

SDGE

ENERGY SERVICES AGREEMENT

This Energy Services Agreement (the "Agreement") is made and entered into as of the 31st day of October, 2006 ("Effective Date"), by and between LADERA UAC OFFICE, LLC, a Delaware limited liability company (the "Customer"), and SAN DIEGO GAS AND ELECTRIC COMPANY, a California corporation ("SDG&E"), collectively the "Parties."

RECITALS

- A. WHEREAS, Customer owns certain real property known as 999 Corporate Terrace and located at 999 Corporate Terrace, Ladera Ranch, CA 92694 (collectively the, "Property");
- B. WHEREAS, SDG&E will install at the Property and operate an electric generation system ("Energy System") for its electric distribution system as described in more detail in the attached Exhibit "A" – Energy System Description. The Energy System will provide electric power to SDG&E's electric distribution system;
- C. WHEREAS, SDG&E will be able to verify the conditions under which the Energy System can be installed and operated on an economical basis for future electric distribution projects;
- D. WHEREAS, after the installation of the Energy System, SDG&E will provide electric service to the occupants of the Property at the applicable utility tariff(s) rate in accordance with the terms hereof;
- E. NOW, THEREFORE, the Parties hereto, for and upon the promises, covenants, conditions, terms and provisions herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

SECTION 1 - SCOPE OF SERVICES

1.1 Electric Service. SDG&E will provide electric service to the occupants of the Property according to the Tariff Rules ("Rules") approved by the California Public Utilities Commission ("CPUC"). The Energy System will operate in parallel with SDG&E's electric distribution system and occupants would be billed according to the applicable SDG&E schedule(s). No special provisions will be provided by SDG&E to Customer unless otherwise agreed upon by both Parties and approved by the CPUC.

1.2 Billing. Bills for electric service will be rendered to Customer according to the Rules approved by the CPUC.

1.3 Lease. SDG&E shall install and operate the Energy System at the Property in accordance with the terms set forth in that certain Facility Lease Agreement dated October 31, 2006 ("FLA") by and between the Parties.

1.4 Recitals. The terms of the Recitals set forth above are fully incorporated in the terms of this Agreement.

SECTION 2 – PHASES AND TERMINATION OF AGREEMENT

2.1 Design Phase. Upon the complete execution of this Agreement, the Design Phase will begin, and SDG&E will commence the steps necessary for the design of the Energy System. Customer will provide reasonable access to the Property so that SDG&E may timely complete the Design Phase.

2.1.1 Notice to Customer. SDG&E will notify the Customer when the design has been completed (“Design Completion Notice”). SDG&E’s notification shall include notice to Customer of the location of any planned concrete slabs or structures.

2.1.2 Notice of Design Acceptance. Upon receipt of the Design Completion Notice and a copy of the set of plans, Customer will have ten (10) business days to review the plans and provide SDG&E with written notification of Customer’s approval (“Notice of Design Acceptance”) or disapproval (“Notice of Design Disapproval”) of the design. If Customer provides SDG&E with a Notice of Design Disapproval, such Notice of Design Disapproval shall set forth the reasons for disapproval. SDG&E will respond to Customer’s comments in a Notice of Design Disapproval within ten (10) business days of receipt. Within five (5) business days of SDG&E’s response, Customer will provide to SDG&E a Notice of Design Acceptance or Notice of Design Disapproval.

2.1.3 Right to Terminate. Either Party may terminate the Agreement at any time during the Design Phase for any reason upon 10 days prior written notice.

2.2 Installation Phase. Upon SDG&E’s receipt of the Notice of Design Acceptance, SDG&E will commence the actions necessary to complete the Energy System’s installation. SDG&E shall use reasonable efforts to coordinate the installation with the Customer’s construction schedule and complete the installation commensurate to the completion of building commissioning and occupant move-in (assuming delivery of the Energy System is not held up due to causes beyond the reasonable control of SDG&E).

2.2.1 Right to Terminate. Either Party may terminate the Agreement at any time during the Installation Phase for any reason upon 10 days prior written notice, subject to the following provisions:

- a) If a breach or an event of default by Customer occurs prior to the end of the Installation Phase, or Customer requests to terminate Agreement for any reason other than a breach by SDG&E, SDG&E shall be entitled to terminate the Agreement and charge Customer a termination fee pursuant to Section 2.4.
- b) If a breach or an event of default by SDG&E occurs during the Installation Phase, or SDG&E requests to terminate Agreement for any reason other than

a breach by Customer, SDG&E shall compensate Customer for reasonable documented amounts expended by Customer in support of the installation of the Energy System as of the date of termination and reasonable costs incurred to remove the Energy System.

2.2.2 Notice of Completion. SDG&E will send Customer a written notice delivered registered mail when the installation is complete and the Energy System is operational (“Commissioning Completion Notice”).

2.3 Generation Phase

2.3.1 Generation Phase Term. This Agreement shall be in effect for a term beginning on the Effective Date and expiring on the date that is ten (10) years after the date of the Commissioning Completion Notice (the “**Initial Generation Phase Term**”). If the Initial Generation Phase Term is extended, as provided in this Section 2.3, the Initial Generation Phase Term, as the same may be extended by the First Extension Option or the Second Extension Option, shall be referred to as the “**Generation Phase Term**”.

2.3.2 Customer’s Options at End of Initial Generation Phase Term. Upon the expiration of the Initial Generation Phase Term, Customer shall elect one of the following options:

- a) Customer shall have the option (“First Extension Option”) to continue the Generation Phase Term for an additional five (5) year term (“First Extended Term”), subject to all the terms and conditions set forth in this Agreement, which option may be exercised by delivery of written notice to SDG&E not less than sixty (60) calendar days prior to the scheduled expiration of the Initial Generation Phase Term. Upon Customer’s exercise of the First Extension Option, Customer shall have the option (“Second Extension Option”) to continue the Generation Phase Term for a second five (5) year term (“Second Extended Term”), subject to all terms and conditions of this Agreement, exercisable by delivery of written notice to SDG&E not less than sixty (60) calendar days prior to the scheduled expiration of the First Extended Term.
- b) Customer shall have the option to purchase the Energy System for a negotiated price, exercisable by delivery of written notice to SDG&E not less than sixty (60) calendar days prior to the scheduled expiration of the Initial Generation Phase Term, the First Extended Term or the Second Extended Term. The Parties agree to negotiate the purchase price in good faith. In the event Customer elects to purchase the Energy System, Customer will be responsible for the redesign and reconfiguration of the Energy System to provide power to the property on Customer’s side of the utility electric service meter. Customer will be responsible for all costs, including but not limited to: net metering, interconnection, and local permitting costs (if necessary). Both Parties will

sign an agreement that will include all terms and conditions of the sale (“Transfer of Ownership Agreement”).

- c) If, at the end of the Initial Generation Phase Term or the First Extended Term, Customer does not elect to continue the Generation Phase Term, and Customer does not elect to purchase the Energy System as set forth in subparagraph 2.3.2(b) above, then SDG&E will remove the Energy System pursuant to the requirements of Section 2.5 below.

If Customer fails to make an election, SDG&E may remove the Energy System pursuant to Section 2.5 below on at least 10 days prior written notice to Customer.

2.3.3 Default by Customer. If Customer fails to perform any material provision of the Agreement within 30 days from receipt of written notice from SDG&E to cure same, SDG&E may immediately thereafter, without any further notice to Customer terminate the Generation Phase and remove the Energy System in accordance with Section 2.5 below and the provisions of the FLA, and SDG&E may exercise any other right or remedy provided by law or equity.

2.3.4 Default by SDG&E. If SDG&E fails to perform any material provision of the Agreement within 30 days from receipt of written notice from Customer to cure same, Customer may immediately, upon notice to SDG&E, elect to terminate the Generation Phase and have SDG&E remove the Energy System in accordance with Section 2.5 below and the provisions of the FLA.

2.4 Termination Fee. Upon termination of the Agreement by Customer for any reason other than a breach or event of default by SDG&E, at SDG&E’s discretion, Customer shall be required to reimburse SDG&E for reasonable expenses incurred to remove the Energy System and reasonable original installation costs (“Termination Fee”). Customer shall pay the Termination Fee within 30 days of receipt of any invoice from SDG&E and reasonable supporting documentation; provided, however, that no Termination Fee shall be due if (a) SDG&E terminates the Agreement, or (b) if Customer terminates the Agreement due to a breach by SDG&E, or (c) upon the scheduled expiration of the Generation Phase Term.

2.5 Removal of Energy System. If the Agreement is terminated (or if Customer elects to have SDG&E remove the Energy System upon expiration of the Generation Phase), SDG&E will remove the Energy System from the Property and ensure proper electrical service is provided. Customer agrees that SDG&E will not be required to, and understands that SDG&E will not remove any concrete pads or other such permanent facilities installed to accommodate the Energy System. SDG&E shall, at its sole expense, remove all such items and repair any damage to the Property caused by such removal. All such removals and restoration shall be accomplished in a good and workmanlike manner and so as not to cause any damage to the Property. SDG&E will remove the Energy System within 120 days of termination of this Agreement. If SDG&E does not remove the Energy System within the specified time frame, Customer may have the System removed at SDG&E’s cost and expense.

SECTION 3 – SDG&E’S STATUS AND SUBCONTRACTORS

3.1 Status of SDG&E. SDG&E will perform and execute the Agreement as an independent contractor to the Customer and will not be an agent or employee of the Customer for any purpose.

3.2 Subcontracts and Subcontractors. SDG&E will have the right to have all or any part of the design, installation, operation, maintenance, or removal of the Energy System or any other obligation of SDG&E undertaken concerning the Agreement, accomplished by subcontractors pursuant to subcontracts between SDG&E and such subcontractors; provided, however, all subcontractors undertaking work on the Property or any portion thereof shall be subject to the prior approval of Customer, such approval not to be unreasonably withheld. SDG&E will be solely responsible for the performance of the subcontractors. SDG&E will pay each subcontractor according to the terms of the subcontract between SDG&E and the respective subcontractor.

3.3 No Liens. SDG&E shall pay, when due, all claims for labor or materials furnished to or for SDG&E for which claims are or may be secured by any mechanic’s or materialmen’s liens against the Property. SDG&E shall notify Customer at least ten (10) days prior to the commencement of construction of any SDG&E’s work and Customer shall have the right to post and record a notice of nonresponsibility in conformity with applicable law. Within ten (10) days following completion of SDG&E’s work, SDG&E shall file a Notice of Completion and deliver to Customer an unconditional release and waiver of lien executed by each contractor, subcontractor and materialman involved in SDG&E’s work. In the event any lien is filed against the Project or any portion thereof or against SDG&E’s leasehold interest therein, SDG&E shall obtain the release and/or discharge of said lien (which may be by procurement and recordation of a mechanic’s lien release bond meeting the requirements of California Civil Code § 3143), within ten (10) days after the filing thereof. In the event SDG&E fails to do so, Customer may obtain the release and/or discharge of said lien and SDG&E shall indemnify Customer for the costs thereof, including reasonable attorney’s fees, together with interest at the Applicable Interest Rate (as such term is defined in the FLA) from the date of demand. Nothing herein shall prohibit SDG&E from contesting the validity of any such asserted claim, provided SDG&E has furnished to Customer a lien release bond freeing the Premises from the effect of the lien claim.

SECTION 4 - OWNERSHIP

4.1 Ownership of Energy System. SDG&E will at all times during the term of this Agreement have sole ownership of all and each part of the Energy System. Customer agrees that the Energy System is the personal property of SDG&E and shall execute or obtain the execution of such documents SDG&E reasonably requires in order to document its ownership interest and protect it from the claims of creditors of Customer.

4.2 Ownership of Proprietary Property Rights. Customer will not acquire any interest in any formulas, patterns, devices, secret inventions or processes, copyright, patent, other

intellectual or proprietary rights, inventions or processes, or similar items of property that are or may be used concerning the Energy System.

4.3 Ownership of Existing Equipment and Materials. Despite anything herein to the contrary, title and ownership of the equipment and materials presently existing at the Property at the time of execution of this Agreement will remain in the sole possession of the Customer.

SECTION 5 – CUSTOMER’S RIGHTS AND DUTIES

5.1 Reasonable Assistance. Customer shall give SDG&E such reasonable assistance as SDG&E requires in order to design and construct the Energy System within the Property; provided, however, that Customer shall not be required to pay any out-of-pocket expenses in connection with such assistance. Customer and SDG&E shall mutually agree upon locations for the Energy System.

5.2 Access / Space. Customer shall provide SDG&E with space and reasonable access to the Energy System in accordance with the FLA. SDG&E acknowledges that there is no access door in the mechanical screen between the roof hatch and the Energy System, and that access to the Energy System will require stooping under the mechanical screen.

5.3 Equipment Enclosure. SDG&E will be provided with space in the building electrical room for its ground mounted equipment.

5.4 Structural Engineering and Roof Design.

5.4.1 Design Provisions. Customer shall provide construction drawings for the building as requested by SDG&E. SDG&E shall provide structural verification by a registered engineer acceptable to Customer that the roof on which the PV panels will be sited are adequate for that purpose. Customer agrees to make no photocopies or other copies of the Energy System plans; disclose them to no one except for its engineers, accountants, attorneys and other agents who have a need to know; and that the plans will be used for no other purpose than this Agreement and construction permitting.

5.4.2 Roof Compatibility. SDG&E shall cooperate with Customer in ensuring the PV System and materials and placement of SDG&E’s Energy System on the roof will not void the roof warranty. SDG&E shall use Customer’s roofing contractor for any and all work performed on the roof. After installation of the Energy System, SDG&E shall not take any action that will void the roof warranty, and SDG&E agrees to indemnify Customer for any such action; provided, however such indemnification obligation shall not apply to any roof work that is performed by Customer’s roofing contractor.

5.4.3 Maintenance Provisions. Customer shall provide a water spigot located on the roof for building on which the PV panels will be sited.

5.5 Utility Charges. Property occupant shall remain responsible for all utility charges for electricity and gas consumed by Customer according to the applicable SDG&E schedule(s).

5.6 Permits. Customer shall be responsible for obtaining all building permits excluding the permit for the Energy System. SDG&E shall provide any information pertaining to Energy System and compensate for incremental building permit fees specific to the Energy System to Customer. Customer shall provide to SDG&E an invoice for incremental costs. In connection with the permits for the Energy System, at the request of SDG&E, Customer shall reasonably: (a) cooperate to obtain such permits; (b) join with SDG&E in all applications and proceedings; and (c) execute all agreements, easements and dedications required by government agencies, as a condition to the issuance of such permits.

5.7 LEEDTM Certification and Energy Efficiency. Customer shall submit the building for LEEDTM certification from the US Green Building Council for the Property. Customer shall design the building to exceed the California Title 24 building standard in effect at the time the building is permitted.

5.8 Customer's General Responsibilities. Except as may be expressly provided herein, Customer will not move, modify, remove, adjust, alter, change or operate the Energy System, or any part of it, during the term of the Agreement, without prior written direction or approval of SDG&E, except if there is an occurrence reasonably deemed by the Customer to be a bona fide emergency of which the Customer will notify SDG&E immediately.

SECTION 6 – SDG&E'S RIGHTS AND DUTIES

6.1 Design Responsibilities. SDG&E shall at its sole expense be responsible for the design of the Energy System including mechanical, electrical, and plumbing engineering design, project schedule, and associated drawings. SDG&E shall design the Energy System in such a manner that will not require structural modifications to the Property. SDG&E shall review the Energy System design with the Customer's roofing contractor to discuss roof warranty issues. If the design will void the roof warranty, SDG&E will revise the design of the Energy System at its sole expense so as to not void the roof warranty. SDG&E shall provide to Customer all necessary space requirements, weight load specifications, dimensions, noise, emissions, power ratings, heat rates, water use, water discharge, roof compatibility information of the Energy System. SDG&E will provide Customer with a complete copy of the design drawings. SDG&E shall be responsible for obtaining the building permits for the Energy System.

6.2 Coordination. SDG&E shall provide for project management of the Energy System. SDG&E and the Customer agree to coordinate the work to reduce interference with the performance of the work of the Customer and its employees taking place at the Property.

6.3 Utility Interconnection. SDG&E shall be responsible for the utility interconnection application and associated fees for the Energy System. The Energy System shall interconnect on the utility grid side of the Customer meter.

6.4 Delivery and Installation. SDG&E shall purchase, deliver and provide at its sole expense the Energy System and all associated equipment and material as described in Exhibit "A" including but not limited to having the Energy System delivered to the Property.

6.5 Equipment Pad. SDG&E shall at its sole expense provide for the design, materials, and construction of the equipment pad for the Energy System.

6.6 Equipment. SDG&E shall be responsible for all costs and expenses associated with modifications to the building to accommodate the Energy System and modifications to the HVAC system and HVAC ducting to accommodate the Energy System; provided, however, that SDG&E will only be responsible for such expenses and costs specifically identified in writing during the design phase and subsequently approved in writing by SDG&E.

6.7 INTENTIONALLY OMITTED

6.8 Communications. SDG&E shall at its sole expense provide for a separate communications service for the Energy System.

6.9 Commissioning. SDG&E shall complete commissioning of Energy System, including inspection, testing and approval of operation of System. SDG&E shall remove all debris, equipment and surplus materials from the Property and leave the Property in "broom clean" condition. Customer shall be responsible for all inspections of the Energy System and attached property including but not limited to building roofs, electrical room, and equipment enclosure prior to signing the Commissioning Completion Notice. SDG&E shall provide a complete set of as-built drawings to Customer.

6.10 SDG&E's Operating Rights. During the Generation Phase Term, SDG&E will have the right to operate the Energy System on such days, at such times of day and for the periods of time, as SDG&E, in its sole discretion, decides. SDG&E shall have no liability to Customer for failure to operate the Energy System or for its failure to generate power for the Property's use.

6.11 SDG&E's Maintenance Responsibilities. During the Generation Phase Term, at no cost to Customer, SDG&E will operate the Energy System and keep it in good condition and repair. However, should the need for maintenance or repairs arise from the gross negligence or intentional misconduct of the Customer or its employees, SDG&E may, at its election, perform maintenance, repairs and make adjustments to the Energy System and may charge the Customer for such work. SDG&E will invoice the Customer for such charges and the Customer will pay SDG&E's invoice within thirty (30) days of receipt. SDG&E acknowledges that the building has a low parapet at the roof and does not have fall protection around the perimeter. It is the responsibility of SDG&E to take all necessary actions to ensure that SDG&E's employees, agents and contractors have a safe environment. Notwithstanding anything to the contrary in Section 12.3 hereof, SDG&E acknowledges that construction of the building with a low parapet shall not be characterized as the gross negligence or intentional misconduct of Customer, and SDG&E shall indemnify and hold harmless Landlord from any claims, damages, losses and expenses arising directly from the low parapet.

6.12 Upgrading or Altering the Equipment. SDG&E will have the right to maintain, make adjustments, enhance, repair, replace and change the Energy System. Replacements, substantial alterations or additions to the Energy System will become a part of the Energy System.

SECTION 7 – CLOSING OR CONDEMNATION OF PROPERTY

7.1 Closing. During the Generation Phase Term, Customer will give SDG&E a minimum of ninety (90) days notice of its intent to close or abandon the Property for an indefinite period.

7.2 Condemnation. If a condemnation renders most of the Property uninhabitable or unusable, Customer will give SDG&E notification upon receipt of condemnation notice from the local jurisdiction. SDG&E shall have the right to terminate the Agreement and remove the system at its sole discretion and shall not be required to adhere to the conditions in Section 2.5

SECTION 8 - CHANGED CONDITIONS

8.1 If conditions are encountered at the Property that are (a) subsurface or otherwise concealed physical conditions that are at variance with those indicated in the Customer's documents or other information furnished by the Customer, or (b) unknown physical conditions of an unusual nature, which are at variance with those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Agreement, then notice by the observing Party will be given to the other Party promptly before the conditions are disturbed and in no event later than thirty (30) days after the first observance of the conditions. Customer and SDG&E will promptly investigate such condition and, where appropriate, will approve equitable changes to the Agreement.

SECTION 9 - HAZARDOUS MATERIALS

9.1 Hazardous Materials. The term "Hazardous Materials" means any substance considered hazardous under any environmental law, including, but not limited to, Hazardous Materials Transportation Act, as amended (49 U.S.C. 1801, et. seq.), the Resource Conservation and Recovery Act ("RCRA"), as amended (42 U.S.C. 6901, et. seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health & Safety Code, Sections 25300 et seq.), the California Hazardous Waste Control Law (under California Health and Safety Code Section 25000, et. seq.), the Occupational Safety and Health Act (29 USC Section 651 et seq.), the California Occupational Safety and Health Act (California Labor Code Sections 6300 et seq.), the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), as amended (42 U.S.C. 9601, et. seq.) and the California Hazardous Substances Account Act ("HSAA"), as the same may be reauthorized (California Health & Safety Code 25300 et seq.) and the regulations adopted and publications promulgated thereunder.

SECTION 10 - REPRESENTATIONS AND WARRANTIES

10.1 By Each Party. Each Party warrants and represents to the other that:

- a) It has all requisite power, authority, licenses, and permits, corporate or otherwise, to execute and deliver this Agreement and perform its obligations hereunder.
- b) Its execution, delivery, and performance of this Agreement have been duly authorized and all necessary corporate action to consummate the transactions contemplated hereunder have been completed, and this Agreement has been duly executed and delivered for it by the signatories so authorized, and it constitutes its legal, valid, and binding obligation.
- c) Its execution, delivery, and performance of this Agreement shall not result in a breach or violation of, or constitute a default under, any agreement, lease, or instrument to which it is a party or by which it or its properties may be bound or affected.
- d) It has not received any notice, nor to the best of its knowledge is there pending or threatened any notice, of any violation of any applicable laws, ordinances, regulations, rules, decrees, awards, permits, or orders that would materially and adversely affect its ability to perform hereunder.

10.2 Customer's Representations. The Customer hereby warrants, represents, and promises that:

- a) It intends to continue to use the Property in a manner similar to its present use, and to the same extent.
- b) Customer has all necessary power and authority to enter into this Agreement;
- c) Customer is the sole owner of the Property, and no liens, judgments or encumbrances of any nature exist that would prohibit installation of the Energy System.

SECTION 11 - INSURANCE

11.1 Commercial General Liability Insurance. Customer shall carry and maintain on an "occurrence" form commercial general liability policy or policies, insuring against liability arising from bodily injury, death, property damage, personal and advertising injury, products/completed operations liability, contractual liability covering all operations of Customer under this Agreement. There shall be no explosion, collapse or underground exclusion. Such coverage shall be in an amount of not less than \$1,000,000.00 (One Million Dollars) per occurrence. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit.

11.2 Commercial or Business Automobile Liability Insurance. If Customer elects to use owned, non-owned, leased, rented and/or hired vehicles on the Property, Customer shall maintain an automobile liability policy or policies insuring against liability for damages because of bodily injury, death, or damage to property, (including loss of use thereof), and occurring in

any way related to the use by or on behalf of Customer of automobiles, including loading or unloading of any of Customer's automobiles (including owned, non-owned, leased, rented and/or hired vehicles). Such coverage shall be in an amount of not less than \$1,000,000.00 (One Million Dollars) combined single limit.

11.3 Workers' Compensation & Employers' Liability Insurance. In accordance with the laws of the State of California, Customer shall maintain in force workers compensation insurance for all of its employees. Customer shall also maintain Employer's Liability coverage in an amount of not less than \$1,000,000.00 (One Million Dollars) per accident and per employee for disease. In lieu of such insurance, Customer may maintain a self-insurance program meeting the requirements of the State of California.

SECTION 12 - INDEMNIFICATION

12.1 Patent Indemnity. SDG&E will protect, defend, indemnify and hold the Customer harmless against and from all claims, judgments, amounts paid in settlement, costs and expenses, including reasonable attorneys' fees relating to alleged patent or copyright infringement, misappropriation of proprietary rights, or trade secrets or similar claims, resulting from actions taken by SDG&E or its contractors or subcontractors concerning this Agreement.

12.2 Environmental Indemnity.

12.2.1 Pre-Existing Hazardous Materials. To the fullest extent permitted by law, the Customer shall indemnify and hold harmless SDG&E, its employees, agents and subcontractors, from and against all claims, damages, losses and expenses, including but not limited to consultants' fees and attorneys' fees ("Environmental Liabilities"), arising out of or resulting from the presence of Hazardous Materials (Section 9.1) at the Property or performance of the work in or around the Property affected by Hazardous Materials (except for such materials brought to the Property or generated on the Property by SDG&E), including, but not limited to, any claims, damages, losses and expenses arising out of the ownership, transportation (whether by rail, truck, air and/or other means) and/or disposal of any of the materials described in Section 9.1. The work in the affected area of the Property will not be resumed except by written agreement between the Customer and SDG&E. SDG&E will not be required to do any work relating to such pre-existing Hazardous Materials. The cost of removal and disposal of such Hazardous Materials shall be born solely by the Customer.

12.2.2 SDG&E's Hazardous Materials. SDG&E shall indemnify and hold harmless Customer from all Environmental Liabilities arising out of Hazardous Materials brought to the Property or generated on the Property by SDG&E and released or spilled during the installation or operation of the Energy System (except when caused by the sole negligence or willful misconduct of Customer).

12.3 General Indemnity. SDG&E will indemnify, defend and hold Customer harmless from all claims, actions, costs, expenses, damages and liabilities, including attorneys' fees, consultant fees and expert witness fees ("Claims"), arising out of, connected with, or resulting from the negligence or willful misconduct of SDG&E, its employees or agents; provided, however, that such indemnification obligation shall not apply to any such Claims arising from

the negligence or intentional misconduct of Customer and Customer's employees and agents. The duty to indemnify will continue in full force and effect despite the expiration or termination of this Agreement, and will exist with respect to any claims based on facts or conditions that occurred before any said termination. In no event shall either Party be obligated to indemnify or hold harmless the other Party from or against consequential or punitive damages.

SECTION 13 - DISPUTES

13.1 Payment Disputes. Customer and SDG&E agree to use their best efforts to promptly resolve any disputes regarding invoices, so that payments to the Parties are not unnecessarily delayed. Accordingly, within ten (10) business days of receipt of an invoice, the receiving party will notify the sending party of the following: (i) all objections, in whole or part, to the invoice; (ii) the specific dollar amount of the dispute, and (iii) the specific dollar amount not in dispute. The receiving party will also attach all documents and calculations on which it relies upon to support its objections. In all instances, the receiving party will pay the sending party the undisputed portion of the invoice within the periods set forth in the Agreement. The Parties will resolve the disputed portion of the payment(s) according to Section 13.2.

13.2 Arbitration. Except for a claim or request for equitable relief, all disputes in any way relating to, arising under, connected with or incident to the Agreement will be arbitrated in Orange County, California, according to Construction Industry Arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. No Party may be compelled to arbitrate if the Parties cannot join a third-party necessary to the arbitration. If any such necessary party is not joined, then all Parties are excused from arbitration. This agreement to arbitrate will be enforceable under the Federal Arbitration Act, or under the law of California, if and only if under the terms of the Federal Arbitration Act such Act is not applicable.

13.3 Litigation. If a Party makes a claim or request for equitable relief or the Parties are otherwise excused from arbitration, the Parties agree that all disputes in any way relating to, arising under, connected with, or incident to the Agreement, and over which federal courts have subject matter jurisdiction, will be litigated, if at all, exclusively in the United States District Court for the Southern District of California, and, if necessary, the corresponding appellate courts. The Parties further agree that all disputes in any way relating to, arising under, connected with, or incident to this Agreement, and over which the federal courts do not have subject matter jurisdiction, will be litigated, if at all, exclusively in the Courts of the State of California, and, if necessary, the corresponding appellate courts. The Parties expressly submit themselves to the personal jurisdiction of the State of California.

SECTION 14 - CONDITIONS BEYOND THE CONTROL OF THE PARTIES

14.1 Force Majeure. If SDG&E or the Customer shall be unable to reasonably perform any of its obligations under this Agreement due to acts of God, insurrections or riots, civil unrest, terrorist acts, war, labor disputes, labor strikes, inclement weather, fire, earthquake, tsunami, hurricane, flood, tornado or similar "force majeure" events, this Agreement shall remain in effect, but the non-performing Party's obligations shall be suspended until the said event shall

have ended. Alternatively, the Agreement may be terminated by either Party as provided in Section 2, in which event the Parties shall have the rights and obligations set forth in said Section.

14.2 Regulatory Risk. If any federal, state, or municipal government or regulatory authority, including, without limitation, a public utility commission, should for any reason enter an order, modify its rules or codes, or take any action whatever, that disallows utility ownership of generation systems, or *materially affects SDG&E' expectations regarding the purpose and operation of this Agreement*, SDG&E may immediately terminate the Agreement on written notice to Customer. In such event, SDG&E may elect whether to remove the Energy System or sell it to Customer as provided in Section 2.3.2(b), and no Termination Fee shall be due or payable by Customer.

SECTION 15 - MISCELLANEOUS

15.1 Notices. Any and all notices and other communications made in accordance with this Agreement shall be in writing and shall be deemed properly given or made if delivered in person or via confirmed telecopy with a hard copy placed in first class mail, postage prepaid, or delivered by reputable overnight courier to the Party's designated representatives at the addresses below:

SDG&E: San Diego Gas and Electric Company
8335 Century Park Court, CP12G
San Diego, CA 92123
Attn: Sustainable Communities Program
Manager
Telecopy: 858-636-5724
Telephone: 858-654-1248

Customer: Ladera UAC Office, LLC
c/o Rancho Mission Viejo, LLC
28811 Ortega Highway
San Juan Capistrano, CA 92675
Telephone Number: (949) 240-3363
Facsimile Number: (949) 248-1763

15.2 Further Assurances. Each Party shall do all necessary acts and make, execute, and deliver such written instruments as shall from time to time be reasonably required to carry out the terms of this Agreement.

15.3 Assignment. Each Party may assign or transfer all or part of its rights, obligations, or interests in this Agreement, only after obtaining the written consent of the other Party which consent will not be unreasonably withheld. Any proposed assignee or transferee shall expressly assume in writing the duties and obligations of the assigning Party under this Agreement and shall immediately furnish or cause to be furnished to the other Party a true and correct copy of the document or documents evidencing such assignment or transfer and

assumption of duties and responsibilities. Any purported assignment or transfer of any right, obligation or interest in this Agreement which fails to comply with this Section shall be void and of no effect. If an assignment of all or part of the rights, obligations, and interests has been approved as provided in this Section, the assignee or transferee shall become a Party for all purposes under this Agreement and the assuming party shall no longer be a party.

15.4 Binding Obligations. The obligations set forth in this Agreement shall be binding and inure to the benefit of the Parties and their successors, heirs, permitted assigns, personal representatives, and representatives in bankruptcy.

15.5 Rights in Third Parties. The Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or to create for the benefit of any third party any duty or standard of care by any covenant, obligation, or undertaking established herein.

15.6 Entire Agreement. This Agreement and the FLA constitute the complete and final expression of the agreement of the Parties and is intended as a complete and exclusive statement of the terms and conditions which supersede all prior and contemporaneous offers, promises, representations, negotiations, discussions, and communications, which may have been made in connection with the subject matter of this Agreement and the FLA. All Exhibits and Recitals are incorporated by reference.

15.7 Amendments. This Agreement may be modified or amended only by a written instrument duly executed by the Parties.

15.8 Attorney's Fees. If any action or proceeding is brought by any Party to remedy any breach of this Agreement or to enforce any of its provisions, the prevailing Party (as defined in the FLA) shall be entitled to recover, in addition to any other relief granted in such action or proceeding, reasonable attorney's fees, witness fees, expert witness fees, court costs, and disbursements.

15.9 Section Headings Not Binding. The section headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

15.10 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition shall be held invalid as to either Party or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless such court holds that the provisions are not severable from all other provisions of this Agreement.

15.11 Waiver of Rights. No waiver of any term or condition of this Agreement shall be effective unless made in writing signed by the Party against whom the waiver is sought to be enforced. Any waiver at any time by either of the Parties of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed a waiver with

respect to any other or subsequent default or matter.


15.12 Governing Law. This Agreement is made and entered into and shall be interpreted in accordance with the applicable laws of the State of California. The Parties hereby consent to the jurisdiction and venue of the courts located in the County of San Diego, State of California, in resolving any dispute arising under or concerning this Agreement.

SECTION 16 – LIMITATION OF LIABILITY

16.1 No Consequential Damages. Except as expressly set forth in this Agreement, neither Party shall have liability to the other for any direct, indirect, incidental, consequential or punitive damages.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

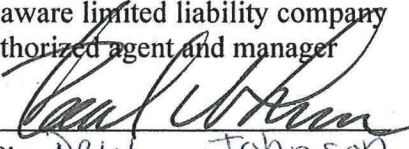
SAN DIEGO GAS AND ELECTRIC
COMPANY

By: 
Name: Joe Velasquez
Title: Director, CIT Services

LADERA UAC OFFICE, LLC,
a Delaware limited liability company

By: DMB Ladera, LLC,
a Delaware limited liability company
its sole member

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company
its authorized agent and manager

By: 
Name: Paul Johnson
Title: Senior V.P.

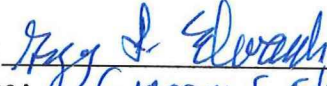
By: 
Name: Gregory S. Edwards
Title: Sr. V.P. / CEO

EXHIBIT "A"

ENERGY SYSTEM DESCRIPTION

Photovoltaic (PV) System

The PV system shall consist of crystalline silicon panels mounted on the roof of a building or carport. The PV system will be connected on the utility side of the meter and provide power directly to the utility grid. In case of a utility power outage the PV system will disconnect from the grid and cease generation until utility power has been re-established. The PV system equipment design and placement shall blend in aesthetically with the site and minimize impacts including roof penetrations. The following equipment shall be included in the PV system:

- PV panels
- AC to DC Inverter(s)
- Combiner box
- Isolation transformer

General Materials

The following materials and equipment exclusively for the Energy System shall be included:

- Wiring and conduit
- Transformer(s)
- Meters
- Breaker panel(s)
- Disconnect switches
- 120 volt power box(es)
- Communications equipment box(es)
- Data acquisition system