsible for forty two and four tenths percent (42.4%) ("**Owner's Share**") of the Operating Expenses (as such terms are defined in the Lease) (herein the "**Owner's Expense Obligations**"). The Monthly Capital Replacements Reconciliation Statement shall set forth the amounts payable by Manager (in its capacity as Tenant) under the Lease, in connection with any Required Funding and/or Required Shortfall Funding (as such terms are defined within the Lease) (herein "**Manager's Funding Obligations**"). In connection with the foregoing, Manager and Owner acknowledge that Owner is responsible for the amounts of Landlord's Required Funding and Landlord's Required Shortfall Funding (as such terms are defined in the Lease) (herein the "**Owner's Funding Obligations**"). Manager shall be entitled to reimbursement by Owner of the amount of Owner's Expense Obligations within twenty (20) days following Owner's receipt of the Monthly Operating Expense Reconciliation Statement. Within sixty (60) days following the end of each Fiscal Year, Manager shall prepare an annual reconciliation of the Operating Sub-Account, Operating Expenses and costs and expenses of Capital Replacements ("**Annual Reconciliation**") to ensure that the respective amounts of Manager's Expense Obligations and Manager's Funding Obligations have been funded by Manager with respect to the subject Fiscal Year and that Owner has correspondingly funded Owner's Expense Obligations and Owner's Funding Obligations during such Fiscal Year. In the event a deficit or overage is determined during such Annual Reconciliation, then the party owing funds shall make payment of the outstanding amount within twenty (20) days after completion of the Annual Reconciliation.

5.2. Capital Replacement Account.

5.2.1. Owner shall create and maintain an account at a financial institution of its choice (the "**Capital Replacement Account**") designated by Owner for the holding of capital reserve funds. Owner may designate a different account in any bank or financial institution as the Capital Replacement Account at any time and from time to time, in Owner's sole discretion, by written notice to Manager. Neither Manager nor Manager's agent shall be a signatory on the Capital Replacement Account and shall have no authority to withdraw funds therefrom; provided, however, Manager shall be granted authority to deposit funds therein and shall deposit any Required Funding and/or Shortfall Funding amounts (as such terms are defined in the Lease) received by Manager into the Capital Replacement Account.

5.2.2. To the extent available, Owner shall arrange to have funds from the Capital Replacement Account delivered to Manager to be credited to the Operating Sub-Account and thereafter applied toward the costs associated with Capital Replacements set forth in the Capital Budget or otherwise approved by Owner. In connection with the foregoing, Manager shall submit

periodic (but not more frequently than monthly) draw requests to Owner for reimbursements of costs and expenses payable to contractors, suppliers and materialmen providing services in connection with any Capital Replacements, to the extent such costs and expenses are consistent with the Capital Budget or have otherwise been approved by Owner. Such draw requests shall include reasonable detail of the costs and expenses for which reimbursement is sought, appropriate conditional lien waivers from the respective contractors, materialmen and suppliers, and such other backup information as Owner may reasonably request. Manager shall be responsible for reviewing and approving all requests for payment by contractors, suppliers and materialmen providing services in connection with any Capital Replacements, prior to submitting such requests to Owner. Upon receipt and approval of any such draw request package, Owner shall either disburse funds from the Capital Reserve Account in direct payment of the amounts set forth in the subject draw request, or deposit funds with Manager for credit to the Operating Sub-Account and use for such purpose.

6. INSURANCE.

6.1. Manager's Insurance. At all times during the Term, Manager shall, at its sole expense, comply with and maintain in full force and effect the insurance coverages described with respect to Manager in Exhibit B attached hereto. Manager is responsible for the payment of the premium and deductibles associated with such insurance and none of the charges or deductibles associated with such insurance shall be the responsibility of Owner or otherwise passed through to Owner. Such coverages serve as the minimum requirements of Manager and do not serve to limit Manager's liability to Owner. Certificates evidencing all insurance coverage (including endorsements) required to be obtained or maintained by Manager under this Agreement shall be delivered to Owner promptly after execution of this Agreement and promptly after each renewal or replacement of each policy providing such coverage. Manager's insurance policies shall name Owner as an additional insured in accordance with, and to the extent set forth in, Exhibit B attached hereto.

6.1.1. Manager hereby represents, warrants and covenants that Manager shall cause any third parties hired to perform any work at the Project to obtain, prior to commencing such work, and maintain at all times, at their expense or at the expense of Manager, either (a) the insurance coverages required to be maintained by Manager under this Section 6 and Exhibit B attached hereto, or (b) to the extent approved by Owner, in Owner's reasonable discretion, such other insurance coverages which are customary for such third parties to maintain based on the scope of such work.

6.2. Owner's Insurance. At all times during the Term, Owner shall comply with and maintain in full force and effect the insurance coverage described in the Lease.

6.3. Waiver of Subrogation. Notwithstanding anything in this Agreement to the contrary, in so far as, and to the extent that, the following provision may be effective without invalidating or making it impossible to obtain insurance, Manager and Owner agree that with respect to any hazard, liability, casualty or other loss or claim which is covered by insurance then being carried by either Manager or Owner, the party carrying such insurance and suffering such loss releases the other party of and from any and all claims with respect to such loss to the extent of the insurance proceeds paid with respect thereto and specifically excepting from such release any deductible required to be paid therewith.

7. MANAGEMENT FEE AND REIMBURSEMENTS.

7.1. Management Fee. Manager shall be paid a fee of 3.5% of Operating Expenses excluding all costs and expenses attributable to taxes and insurance (the “**Management Fee**”).

7.2. Employee Reimbursements. Manager shall be entitled to reimbursement of the following employment costs and expenses (collectively, the “**Reimbursable Employee Expenses**”): (i) twenty percent (20%) of the annual wages, salaries, normal employee benefits and taxes payable with respect to Manager’s Chief Financial Officer, (ii) twenty percent (20%) of the annual wages, salaries, normal employee benefits and taxes payable with respect to Manager’s Controller, and (iii) ten percent (10%) of the annual wages, salaries, normal employee benefits and taxes payable with respect to Manager’s Payables Clerk; provided, however, that such Reimbursable Employee Expenses shall be included within the Operating Budget during each Fiscal Year. Manager may make a monthly disbursement to itself from the Operating Sub-Account in an amount equal to the Reimbursable Employee Expenses payable with respect to such month, as and to the extent set forth in the Operating Budget or as otherwise approved by Owner.

7.3. Disbursements. Manager may disburse to itself and any third party all Operating Expenses (including the Management Fee) from the Operating Sub-Account, but only to the extent costs have been earned and are due and payable at such time pursuant to the terms and conditions of this Agreement, and at all times, subject to and in accordance with the Approved Budgets.

7.4. Owner’s Inspection and Audit Rights. Notwithstanding anything to the contrary herein, Owner shall have the right to inspect (i) the Project at all reasonable times, without notice, and (ii) the Books, Records and Documents at all reasonable times upon advance notice. Owner shall also have the right to have an independent, third-party auditor selected by Owner conduct an audit of all or any portion of the Project’s operations at any time. Manager shall promptly correct all accounting method deficiencies and errors disclosed by any such audit, and shall timely inform Owner in writing of all corrective actions taken. All such audits shall be at Owner’s sole cost and expense. Any adjustments in amounts due and owing from Manager to Owner which are discovered by such audit shall be paid within ten (10) calendar days following Manager’s receipt of written notice thereof.

8. OTHER ACTIVITIES OF MANAGER. During the Term, Manager may provide property management services to other portions of the Sierra Nevada College Lake Campus. In no event shall expenses, reimbursements or other fees associated with the other portions of the Sierra Nevada College Lake Campus be paid or included in the Operating Budget or Capital Budget unless such expenses, reimbursements and fees are incurred as a direct cost of the Project.

9. INDEMNITY.

9.1. By Manager. Manager shall be solely responsible for its own acts and those of its subordinates, employees, contractors, suppliers, agents (including Manager’s Agent) and invitees (“**Manager’s Representatives**”) during the Term. Manager hereby indemnifies and agrees to protect, defend and hold harmless Owner from all claims, demands, damages, losses, liabilities, costs, expenses and causes of action of any nature whatsoever (collectively, “**Claims**”) suffered by or asserted against Owner arising out of (w) any fraud, bad faith, gross negligence, willful misconduct,

misappropriation of Owner's funds, misrepresentation, malfeasance or breach of trust of or by Manager or any of Manager's Representatives, (x) the default of this Agreement by Manager, (y) intentional torts on the part of Manager or any of Manager's Representatives, and (z) actions taken outside the scope of authority of Manager.

9.2. The provisions of this Section 9 shall survive the expiration or earlier termination of this Agreement.

10. NATURE OF AGREEMENT. The rights and duties hereby granted to and assumed by Manager are those of an independent contractor only. Nothing contained herein shall be construed to constitute the relationship hereby created between Manager and Owner as an employment, a partnership, a joint venture or a general agency, notwithstanding anything contained herein to the contrary.

11. DISPUTE RESOLUTION.

11.1. Right to Submit Dispute. - All disputes between the parties relating to the interpretation and enforcement of their rights and obligations under this Agreement shall be resolved solely by mediation and arbitration in accordance with the provisions of this Section 11.

11.2. Mediation. With respect to any dispute between the parties that is to be resolved by mediation and arbitration as provided in this Agreement, the parties shall attempt in good faith first to mediate such dispute and use their best efforts to reach agreement on the matters in dispute. Within seven (7) calendar days of the written request of either party, the parties shall attempt to employ the services of a third person mutually acceptable to the parties to conduct such mediation within five (5) days of his or her appointment. If the parties are unable to agree on such third person, or, if on completion of such mediation, the parties are unable to agree and settle the dispute, then the dispute shall be referred to arbitration in accordance with Sections 11.3 through 11.6 below.

11.3. Arbitration. The party demanding arbitration shall give written notice of its demand to the other party stating the subject matter of the dispute and the name and address of a qualified person to act as its arbitrator. Within fifteen (15) days after the receipt of such notice, the parties shall mutually appoint an independent arbitrator with not less than ten (10) years experience in the field of the matter in dispute, who has not done business with either party during the five (5) year period preceding such appointment. If the parties cannot mutually agree upon the appointment of the arbitrator within such fifteen (15) days, then the parties shall each appoint a person to act as arbitrator who is an independent arbitrator with not less than ten (10) years experience in the field of the matter in dispute, who has not done business with either party during the five (5) year period preceding such appointment, and shall give notice to the other party within ten (10) days of the expiration of the fifteen (15) day period stating the name and address of the arbitrator appointed by such noticing party.

11.4. Appointment of Third Arbitrator. If within thirty (30) days following the appointment of the latter of the arbitrators, the two arbitrators are unable to agree in respect of the matter in dispute, the two arbitrators shall each prepare a written decision regarding the dispute and shall jointly appoint by instrument in writing as a third arbitrator a similarly qualified person. The third arbitrator shall select from the written decisions prepared by the other two arbitrators and the

written decision selected by the third arbitrator shall be binding and conclusive upon the parties. If either party fails to appoint an arbitrator or if the two arbitrators fail to agree within the above-specified periods and, upon such failure, fail to appoint a third arbitrator, the appointment shall be made by the chief judge (“**Presiding Judge**”) of the Second Judicial District Court in and for the County of Washoe, State of Nevada (the “**District Court**”) acting in his/her individual and nonofficial capacity on the application of either party and on ten (10) days’ notice to the other party; provided that either party may, by notice given before commencement of the arbitration hearing, consent to arbitration by the arbitrator appointed by the other party. In that event, no further appointment of arbitrators shall be made and any other arbitrators previously appointed shall be dismissed.

11.5. Replacement. The foregoing procedure shall also apply if any arbitrator appointed as aforesaid by the Presiding Judge, or by the other two arbitrators so appointed, shall die, resign, be disqualified or incapacitated, or shall fail or refuse to act before such matter shall have been determined. An arbitrator appointed in such manner who dies, is disqualified or incapacitated or who fails or refuses to act shall be replaced promptly with another arbitrator by the party selecting the displaced arbitrator.

11.6. Procedures. Other than as set forth hereinabove, the arbitration shall be in conformity with and subject to the applicable commercial rules and procedures of the American Arbitration Association. If the American Arbitration Association is not then in existence, the arbitration shall be in conformity with and subject to the provisions of the Nevada Rules of Civil Procedure relating to arbitration as they shall stand amended at the time of the notice of demand to arbitrate.

11.7. Finality of Award. The decision of the arbitrators shall be final and binding on the parties thereto and enforceable by a judicial proceeding in the District Court.

12. GENERAL PROVISIONS.

12.1. Modifications/Waivers. No change or modification of this Agreement shall be valid or binding upon the parties hereto, nor shall any waiver of any term or condition, unless such change, modification or waiver shall be in writing and signed by the parties hereto.

12.2. Binding Effect/Interpretation. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their legal representatives, permitted transferees, successors and permitted assigns. This Agreement together with the applicable provisions of the Lease contains the entire agreement of the parties hereto regarding the specific subject matter hereof and supersedes all representations and agreements previously made between the parties hereto with respect to the transactions contemplated herein. The titles of the sections and paragraphs herein have been inserted as a matter of convenience or reference only and shall not control or affect the meaning or construction of any of the terms or provisions herein. Any rule of construction that ambiguities are to be construed against the drafting party shall not apply to the interpretation of this Agreement.

12.3. Notices. Whenever any notice, demand or other communication is to be given under the provisions of this Agreement by either party hereto to the other party hereto, it shall be in writing and shall be (a) personally served, (b) mailed by United States registered or certified mail,

return receipt requested, postage prepaid, or (c) sent by a nationally recognized courier service (e.g., Federal Express) for next day delivery, to be confirmed in writing by such courier, addressed as set forth below:

To Owner: The Regents of the University of California
c/o University of California, Davis
Real Estate Services
255 Cousteau Place
Davis, California 95618

and a required copy to: University of California, Office of the President
Real Estate Services Group
1111 Franklin Street, 6th Floor
Oakland, California 94607-5200

To Manager: Sierra Nevada College
Attention: President
999 Tahoe Blvd.
Incline Village, Nevada 89451

and a required copy to: Jones Vargas
Attention: Richard A. Rawson, Esq.
3773 Howard Hughes Parkway
Third Floor South
Las Vegas, Nevada 89130

In the event that a different address is furnished by either party hereto to the other party hereto in writing, notices, demands and other communications shall thereafter be sent or delivered to the new address. Service by mail shall be deemed complete on the day of actual delivery as shown by the addressee's registered or certified mail receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever first occurs. Service by personal service or courier shall be deemed complete on receipt. Owner and Manager agree that the attorney for such party shall have the authority to deliver notices on such party's behalf to the other party.

12.4. Attorneys' and Experts' Fees. If any party brings any action or arbitration proceeding with respect to this Agreement, the prevailing party in such action or proceeding shall be entitled to reasonable attorneys' and experts' fees in addition to all other relief and recoverable costs. The provision set forth in this Section 12.4 shall survive the expiration or earlier termination of this Agreement.

12.5. Limitation of Liability. Notwithstanding anything to the contrary contained herein, neither Owner nor any of Owner's employees, officers, directors, trustees, or Board of Directors shall have any personal liability under this Agreement or any instruments to be executed and delivered pursuant to this Agreement and the enforcement of any judgment against such person or entity shall be limited solely to Owner's interest in the Project. Notwithstanding anything to the contrary contained

herein, neither Manager's employees, officers, directors, trustees, or Board of Trustees shall have any personal liability under this Agreement or any instruments to be executed and delivered pursuant to this Agreement and the enforcement of any judgment against such person or entity shall be limited solely to Manager's interest in this Agreement and the Project. The provisions set forth in this Section 12.5 shall survive the expiration or earlier termination of this Agreement.

12.6. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Nevada, subject to Section 12.7 below.

12.7. No Waiver; Cumulative Remedies. The failure of Owner or Manager to seek redress for violation, or to insist upon the strict performance of any covenant, agreement, provision or condition of this Agreement, shall not constitute a waiver of the terms of such covenant, agreement, provision or condition at subsequent times or of the terms of any other covenant, agreement, provision or condition, and Owner and Manager shall have all remedies provided herein and by applicable law with respect to any subsequent act which would have originally constituted a violation.

12.8. Savings Provision. If any term or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

12.9. Independent Advice of Counsel. The parties hereto, and each of them, represent and declare that in executing this Agreement, they rely solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims, and that they have not been influenced to any extent whatsoever in executing the same by any of the parties hereto or by any person representing them, or any of them.

12.10. Counterparts. This Agreement may be executed in any number of counterparts and by facsimile or e-mail pdf or other electronic method, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

12.11. Time of Essence. Time is of essence with respect to each provision of this Agreement in which time is a factor.

12.12. Rights Which Survive Expiration or Earlier Termination. The termination of this Agreement shall in no event terminate or prejudice (a) any right arising out of or accruing in connection with the terms of this Agreement attributable to events and circumstances occurring prior to such termination or (b) any rights or obligations specified in this Agreement to survive termination.

[signature page follows]

IN WITNESS WHEREOF, Owner and Manager have executed this Agreement effective as of the Agreement Date.

OWNER

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California public corporation on behalf of the Davis Campus

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM

By: _____

Name: James D. Agate
University Counsel Of The Regents
Of The University Of California

MANAGER

SIERRA NEVADA COLLEGE,
a Nevada non-profit corporation

By: _____

Name: Lynn G. Gillette

Its: President

EXHIBIT A
LEGAL DESCRIPTION

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

EXHIBIT B
MANAGER'S INSURANCE REQUIREMENTS

Manager's Duty to Obtain Insurance. Manager shall obtain, and maintain throughout the term of the Agreement, the following insurance coverages.

(a) Fidelity Bonds. Fidelity bond coverage which names Owner as obligee must be obtained by or on behalf of Manager for any Person handling funds of Owner, including, but not limited to, officers, directors, trustees, employees and agents of Manager, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum amount of funds in the custody of Manager at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than Two Hundred Fifty Thousand Dollars (\$250,000)

(X) Current Dollars. "Current Dollars" means a dollar amount calculated by multiplying a dollar amount specified in this Agreement by a fraction, the numerator of which is the Consumer Price Index last published prior to the date upon which such amount is calculated and the denominator of which is the Consumer Price Index last published prior to April 2012.

(Y) "Consumer Price Index" means the Consumer Price Index for all urban consumers, all items, (CPI-U) West Urban Region, published by the U.S. Department of Labor, Bureau of Labor Statistics (the "BLS"). If the Consumer Price Index:

(i) is not published for a given calendar month, then the Consumer Price Index for that month shall be the Consumer Price Index published for the most recent prior calendar month or other period for which it is so published; or

(ii) hereafter uses a different standard reference base or is otherwise revised, an adjustment shall be made therein for the purposes of this Agreement, using the conversion factor, formula, or table for making that adjustment as is published by the BLS, or if the BLS does not publish the same, then as is published by Prentice-Hall, Inc., the Bureau of National Affairs, Commerce Clearing House, or any other nationally recognized publisher of similar statistical information, as selected by the Owner; or

(iii) ceases to be published;

then for the purposes of this Agreement there shall be substituted for it such other index as the Owner and Manager may agree upon, or in the absence of such an agreement, the Consumer Price Index first issued for the month and year in question

(c) Commercial Form General Liability Insurance. Commercial Form General Liability Insurance, or a funded policy of self insurance, with minimum limits as follows:

- Dollars;
- (i) Each Occurrence \$1,000,000 Current Dollars;
 - (ii) Products/Completed Operations Aggregate \$5,000,000 Current Dollars;
 - (iii) Personal and Advertising Injury \$1,000,000 Current Dollars;
 - (iv) General Aggregate \$5,000,000 Current Dollars.
- and

(b) Business Automobile Liability Insurance. Business Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles with a combined single limit of not less than one million dollars (\$1,000,000) Current Dollars per occurrence; and

(c) Workers' Compensation Insurance. Workers' Compensation insurance as required by applicable law.

(d) Other Insurance. Manager shall purchase such other insurance, as the Owner deems reasonably necessary, including, but not limited to, errors and omissions.

(e) Beneficiaries. The insurance hereinabove described shall be maintained for the benefit of the Property and the Owner.

Exhibit F
Option Agreement

**OPTION TO PURCHASE
AND
ESCROW INSTRUCTIONS**

by and between

**The Regents of the University of California,
a California corporation,
on behalf of the Davis Campus,
as Optionor**

and

**Sierra Nevada College,
a Nevada nonprofit corporation,
as Optionee**

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OPTION TO PURCHASE AND ESCROW INSTRUCTIONS

This OPTION TO PURCHASE AND ESCROW INSTRUCTIONS (this “**Option Agreement**”) is made and entered into this 20th day of April, 2012 (“**Effective Date**”), by and between Sierra Nevada College, a Nevada non-profit corporation (“**Optionee**”), and The Regents of the University of California, a California corporation on behalf of the Davis Campus (“**Optionor**”), with reference to the following facts and is as follows:

RECITALS

A. Optionor is the owner of that certain improved land which is approximately 1.39 acres in size comprising Washoe County Assessor’s Parcel Number 127-040-09 which land is depicted on the site plan attached hereto as **Exhibit A** (the “**Site Plan**”), and legally described in **Exhibit A-1** attached hereto, which are by this reference incorporated herein (the “**Land**”), upon which a building commonly known as the Tahoe Center for Environmental Sciences, with an address of 291 Country Club Drive, Incline Village (the “**Building**”), has been constructed. which Land and Building and other improvements to the Land are collectively referred to herein as the “**Premises.**” Optionor is the holder of certain corresponding easement rights (the “**Easements**”) set forth in a Declaration of Easements, recorded on April 21, 2005 in the office of the County Recorder of Washoe County, Nevada, as Document No. 3201794 (“**Declaration**”) granted in favor of Resultant Parcel 1 (as defined in the Declaration of Easements). The Premises together with the Easements are collectively referred to herein as the “**Property.**”

B. Concurrently with the execution of this Option Agreement, Optionor and Optionee have entered into a Lease, dated April 20, 2012 (the “**Lease**”), wherein Optionee will lease approximately 57.6% of the gross square footage of the Building, together with certain rights in the balance of the Property, for the term set forth in the Lease (the “**Lease Term**”).

C. Optionor desires to grant to Optionee, and Optionee desires to accept from Optionor, an exclusive option to purchase a 57.6% tenancy-in-common interest in the Property (the “**Option**”). Optionor and Optionee also desire that their respective tenancy-in-common interests in the Property, which shall vest as of Close of Escrow hereunder, be governed by the Tenancy-In-Common Agreement (the “**TIC Agreement**”) attached hereto as **Exhibit B** and by this reference incorporated herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and in the Lease and the other documents referred to herein relating to the Property, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Optionor and Optionee agree as follows:

1. The Option. On the terms and conditions and for the purposes set forth in this Option Agreement, Optionor hereby grants to Optionee the exclusive right and option to purchase a 57.6% tenancy-in-common interest in the Property (the “**Optionee’s Interest**”). The interest in

the Property which is retained by Optionor and not included within the Optionee's Interest is referred to herein as the "**Optionor's Interest.**"

1.1 Term. The term of the Option ("**Option Term**") shall commence on April 20, 2012 (the "**Option Commencement Date**"), and shall expire on June 30, 2028.

1.2 Exercise. To exercise the Option, Optionee shall deliver written notice to Optionor ("**Option Exercise Notice**") at any time during the Option Term. The Option Exercise Notice shall fix a date for the Close of Escrow for the purchase of the Optionee's Interest (the "**Closing Date**") within ninety (90) days after the date of such written notice.

1.3 Purchase and Sale of the Optionee's Interest. If the Option is exercised as provided in this Article 1, Optionor shall sell and Optionee shall purchase the Optionee's Interest pursuant to the terms and provisions of this Option Agreement.

1.4 Option Purchase Price. The purchase price for the Optionee's Interest shall be as set forth in Section 2.1 hereof.

1.5 Memorandum of Option. Concurrently with the execution of this Option Agreement, Optionor and Optionee have executed a memorandum of Option Agreement in the form of agreement attached hereto as **Exhibit C** ("**Memorandum of Option Agreement**"). Optionee may cause the Memorandum of Option Agreement to be recorded in the office of the County Recorder of Washoe County, Nevada concurrently with the recordation of a memorandum of the Lease.

2. Option Consideration. The consideration for the Option granted hereby is Ten Dollars (\$10.00) cash in hand, Optionee's execution of the Lease and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and accepted ("**Option Consideration**").

2.1 Purchase Price. The purchase price ("**Purchase Price**") for the Optionee's Interest shall be equal to the aggregate sum of (x) the Anticipated Fixed Base Rent at the time of Closing, if any, plus (y) all amounts necessary to fully surrender and release any debt that Landlord has obtained to capitalize Landlord's interest in the Property (whether a bond financing identified in a Financing Notice, or otherwise), provided that any amounts paid pursuant to the preceding item (x) shall be applied toward payment of the principal amount of such debt (but not any interest or closing costs and expenses (including, pre-payment charges, lender fees and expenses or other costs of surrender of such debt), plus (z) Ten And No/100ths Dollars (\$10.00).

3. Escrow.

3.1 Escrow Instructions. The purchase and sale of the Optionee's Interest shall be consummated through an escrow (the "**Escrow**") to be established at the offices of an escrow agent designated by Optionor and Optionee (the "**Escrow Agent**"). Upon the opening of Escrow, Optionor and Optionee agree to deliver to Escrow Agent a fully executed copy of this Option Agreement, which shall constitute Escrow Agent's instructions. Optionor and Optionee agree to execute and deliver to Escrow Agent such additional and supplemental instructions as Escrow Agent may require in order to clarify Escrow Agent's duties under this Option

Agreement; provided, however, that in the event of any conflict or inconsistency between this Option Agreement and any instructions delivered to Escrow Agent, the terms of this Option Agreement shall govern the duties of Escrow Agent and the rights and obligations of Optionor and Optionee.

3.2 Definition of "Close of Escrow." For purposes of this Option Agreement, the term "**Close of Escrow**" or "**Closing Date**" shall mean the time when Escrow Agent shall have recorded the Deed conveying the Optionee's Interest in the Property to Optionee.

3.3 Close of Escrow.

3.3.1. Close of Escrow. Close of Escrow for the Optionee's Interest shall occur on the Closing Date specified in the Option Exercise Notice, provided that such date is consistent with the terms of this Option Agreement.

3.3.2. Optionor's Deliveries. Provided the Option has been exercised, Optionor shall deliver into Escrow on or before the Closing Date, the following:

(a) The Deed. A grant, bargain and sale deed ("**Deed**") executed by Optionor and acknowledged, conveying to Optionee the Optionee's Interest.

(b) The TIC Agreement. Four (4) originals of the TIC Agreement, duly executed by Optionor.

(c) Optionor's IRS Section 1445 Affidavit. An affidavit executed in satisfaction of the requirements of Section 1445 of the United States Internal Revenue Code.

(d) Recertification of Representations and Warranties. Recertification of Representations and Warranties certifying that Optionor's representations and warranties, as set forth in Section 6.1 hereof, are true and accurate as of Close of Escrow.

(e) Certification of Authority. Seller's certificate of authority evidencing Seller's ability to convey to Optionee the Optionee's Interest.

(f) Funds. All funds and instruments necessary to (i) discharge all record encumbrances other than those which are Permitted Exceptions, (ii) pay Optionor's charges under Section 5.2.2(a) of this Option Agreement and (iii) consummate the transfer to Optionee of the Optionee's Interest.

3.3.3. Optionee's Deliveries. Provided the Option has been exercised, Optionee shall deliver into Escrow for the Optionee's Interest, on or before the Closing Date, the following:

(a) Recertification of Representations and Warranties. Recertification of Representations and Warranties certifying that Optionee's representations and warranties, as set forth in Section 6.2 hereof, are true and accurate as of Close of Escrow.

(b) The TIC Agreement. Four (4) originals of the TIC Agreement, duly executed by Optionee.

(c) Funds. All funds and instruments necessary to (i) pay any outstanding Base Rent, Additional Rent or other charges (including any late charges and Default Interest charges) (as such terms are defined in the Lease) due and owing under the Lease on the Closing Date; (ii) pay Optionee's charges under Section 5.2.2(b) of this Option Agreement; (iii) an amount equal to Optionee's Share of Restoration Costs (as defined in Section 5.2.3 below), if any; and (iv) consummate the conveyance to Optionee of the Optionee's Interest.

4. Condition of Title.

4.1 Title. Optionor shall convey to Optionee fee simple title to the Optionee's Interest in the Property, subject only to the Permitted Exceptions and the TIC Agreement. As used herein, the term "**Permitted Exceptions**" shall mean (w) exception nos. 1 through 13, 21 and 22 shown on the Title Report of First American Title Insurance Company, no. NCS 518418, dated as of April 2, 2012, (x) any encumbrances created by Optionee, consented to by Optionee or otherwise authorized or approved by Optionee, (y) mechanics liens and similar liens of suppliers securing amounts that have not yet been paid in the ordinary course of business, and (z) minor covenants, conditions, restrictions, survey exceptions, non-monetary encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph, and telephone lines and other similar purposes, and zoning or similar governmental land use restrictions that shall not unreasonably interfere with Optionee's use of the Optionee's Interest.

4.2 Title Insurance Policy. At Close of Escrow and as a condition thereto, Escrow Agent shall issue to Optionee an American Land Title Association ("**ALTA**") extended coverage owner's policy of title insurance with policy coverage in the amount of the fair market value of the Optionee's Interest in the Property, as reasonably determined by Optionee, insuring that fee simple title in the Optionee's Interest in the Property vests in Optionee subject only to: (i) standard printed form exclusions from coverage and conditions and stipulations of such policy of title insurance, (ii) general and special real estate taxes which are, as of the Closing Date, not delinquent, (iii) the Permitted Exceptions, and (iv) the TIC Agreement (the "**Optionee's Title Policy**").

5. Closing; Escrow Cancellation.

5.1 Conditions to Close of Escrow. Escrow Agent shall close Escrow by: (i) filing for record the Deed (and such other documents as are required to be recorded at the Close of Escrow pursuant to the terms hereof) and (ii) delivering documents to the parties as appropriate when each of the following conditions has been satisfied:

5.1.1. Deliveries. All documents described in Section 3.3 for the Close of Escrow have been delivered to Escrow Agent.

5.1.2. Closing Statement. Escrow Agent shall have delivered to the parties and the parties shall have approved the proposed closing statement.

5.1.3. Title Policies. Escrow Agent is prepared to issue the Optionee's Title Policy described in Section 4.2 hereof.

5.2 Prorations, Credits and Costs.

5.2.1. Prorations. Escrow Agent shall prorate to the Closing Date on the basis of a 30-day month with respect to the Optionee's Interest in the Property, the following:

(a) Taxes. General and special real estate taxes; provided, however, that the proration herein shall not limit the obligations of Optionee (as Tenant) under the Lease for periods prior to the Close of Escrow.

(b) Other Items. All other items customarily prorated between a seller and buyer of real property at Close of Escrow; provided, however, that the proration herein shall not limit the obligations of Optionee (as Tenant) under the Lease for periods prior to the Close of Escrow.

5.2.2. Closing Costs.

(a) Costs to be Paid by Optionor. Optionor shall pay the following costs ("**Optionor's Closing Costs**") with respect to the conveyance of the Optionee's Interest:

(i) A percentage of the premium for a CLTA standard coverage title policy with a limit of liability equal to that of the Optionee's Title Policy, which percentage shall equal the total premium for such policy multiplied by Optionor's Interest in the Property.

(ii) A percentage of the real property transfer tax imposed pursuant to NRS Chapter 375 in an amount equal to the total transfer tax due multiplied by Optionor's Interest in the Property.

(iii) A percentage of the escrow fee charged by Escrow Agent in an amount equal to the total escrow fee multiplied by Optionor's Interest in the Property.

(iv) Fees for recording the documents described in this Option Agreement which are to be recorded at the Close of Escrow.

(b) Costs to be Paid by Optionee. Optionee shall pay the following costs ("**Optionee's Closing Costs**") with respect to the conveyance of the Optionee's Interest:

(i) A percentage of the premium for a CLTA standard coverage title policy with a limit of liability equal to that of the Optionee's Title Policy, which percentage shall equal the total premium for such policy multiplied by Optionee's Interest in the Property, together with the difference in cost between the ALTA title policy premium for the policy described in Section 4.2 hereof and the premium for a CLTA standard coverage owner's title policy with the same coverage amount, and the cost of any endorsements requested by Optionee.

(ii) A percentage of the real property transfer tax imposed pursuant to NRS Chapter 375 in an amount equal to the total transfer tax due multiplied by Optionee's Interest in the Property.

(iii) A percentage of the escrow fee charged by Escrow Agent in an amount equal to the total escrow fee multiplied by Optionee's Interest in the Property.

5.2.3. Property Restoration Costs. Optionor and Optionee acknowledge and agree that if Optionee proceeds with the Close of Escrow and the Close of Escrow occurs during a period when any casualty or condemnation exists for which restoration remains to be completed or paid for, then Optionee shall be obligated to share in the costs of such restoration, irrespective of whether the Lease has been terminated as a result of such casualty or condemnation or whether some of the subject restoration is to be completed following the Closing Date. In connection with the foregoing, Optionor and Optionee acknowledge and agree that it is their intention that Optionee shall share in such costs and expenses of restoration in an amount equal to the Optionee's Interest (such amount, herein the "**Optionee's Share of Restoration Costs**"), but that Optionee's Share of Restoration Costs should be computed after taking into consideration any amounts paid by Optionee, as Tenant, under the Lease with respect to the subject costs and expenses and any amounts of insurance and/or awards in condemnation which are made available for such restoration. At the Close of Escrow, Optionor shall determine Optionee's Share of Restoration Costs, if any; provided, however, if restoration work is ongoing, then Optionor shall prepare an estimate of Optionee's Share of Restoration Costs, which amount shall be subject to reconciliation upon the completion of such restoration work. Optionee shall fund Optionee's Share of Restoration Costs prior to the Closing Date, as set forth in item (iii) of Section 3.3.3(c)) and such amounts shall be used in connection with the subject restoration work.

5.2.4. Survival of Close of Escrow. The provisions of this Section 5.2 shall survive the Close of Escrow and continue to be binding upon Optionor and Optionee.

6. Warranties and Representations of the Parties.

6.1 Optionor's Representations. As a material inducement to Optionee to enter into this Option Agreement, Optionor covenants, represents and warrants to Optionee as of the date hereof, and as of the date of the Close of Escrow, as follows:

6.1.1. Authority; Qualifications.

(a) Optionor is a duly organized, validly existing corporation formed under the laws of the State of California and is duly qualified to do business in the State of Nevada, and has the full right, power and authority to enter into and carry out the transactions contemplated by this Option Agreement. The entering into of this Option Agreement and the carrying out of the transactions contemplated hereby do not and will not constitute a violation (or an event which, with the giving of notice or the passage of time, would constitute a violation) under any of Optionor's formation and governing documents.

(b) This Option Agreement and all other documents herein provided to be executed are and will be valid and binding obligations of Optionor enforceable in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting contracting parties generally.

(c) All requisite action has been taken by Optionor in connection with the entering into of this Option Agreement, the instruments referenced herein, and the consummation of this transaction. The individuals executing this Option Agreement and the instruments referenced herein on behalf of Optionor have the legal power, right and actual authority to bind Optionor. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.

(d) This Option Agreement does not now or shall not hereafter breach, invalidate, cancel, make inoperative or interfere with any contract, agreement, instrument, mortgage, deed of trust, promissory note, lease, bank loan or credit agreement to which Optionor is a party or by which it is bound.

(e) Optionor is exempt from federal income taxes under Section 501(a) and Section 501(c)(3) of the IRC

6.1.2. Environmental Representations and Disclosures.

(a) Hazardous Materials. Except as previously disclosed and excluding actions taken by Optionee, to Optionor's knowledge (i) no portion of the Land is being used or has been used for the disposal, storage, treatment, processing or other handling of Hazardous Materials (defined in Section 6.1.2(c) below), (ii) no condition on the Land is in material violation of any Environmental Laws, and (iii) there has been no release, discharge or migration of Hazardous Materials onto or under the Land. Optionor agrees to notify Optionee of any subsequent event which renders this representation inaccurate or misleading.

(b) No Release for Pre-Escrow Conditions. Optionor acknowledges and agrees that the transfer of the Optionee's Interest to Optionee shall not relieve or release Optionor of any legal liability or responsibility Optionor would otherwise have as the owner of the Land whether by way of damages, penalties, remedial actions or otherwise, for any adverse effects or consequences resulting at any time from any contamination existing on, above, or under the Land at the time of Close of Escrow. Optionee acknowledges that Optionee was previously the owner of the Property and that Optionee was previously an occupant of portions of the Property and Optionee further acknowledges and agrees that neither the provisions of the preceding sentence nor the consummation of the transactions contemplated by this Agreement shall act to relieve or release Optionee of any legal liability or responsibility Optionee would otherwise have as the owner of the Property or the prior occupant of portions of the Property, whether by way of damages, penalties, remedial actions or otherwise, for any adverse effects or consequences resulting at any time from any contamination existing on, above, or under the Property at the time of Close of Escrow.

(c) “Hazardous Materials.” Hazardous Materials, for purposes of Section 6.1.2 and Section 6.2.2 hereof, means any substance, water or material which has been determined by any state, federal or local governmental authority to be capable of posing a risk of injury to health, safety and property, including, but not limited to, all of those materials, wastes and substances (a) designated as hazardous, toxic or required to be remediated by the U.S. Environmental Protection Agency, the U.S. Department of Labor, the U.S. Department of Transportation and/or any other governmental agency now or hereafter authorized to regulate materials and substances in the environment, or (b) subject to regulation under any and all present and future federal, state and local laws, statutes, ordinances, regulations, policies, guidelines, decisions or orders and any other requirements of any governmental body governing the generation, storage, release, discharge, transportation, removal, remediation, reduction or disposal of hazardous or toxic materials, without limitation, Comprehensive Environmental Response, Compensation and Liability Act of 1976, 42 U.S.C. §§6901, *et seq.*, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §1820, *et seq.*, the Resource Conservation and Recovery Act, as amended (RCRA), 42 U.S.C. §9601, *et seq.*, the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1810, *et seq.*, the Endangered Species Act, as amended, the Clean Water Act, as amended, 33 U.S.C. §1251, *et seq.*, the Occupational Safety and Health Act, as amended, the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRTKA), 42 U.S.C. §11001, *et seq.*, the Clean Air Act, 42 U.S.C. §7412, *et seq.*, the Pollution Prevention Act of 1990, 42 U.S.C. §13101, *et seq.*, the applicable provisions of Nevada Revised Statutes (“NRS”) Chapters 444, 445A, 445B, 459, 590 and 618, the Uniform Fire Code, the Tahoe Regional Planning Agency (“TRPA”) Code of Ordinances, and any and all successor statutes or codes, each as hereafter amended from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing (collectively, “Environmental Laws”).

6.1.3. Period of Optionor’s Representations and Warranties. Optionor’s representations and warranties under Sections 6.1.1 and 6.1.2 shall survive the Close of Escrow for the Optionee’s Interest. Optionee shall be entitled to recover damages and obtain relief for any breach of such representations or warranties if (i) written notice specifically setting forth the grounds of such breach is given to Optionor by Optionee promptly after discovery, (ii) a suit by Optionee against Optionor is filed in a court of competent jurisdiction and (iii) service of such complaint is made on Optionor within thirty (30) days after the complaint is filed. Notwithstanding the foregoing, to the extent Optionee has actual knowledge at Close of Escrow that any warranty or representation set forth in this Section 6.1 is inaccurate, incomplete or false, Optionee cannot pursue a claim for breach of such warranty or representation.

6.2 Optionee’s Warranties and Representations. As a material inducement to Optionor to enter into this Option Agreement, Optionee covenants, represents and warrants to Optionor as of the date hereof, and as of the date of the Close of Escrow, as follows:

6.2.1. Authority; Qualifications.

(a) Optionee is a duly organized, validly existing non-profit corporation formed under the laws of the State of Nevada and is duly qualified to do business in the State of Nevada, and has the full right, power and authority to enter into and carry out the transactions contemplated by this Option Agreement. The entering into of this Option Agreement

and the carrying out of the transactions contemplated hereby do not and will not constitute a violation (or an event which, with the giving of notice or the passage of time, would constitute a violation) of Optionee's formation and governing documents.

(b) This Option Agreement and all other documents herein provided to be executed are and will be valid and binding obligations of Optionee enforceable in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting contracting parties generally.

(c) All requisite action has been taken by Optionee in connection with the entering into of this Option Agreement, the instruments referenced herein, and the consummation of this transaction. The individuals executing this Option Agreement and the instruments referenced herein on behalf of Optionee have the legal power, right and actual authority to bind Optionee. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.

(d) This Option Agreement does not now or shall not hereafter breach, invalidate, cancel, make inoperative or interfere with any contract, agreement, instrument, mortgage, deed of trust, promissory note, lease, bank loan or credit agreement to which Optionee is a party or by which it is bound.

(e) As of the date of this Option Agreement, Optionee is an organization described in IRC Section 501(c)(3) which is not a "private foundation" as defined in IRC Section 509(a), it has received a letter from the Internal Revenue Service to that effect, such letter has not been modified, limited or revoked, Optionee is in compliance with all terms, conditions and limitations, if any, contained in such letter applicable to it, the facts and circumstances which form the basis of such letter as represented to the Internal Revenue Service continue substantially to exist, and Tenant is exempt from federal income taxes under IRC Section 501(a) and IRC Section 501(c)(3).

(f) Optionee shall at all times during the Option Term maintain its status as an organization described in IRC Section 501(c)(3) and its exemption from federal income tax under IRC Section 501(a) or corresponding provisions of future federal income tax laws.

(g) No proceedings are pending or threatened in any way affecting the status of Optionee as an organization described in Section 501(c)(3) of the IRC, or which would subject any income of the Optionee to federal income taxation to such extent as would result in the loss of its tax-exempt status under Section 501(a) of the IRC. Optionee is not under examination or audit by the Internal Revenue Service, nor has Optionee received notice, oral or written, from the Internal Revenue Service of a proposed examination or audit thereby, with respect to any fiscal year of Optionee.

6.2.2. Environmental Representations and Disclosures. Except as previously disclosed and excluding actions taken by Optionor, to Optionee's knowledge (i) no portion of the Land is being used or has been used for the disposal, storage, treatment, processing or other handling of Hazardous Materials, (ii) no condition on the Land is in material violation of any

Environmental Laws, and (iii) there has been no release, discharge or migration of Hazardous Materials onto or under the Land. Optionee agrees to notify Optionor of any subsequent event which renders this representation inaccurate or misleading.

6.2.3. Period of Optionee's Representations and Warranties. Optionee's representations and warranties under Sections 6.2.1 and 6.2.2 shall survive the Close of Escrow for the Optionee's Interest. Optionor shall be entitled to recover damages and obtain relief for any breach of such representations or warranties if (i) written notice specifically setting forth the grounds of such breach is promptly given to Optionee by Optionor, (ii) a suit by Optionor against Optionee is filed in a court of competent jurisdiction and (iii) service of such complaint is made on Optionee within thirty (30) days after the complaint is filed. Notwithstanding the foregoing, to the extent Optionor has actual knowledge at Close of Escrow that any warranty or representation set forth in this Section 6.2 is inaccurate, incomplete or false, Optionor cannot pursue a claim for breach of such warranty or representation.

7. Default by Optionor or Optionee.

7.1 Optionor's Remedies. If Optionee fails to complete the sale of the Optionee's Interest or otherwise breaches the terms of this Option Agreement, the parties agree that Optionor may terminate this Option Agreement and shall be entitled to pursue reimbursement for all expenses incurred as a result of Optionee's exercising its rights under the Option Agreement.

7.2 Optionee's Remedies. If Optionor fails to complete the sale of the Optionee's Interest or is otherwise in breach of the terms this Option Agreement, Optionee shall be entitled to pursue specific performance of this Option Agreement with respect to the Optionee's Interest and the costs of pursuit of such action for specific performance.

8. Brokerage Commissions. Except as otherwise disclosed in writing, each party warrants to the other that the warranting party has incurred no obligations, by reason of this Option Agreement or the transaction contemplated hereby, for a real estate brokerage commission or finder's fee for which the other party would be liable. Each party will hold the other party free and harmless from and against any damage or expense the other party may incur by reason of the untruth as to the warranting party of the foregoing warranty, including expenses for attorneys' fees and court costs.

9. Miscellaneous.

9.1 Notices. All notices or correspondence provided for herein shall be effective only if made in writing, personally delivered with an executed acknowledgment of receipt or deposited in the United States mail, certified, postage prepaid, and addressed as follows:

To Optionor: Sierra Nevada College
Attention: President
999 Tahoe Blvd.
Incline Village, Nevada 89451

and a required copy to: Jones Vargas
Attention: Richard A. Rawson, Esq.
3773 Howard Hughes Parkway
Third Floor South
Las Vegas, Nevada 89130

To Optionee: University of California, Office of the President
Real Estate Services Group
1111 Franklin Street, 6th Floor
Oakland, California 94607 5200

and a required copy to:
The Regents of the University of California
c/o University of California, Davis
Real Estate Services
255 Cousteau Place
Davis, California 95618

Any notice shall be deemed delivered (i) five (5) days after notice is mailed or (ii) if personally delivered, when acknowledgment of receipt is signed, as provided above or (iii) for any notice by overnight courier, the next business day after deposit with the courier. By written notice to the other, either party may change its own mailing address.

9.2 Time of the Essence. Time is of the essence of this Option Agreement and each and every term and provision hereof.

9.3 Interpretation; Governing Law. This Option Agreement shall be construed as if prepared by both parties. Optionor and Optionee hereby agree that the State of Nevada has a substantial relationship to the parties and to the underlying transaction embodied hereby, including, without limiting the generality of the foregoing, matters of construction, validity and performance of this Option Agreement. Accordingly, this Option Agreement and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Nevada applicable to contracts made and performed therein and all applicable law of the United States of America. To the fullest extent permitted by law, Optionor and Optionee hereby unconditionally and irrevocably waive any claim to assert that the law of any other jurisdiction governs this Option Agreement. Any legal suit, action or proceeding against Optionor or Optionee arising out of or relating to this Option Agreement may be instituted in any federal or state court sitting in the County of Washoe, State of Nevada, and Optionor and Optionee waive any objection which either may now or hereafter have to the laying of venue of any such suit, action or proceeding in such County and State, and Optionor and Optionee hereby expressly and irrevocably submit to the jurisdiction of any such court in any suit, action or proceeding.

9.4 Further Assurances; Survival. Each party will, whenever and as often as it shall be requested to do so by the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all such further conveyances, assignments, approvals, consents and any and all other documents and do any and all other acts as may be necessary to carry out the intent and purpose of this Option Agreement. All covenants,

agreements and obligations of Optionor and Optionee contained in this Option Agreement which imply or require performance after the Close of Escrow hereunder shall survive the Close of Escrow.

9.5 Entire Agreement; Amendments. This Option Agreement, together with all Exhibits hereto and the other written agreements referred to herein, is intended by the parties to be the final expression of their agreement with respect to the subject matter hereof, and is intended as the complete and exclusive statement of the terms of the agreement between the parties. As such, this Option Agreement supersedes any and all prior understandings between the parties, whether oral or written. Any amendments to this Option Agreement shall be in writing and shall be signed by both parties hereto.

9.6 No Waiver. A waiver by either party hereto of a breach of any of the covenants or agreements hereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

9.7 No Assignment. Neither Optionee nor Optionor shall assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld. Subject to the foregoing, all of the rights, obligations, benefits and duties of Optionee hereunder shall inure to the benefit of and be binding upon any such transferee.

9.8 Binding Effect. This Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives, successors and permitted assigns.

9.9 Headings; Exhibits; Cross References. The headings and captions used in this Option Agreement are for convenience and ease of reference only and shall not be used to construe, interpret, expand or limit the terms of this Option Agreement. All Exhibits attached to this Option Agreement and the Recitals at the front of this Option Agreement are incorporated herein by the references thereto contained herein. Any term used in an Exhibit hereto shall have the same meaning as in this Option Agreement unless otherwise defined in such Exhibit. All references in this Option Agreement to Sections and Exhibits shall be to Sections and Exhibits of or to this Option Agreement, unless otherwise specified.

9.10 Severability. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Option Agreement shall become illegal, null or void, or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void, or against public policy, the remaining portions of this Option Agreement shall not be affected thereby and shall remain in force and effect to the full extent permitted by law.

9.11 Performance of Acts on Business Days. Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to calendar days. In the event that the final date for payment of any amount or performance of any act hereunder falls on a Saturday, Sunday or holiday, such payment may be made or act performed on the next succeeding business day.

9.12 Attorneys' Fees. In the event Landlord or Tenant bring suit against the other to enforce any rights under this Option Agreement, the prevailing party shall recover from the

other, in addition to any other award, an amount equal to reasonable attorneys' fees to be fixed by the court.

9.13 No Third Party Beneficiaries. This Option Agreement is intended for the exclusive benefit of Optionor and Optionee and their respective permitted assigns and is not intended and shall not be construed as conferring any benefit on any third party or the general public.

9.14 Counterparts. This Option Agreement may be executed in any number of counterparts and by facsimile or e-mail pdf or other electronic method, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Optionor and Optionee have executed this Option Agreement effective as of the Effective Date.

OPTIONEE:

SIERRA NEVADA COLLEGE,
a Nevada nonprofit corporation

By: _____
Name: Lynn G. Gillette
Its: President

OPTIONOR:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California public corporation on behalf of the Davis Campus

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

By: _____
Name: James D. Agate
University Counsel Of The Regents
Of The University Of California

**Exhibit A
Site Plan**

(See attached.)

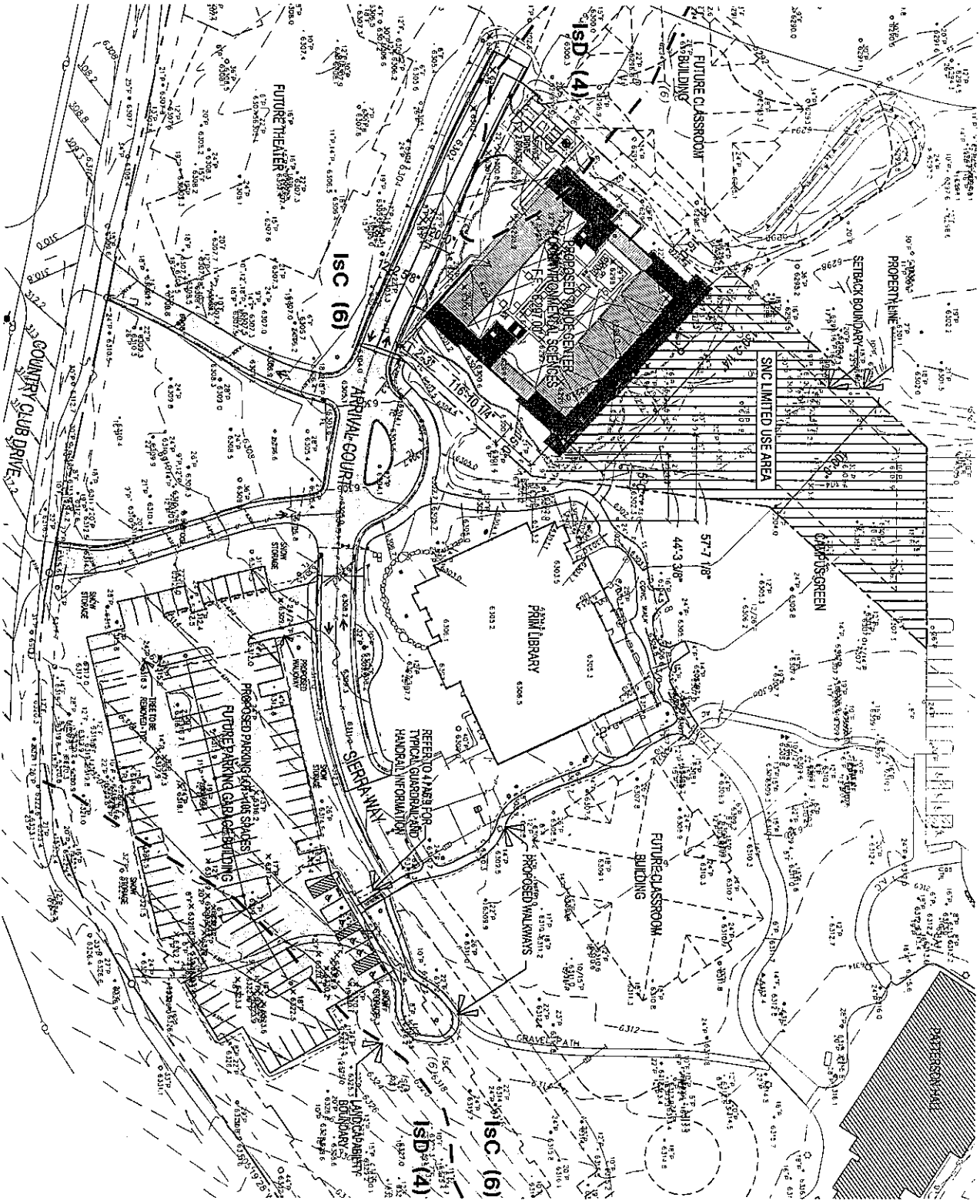


Exhibit A-1
Legal Description

All that certain property situate in Sections 14, 15, 22, and 23, Township 16 North, Range 18 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

Resultant Parcel 1 as shown on the Record of Survey Map No. S 4553 supporting a minor boundary line adjustment for Sierra Nevada College recorded 04/21/2005 as Document No. 3201796, Official Records of Washoe County, Nevada.

EXHIBIT B

[Amendment to Memorandum of Option to Purchase]

APN: 127-040-09

WHEN RECORDED, MAIL TO:
BOARD OF REGENTS OF THE
NEVADA SYSTEM OF HIGHER EDUCATION,
on behalf of the University of Nevada, Reno
c/o University Real Estate
1664 N Virginia St./MS 0243
Reno Nevada 89557-0243

AMENDMENT TO MEMORANDUM OF OPTION TO PURCHASE

THIS AMENDMENT TO MEMORANDUM OF OPTION TO PURCHASE (this “**Amendment**”), is made this _____, 2022, between SIERRA NEVADA COLLEGE, a Nevada non-profit corporation (“**Sierra Nevada College**”); THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California corporation on behalf of THE DAVIS CAMPUS (“**Optionor**”); and THE BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO (“**Assignee**”).

WHEREAS, Pursuant to that certain Assignment of Option to Purchase and Escrow Instructions, dated of even date herewith, between Sierra Nevada College, Optionor, and Assignee, Sierra Nevada College assigned, sold, transferred, conveyed and set over to Assignee all of its right, title and interest in and to that certain Option to Purchase and Escrow Instructions, dated April 20, 2012, between Sierra Nevada College and Optionor (the “**Option Agreement**”), and Assignee accepted all terms and conditions of the Option Agreement applicable to Sierra Nevada College.

WHEREAS, a memorandum of the Option Agreement was recorded in the Office of the Washoe County, Nevada Recorder on April 20, 2012, as Document No. 4104789 (the “**Memorandum**”).

WHEREAS, the parties hereto desire to amend the Memorandum as set forth in this “**Amendment**”).

ACCORDINGLY, the parties agree as follows:

1. All references in the Memorandum to “**Optionee**” shall mean and refer to Assignee.
2. All other terms of the Memorandum shall remain in full force and effect.
3. This Amendment may be executed in any number of counterparts, each of which

