

**THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY**

ORDINANCE NO. 2010-10

**AN ORDINANCE AUTHORIZING ADDITIONAL AMENDMENTS TO THE
PREVIOUSLY AUTHORIZED
ECONOMIC DEVELOPMENT PROJECT WITH
LA LUZ HOLDINGS, LLC AND
SANTA FE FILM AND MEDIA STUDIOS, INC.**

**BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF SANTA FE
COUNTY:**

Section One. Short Title.

This Ordinance may be cited as the "Amended Ordinance Approving An Economic Development Project with Santa Fe Studios."

Section Two. Authority.

This Ordinance is enacted pursuant to the authority of the Santa Fe County Economic Development Ordinance, Ordinance No. 1996-7, and the Local Economic Development Act, NMSA 1978, § 5-10-1 *et seq.* (1993, 2007).

Section Three. Required Project Review.

La Luz Holdings LLC and Santa Fe Film and Media Studios Inc. (hereinafter referred to as "Santa Fe Studios") have submitted minor amendments to the application for public support pursuant to Santa Fe County Ordinance No. 1996-7, Ordinance No. 2009-9, and the Local Economic Development Act, NMSA 1978, §§ 5-10-1 *et seq.* (1993, 2007). The Board of County Commissioners and the County staff specified in Ordinance No. 1996-7 have reviewed the amendments.

Section Four. Approval of Amended Application.

A. The amended local economic development project proposed by Santa Fe Studios shall be and hereby is approved consistent with the terms of Ordinance No. 2008-07, Ordinance No. 2009-9, this Ordinance, County Ordinance No. 1996-7, the Local Economic Development Act, and the proposed Amended and Restated Project Participation and Land Transfer Agreement attached hereto as Exhibit 1.

B. The amended Application meets the criteria set forth in the County Ordinance No. 1996-7 and the Local Economic Development Act, NMSA 1978, §§ 5-10-1 *et seq.* (1993, 2007). Santa Fe Studios is a qualifying entity as defined in NMSA 1978, §5-10-3(G)(3) of the Local

Economic Development Act and Sections VI and VII of the County Ordinance No. 1996-7.

C. Approval herein of the amended Application is conditioned upon those matters set forth in the Amended and Restated Project Participation and Land Transfer Agreement to be entered into by the County and Santa Fe Studios, and all applicable local, state, and federal laws.

Section Five. Incorporation By Reference.

The Amended and Restated Project Participation and Land Transfer Agreement with Santa Fe Studios attached hereto as Exhibit 1 is hereby incorporated by reference and made a part of this Ordinance.

Section Six. Project Revenue Fund.

The Santa Fe Studios Project Revenue Fund is hereby established pursuant to Ordinance No. 1996-07. All revenue related in any way to the economic development project (except for the proceeds of the sale of the property) shall be deposited into the project revenue fund and any such revenue deposited into the fund shall only be expended for the project. Any unexpended and encumbered balances in the project revenue fund shall be transferred to the general fund upon termination of the economic development project as set forth in Section Eight, herein.

Section Seven. Execution of Documents.

The County Manager is hereby authorized to execute and deliver the documents and instruments referenced in or otherwise necessary to carry out the purposes of the Amended and Restated Project Participation and Land Transfer Agreement with Santa Fe Studios attached hereto as Exhibit 1, including, without limitation, the Supplemental Mortgage, the Loan Guaranty and the Loan Guaranty Reimbursement Agreement, in substantially the forms of such agreements presented to the Board of County Commissioners, with only such changes as the County Manager and County Attorney determine are necessary or advisable to carry out the transactions contemplated in, and are not inconsistent with, the Amended and Restated Project Participation and Land Transfer Agreement. The County Manager is further authorized to execute and deliver a Loan Disbursement Agreement, as contemplated in the Loan Guaranty Reimbursement Agreement.

Section Eight. Effective Date.

This Ordinance shall become effective thirty (30) days from its recordation by the Office of the County Clerk.

Section Nine. Termination.

Termination of the economic development project that is the subject of Ordinance No. 2008-07, Ordinance No. 2009-9 and this Ordinance shall be by ordinance. Any such ordinance terminating the economic development project shall provide for termination of the Amended and Restated Project Participation and Land Transfer Agreement. The ordinance shall provide for

satisfying contracts and the rights of parties arising from those contracts.

PASSED, APPROVED AND ADOPTED this 27 day of July, 2010.

**THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY**

By: [Signature]
Harry B. Montoya, Chair

ATTEST:
[Signature]
Valerie Espinoza, Santa Fe County Clerk

APPROVED AS TO FORM:
[Signature]
Stephen C. Ross, Santa Fe County Attorney



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC ORDINANCE
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I Hereby Certify That This Instrument Was Filed for
Record On The 11TH Day Of August, 2010 at 03:55:52 PM
And Was Duly Recorded as Instrument # **1607652**
Of The Records Of Santa Fe County

Deputy [Signature] Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM

EXHIBIT 1

AMENDED PROJECT PARTICIPATION AND LAND TRANSFER AGREEMENT

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the security provided to the County by the Qualifying Entity in the form of a lien, mortgage or other indenture and the pledge of the Qualifying Entity's financial or material participation and cooperation to guarantee its performance pursuant to this Agreement; (3) a schedule for LEDA Project development and completion, including measurable goals and time limits for those goals; and (4) provisions for performance review and actions to be taken upon a determination that project performance is unsatisfactory; and

Q. As provided in this Agreement, the parties intend that the County have the right to repurchase the Property for the purchase price paid by the Buyer if the LEDA Project is not constructed as provided herein, and that the Property will also be subject to a lien in favor of the County securing the performance by the Buyer and Santa Fe Studios of the economic development requirements set forth in this Agreement.

R. The real estate purchase agreement contemplated hereunder closed, and title has been conveyed to La Luz, as of February 16, 2010, and certain of the pre-purchase conditions contained in this restated and amended Agreement were satisfied or waived prior to such closing.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, the Buyer, the County and Santa Fe Studios agree as follows:

PART 1 – LAND TRANSFER TO THE BUYER

1. **DEFINITIONS.** As used in this Agreement and any exhibits annexed hereto, unless the context otherwise requires or is otherwise herein expressly provided, the following terms shall have the following meanings.

1.1. Cash: Cash shall mean legal tender of the United States, or a cashier's check or wire transfer of current funds into a bank account designated by the County.

1.2. Closing Date: Unless otherwise extended by written agreement of the parties, the Closing Date shall be thirty (30) days following the Inspection Period provided all conditions precedent have been fulfilled.

1.3. Day: Any time period herein calculated by reference to "day" or "days" shall mean business days, i.e., excluding Saturdays, Sundays and State of New Mexico recognized holidays.

1.4. Deed: A Quitclaim Deed executed by the County.

1.5. Earnest Money: The sum of One Hundred Thousand Dollars (\$100,000.00), Cash, which the Buyer shall deposit with the Escrow Agent as provided

in Section 2.3. The Escrow Agent shall, promptly upon receipt, place the Earnest Money in an interest bearing account. The interest thus derived shall become part of the Earnest Money and shall be paid to the party entitled to the Earnest Money in accordance with the terms hereof.

1.6. Effective Date: The date that this Agreement is signed by the last of the County or the Buyer.

1.7. Escrow Agent: Carla Pogemiller, Southwestern Title & Escrow, Inc., 236 Montezuma, Santa Fe, New Mexico 87501.

1.8. Hazardous Materials: Hazardous Materials are defined in Section 6.1.7.

1.9. Inspection Period: The period commencing on the Effective Date and terminating on the sixtieth (60th) day after the Effective Date, during which time the Buyer may conduct the Review described in Section 4, below, subject to the Buyer's right to extend the Inspection Period by thirty (30) days as provided herein.

1.10. LEDA Land: A portion (Phase 1A) of the approximately 16.5 acre portion of the Property on which the LEDA Project will be located, as provided in Section 7.2 of this Agreement, and subject to adjustment as provided in Section 9.3 of this Agreement. Notwithstanding any other provision contained in this Agreement or any Exhibit hereto or LEDA or Closing document, a final computation of the acreage comprising the LEDA Land shall be made in accordance with the replatting of the Property pursuant to Section 4.1 below, and any reference to "16.5 acres" (or the number "16.5" for calculation purposes) shall be automatically amended to reflect the actual amount of acreage.

1.11. LEDA Project: Phase 1A of the Project, consisting initially of two soundstages and related warehouse and office facilities to be located on a portion of the approximately 16.5 acre Phase 1 portion of the Property shown on Exhibit C (lot 5) to this Agreement, which may be expanded to include additional phases of the Project at the request of the Qualifying Entity.

1.12. Materials: All documents and reports concerning the Property to be provided by the County to the Buyer as provided in Section 4.1.

1.13. Project: The film and multi-media production facility and related facilities to be constructed and operated on the Property.

1.14. Property: The Property is located within the County of Santa Fe, the legal description being attached hereto as Exhibit A.

1.15. Purchase Price: The amount of Two Million Six Hundred Twenty Thousand Dollars (\$2,620,000.00).

1.16. Review: The Buyer's inspection of the Property including the review of studies, investigation, reports, lot configuration and all other evaluative investigations or studies deemed advisable by the Buyer and to be conducted by the Buyer during the Inspection Period.

1.17. Title Policy: An ALTA Owner's Policy of Title Insurance with endorsements and exceptions acceptable to the Buyer.

2. PURCHASE AND SALE OF THE PROPERTY.

2.1. Purchase and Sale. The County agrees to sell, convey, assign, transfer and deliver to the Buyer, and the Buyer agrees to purchase from the County, the Property, for the price and upon all the terms and conditions set forth herein.

2.2. Purchase Price. The Purchase Price shall be Two Million Six Hundred Twenty Thousand Dollars (\$2,620,000.00) less any prorations or closing costs.

2.3. Payment of Earnest Money. Within ten (10) days of the Effective Date, the Buyer shall deposit with the Escrow Agent, in good funds to be held as a good faith deposit, the Earnest Money. The interest on the Earnest Money shall accrue to the Buyer's benefit except as provided in Section 5.4.2(b) below.

2.4. Payment of Purchase Price. The Purchase Price shall be paid in five equal installments of \$524,000 plus interest accrued upon the unpaid balance of the Purchase Price to the date of the installment payment. The interest rate applied to the balance of the Purchase Price shall be the same interest rate as the interest rate on the loan provided for in Part 2, Sec. 7.2.5 of this Agreement but shall not be less than five percent (5%) and shall accrue on all unpaid amounts of the Purchase Price beginning on the closing date. Installment payments shall be due when 100,000 hours of above-minimum wage jobs have been provided pursuant to Part 2, Sec. 7.2.1(a) of this Agreement, so that payments are made when 100,000, 200,000, 300,000, 400,000 and 500,000 hours have been provided pursuant to Part 2, Sec. 7.2.1.(a); provided, however, if all payments have not been made within five (5) years of the date of execution of this Amendment, the remaining payments must be made no later than December 14, 2015. Payment of the Purchase Price shall be as provided on the Note and Mortgage attached hereto as Exhibit I and Exhibit J

Security for repayment of the Purchase Price shall include the following, which shall be satisfactory to the County in substance and form: (A) a mortgage on the Phase IA land and improvements; and (B) a mortgage on the entire Property. Exhibit J.

3. TITLE AND SURVEY.

3.1. Procedure for Approval of Title. Within ten (10) days after the Effective Date of this Agreement, the County shall provide to the Buyer a commitment for an ALTA Owner's Title Insurance Policy showing title to the Property in the County and proposing to insure the Buyer in the amount of the Purchase Price, issued by the Escrow Agent, along with legible copies of all underlying documents referred to herein. The commitment and all matters affecting title to, or use of, the Property, shall be subject to the Buyer's approval or disapproval in writing on or before the conclusion of the Inspection Period, as follows: If the Buyer shall fail to approve the commitment, any exceptions, the Survey (described in Section 3.3, below), and any of the other title matters with respect to the Property, by written notice given to the County on or before the conclusion of the Inspection Period, the condition of title to the Property shall be deemed disapproved by the Buyer. If, before the conclusion of the Inspection Period, the Buyer shall disapprove by written notice any particular matter affecting title to the Property, the County may, at the County's discretion, agree to use its best efforts to eliminate promptly (but in no event later than ten (10) days after such notice) such disapproved matter. If the County does not agree to eliminate such disapproved matter by written notice thereof to the Buyer within ten (10) days, the Buyer shall have the right to waive its prior disapproval, in which event such previously disapproved matter shall be deemed approved. If the Buyer shall fail to waive its prior disapproval before the conclusion of the Inspection Period or the date ten (10) days after the Buyer's notice of disapproval, if after the conclusion of the Inspection Period, then: (a) such disapproval shall remain in effect; (b) this Agreement and the escrow shall thereupon be terminated; (c) the Escrow Agent shall immediately return the Earnest Money and all interest accrued thereon to the Buyer; and, (d) the parties shall be relieved of any further obligation to each other with respect to this Agreement and the Property. Both parties agree to execute promptly those documents reasonably requested by the Escrow Agent to evidence termination of this Agreement.

3.2. Buyer's Title Policy. The Buyer's title to the Property shall be evidenced by an ALTA Owner's Policy of Title Insurance, reasonably acceptable to the Buyer, for the purchase of the Property insuring the Buyer, as owner of fee title to the Property free and clear of all liens, encumbrances, leases, debts, liabilities, obligations and the like, subject only to the permitted exceptions approved or waived by the Buyer, and any other matters approved or waived by the Buyer. The ALTA Owner's Policy of Title Insurance shall insure access to the Property, shall have standard preprinted exceptions 1, 2, 3, 4, 5, 6, 7 (except the language in exception 7, "water rights, claims or title to water") and 8 deleted therefrom, and shall include a zoning endorsement and a contiguity of parcels endorsement.

3.3. Survey. Within twenty (20) days after the Effective Date, the County shall cause a current boundary survey to be delivered to the Buyer, certified in a manner acceptable to the Buyer, the Escrow Agent, and prepared by a land surveyor licensed in the State of New Mexico ("the Survey"). As part of the survey, the surveyor shall permanently stake the corners of the Property and flag the Property's boundary lines. The survey shall be subject to the Buyer's approval and shall contain all information, certifications and matters thereon necessary for the Escrow Agent issuing

the commitment and ALTA Owner's Policy of Title Insurance to delete the standard survey exception regarding encroachments, overlaps, etc. The survey shall also include the correct legal metes and bounds description of the property, its proper dimensions, and any and all improvements, ditches, waterways, reservoirs, fence locations, easements, rights of way and adjacent roadways on and/or to the Property, together with appropriate recording identification information for any and all such title matters that are of record. The survey shall further contain a certified computation of the number of acres within the Property. The legal metes and bounds description of the Property contained in the survey shall be the legal description contained in the warranty deed to be executed by the County and delivered to the Buyer as set forth in this Agreement. On or before the Closing Date, the survey shall be filed for record as required by NMSA 1978, Section 61-23-28.2 (1999).

4. INSPECTION AND REVIEW.

4.1. Review. Immediately upon the Effective Date, the County shall make available to the Buyer all documents presently available to the County or within the County's control concerning the Property, including without limitation:

- (a) any leases, easements, rights-of-way and other documents, whether recorded or unrecorded;
- (b) any engineering and architectural plans currently available to the County, and any other improvement plans, whether or not such plans have been filed with, approved by or signed by any governmental agency or entity with jurisdiction over them, including those relating to installments of public utility facilities and services;
- (c) reports, including soils and hazardous waste reports, studies, maps, permits, architectural drawings, engineering studies, and deposits;
- (d) documents relating to the National LambdaRail and service via the same for the Property; and
- (e) any other documents prepared for or obtained by the County in connection with the Property.

The County has represented that it has constructed and installed the following infrastructure to and for the Property: the entrance road known as Montañas de Oro, consisting of 1,300 linear feet of paved roadway from New Mexico 14 to the Property; gas service consisting of 1,680 feet of six inch gas line; water service to the Property consisting of sixteen inch water mains to the Property; sewer service to the Property consisting of eight inch sewer mains to the Property. Electrical service, telephone service, and high speed fiber optic cable are believed to exist within the right-of-way of New Mexico Highway 14. Plans and documents relating to same shall be delivered in accordance with this Subsection 4.1. In addition, the County has

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represented that it has platted the Property into four discrete and separate parcels. Prior to Closing the County will process lot line adjustments and a lot split to reallocate the Property into five parcels (1A, 1B, 2, 3 and the Override Parcel), in the dimensions requested by the Buyer, pursuant to a survey provided by the Buyer.

The Buyer has commenced and may continue, at its cost and expense, its own investigation of the Property and the suitability of the Property for the Buyer's purposes. Such investigation may include, without limitation, a study of the feasibility of the Buyer's development or improvement of the Property and other matters affecting use of the Property, including, without limitation, soil and geological conditions, the presence of toxic or hazardous materials, sewer and utility connections, improvement costs, and any other investigations the Buyer may deem necessary or appropriate under the circumstances, in the Buyer's sole and absolute discretion. If this Agreement is terminated without any material breach of this Agreement by the County, the Buyer shall return the documents transferred to the Buyer by the County, and set forth in this Section 4.1, to the County.

4.2. License to Enter. The County hereby grants to the Buyer, its employees and agents, a nonexclusive license to enter onto the Property during the pendency of this Agreement to conduct, at the Buyer's expense, a Review during the Inspection Period. The Buyer shall not interfere with any tenant's uses of the Property and will enter any leased premises only with the permission of the County and any tenant.

4.3. Approval of Review. The Review shall be subject to the Buyer's approval or disapproval, in Buyer's sole and absolute discretion, until 5:00 p.m. (MST) on the date of the Termination of the Inspection Period. The Buyer shall provide written notice of approval or disapproval to the County and Escrow Agent on or before the termination of the Inspection Period. In the event the Buyer provides written notice of disapproval to the County and Escrow Agent, then: (a) the Earnest Money, and any interest earned thereon, shall be immediately returned to the Buyer; (b) the documents transferred to the Buyer by the County and set forth in Section 4.1 shall be returned to the County as provided in Section 4.1, above; (c) this Agreement shall be deemed terminated and the escrow canceled; and (d) the parties shall be relieved of any further obligations to each other with respect to the purchase and sale of the Property. The Buyer's failure to provide written notice of disapproval shall be deemed an approval of the Review. Both parties shall execute promptly those documents reasonably requested by Escrow Agent or the other party to evidence termination of this Agreement.

4.4. Inspection Period Extension. The Inspection Period, unless extended by mutual agreement of the parties reduced to writing and fully executed, shall expire at 5:00 p.m. on February 17, 2010.

Notwithstanding the foregoing, Buyer and Qualifying Entity may give notice prior to the end of the Inspection Period that the inspection is complete, in which

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event the date of such notice shall serve as the end of the Inspection Period for the purpose of establishing the Closing Date.

OFFICE OF THE ATTORNEY GENERAL
STATE OF CALIFORNIA
SACRAMENTO, CALIFORNIA

5. CONDITIONS TO PURCHASE AND SALE; REMEDIES.

5.1. Conditions to Buyer's Obligations. The Buyer's obligation to purchase the Property is conditioned upon satisfaction (or waiver in writing by the Buyer) of each of the following conditions, even if the failure of any condition occurs after the Inspection Period so long as such failure occurs prior to the Closing Date:

5.1.1. All representations and warranties made by the County in this Agreement shall be complete and accurate at and as of the Closing Date;

5.1.2. The Buyer shall have approved the Review on or before the termination of the Inspection Period (or the extension thereof);

5.1.3. The County's completion of a lot line adjustment on or before the conclusion of the Inspection Period to establish the Project Participation Parcel and the three additional phases to provide legal lots of record upon which to establish financing for each phase of the Project;

5.1.4. The County's delivery of the Deed and such other documents as are sufficient to convey title to the Property to the Buyer, subject only to the exceptions that will appear in the Title Policy, the legal description of the Property conveyed by said Deed and as reflected in the Title Policy;

5.1.5. The Escrow Agent has irrevocably committed in writing to issue the Title Policy in form and content required under the commitment approved by the Buyer;

5.1.6. The County shall have removed all personal property, trash, debris and materials from the Property to the satisfaction of the Buyer prior to the Closing Date;

5.1.7. The County has adopted an ordinance approving this Agreement and a resolution designating a person to execute relevant documents in connection with the Closing; and

5.1.8. For Phases 2 and 3 of the Project, the County may consider the use of public financing arrangements, including a public improvement district or tax increment development district, for offsite and onsite infrastructure for the project.

5.2. Conditions to County's Obligations. The County's obligation to sell the Property to the Buyer is conditioned upon satisfaction (or waiver in writing by the County) of each of the following conditions:

5.2.1. All representations and warranties made by the Buyer in this Agreement shall be complete and accurate at and as of the Closing Date;

5.2.2. The Buyer's delivery of the Earnest Money;

5.2.3. The Buyer's delivery of the Purchase Price for the Property and all other funds and documents required of the Buyer to comply with its obligations hereunder;

5.2.4. The Buyer and the Qualifying Entity have entered into a ground lease covering the Phase 1A portion of the Property for a term of not less than forty (40) years;

5.2.5. Approval of this Agreement by the New Mexico State Board of Finance.

5.3. County's Participation in Future Revenues; Mutual Additional Condition to Buyer's and County's Obligations. Upon Closing Buyer will grant to the County an "override" that affects the portion of the Property described in Exhibit C attached hereto (the "Override Parcel") upon the following terms and conditions which shall survive Closing:

5.3.1. County's Override on Leases. The County's conveyance of the Override Parcel shall be subject to an override in favor of the County granting to the County two percent (2%) of the total lease payments from any lease (an "Override Parcel Lease") on all or a portion of the Override Parcel after the Closing Date (the "2% Lease Override") according to the terms and conditions below.

5.3.1.1. Each Override Parcel Lease shall be entered into on an arm's length basis at fair market value.

5.3.1.2. The 2% Lease Override shall be calculated on the net Override Parcel Lease payments received by the Buyer during the term of the 2% Lease Override, as provided in Section 5.3.1.5 below. For purposes of the Override Agreement, "net lease payments" shall mean all installments of rent during such period less: (i) costs associated with operating the Override Parcel and managing the lease(s), (ii) any prepaid rents paid by any tenant (such as "last month's rent") until such rent is actually due and payable under the provisions of any such lease, and (iii) less any commissions payable to a third party real estate broker.

5.3.1.3. Override Parcel Leases include both ground leases and leases of improved property.

5.3.1.4. Payments of the 2% Lease Override shall be made by the Buyer to the County on or before the 15th day of the calendar month next succeeding the calendar month in which such rent was received.

5.3.1.5. The right of the County to receive the 2% Lease Override shall commence on the Closing Date, and shall terminate on the tenth (10th) annual anniversary date following the receipt of a final inspection certificate for two soundstages on Phase 1A of the first rent commencement date of any Override Parcel Lease.

5.3.2. County's Override on Sales. The County's conveyance of the Override Parcel shall be subject to a right in favor of the County which provides that the County shall receive two percent (2%) of the gross sales proceeds from the sale of all or a portion of the Override Parcel (the "2% Sale Override"), according to the terms and conditions below.

5.3.2.1. Any sale of the Override Parcel or any portion thereof ("Override Parcel Sale") shall be entered into on an arm's length basis at fair market value.

5.3.2.2. The 2% Sale Override shall be calculated on the gross sales price stated on the settlement statement at the closing of any Override Parcel Sale, including any sale arising from purchase options contained in any lease, less sales commissions and customary costs of sale such as title insurance premiums, survey expenses, escrow agent fees and the like.

5.3.2.3. Notwithstanding the foregoing, the right of the County to receive the 2% Sale Override shall terminate on the twentieth (20th) annual anniversary date of the date of the Closing of the sale to Buyer.

5.3.2.4 Further notwithstanding any other provision contained herein, no 2% Lease Overrides shall be due with respect to any portion of the Override Parcel on which the County has been paid a 2% Sale Override.

5.3.3. Security and Other Instruments.

5.3.3.1 To secure the obligation to pay the 2% Sale Override provided for in Section 5.3.2 above, the Buyer shall execute a mortgage substantially in the form attached hereto as Exhibit F (the "Override Parcel Sale Mortgage"). The Override Parcel Sale Mortgage shall permit and provide for the substitution of collateral by the Buyer to secure payment. The 2% Sale Override on any sale within the Override Parcel shall be paid at the closing of the sale of the pertinent tract. The County shall execute a partial or full release of the Override Parcel Sale Mortgage, as the case may be, in exchange for such payment.

5.3.3.2. To secure the obligation to pay the 2% Lease Override provided for in Section 5.3.1 above, the Buyer shall execute a mortgage substantially in the form of Exhibit G (the "Override Parcel Lease Mortgage"). The

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Override Parcel Lease Mortgage for the leased parcel shall be recorded at the time the lease is entered into by the parties thereto.

5.3.4 Substitution of Collateral. During the term of the Override Parcel Mortgage, La Luz may request a full or partial release of such Mortgages upon the following terms and conditions:

5.3.4.1 La Luz or the Qualifying Entity shall deliver to the County one or more letters of credit (each a "Letter of Credit") in an amount equal to:

(A) for the Override Parcel Sale Mortgage, the amount shall be 2% of the per acre Purchase Price multiplied by the number of acres to be released; or

(B) for the Override Parcel Lease Mortgage, the amount shall be 2% of the present value of the rents to be paid over the remaining term of the 2% Lease Override. In the event the lease term is less than the remaining 2% Lease Override term, then the future rents after the lease expires shall be calculated as though a three percent (3%) per annum rent escalator clause was in effect.

(1) The Letter(s) of Credit shall be provided by an issuer and in a form that the County, in its sole discretion, finds acceptable and shall not contain any conditions on draws thereunder other than those set forth in this Performance Agreement.

(2) Each Letter of Credit provided to the County pursuant to this Performance Agreement shall have an initial expiration date of not less than one (1) year and with automatic renewals of one (1) year periods unless the issuing lender gives ninety (90) days advance written notice of non-renewal to the County. In the event of notice of non-renewal is given, and if Santa Fe Studios and/or La Luz do not provide a commitment for a replacement Letter of Credit acceptable to the County on the terms set forth herein at least thirty (30) days prior to the expiration of the then existing Letter of Credit the County shall be entitled to draw upon the Letter of Credit at any time prior to its expiration without further notice to Santa Fe Studios. Each Letter of Credit, to the extent not drawn upon or due to be drawn upon by the County may be terminated by La Luz or Santa Fe Studios after (i) the end of the pertinent override term, or (ii) if a sale of the pertinent portion of the Override parcel occurs.

(3) In the event La Luz desires to substitute collateral, it shall transmit a letter to the County by overnight courier in accordance with the provisions of Section 11 below, including copies of the information required by subparagraph 2(b)(i) and (ii) above, and requesting a full release of the LEDA Parcel Mortgage. The letter shall be accompanied by the Full Release.

The parties shall enter into such water delivery agreements or related agreements as are necessary to accomplish the foregoing.

5.4. Material Breach - Remedies.

5.4.1. County's Breach. In the event that the County commits any material breach of this Agreement and fails to cure such material breach within ten (10) days following the Buyer's written notice to the County describing such breach and what cure is deemed necessary, then the Buyer, at its option, upon ten (10) days written notice to the County and Escrow Agent, may elect to: (a) terminate this Agreement, or (b) waive such material breach and proceed to close; provided, however, that if the County refuses (or is unable due to the County's deliberate act or omission) to sign and deliver the Deed or to sign and deliver any other document which the County is required to sign and deliver, then the Buyer, in addition to its option to terminate this Agreement or to waive the County's breach as provided above, shall also have the option to seek specific performance (if the remedy of specific performance is available) of the County's agreement to sign and deliver the Deed and other documents required to be signed and delivered by the County at closing. If the Buyer elects to terminate this Agreement, (a) the escrow shall be canceled, (b) the Buyer shall be entitled to the return of the Earnest Money, with any interest earned thereon prior to disbursement, (c) all documents shall be returned to the parties which deposited them in Escrow, and (d) all title and escrow cancellation fees shall be charged to and paid by the County.

5.4.2. Buyer's Breach. In the event the Buyer fails to deposit the Earnest Money or commits any other material breach of this Agreement in connection with the purchase of the Property pursuant to Section 2 of this Agreement, and in each case fails to cure such material breach within ten (10) days following the County's written notice to the Buyer describing such breach and what cure is deemed necessary, then the County, at its option and as its sole remedy, upon ten (10) days written notice to the Buyer and Escrow Agent, may elect either to terminate this Agreement or to waive the material breach and proceed to closing. If the County elects to terminate this Agreement: (a) the escrow shall be canceled; (b) the Earnest Money (with interest thereon) shall be paid to the County as liquidated damages; (c) the Buyer shall return the Materials to the County; (d) all other documents shall be returned to the parties who deposited them; and (e) all title and escrow fees shall be paid by the Buyer.

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COUNTY OF SAN DIEGO
REGISTERED CLERK
1500 PINE AVENUE
SAN DIEGO, CA 92101

6. ESCROW.

6.1. Agreement Constitutes Escrow Instructions. This Agreement shall constitute escrow instructions with respect to the Property and a copy hereof shall be deposited with the Escrow Agent for that purpose as provided in Section 6.2 below.

6.2. Escrow Agent. The escrow for the purchase and sale of the Property hereunder shall be opened by depositing an executed copy or executed counterparts of this Agreement with the Escrow Agent, and shall occur not later than three (3) days following the execution of this Agreement by both parties. This Agreement shall be considered as the escrow instructions between the parties, with such further instructions as Escrow Agent requires an order clarifying the duties and responsibilities of the Escrow Agent. In the event of a conflict between the provisions of this Agreement and the provisions of such general conditions, the provisions of this Agreement shall control.

6.3. Closing Date. The Closing Date shall be thirty (30) days following the Inspection Period providing all conditions precedent has been satisfied.

6.4. Costs of Escrow.

6.4.1. The County shall pay:

- (a) one-half (1/2) of the Escrow Agent's fees,
- (b) one-half (1/2) the cost of all recording fees,
- (c) the cost of the survey,
- (d) the cost of the title commitment and the title policy, including the deletion of standard exceptions 1, 2, 3, 4, 5, 6, 7 (except the language in exception 7, "water rights, claims or title to water") and 8, and
- (e) the cost of any other obligations of the County hereunder.

6.4.2. Buyer shall pay:

- (a) one-half (1/2) of the Escrow Agent's fees,
- (b) one-half (1/2) the cost of all recording fees, and
- (c) the cost of any other obligations of the Buyer hereunder.

PART 2 – PROJECT PARTICIPATION

Sections 7 through 19 of this Agreement shall be effective upon the transfer of title to the Property by the County to the Buyer.

7. CONTRIBUTIONS OF THE QUALIFYING ENTITY AND THE COUNTY.

7.1. Economic Development Goals of the Project.

7.1.1. The Qualifying Entity will encourage local economic development through film and multi-media production and will aid in its growth and expansion within the State of New Mexico and the County by recruiting labor and talent from the County and the State of New Mexico.

7.1.2. The Qualifying Entity will assist with development of a skilled work force necessary to produce a long series of film and multi-media productions.

7.1.3. The County will promote cooperation between the public and private sector to strengthen the development of Santa Fe County's work force through film and multi-media production.

7.2. Contributions of the Qualifying Entity and the County; LEDA Performance and Right of Repurchase Agreement. At or prior to the Closing, the Qualifying Entity and the County shall enter into the LEDA Performance and Right of Repurchase Agreement, in substantially the form attached hereto as Exhibit D. The Qualifying Entity's obligations under the LEDA Performance and Right of Repurchase Agreement shall be secured by delivery of a mortgage in substantially the form attached hereto as Exhibit E (the "LEDA Parcel Mortgage") to be recorded against the LEDA Land (as more specifically described in the LEDA Performance and Right of Repurchase Agreement). The LEDA Performance and Right of Repurchase Agreement shall include the provisions set forth below.

7.2.1. The Qualifying Entity shall directly or indirectly provide the following job opportunities in connection with the LEDA Project:

(a) 500,000 hours of above-minimum wage jobs in connection with the Project within six (6) years after the Closing Date in connection with Phase 1A, provided that construction jobs that result from construction of the LEDA Project on the Property or for offsite infrastructure for the Studio Project shall be credited against this requirement for purposes of Part I of this Agreement, but shall not be credited against this requirement for purposes of Part II of this Agreement. To the extent that paragraph 5 of the LEDA Performance and Right of Repurchase Agreement mistakenly states that such jobs must be created within five years rather than six years, the six year period stated in this Section will control;

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COUNTY OF SANTA FE
OFFICE OF THE COUNTY CLERK
1000 W. WASHINGTON
SANTA FE, NM 87501
TEL: 505-824-3100
WWW.SANTAFE.NM.GOV

(b) work force development, including apprenticeships or other job training and career advancement programs for Santa Fe County area residents and residents of the State of New Mexico.

Such jobs under subparagraph (a) may be located onsite at the Property or elsewhere within the County, provided that the film and multi-media production is contracted for or originated through the Qualifying Entity, its subtenants or users of the LEDA Project. For example, if a film or multi-media production is contracted for or originated as provided in the preceding sentence and is filmed or created at both the Property and in downtown Santa Fe, credit will be given for hours of jobs created in downtown Santa Fe; if a production is contracted for or originated by the Qualifying Entity or its subtenants before the LEDA Project is ready for use, and the production is filmed or created offsite, jobs created shall be credited toward the economic goals in Section 7.2.(a) above. The Qualifying Entity shall begin creating jobs as soon as is practicably possible after Closing. Jobs created and credited against the economic development goals described in this Agreement shall, consistent with the capabilities of the local work force in Central New Mexico, prefer local workers over workers from outside Central New Mexico.

Notwithstanding the time periods set forth in this Section 7.2.1, if construction of the Studio Project is delayed and the time for completion is extended as provided in Section 2(d) of the Performance Agreement, the period during which jobs are to be created shall be extended by the amount of additional time provided for completion of construction.

For purposes of this PPA and the LEDA Performance Agreement, the "minimum wage" means the minimum "living wage" then in effect in the City of Santa Fe, New Mexico pursuant to the City's Living Wage Ordinance, No. 28-1, Section 28-1.12, Santa Fe City Code 1987, as amended.

7.2.2. The Qualifying Entity shall pay for the cost of construction of all buildings and appurtenances and infrastructure in, on, or under the Phase 1A land, or shall obtain appropriate financing of public infrastructure through a tax increment development district, public improvement district or other appropriate method.

7.2.3. The County shall make State grant funds available for the LEDA Project in accordance with that certain Amended and Restated LEDA Film Grant Agreement by, between, and among the County, the Department of Finance and Administration, and the Economic Development Department, Articles XVI, XVII, and XVIII of which are incorporated by this reference as if set forth fully herein.

7.2.4. The County will assist the Qualifying Entity as may become necessary by providing County staff and expertise concerning obtaining state and local approvals of the proposed use of the Property.

CITY OF SANTA FE
OFFICE OF THE ATTORNEY GENERAL
1000 W. ANTONIO
SANTA FE, NM 87505
505.988.4000

7.2.5. Private Loan, Guaranty.

A. The Buyer and the Qualifying Entity shall enter into a loan agreement with a third party lending institution for an amount not less than \$6.5 million (the "Loan") for construction and/or long-term financing of capital improvements such as the construction of buildings, appurtenances and infrastructure in, on, or under the Phase 1 A Land, and for equipment necessary to further the studio and workforce purposes of the Project.

B. The County will provide a limited loan guaranty, substantially in the form set forth in Exhibit H hereto, for an amount not to exceed the sum of \$6.5 million, although it is anticipated that the loan agreement may exceed this sum. The County's obligation to guarantee the Loan shall be contingent on: (1) successful negotiation of a loan agreement by and between the Qualifying Entity and a third-party lending institution in a form acceptable to the County Attorney as set forth in Section 7.2.5(A), above, and as approved by the Board of County Commissioners; (2) successful negotiation of a guaranty between the Board of County Commissioners and the lender of the funds described in Section 7.2.5(A), above, and same being approved by the Board of County Commissioners; (3) execution of a loan agreement as described in Section 7.2.5(A), execution of a Loan Guaranty Reimbursement Agreement and Supplemental Mortgage and related documentation in form and substance satisfactory to the County; (4) issuance of a lender's policy of title insurance in favor of and satisfactory to the County; (5) receipt by the County, at or before the closing of the loan, of the certifications and legal opinions required in the Loan Agreement, Mortgage and related documentation or agreements; and (6) approval by the State Board of Finance of the Agreement, as amended, to the extent that such approval is required.

7.3. Failure to Perform; Remedies. In the event the Qualifying Entity fails to provide the job opportunities required by Section 7.2.1, above, it shall be in default hereunder. In the event of such default, the Qualifying Entity and the Buyer shall pay the County the amount of \$30,000 for each acre foot of water provided and actually delivered to the Property by the County, and shall reimburse all additional amounts contributed by the County or the State in support of the Project pursuant to the Act, adjusted to reflect the extent to which the Economic Development Goals have been performed at the time the partial release of the LEDA Parcel Mortgage is requested (e.g. if 50% of the hourly requirements required as Economic Development Goals have been satisfied, the Qualifying Entity and La Luz shall be obligated to reimburse 50% of the aggregate amount of public funding contributed by the County and the State). The Qualifying Entity and the Buyer shall reimburse the County and State according to the respective contributions by each within ninety (90) days after notice of such default is given. In the event the Qualifying Entity or the Buyer fails to make such payment on a timely basis, the County may pursue its rights under the LEDA Parcel Mortgage securing, among other things, performance of this Agreement and the LEDA Performance and Right of Repurchase Agreement. The duties of the Qualifying Entity

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and the Buyer are further described in the LEDA Performance and Right of Repurchase Agreement. Any levy upon the guaranty provided in Section 7.2.5(B), in whole or in part, and for whatever reason, shall constitute a breach of this Agreement, the Loan Guaranty Reimbursement Agreement, and the Supplemental Mortgage that secures the Qualifying Entity's obligations under this Agreement, and shall entitle the County to the remedies set forth therein. Satisfaction of the economic development goals and release of the LEDA mortgage shall not relieve any obligations under the terms of the guaranty, the Loan Guaranty Reimbursement Agreement, the mortgage and the Supplemental Mortgage, and shall be considered to be independent obligations of the Buyer and the Qualifying Entity.

7.4. Right to Repurchase. In the event construction of improvements on the Property is not commenced on the LEDA Land within the three-year time period described above, the County shall have the right to repurchase all of the Property as set forth in the LEDA Performance and Repurchase Agreement.

8. PERFORMANCE REVIEW AND CRITERIA.

8.1. Annual Reviews. The Qualifying Entity shall provide annual reports to the County concerning its performance under Sections 7.1 and 7.2, herein, and upon receipt, the County Manager and County staff shall conduct an annual review of the Project. The review shall determine whether the Project is in compliance with this Participation Agreement and is substantially achieving the goals and objectives herein.

8.2. Job Creation. The County's annual review shall determine whether the Qualifying Entity has substantially achieved its job creation goals as specified in Sections 7.1 and 7.2, herein. The annual review shall consider both direct and indirect job creation. If, in the opinion of the County, these goals are not substantially met, the annual review shall determine whether the actual job creation achieves a positive benefit-cost ratio, and shall form conclusions and make appropriate recommendations.

8.3. Work Force Development Activities. The annual report shall document and the annual review shall evaluate the work force development efforts of the Qualifying Entity.

9. SCHEDULE FOR LEDA PROJECT DEVELOPMENT.

9.1. Construction Start-up. The LEDA Project shall commence no later than 36 months after the Closing Date.

9.2. Operations Start-up. The film and media production operations shall commence no later than 36 months after the Closing Date.

9.3. Phasing. The Project will proceed in three Phases, as described in this Section 9.3. The LEDA Project consists solely of Phase 1A, and is initially anticipated to be the only portion of the Project that will be benefitted from contributions

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of public funding provided by the State, the County or otherwise, and consequently, shall be the portion of the Project subject to the LEDA Mortgage. In the event that additional contributions of public funding are made by the State, the County or otherwise, the LEDA Project, LEDA Parcel and LEDA Mortgage shall be adjusted to encompass the real property benefitted from such contributions.

(a) Phase 1 will comprise the construction of Stages 1, 2, 3 and 4, approximately 39,000 square feet of space to house the mill, shop, grip and lighting facilities, approximately 35,000 square feet of space to house production support facilities, approximately 40,000 square feet of space to house the commissary and post-production facilities, approximately 40,000 square feet of space to house executive offices, a cistern/observation tower, necessary surface parking and loading facilities, interior roadways and interior infrastructure, and other necessary amenities.

(b) Phase 1A, consisting of Stages 1 and 2 and approximately 39,000 square feet of space to house the mill, shop, grip and lighting facilities, and the approximately 35,000 square feet of space to house production support facilities, shall commence within 36 months following the Closing Date, and shall be completed within 72 months after the Closing Date; provided however that if market conditions and prospective tenant requirements require a different configuration, the parties may agree to changes in the mix of improvements comprising Phase 1A without amending this Agreement so long as at least 40,000 square feet of improvements, including at least two soundstages, are constructed.

(c) The remainder of Phase 1 ("Phase 1B"), as well as future Phases 2 and 3, shall commence as market conditions and demand warrant.

(d) In addition, approximately 17.62 acres will be developed for film and multi-media related businesses, and is also known herein as the Override Parcel. This parcel will be developed as market conditions and demand warrant.

10. TERM. This Project Participation Agreement shall remain in force from the date first written above until it is performed in full. In the event the Qualifying Entity performs or exceeds the required performance levels contained in this Participation Agreement, the County may, in its sole discretion, elect to release the Qualifying Entity prior to the expiration of the term of the sublease of the Subleased Lot. Termination of said Sublease shall automatically terminate this Participation Agreement.

11. TERMINATION. Exercise of the County's right to repurchase shall terminate this Agreement; provided, however, that by termination, neither the County nor the Qualifying Entity may nullify obligations already incurred for performance or failure to perform prior to the date of termination. This Project Participation Agreement may also be terminated as provided in Article 15.

12. STATUS OF QUALIFYING ENTITY. The Qualifying Entity and the Qualifying Entity's agents and employees are not employees of the County. The Qualifying Entity and the Qualifying Entity's agents and employee shall not accrue leave, retirement, insurance, bonding, use of County vehicles, or any other benefits afforded to employees of the County as a result of this Participation Agreement.

13. INDEMNITY, INSURANCE.

13.1. It is expressly understood and agreed by and among the Buyer, the Qualifying Entity and the County, that the Buyer and Qualifying Entity shall defend, indemnify and hold harmless the County for all losses, damages, claims or judgments on account of any suit, judgment, execution, claims actions or demands whatsoever resulting from the actions or inaction of the Buyer or Qualifying Entity as a result of this Project Participation Agreement.

13.2. The Qualifying Entity and/or Buyer shall maintain adequate insurance as set forth in this paragraph and shall name the County as an additional insured on any such insurance policy. The Qualifying Entity and/or Buyer shall procure and maintain in force at all times during its performance of its obligations under this Agreement a commercial general liability insurance policy with per claim and aggregate policy limits of not less than \$1,000,000. The policy shall include an automobile liability insurance (owned, non-owned and hired vehicles) policy with policy limits of not less than \$500,000 per occurrence (bodily injury, property damage and medical payments). The Qualifying Entity and/or Buyer, as applicable, shall provide proof of such insurance coverage to the County, including copies of policies.

14. RECORDS AND AUDITS. The Qualifying Entity shall maintain detailed employment and work force development efforts records. Upon thirty (30) days advanced written notice provided by the County to the Qualifying Entity, these records shall be subject to inspection by the County.

15. APPROPRIATIONS.

A. This Agreement is contingent upon sufficient appropriations and authorizations being made for performance of this Agreement by the Board of County Commissioners of the County and/or, if state funds are involved, the Legislature of the State of New Mexico. If sufficient appropriations and authorizations are not made in this or future fiscal years, the County shall give notice thereof to the Qualifying Entity and La Luz. Each shall have fifteen (15) days after such notice to give notice to the County as to whether they will waive the requirement for the anticipated \$10,000,000 appropriation for the Studio Project and construct the Studio Project without such grant(s), or to terminate this Agreement. In the event the Qualifying Entity and La Luz fails to give notice to the County of their election within such fifteen (15) day period, this Agreement shall terminate upon written notice by the County to the Qualifying Entity. Such termination shall be without penalty to the County, and the County shall have no duty to reimburse the Qualifying Entity for expenditures made in the performance of this

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COUNTY OF SANTA FE
OFFICE OF THE COUNTY CLERK
1000 W. WASHINGTON
SANTA FE, NM 87501
505.833.8000

Agreement. The County is expressly not committed to expenditure of any funds until such time as they are programmed, budgeted, encumbered and approved for expenditure by the County. The County's decision as to whether sufficient appropriations and authorizations have been made for the fulfillment of this Agreement shall be final and not subject to challenge by the Qualifying Entity in any way or forum, including a lawsuit.

B. Subject to the right of waiver in Section 15A above, for purposes of grants and other aid provided by the State of New Mexico, the terms of this Project Participation Agreement are contingent upon the funds for such grant being made by the Legislature of the State of New Mexico and any such grant being delivered to the County and authorization being made by the County for the use of such grant to support the economic development project specified in this Project Participation Agreement. If sufficient appropriations for such grant are not made to the County, this Project Participation Agreement shall terminate upon written notice being given by the County to the Qualifying Entity and the Buyer.

16. RELEASE. Upon satisfaction of the County's obligations pursuant to this Project Participation Agreement, the Qualifying entity shall release the County, its Elected Officials, employees, agents, insurers and attorneys, from and against all liabilities, claims and obligations whatsoever arising from or under this Project Participation Agreement. The Qualifying Entity agrees not to purport to bind the County to any obligations not assumed herein, except those that are assumed under the Sublease by the County, unless the Qualifying Entity has express written authority to do so, and then only within the strict limits of that authority.

17. CONFLICT OF INTEREST. The Qualifying Entity warrants that the Qualifying Entity presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Participation Agreement.

PART 3 - GENERAL PROVISIONS

The following provisions are applicable to this Agreement in its entirety.

18. REPRESENTATIONS, WARRANTIES AND MUTUAL COVENANTS.

18.1. Representations and Warranties of the County. The County hereby represents and warrants to the Buyer that the following statements are true and correct as of the date hereof and shall be as of the Closing Date, and the truth and accuracy of such statements shall constitute a condition to all of the Buyer's obligations under this Agreement:

18.1.1. The County is a political subdivision of the State of New Mexico and its Board of County Commissioners has authorized execution of this

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Agreement and all documents contemplated hereby or delivered or to be delivered in connection herewith, and to perform its obligations hereunder.

18.1.2. The County has full right, power and authority to enter into this Agreement and all documents contemplated hereby or delivered or to be delivered in connection herewith, and to perform its obligations hereunder.

18.1.3. The County is not in breach or violation of, and the execution, delivery and performance of this Agreement will not result in a breach or violation of, any agreement to which it is a party or otherwise bound, or constitute a violation of any law, rule, regulation or any court order or decree applicable to the County or result in acceleration of any lien or encumbrance upon the Property or any part thereof.

18.1.4. This Agreement is the legal, valid and binding obligation of the County enforceable against the County in accordance with its terms, except in each case as such enforceability may be limited by general principles of equity, bankruptcy, insolvency, moratorium and similar laws relating to creditors' rights generally.

18.1.5. There is no action, claim, litigation, proceeding or governmental investigation pending against the County or the Property or, to the County's best knowledge, threatened, against the County which might directly or indirectly, have a material adverse effect upon the use, title, operation or development of the Property.

18.1.6 Force Majeure.

(a) The duties and obligations of the Qualifying Party and/or Buyer hereunder will be suspended, but not released, upon the occurrence and continuation of any "Event of Force Majeure" which inhibits or prevents performance hereunder or under any document referred to or implied herein, and for a reasonable start-up period thereafter. For purposes of this Agreement and related documents described below, the period of suspension shall run for the amount of time the Event of Force Majeure impairs production at the LEDA Project plus one hundred twenty calendar (120) days for the start-up of activities at the Studio Project.

(b) An "Event of Force Majeure" shall mean any act, cause, contingency or circumstance beyond the reasonable control of such party (whether or not reasonably foreseeable), including, without limitation, to the extent beyond the reasonable control of such party:

(i) any governmental action, nationalization, expropriation, confiscation, seizure, allocation, embargo, prohibition of import or export of goods or products, regulation, order or restriction (whether foreign, federal or state) that has a material adverse effect on the studio Project;

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(ii) War (whether or not declared), civil commotion, disobedience or unrest, insurrection, public strike, riot or revolution;

(iii) Lack or shortage of, or inability to obtain, any labor, machinery, materials, fuel, supplies or equipment from normal sources of supply;

(iv) Any labor relations dispute affecting or involving the Project or which may affect or involve production activities occurring at the Project including, but not limited to, union or "wildcat" picketing, the filing of an Unfair Labor Practice charge by a union, the expiration of a negotiated labor contract, work stoppage or slowdown by a union or members of a union, an existing or impending union or wildcat strike or lockout, or any other matter which could reasonably be construed as a labor relations dispute (collectively, "Labor Disputes");

(v) Fire, flood, earthquake, drought or other natural calamity, weather or damage or destruction to structures and/or equipment; or

(vi) Acts of God.

(c) As soon as reasonably possible following the occurrence of any Event of Force Majeure, the affected party(ies) shall give written notice to the other party(ies) as to the date and nature of such Event of Force Majeure, and the potential effects thereof. An Event of Force Majeure is not anticipated but is foreseeable by the parties.

(d) The County acknowledges and understands that labor and the local workforce are essential to the success of the Studio Project, the ability of the Qualifying Party to create jobs under Section 7.2.1 above, and that any labor dispute within the filmmaking and media production industry may adversely affect the Project.

(e) This Section shall also be included in substantially similar form (tailored to the particular document) in the LEDA Performance Agreement and related documents and the loan documents for the installment purchase of the Property.

18.1.7. Neither the County nor, to the County's best knowledge, any other person has used, generated, manufactured, stored or disposed of, on or under the Property or any part thereof, or in the immediate vicinity thereof, or transferred to or from the Property or any part thereof, any "Hazardous Materials." For purposes of this Agreement, "Hazardous Materials" are defined as any radioactive materials, hazardous waste, toxic substances, petroleum products or by-products, or any other materials or substances which under federal, state or local statute, law, ordinance, governmental regulation or rule would require the Buyer's removal, remediation or clean up, including, without limitation, substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response,

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Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. §§11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. §1801, *et seq.*; the Resources Conservation and Recovery Act, 42 U.S.C. §6901, *et seq.*; and in the regulations adopted and publications promulgated pursuant to said laws; together with any substance, product, waste or other material of any kind or nature whatsoever which may give rise to liability under any federal, state or local law, ordinance, rule or regulation relating thereto, or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability, or under any reported decision of any federal or state court.

18.1.8. There are no leases, oral or written or claims to occupy the Property.

18.2. Representations and Warranties by Buyer. The Buyer hereby represents and warrants to the County that the following statements are true and correct as of the date hereof and shall be as of the Closing Date, and the truth and accuracy of all such statements shall constitute a condition to all of the County's obligations under this Agreement:

18.2.1. The Buyer is a limited liability company, duly organized and validly existing under the Laws of the State of New Mexico, and will have full right, power and authority to enter into this Agreement and all documents contemplated hereby or delivered or to be delivered in connection herewith, and to perform its obligations hereunder.

18.2.2. The Buyer has full right, power and authority to enter into this Agreement and all documents contemplated hereby or delivered or to be delivered in connection herewith, and to perform its obligations hereunder.

18.2.3. The execution and delivery of this Agreement and consummation of the sale contemplated hereby will not conflict with any agreement to which the Buyer is bound, or result in any breach or violation of any law, rule, regulation or any court order or decree applicable to the Buyer.

18.2.4. The Buyer will deliver to the County a copy of its certificate of organization and articles of organization.

18.3. Representations and Warranties by the Qualifying Entity. The Qualifying Entity represents and warrants to the County that the following statements are true and correct as of the date hereof and shall be as of the Closing Date, and the truth and accuracy of all such statements shall constitute a condition to all of the County's obligations under this Agreement:

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18.3.1. The Qualifying Entity is a corporation duly organized and validly existing under the laws of the State of New Mexico, and has full right, power and authority to enter into this Agreement and all documents contemplated hereby or delivered or to be delivered in connection herewith, and to perform its obligations hereunder.

18.3.2. The execution and delivery of this Agreement and consummation of the sale contemplated hereby will not conflict with any agreement to which the Qualifying Entity is bound, or result in any breach or violation of any law, rule, regulation or any court order or decree applicable to the Qualifying Entity.

18.4. Mutual Covenants of the County and the Buyer. Following the mutual execution of this Agreement:

18.4.1. The County and the Buyer shall deliver to each other and to the Escrow Agent any documents reasonably requested by the Escrow Agent evidencing that each has the authority to enter into this Agreement and to consummate the transactions contemplated hereby.

18.4.2. The County shall:

(a) except as necessary to secure public financing for the Project, not enter into leases, contracts, agreements or instruments or make any material modifications to any existing leases, contracts, agreements or instruments which, in either case may: (i) encumber, affect the ownership, use or development of the Property, or (ii) by its terms would not be fully performed before the Closing Date, without the prior written consent of the Buyer; and

(b) not use, generate, manufacture, store or dispose of, on or under the Property or any part thereof, or transfer to or from the Property or any part thereof, any Hazardous Materials.

18.5. Survival of Representations and Warranties. The representations and warranties of the County set forth in Section 18.1 and the representations and warranties of the Buyer set forth in Section 18.2 and the representations of the Qualifying Entity in Section 18.3 and the representations of the County and the Buyer in Section 18.4 shall survive the Closing Date and thereafter extend without limitation until the applicable statute of limitations.

19. INCORPORATION OF EXHIBITS. All exhibits attached hereto and referred to herein are incorporated in this Agreement as though fully set forth herein.

20. NOTICES. All notices, requests, demands and other communications given, or required to be given, hereunder shall be in writing and shall be given (a) by personal delivery with a receipted copy of such delivery, (b) by certified or registered

18.4.2. The County shall:

United States mail, return receipt requested, postage prepaid, or (c) by facsimile transmission with an original mailed by first class mail, postage prepaid, to the following addresses:

If to the County: Santa Fe County, New Mexico
Attn: Stephen C. Ross, Esquire
Santa Fe County Attorney
102 Grant Avenue
P.O. Box 276
Santa Fe, New Mexico 87504-0276
Telephone: (505) 986-6279
Facsimile: (505) 986-6362

If to the Buyer: La Luz Holdings, LLC
Attn: Lance Hool
7 Plaza del Centro
Santa Fe, New Mexico 87506
Telephone: (505) 982-3210
Facsimile: (505) 983-6985

If to Santa Fe Studios: Santa Fe Film and Media Studios, Inc.
Attn: Lance Hool
7 Plaza del Centro
Santa Fe, New Mexico 87506
Telephone: (505) 982-3210
Facsimile: (505) 983-6985

with a copy of any notice to the Buyer or Santa Fe Studios (which shall not be deemed notice) to:

James S. Rubin, Esquire
Rubin Katz Law Firm, P.C.
123 E. Marcy Street, Suite 200
P. O. Drawer 250
Santa Fe, New Mexico 87504-0250
Telephone: (505) 982-3610
Facsimile: (505) 988-1286

Any such notice sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received seventy-two (72) hours after the same is so addressed and mailed with postage prepaid. Notice sent by recognized overnight delivery service shall be effective only upon actual receipt thereof at the office of the addressee set forth above, and any such notice delivered at a time outside of normal business hours shall be deemed effective at the opening of business on the next day. Notice sent by facsimile shall be effective only upon actual receipt of the original unless written confirmation is sent by the recipient of the facsimile stating that the notice

2010 AUG 11 10:00 AM FAXED 2010

26. FURTHER DOCUMENTS. Each of the parties hereto shall, on and after the Closing Date, execute and deliver any and all additional papers, documents, instructions, assignments and other instruments, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations hereunder and to carry out the intent of the parties hereto.

27. SEVERABILITY. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail but the provision hereof which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law and all other provisions hereof shall remain in full force and effect.

28. NO OBLIGATION TO THIRD PARTIES; NO FIDUCIARY RELATIONSHIP OR DUTIES. The negotiation, execution, delivery and performance of this Project Participation Agreement shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, to obligate either of the parties hereto to any person or entity other than each other, or to create any agency, partnership, joint venture, trustee or other fiduciary relationship or fiduciary duties between the Buyer and the County.

29. CONSTRUCTION. For all purposes of interpretation or construction of this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter shall include the masculine and feminine. As used in this Agreement, the term "and/or" means one or the other or both, or anyone or all, or any combination of the things or persons in connection with which the words are used; the term "person" includes individuals, partnerships, limited liability companies, corporations and other entities of any kind or nature; the terms "herein," "hereof" and "hereunder" refer to this Agreement in its entirety and are not limited to any specific provisions; and the term "including" means including, without any implied limitation.

30. TIME OF ESSENCE. Time is of the essence hereof and of all the terms, provisions, covenants and conditions hereof.

31. CONFLICTS BETWEEN AGREEMENTS. Notwithstanding any other provision contained herein, in the event of any conflict between the terms of this Agreement and the LEDA Performance and Repurchase Agreement, the terms of the latter shall control.

32. CONFLICTS OF INTEREST, FINANCIAL INTEREST. No covered person shall have any interest (direct or indirect) in a qualifying entity provided assistance pursuant to the Local Economic Development Act, NMSA 1978, as amended, Chapter 5, Article 10, with the funds that are the subject of this agreement, or any contract or subcontract of such a qualifying entity for work to be performed on the LEDA project. As used in this paragraph, "covered person" means a member, officer,

2010 AUG 11 PM 04:00:00

COUNTY:

**THE BOARD OF COUNTY COMMISSIONERS OF
SANTA FE COUNTY**

By: _____
Harry B. Montoya, Chair

_____ Date

ATTEST:

Valerie Espinoza, County Clerk

_____ Date

APPROVED AS TO FORM:

Stephen C. Ross
Santa Fe County Attorney

_____ Date

2010 AUG 11 10:58 AM
SANTA FE COUNTY CLERK'S OFFICE

BUYER:

**La Luz Holdings, LLC
a New Mexico limited liability company**

By: _____
Lance Hool, Manager

Date

ATTEST:

Secretary

Date

QUALIFYING ENTITY

**Santa Fe Film and Media Studios Inc.,
a New Mexico corporation**

By: _____
Lance Hool, President

Date

ATTEST:

Secretary

Date

11/11/10 11:11 AM

EXHIBIT A

Legal Description of Property:

That certain tract or parcel of land and real estate lying within a portion of Section 36, T. 16 N., R. 8 E., N.M.P.M., Santa Fe County, New Mexico, and being more particularly described as follows, to-wit:

Beginning at point from whence a marked stone found, being the section corner common to Sections 25 and 36, T. 16 N., R. 8 E., and Sections 30 and 31, T. 16 N., R. 9 E., bears, S. 47° 02' 25" W., 1070.39 feet; thence, N. 88° 59' 28" E., 2678.52 feet; thence, N. 00° 16' 40" W., 5246.82 feet; thence, from said point and place of beginning, S. 67° 46' 11" W, 1232.25 feet; thence, N. 83° 55' 17" W., 346.19 feet; thence, S. 67° 34' 58" W., 398.94 feet; thence, N. 48° 52' 25" W., 540.39 feet; thence, along a curve to the right (Delta = 21° 03' 22", Radius = 922.00 ft., Chord = S. 66° 28' 15" W., 336.93 ft.) a distance of 338.83 feet; thence, N. 00° 18' 04" E., 738.09 feet; thence, N. 46° 18' 20" E., 391.20 feet; thence, N. 09° 51' 07" E., 285.50 feet; thence, N. 86° 29' 35" E., 747.37 feet; thence, S. 70° 36' 09" E., 539.69 feet; thence, S. 83° 30' 13" E., 653.05 feet; thence, S. 37° 19' 23" E., 414.92 feet; thence, S. 11° 21' 30" E., 399.31 feet to the point and place of beginning. Being and intended to be "New Tract A-D", as shown on "Lot Consolidation and Master Plat for Santa Fe Economic Development", filed for record as Document No. 1480460, in Plat Book 653, pages 006-007, records of Santa Fe County, New Mexico.

Together with all easements necessary for access to a public right-of-way across lands owned by the County.

2010 AUG 11 10 44 AM
SANTA FE COUNTY CLERK
SANTA FE COUNTY CLERK

EXHIBIT B
USE LIST

OFFICE OF THE ATTORNEY GENERAL
STATE OF CALIFORNIA
SAN FRANCISCO, CALIFORNIA

EXHIBIT B

Any building and/or facility and/or space that is affiliated with the manufacturing and distribution of film and multi-media production, such as, but not limited to:

- * sound stages
- * production offices
- * wardrobe storage
- * hair & make-up spaces
- * dressing rooms
- * editing suites
- * sound mixing stages
- * recording stages
- * CGI (Computer Graphics Imaging)
- * administration offices
- * executive offices
- * commissary / restaurants / cafes / snack-bars
- * screening rooms
- * projection rooms
- * camera facilities
- * grip facilities
- * electric / light facilities
- * transportation garage & storage facilities
- * computer server banks
- * water tanks (both for filming and for utility, e.g. for fire prevention)
- * plaster / construction / printing facilities
- * broadcasting (TV / video / radio / internet, etc)
- * property ("props") storage, repair, etc
- * warehouse & mill
- * mill
- * classrooms
- * auditoriums
- * theaters / cinemas
- * conference rooms
- * meeting rooms
- * lavatories
- * janitorial
- * spa
- * gym
- * executive suites / residence
- * security
- * EMT / first-aid
- * film / video laboratory
- * concierge
- * studio / retail shops
- * "blue rooms" / waiting area
- * broadcasting booths

- * parking
- * "back lot" for outdoor filming
- * museum
- * tour office & facilities
- * mail room
- * transmission equipment
- * HVAC
- * cyclorama
- * car wash & detail
- * industrial storage & mechanical manufacture (lights, cranes, etc.)
- * printing press
- * art department
- * construction
- * set decoration
- * painting
- * equipment warehousing
- * shipping / receiving
- * hotel (for cast & crew)
- * child care facility
- * laundry/dry cleaners (especially for wardrobe)
- * special effects shops
- * electrical transformers / substation

STATE OF CALIFORNIA
DEPARTMENT OF REVENUE
RECEIVED
AUG 11 2010
SACRAMENTO

NOTES

1. BASIS OF BEARING FOR THIS SURVEY IS FROM G.P.S. OBSERVATIONS BETWEEN THE SOUTH QUARTER CORNER AND CORNERSTOCK SECTION CORNER OF SECTION 36, T16N, R16E, S1/4 COR. (LOCAL #88759287).

2. REFERENCE SURVEYS: N.M. STATE HIGHWAY COMMISSION RIGHT OF WAY MAP, PROJECT 55-100(2000), WALLE LAND-SUBDIVISION, RECORDED AT BK. 13, PL. 60, SANTA FE COUNTY CLERK'S OFFICE.

3. PLAT OF SURVEY FOR RANCHO YELLO MARINERDISH, RECORDED BK. 362, PG. 061.

4. BOUNDARY SURVEY PLAT AND SANTA FE COUNTY ECONOMIC BUSINESS PARK MASTER PLAT, RECORDED IN BOOK 421, PG. 12.

5. LOT CONSOLIDATION AND MASTER PLAT FOR SANTA FE ECONOMIC DEVELOPMENT I, RECORDED IN PLAT BK. 893, PG. 003-007.

6. PLAT AND BOUNDARY SURVEY PLAT FOR THE COUNTY OF SANTA FE RECORDED IN PLAT BK. 898, PG. 000.

7. BUILT CERTIFICATE FOR SANTA FE COUNTY BY RONALD L. HISSON DATED 10-21-08, RECORDING AUTHORIZATION UNKNOWN.

8. PORTION OF THE PROPERTY AS SHOWN HEREBY CONTAINS A 20' UNDERGROUND WATER AND SEWER EASEMENT IN FAVOR OF SANTA FE COUNTY. EXCEPT IN THE CASE OF ANY FACEDRINK, DRAIN ADVANCE NOTICE IS NOT REQUIRED, BEFORE COMMENCEMENT OF ANY WORK WITHIN SUCH 20' UNDERGROUND WATER AND SEWER EASEMENT BY SANTA FE COUNTY OR ITS LICENSEES, SUCCESSORS OR ASSIGNS, SANTA FE COUNTY, ITS LICENSEES, SUCCESSORS OR ASSIGNS SHALL PROVIDE 30 DAYS PRIOR WRITTEN NOTICE TO THE RECORD PROPERTY OWNER.

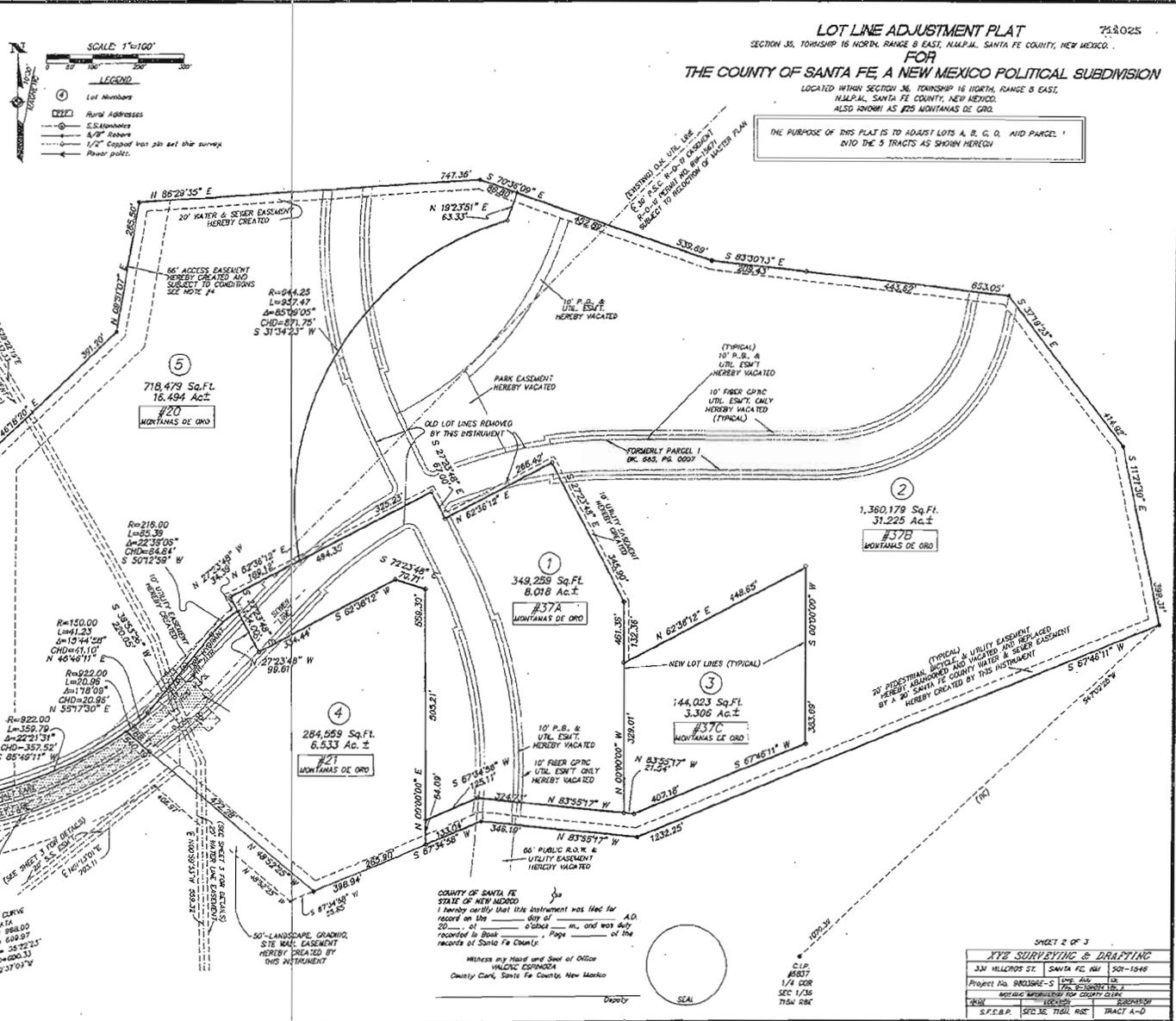
9. PUBLIC EASEMENT FOR ACCESS AND EGRESS CONSISTING OF 66' IN WIDTH AS SHOWN ON THE WESTERN BOUNDARY OF LOT 5 IS HEREBY RECEIVED BY THE COUNTY OF SANTA FE SOLELY IN PURSUANCE OF ACCESS TO ADJOINING PROPERTIES. THE COUNTY OF SANTA FE SHALL BE PERMITTED TO RELOCATE SUCH EASEMENT WITHIN LOT 5 AT ANY TIME WITHIN THE PRIOR WRITTEN CONSENT OF THE CURRENT OWNER OF LOT 5. SUCH CONSENT MAY BE WITHHELD BY SUCH OWNER(S).

10. EVIDENCE DOCUMENTS:
 WORKING AGREEMENT, RELEASE, AND GUT CLAIM DEED REVISIT, CONSENT PATENT AND PATENT ADJ. RECORDED 4/24/2008 AS HTS. #7523367-1523368.

CERTIFICATE

I, Adam Q. Grace, a duly registered Professional Surveyor in the State of New Mexico hereby certify that this plat represents an actual survey made in the field by me or under my direction, that it meets the Minimum Standards for Surveys in New Mexico and that the information contained herein is true and correct to the best of my knowledge, information and belief.

(FOLD)
 Adam Q. Grace
 337 WILKINS ST.
 SANTA FE, NM 87505
 P.S. No. 12443
 Santa Fe, NM



LOT LINE ADJUSTMENT PLAT 752025
 SECTION 36, TOWNSHIP 16 NORTH, RANGE 8 EAST, N.M.P.M., SANTA FE COUNTY, NEW MEXICO.
FOR
THE COUNTY OF SANTA FE, A NEW MEXICO POLITICAL SUBDIVISION
 LOCATED WITHIN SECTION 36, TOWNSHIP 16 NORTH, RANGE 8 EAST, N.M.P.M., SANTA FE COUNTY, NEW MEXICO, ALSO KNOWN AS P25 MONTAÑAS DE ORO.

THE PURPOSE OF THIS PLAT IS TO ADJUST LOTS A, B, C, D, AND PARCEL 1 INTO THE 5 TRACTS AS SHOWN HEREOF.

SHEET 2 OF 3

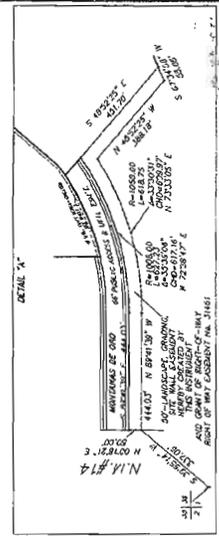
XYZ SURVEYING & DRAFTING	
JAN WILCOX ST.	SANTA FE, NM 87501-1048
Project No. 090308E-S	Date: 08/11/10
Drawn: [Signature]	Checked: [Signature]
Field: [Signature]	Reviewed: [Signature]
S.P.D.B.P. SEC. 36, TRACT A-D	TRACT A-D

THIS DOCUMENT IS THE PROPERTY OF XYZ SURVEYING & DRAFTING. IT IS TO BE KEPT IN THE ORIGINAL FILED COPY. ANY REPRODUCTION OR DISTRIBUTION OF THIS DOCUMENT WITHOUT THE WRITTEN PERMISSION OF XYZ SURVEYING & DRAFTING IS STRICTLY PROHIBITED.

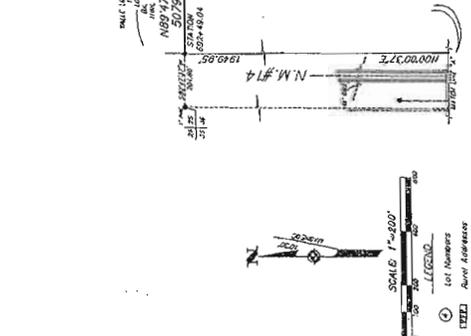
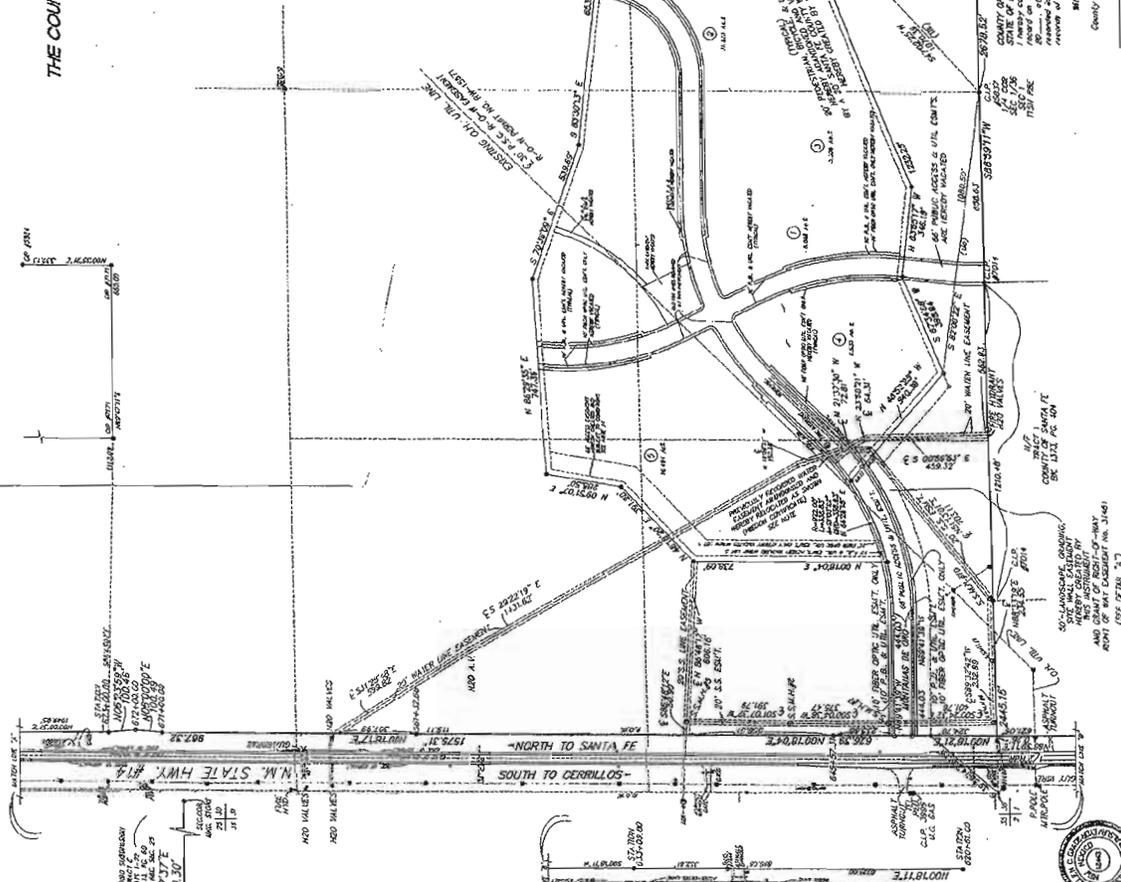
**EASEMENTS AFFECTING
LOT LINE ADJUSTMENT FLAT
FOR
THE COUNTY OF SANTA FE, A NEW MEXICO POLITICAL SUBDIVISION**

75-0026

OF 63.68 ACRES LOCATED WITHIN SECTION 36, TOWNSHIP 10 NORTH, RANGE 6 EAST,
ALSO CALLED SANTA FE COUNTY, NEW MEXICO.
FIELD NUMBER FOR SURVEYING IS 001.



NOTE ON UTILITY EASEMENTS
PREVIOUSLY APPROVED EASEMENTS AS PART OF THE SANTA FE ECONOMIC BUSINESS DEVELOPMENT ARE HEREBY APPROVED, MODIFIED AND/OR UN-PLATED. DEVELOPMENTS FOR UTILITIES SHALL BE NEGOTIATED AND APPROVED FOR DEVELOPMENT AS PART OF THE NEXT PLATED PLAT CORRECTED UNDER NOTICE.



LEGEND
 Lot Numbers
 Survey Address
 Easement
 1/2\"/>

CERTIFICATE
 I, John C. O'Connell, Surveyor for the State of New Mexico, hereby certify that this plat represents an original survey made in the State of New Mexico and that the information contained herein is true and correct to the best of my knowledge, information and belief.
 Date: August 11, 2010
 Surveyor for the State of New Mexico
 Santa Fe, NM

FILE SURVEYING & DRAWING

SHEET 3 OF 3
JULY RELEASE ST. SANTA FE, NM 501-1246
PROJECT NO. 00000000-00000000
DATE: 08/11/2010
SCALE: SEC. 36, T10N, R6E
TRACT 4-C

EXHIBIT D

LEDA PERFORMANCE AND RIGHT OF REPURCHASE AGREEMENT

THIS LEDA PERFORMANCE AGREEMENT ("Performance Agreement") is entered into by the County of Santa Fe, New Mexico ("County"), La Luz Holdings, LLC, a New Mexico limited liability company ("La Luz") and Santa Fe Film and Media Studios, Inc., a New Mexico corporation ("Santa Fe Studios").

RECITALS

A. On June 10, 2008, the County, La Luz and Santa Fe Studios entered into that certain Project Participation and Land Transfer Agreement (the "PPA"), which contained, in part, certain provisions regarding La Luz's acquisition of 65 acres, more or less, of land from the County which is more particularly described in Exhibit A to this Performance Agreement. Such real property is referred to as the "LEDA Parcel". The LEDA Parcel is a portion of a larger tract purchased by La Luz from the County consisting of 65 acres, more or less (the "65-Acre Tract"), which is more particularly described in Exhibit B to this Performance Agreement. The 65-Acre Tract is zoned as a media district within the Santa Fe County Community College District.

B. Effective on the date hereof, Santa Fe Studios has entered into a 99 year lease (the "Lease") with La Luz under which Santa Fe Studios will construct a film and media studio project (the "Studio Project") on the LEDA Parcel.

C. The New Mexico Local Economic Development Act, Sections 5-10-1 through 5-10-13 NMSA 1978 (the "Act") authorizes certain types of public funding of economic development projects for the purpose of fostering, promoting and enhancing local economic development efforts.

D. The County has adopted Ordinance No. 1996-7, the Economic Development Ordinance ("Ordinance No. 1996-7") which governs economic development projects undertaken by Santa Fe County.

E. Santa Fe Studios is an independent film, television and media company that desires to develop the Studio Project on the LEDA Parcel.

F. Pursuant to Ordinance No. 1996-7 and Ordinance No. 2008-07, adopted by the Board of County Commissioners (together, the "Ordinances"), the County has approved an economic development project with La Luz Holdings LLC and Santa Fe Studios Inc. as an economic development project.

G. The PPA governs the use of the LEDA Parcel and provides timetables for the performance by La Luz and Santa Fe Studios of certain obligations and the achievement by La Luz and Santa Fe Studios of economic development goals in

OFFICE OF COUNTY CLERK
SANTA FE COUNTY, NEW MEXICO
1000 W. ANTONIO
SANTA FE, NM 87505
505.833.8000

(c) "Obligations" means those obligations and duties of La Luz and Santa Fe Studios under the PPA, this Performance Agreement and the LEDA Parcel Mortgage;

(d) "Person" means an individual, a corporation, an association, a joint venture, a partnership, a limited liability company, an organization, a business, an individual, a trust or a government or political subdivision thereof or any government agency or any other legal entity; and

(e) "Term" means the period from the Closing Date until La Luz and Santa Fe Studios have performed the Obligations or have paid for the LEDA Parcel in accordance with the terms of the PPA.

2. Completion of Studio Project.

(a) Subject to the provisions of subsection (d) of this Section 3, each phase of the Studio Project shall be completed within the following times:

(i) Phase 1A of the Studio Project shall commence construction by the third anniversary date of the Closing Date, and shall be completed by the sixth anniversary of the Closing Date.

(ii) Phase 1B of the Studio Project shall be developed as market conditions and demand warrant.

(iii) Phase 2 of the Studio Project shall be developed as market conditions and demand warrant.

(iv) Phase 3 of the Studio Project shall be developed as market conditions and demand warrant.

In the event that public funding is contributed for the benefit of Phase 1B, Phase 2 or Phase 3, or any combination thereof pursuant to the Act, the LEDA Parcel and LEDA Parcel Mortgage shall be adjusted to include such additional Phases and underlying parcels, and specific requirements for the commencement and completion of such Phases shall be agreed upon by the County, La Luz and Santa Fe Studios in the form of an amendment to this Performance Agreement prior to the disbursement of such funds by the County.

(b) The Override Parcel shall be developed as market conditions and demand warrant.

(c) A certificate of occupancy or certificate of completion issued by the County to La Luz and Santa Fe Studios for each phase of the Studio Project shall be deemed completion of that phase.

2010 AUG 11 10:00 AM
COUNTY OF SANTA FE
CLERK OF COUNTY COURTS

(d) La Luz and Santa Fe Studios acknowledge and understand that certain governmental approvals will be required in order to meet the Project and Economic Development Goals for the construction of the Studio Project and shall follow applicable statutes, ordinances and regulations of the County.

(i) In the event that the development or construction of the Studio Project is delayed by appeals of governmental actions such as issuance of a building permit, approval of a development plan or subdivision plat or similar approvals/actions, or by reason of strikes, inability to procure materials, riot, insurrection, war or other matters which are beyond the reasonable control of La Luz or Santa Fe Studios (all collectively referred to herein as an "Event"), then the performance of the construction and completion of the Studio Project shall be excused for the period of the resulting delay due to the Event, and the three (3) year period for the completion of the Studio Project shall be extended for a period equivalent to the period of the delay resulting from such Event.

(ii) The maximum extension permitted pursuant to subparagraph (i) of this Section 2(d) shall not exceed two (2) years from the date that the Event first occurs.

3. Release of LEDA Parcel Mortgage; Modification of Mortgage to Adjust Land Encumbered.

(a) Full Release of Mortgage Upon Satisfaction of Economic Development Goals.

(i) Upon the satisfaction of the Project and Economic Development Goals at the times and in the manner required pursuant to this Performance Agreement, the Land Transfer and Project Participation Agreement, the Ordinances and the Act, the LEDA Parcel Mortgage shall be released by the County. In such event, La Luz and Santa Fe Studios shall transmit a letter to the County by overnight courier in accordance with the provisions of Section 11 below stating that it has satisfied the Project and Economic Development Goals and is requesting a full release of the LEDA Parcel Mortgage. The letter shall be accompanied by a Release of the Mortgage in the form attached hereto as Exhibit C (the "Full Release").

(ii) The County shall have ninety (90) days from receipt of the request for the Full Release to verify that the Economic Development Goals have been satisfied in compliance with the PPA, the Ordinances and the Act. Upon verification, the County shall execute and deliver to La Luz or its designated recipient via overnight courier the originally executed Full Release. Upon recording the Full Release, La Luz shall immediately transmit to the County a conformed copy of the recorded Full Release. All such transmittals shall be made in accordance with Section 11 below. In the event that the County determines that the Economic Development Goals have not been fully satisfied, the County shall not execute and deliver the Full Release, but may

2010 AUG 11 10:00 AM
COUNTY CLERK
SANTA FE COUNTY

execute a partial release corresponding to the partial satisfaction of the Economic Development Goals.

(b) Full or Partial Release-- Substitution of Collateral.

(i) During the Term of this Performance Agreement, Santa Fe Studios may request a full or partial release of the LEDA Parcel from the LEDA Parcel Mortgage by substituting collateral as provided herein.

(A) Santa Fe Studios may secure a full release of the LEDA Parcel from the LEDA Parcel Mortgage by delivering to the County one or more letters of credit (each a "Letter of Credit") in the amount of (1) \$30,000.00 multiplied by the number of acre feet per year of water to be delivered to the LEDA Parcel or otherwise provided by the County at less than the amount charged by the County to other users; plus (2) an amount equal to the amount by which the fair market value exceeds the purchase price of the Property, divided by 65.5 multiplied by 16.5 (or such other figure equal to the actual acreage in Phase 1A) plus (3) all additional amounts of public funding contributed by the State and/or the County for the Studio Project during the term of this Performance Agreement, the sum of which amounts shall be adjusted to reflect the extent to which the Economic Development Goals have been performed at the time the release of the LEDA Parcel Mortgage is requested. For illustration purposes, if 50% of the hours required to be provided pursuant to the Economic Development Goals set forth in Section 7.2.1 of the PPA have been documented at the time that the release of the LEDA Parcel Mortgage is requested, the Letter(s) of Credit shall, in the aggregate, secure 50% of the sum of the amounts calculated pursuant to clauses (1), (2) and (3) of this subsection.

(B) Santa Fe Studios may secure a partial release of up to eight (8) acres of the LEDA Parcel from the LEDA Parcel Mortgage by delivering to the County one or more Letters of Credit in the amount of (1) \$30,000.00 multiplied by the number of acre feet per year of water to be delivered to the LEDA Parcel or otherwise provided by the County at less than the amount charged by the County to other users; plus (2) an amount equal to the amount by which the fair market value exceeds the purchase price of the Property, divided by 65.5 multiplied by the number equal to the actual acreage in Phase 1A which is requested to be released from the LEDA Parcel Mortgage) plus (3) all additional amounts of public funding contributed by the State and/or the County for the Studio Project during the term of this Performance Agreement, the sum of which amounts shall be adjusted to reflect the extent to which the Economic Development Goals have been performed at the time the partial release of the LEDA Parcel Mortgage is requested.

(ii) The Letter(s) of Credit shall be issued by a provider and in a form that the County, in its sole discretion, finds acceptable and shall not contain any conditions on draws under such Letter(s) of Credit other than those set forth in this Performance Agreement.

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11/11/2010 10:00 AM

(iii) Each Letter of Credit provided to the County pursuant to this Performance Agreement shall have an initial expiration date of not less than one (1) year and with automatic renewals of one (1) year periods unless the issuing lender gives ninety (90) days advance written notice of non-renewal to the County. In the event that a notice of non-renewal is given, and if Santa Fe Studios and/or La Luz do not provide an commitment for a replacement Letter of Credit acceptable to the County on the terms set forth herein at least thirty (30) days prior to the expiration of the then existing Letter of Credit the County shall be entitled to draw upon the Letter of Credit at any time prior to its expiration without further notice to Santa Fe Studios. Each Letter of Credit, to the extent not drawn upon or due to be drawn upon by the County, may be terminated by Santa Fe Studios after (i) Santa Fe Studios has fulfilled the Project and Economic Development Goals or (ii) La Luz and/or Santa Fe Studios has paid the amount required by Article 7.3 of the PPA either by immediately available funds and/or through the availability of Letters of Credit provided hereunder.

(iv) In the event that either La Luz or Santa Fe Studios (or both) desires to substitute collateral, it shall transmit a letter to the County by overnight courier in accordance with the provisions of Section 11 below including copies of the information required by subparagraph 2(b)(i) and (ii) above and requesting a full release or partial release of the LEDA Parcel Mortgage. The letter shall be accompanied by a form of the Full Release in the form attached hereto as Exhibit C, or a form of Partial Release in the form attached hereto as Exhibit D.

(A) The County shall have ninety (90) days from receipt of a request for a Full Release to review the submittals, object thereto, or to approve the same and execute and deliver to La Luz or its designated recipient via overnight courier the originally executed Full Release. Upon recording the Full Release, La Luz shall immediately transmit to the County a conformed copy of the recorded Full Release. All such transmittals shall be made in accordance with Section 11 below.

(B) The County shall have ten (10) business days from actual receipt, by the County Attorney, of a request for a partial release of the LEDA Parcel Mortgage to make specific written objection to (1) the issuer or form of the Letter of Credit, (2) the calculation of the amount of the Letter of Credit derived therefrom or (3) a technical error in the legal description of the land to be released. Any such objection shall specify the manner in which the objection can be remedied and shall be transmitted to La Luz by written notice in accordance with this Performance Agreement. If no objection is made within the time and in the manner allowed, the County shall execute the Partial Release and transmit it to the title company which shall record the Partial Release in the records of Santa Fe County, New Mexico. The Title Company shall then transmit a conformed copy of the recorded document to the County by overnight courier.

(c) Mortgage Modification to Adjust LEDA Parcel Subject to Mortgage.
In the event that contributions of public funds or assets made by the State, County or both, including, without limitation, water deliveries, are used to benefit portions of the

STATE OF NEW MEXICO
COUNTY OF SANTA FE
RECORDED
11-1-2010
11:11:11 AM

9. Right of Repurchase by County.

(a) In the event La Luz and/or Santa Fe Studios does not commence construction of Phase 1A within the three-year economic development goal period provided in the PPA, the County shall have the right to repurchase the 65-Acre Tract from La Luz for the sum of:

(i) the total amount La Luz paid at settlement for the purchase of the 65-Acre Tract; and

(ii) the cost of any improvements made to the Studio Property that have been paid for by La Luz or Santa Fe Studios, which costs shall be documented to the reasonable satisfaction of the County.

Neither (AA) any amounts paid to principals or employees of La Luz or Santa Fe Studios or (BB) any amounts contributed by the State or the County for the Project shall be included in the repurchase price of the 65-Acre Tract.

(b) Within thirty (30) days after the end of the three-year period, La Luz and Santa Fe Studios shall deliver to the County a compilation of eligible costs together with copies of related invoices.

(c) The County shall have ninety (90) days after the expiration of the three-year period within which to exercise this right to repurchase. The closing of the repurchase shall occur no later than six (6) months after the end of the three-year period.

(d) If the County does not give notice to La Luz of its exercise of the right to repurchase within such ninety (90) day period, the County shall be deemed to have waived its right to repurchase, and La Luz may develop the 65-Acre Tract for any purpose in accordance with applicable ordinances, regulations and laws.

(e) The 65-Acre Tract shall be conveyed by special warranty deed to the County subject only to exceptions to title required by the County in connection with any replatting or division of the 65-Acre Tract by La Luz or Santa Fe Studios. At or before closing the Lease shall be terminated, and Santa Fe Studios shall execute an estoppel certificate stating that it has no right, title or interest in or to the 65-Acre Tract.

10. Termination. Upon the delivery of the Full Release by the County or the closing of the repurchase of the 65-Acre Tract by the County, this Performance Agreement shall terminate and be of no further force or effect; provided that, unless the appraised value of the 65-Acre Tract reflects the purchase price paid by La Luz and all funding contributed by the State and the County, the County may exercise its right of

THIS DOCUMENT IS UNCLASSIFIED
DATE 08-11-2010 BY 60322 UCBAW

repurchase hereunder without fully releasing La Luz or Santa Fe Studios hereunder, but with a partial release of La Luz and Santa Fe Studios reflecting the portion of funding provided by the State and the County actually recovered in the repurchase of the 65-Acre Tract, based on its appraised value at the time of the repurchase; and provided further, that the County may exercise any and all remedies available in law or equity to recover the portion of funding provided by the State and the County not recovered through the repurchase of the 65-Acre Tract.

11. Notices. All notices, requests, demands and other communications given, or required to be given, hereunder shall be in writing and shall be given (a) by personal delivery with a receipted copy of such delivery, (b) by certified or registered United States mail, return receipt requested, postage prepaid, or (c) by facsimile transmission with an original mailed by first class mail, postage prepaid, to the following addresses:

To the County: Santa Fe County, New Mexico
Attn: Stephen C. Ross, Esquire
102 Grant Avenue
P.O. Box 276
Santa Fe, New Mexico 87504-0276
Telephone: (505) 986-6279
Facsimile: (505) 986-6362

To La Luz: La Luz Holdings, LLC
Attn: Lance Hool
7 Plaza del Centro
Santa Fe, New Mexico 87506
Telephone: 505. 982. 3210
Facsimile: 505. 983. 6985

To Santa Fe Studios: Santa Fe Film and Media Studios, Inc.
Attn: Lance Hool
7 Plaza del Centro
Santa Fe, New Mexico 87506
Telephone: 505. 982. 3210
Facsimile: 505. 983. 6985

With a copy of any notice to La Luz or Santa Fe Studios (which shall not be deemed notice) to:

James S. Rubin, Esquire
Rubin Katz Law Firm, P.C.
123 E. Marcy Street, Suite 200
P. O. Drawer 250
Santa Fe, New Mexico 87504-0250
Telephone: (505) 982-3610
Facsimile: (505) 988-1286

Any such notice sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received seventy-two (72) hours after the same is so addressed and mailed with postage prepaid. Notice sent by recognized overnight delivery service shall be effective only upon actual receipt thereof at the office of the addressee set forth above, and any such notice delivered at a time outside of normal business hours shall be deemed effective at the opening of business on the next day. Notice sent by facsimile shall be effective only upon actual receipt of the original unless written confirmation is sent by the recipient of the facsimile stating that the notice has been received, in which case the notice shall be deemed effective as of the date specified in the confirmation. Any party may change its address for purposes of this Section 10 by giving notice to the other party and to Escrow Agent as herein provided. Delivery of any copies as provided herein shall not constitute delivery of notice hereunder.

12. Transfer to Santa Fe Studios. Transfer or conveyance of all or a portion of the LEDA Parcel to Santa Fe Studios shall not be default under the terms of this Performance Agreement, the PPA or the LEDA Parcel Mortgage, and no payment or partial release shall be required as between the County and La Luz and Santa Fe Studios with respect to such transfer or conveyance; provided, however, that such a transfer shall not operate to relieve La Luz and Santa Fe Studios of its obligations under this Performance Agreement, the PPA (including its obligations under Section 7.2 thereof) or the LEDA Parcel Mortgage.

13. Further Representations. The Parties make the following additional representations relative to this Performance Agreement:

(a) Each party is duly authorized under law to enter into and perform this Performance Agreement and to make the representations and warranties contained in this Performance Agreement and any related documents that they may sign.

(b) No party has knowledge of any existing violations of applicable law or any pending or threatened litigation that would challenge or effect their ability or authority to perform under this Performance Agreement.

(c) La Luz (i) is duly formed and validly existing; (ii) is fully qualified to do business in the states where it is doing business; (iii) has the power, authority and legal right to carry on the business conducted by it and to engage in the transactions contemplated by the PPA. The execution and delivery by La Luz of this Performance Agreement, the LEDA Parcel Mortgage and the PPA have all been authorized by all necessary actions of its directors, as applicable.

(d) Santa Fe Studios (i) is duly formed and validly existing; (ii) is fully qualified to do business in the states where it is doing business; (iii) has the power, authority and legal right to carry on the business conducted by it and to engage in the transactions contemplated by the PPA. The execution and delivery by Santa Fe

Studios of this Performance Agreement, the LEDA Parcel Mortgage and the PPA have all been authorized by all necessary actions of its directors, as applicable.

14. Third Parties Not Benefited. This Performance Agreement is made and entered into for the sole protection and benefit of La Luz, Santa Fe Studios and the County and their respective permitted successors and assigns. All obligations of La Luz, Santa Fe Studios and the County hereunder are imposed solely and exclusively for the benefit of La Luz, Santa Fe Studios and the County, and no other Person shall have standing to enforce on behalf of either of said Parties, the other Party's obligations.

15. No Agency. The County is not the agent or representative of La Luz or Santa Fe Studios, and La Luz or Santa Fe Studios are not the agents or representatives of the County. Nothing in this Performance Agreement shall be construed to make the County liable to anyone for goods delivered to or labor or services performed upon the LEDA Parcel or for debts or claims accruing against La Luz or Santa Fe Studios. Nothing herein shall be construed to create a relationship *ex contractu* or *ex delicto* between the County and anyone supplying labor or materials or services for or to La Luz or Santa Fe Studios.

16. No Partnership or Joint Venture. Nothing herein or the acts of the parties hereto shall be construed to create a partnership or joint venture between La Luz or Santa Fe Studios and the County.

17. Execution in Counterparts. This Performance Agreement may be executed in one or more identical counterparts which, when assembled together, shall constitute one agreement which shall be binding on all of the Parties, their successors and assigns.

18. Governing Law; Administrative Remedy; Venue. This Performance Agreement is subject to, and shall be interpreted in accordance with, the laws of the State of New Mexico, without giving effect to its choice of law provisions. Venue for any litigation that might arise in connection with this Performance Agreement shall be in Santa Fe County in the District Court for the First Judicial District.

19. Entire Agreement, Merger, Amendment, and Waiver. This Performance Agreement, the PPA, the Override Agreement, the Override Security Agreement, the Override Parcel Mortgage, the LEDA Parcel Mortgage and the application submitted by Santa Fe Studios pursuant to Ordinance No. 1996-7, contain all of the agreements of the parties hereto with respect to the matters contained herein and all prior or contemporaneous agreements or understandings, oral or written, pertaining to any such matters are merged herein and shall not be effective for any purpose. No provision of this Performance Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest and expressly stating that it is an amendment of this Performance Agreement. Failure of either party at any time or times to require performance of any of the provisions of this Performance Agreement shall in no way affect its right to enforce the same, and a

2010/11/11 10:00 AM

IN WITNESS WHEREOF, the parties have executed this Performance Agreement effective as of the date shown below that it is signed by the County.

COUNTY:

SANTA FE COUNTY, NEW MEXICO

By: _____
Roman Abeyta, County Manager

Date

ATTEST:

Valerie Espinoza, County Clerk

Date

APPROVED AS TO FORM:

Stephen C. Ross, Santa Fe County Attorney

Date

BUYER:

**La Luz Holdings, LLC
a New Mexico limited liability company**

By: _____
Lance Hool, Manager

Date

**Santa Fe Film and Media Studios, Inc.
a New Mexico corporation**

By: _____
Lance Hool, President

Date



EXHIBIT E

Form of LEDA Parcel Mortgage

La Luz Holdings, LLC, a New Mexico limited liability company, ("the Mortgagor") for good and valuable consideration, grants to The County of Santa Fe, New Mexico, a political subdivision of the State of New Mexico ("the County") whose address is: The County of Santa Fe, Attention: County Manager and County Attorney, 102 Grant Avenue, P.O. Box 276, Santa Fe, New Mexico 87504-0276, the following described land in Santa Fe County, New Mexico (the "Mortgaged Premises"), with mortgage covenants:

- Insert legal Description of LEDA Parcel -

Said parcel contains _____ acres, more or less.

1. Obligations Secured. This Mortgage secures the performance of the obligations of Mortgagor and its tenant, Santa Fe Film and Media Studios, Inc., a New Mexico corporation, ("the Qualifying Entity") to perform under (i) Section 7.2.1 of the Project Participation and Land Transfer Agreement entered into by the County, Mortgagor and the Qualifying Entity on _____, 2008 ("the PPA"), and (ii) and that certain LEDA Performance Agreement and Right of Repurchase Agreement of the same date between the County, Mortgagor and the Qualifying Entity ("the Performance Agreement"), and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law. The terms and conditions of the Performance Agreement are incorporated herein by this reference.

2. Default. This Mortgage is upon the following conditions, the occurrence or breach of any one or more of the following shall be deemed a default hereunder and shall subject this Mortgage to foreclosure as provided by law:

(a) in the event a default by Mortgagor occurs under (i) the PPA or (ii) the Performance Agreement, and such default is not timely cured; or

(b) in the event of a default under this Mortgage.

3. Waiver. No waiver of any obligation hereunder or of any obligation secured hereby shall at any time hereafter be held to be a waiver of the terms hereof or of the PPA or Performance Agreement secured hereby. No waiver shall be implied or inferred from the acts of the County, all such waivers to be in writing signed by the County.

4. Captions. The captions and paragraph headings of this Mortgage are not necessarily descriptive, or intended or represented to be descriptive of all the provisions thereunder, and in no manner shall such captions and paragraph headings be deemed or interpreted to limit the provisions of this Mortgage.

5. Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders.

6. Survival. The provisions of this Mortgage shall not be merged, extinguished or superseded by the execution or delivery of any document required hereunder including any conveyance or assignment; provided, however, that upon the delivery of a release or partial release of this Mortgage by the County to the Mortgagor, the terms and conditions of this Mortgage shall terminate as to the Mortgaged Premises or portion thereof so released, and the Mortgaged Premises or portion thereof, as the case may be, shall be released and discharged from the effect hereof.

7. Severability. If any provision of this Mortgage, or the application of such provisions to any person or circumstances, shall be held invalid, the remainder of this

Mortgage, or the application of such provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

8. Applicable Law and Venue. This Mortgage shall, in all respects, be governed by and construed according to the laws of the State of New Mexico. Venue shall be proper in the First Judicial District Court of the State of New Mexico.

9. Modification. Any modification of this Mortgage must be made in writing and must be executed by the parties.

10. Binding Effect. This Mortgage shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

11. Entire Mortgage. This Mortgage constitutes the entire mortgage agreement between the parties and any other prior agreements between the parties, written or oral, are merged herein.

Witness its hand and seal this _____ day of _____, 2008.

LA LUZ HOLDINGS, LLC, a New Mexico limited liability company

By: _____
Lance Hool, Manager

ACKNOWLEDGMENT

STATE OF NEW MEXICO

COUNTY OF SANTA FE

This instrument was acknowledged before me this ____ day of _____, 2008 by Lance Hool, Manager of La Luz Holdings, LLC, a New Mexico limited liability company.

Notary Public

My Commission Expires:

2008
AUG
11
2010

EXHIBIT F

OVERRIDE PARCEL SALE MORTGAGE

La Luz Holdings, LLC, a New Mexico limited liability company, (the "Mortgagor") for good and valuable consideration, grants to the County of Santa Fe, New Mexico, a political subdivision of the State of New Mexico ("the County") whose address is: The County of Santa Fe, Attention: County Manager and County Attorney, 102 Grant Avenue, P.O. Box 276, Santa Fe, New Mexico 87504-0276, the following described land in Santa Fe County, New Mexico (the "Mortgaged Premises"), with mortgage covenants:

- *Insert Override Parcel legal description* -

Said parcel contains _____ acres, more or less.

12. Obligations Secured. This Mortgage secures the performance of the obligations of Mortgagor to perform under Sections 5.3.2 of that certain Project Participation and Land Transfer Agreement entered into by the County and Mortgagor on _____, 2008 (the "PPA"), and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law. The terms and conditions of the Performance Agreement are incorporated herein by this reference.

13. Default. This Mortgage is upon the following conditions, the occurrence or breach of any one or more of the following shall be deemed a default hereunder and shall subject this Mortgage to foreclosure as provided by law:

(a) in the event a default by Mortgagor occurs under the PPA, and such default is not timely cured; or

(b) in the event of a default under this Mortgage.

14. Waiver. No waiver of any obligation hereunder or of any obligation secured hereby shall at any time hereafter be held to be a waiver of the terms hereof or

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of the portions of the PPA secured hereby. No waiver shall be implied or inferred from the acts of the County, all such waivers to be in writing signed by the County.

15. Captions. The captions and paragraph headings of this Mortgage are not necessarily descriptive, or intended or represented to be descriptive of all the provisions thereunder, and in no manner shall such captions and paragraph headings be deemed or interpreted to limit the provisions of this Mortgage.

16. Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders.

17. Survival. The provisions of this Mortgage shall not be merged, extinguished or superseded by the execution or delivery of any document required hereunder including any conveyance or assignment; provided, however, that upon the delivery of a release or partial release of this Mortgage by the County to the Mortgagor, the terms and conditions of this Mortgage shall terminate as to the Mortgaged Premises or portion thereof so released, and the Mortgaged Premises or portion thereof, as the case may be, shall be released and discharged from the effect hereof.

18. Severability. If any provision of this Mortgage, or the application of such provisions to any person or circumstances, shall be held invalid, the remainder of this Mortgage, or the application of such provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

19. Applicable Law and Venue. This Mortgage shall, in all respects, be governed by and construed according to the laws of the State of New Mexico. Venue shall be proper in the First Judicial District Court of the State of New Mexico.

2025 RELEASE UNDER E.O. 14176

EXHIBIT G

OVERRIDE PARCEL LEASE MORTGAGE

La Luz Holdings, LLC, a New Mexico limited liability company, (the "Mortgagor") for good and valuable consideration, grants to the County of Santa Fe, New Mexico, a political subdivision of the State of New Mexico ("the County") whose address is: The County of Santa Fe, Attention: County Manager and County Attorney, 102 Grant Avenue, P.O. Box 276, Santa Fe, New Mexico 87504-0276, the following described land in Santa Fe County, New Mexico (the "Mortgaged Premises"), with mortgage covenants:

- *Insert Override Parcel legal description* -

Said parcel contains _____ acres, more or less.

23. Obligations Secured. This Mortgage secures the performance of the obligations of Mortgagor to perform under Sections 5.3.1 of that certain Project Participation and Land Transfer Agreement entered into by the County and Mortgagor on _____, 2008 (the "PPA"), and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law. The terms and conditions of the Performance Agreement are incorporated herein by this reference.

24. Default. This Mortgage is upon the following conditions, the occurrence or breach of any one or more of the following shall be deemed a default hereunder and shall subject this Mortgage to foreclosure as provided by law:

(a) in the event a default by Mortgagor occurs under the PPA, and such default is not timely cured; or

(b) in the event of a default under this Mortgage.

25. Waiver. No waiver of any obligation hereunder or of any obligation secured hereby shall at any time hereafter be held to be a waiver of the terms hereof or

of the portions of the PPA secured hereby. No waiver shall be implied or inferred from the acts of the County, all such waivers to be in writing signed by the County.

26. Captions. The captions and paragraph headings of this Mortgage are not necessarily descriptive, or intended or represented to be descriptive of all the provisions thereunder, and in no manner shall such captions and paragraph headings be deemed or interpreted to limit the provisions of this Mortgage.

27. Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders.

28. Survival. The provisions of this Mortgage shall not be merged, extinguished or superseded by the execution or delivery of any document required hereunder including any conveyance or assignment; provided, however, that upon the delivery of a release or partial release of this Mortgage by the County to the Mortgagor, the terms and conditions of this Mortgage shall terminate as to the Mortgaged Premises or portion thereof so released, and the Mortgaged Premises or portion thereof, as the case may be, shall be released and discharged from the effect hereof.

29. Severability. If any provision of this Mortgage, or the application of such provisions to any person or circumstances, shall be held invalid, the remainder of this Mortgage, or the application of such provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

30. Applicable Law and Venue. This Mortgage shall, in all respects, be governed by and construed according to the laws of the State of New Mexico. Venue shall be proper in the First Judicial District Court of the State of New Mexico.

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31. Modification. Any modification of this Mortgage must be made in writing and must be executed by the parties.

32. Binding Effect. This Mortgage shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

33. Entire Mortgage. This Mortgage constitutes the entire mortgage agreement between the parties and any other prior agreements between the parties, written or oral, are merged herein.

Witness its hand and seal this _____ day of _____, 2008.

LA LUZ HOLDINGS, LLC, a New Mexico limited liability company

By: _____
Lance Hool, Manager

ACKNOWLEDGMENT

STATE OF NEW MEXICO

COUNTY OF SANTA FE

This instrument was acknowledged before me this ___ day of _____, 2008 by Lance Hool, Manager of La Luz Holdings, LLC, a New Mexico limited liability company.

Notary Public

My Commission Expires:

2008 AUG 11 10 10 AM
NOTARY PUBLIC
STATE OF NEW MEXICO
LANCE HOOL

EXHIBIT H

FORM OF ASSIGNMENT OF DEPOSIT ACCOUNT

ASSIGNMENT OF DEPOSIT ACCOUNT

DATE AND PARTIES. The date of this Assignment of Deposit Account ("the Agreement") is _____, 2010. The parties and their addresses are:

SECURED PARTY:

LOS ALAMOS NATIONAL BANK

1200 Trinity Drive
Los Alamos , NM 87544

ASSIGNOR/COUNTY/GUARANTOR:

THE BOARD OF COUNTY COMMISSIONERS

OF SANTA FE COUNTY, NEW MEXICO

102 GRANT AVENUE
SANTA FE, NEW MEXICO 87504

WHEREAS, The Secured Party has agreed to lend Santa Fe Film and Media Studios Inc. and La Luz Holdings LLC (together "Borrower") up to \$10,000,000.00 for the purpose of constructing a film and media studio complex in Santa Fe County, New Mexico ("the Loan");

WHEREAS, The Board of County Commissioners of Santa Fe County, New Mexico ("County" or "Guarantor") has agreed to guaranty the payment and performance of the Borrower's obligations under the Loan as provided in this Assignment;

WHEREAS, to secure the Borrower's obligations to the Secured Party under the Loan and the County's obligations to the Secured Party, the County shall, pursuant to the terms of this Agreement, deposit with the Secured Party \$6,500,000.00 to be held in a "lock-boxed" deposit account as collateral; and

WHEREAS, the Secured Party has agreed that, in the event of Borrower's default under the Loan or County's default under this Agreement, the Secured Party will not immediately offset the funds held in the Deposit Account to pay off the total balance owed under the Loan or accelerate the Loan, but will instead only set off so much of the funds from the lock-boxed Deposit Account to meet the regular payment obligations owed under the Loan and Guaranty, as though there had been no default.

NOW THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

1. DEFINITIONS. The pronouns "you" and "your" refer to the Secured Party. The pronouns "I," "me" and "my" refer to each person or entity signing this Agreement as

2010-08-11 10:00 AM

County/Guarantor and agreeing to give the Property described in this Agreement as security for the Secured Debts. "Loan Documents" refer to all the documents executed in connection with the Secured Debts.

2. SECURED DEBTS. The term "Secured Debts" includes, and this Agreement will secure, each of the following:

A. Specific Debts. The following debts and all extensions, renewals, refinancings, modifications and replacements. A promissory note or other agreement, No. _____, dated _____, 2010, from Santa Fe Film and Media Studios, LLC ("Borrower") to you, in the amount of \$6,500,000.00.

B. Sums Advanced. All sums advanced and expenses incurred by you under the terms of this Agreement.

3. ASSIGNMENT. To secure the payment and performance of the Secured Debts, I assign and grant a security interest to you in all of the Property described in this Agreement that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all additions, proceeds, and products of the Property (including, but not limited to, all renewals, replacements, modifications and substitutions to the Property). "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

Property also includes any original evidence of title or ownership. I will deliver any certificates, documents or instruments evidencing the Property and properly execute all items as necessary to reflect your security interest.

This Agreement remains in effect until the secured debt is paid in full and you are no longer obligated to advance funds. At such time, you will return to me all the Property in your possession which has not been used or applied toward payment of the Secured Debts.

4. PROPERTY DESCRIPTION. The Property is described as follows:

A. Deposit Account: Deposit Account Number _____, with a face amount of \$6,500,000.00, issued on _____, 2010 to be held and controlled in a "lock-boxed" deposit account by secured party and issued by Los Alamos National Bank located at 1200 Trinity Drive, Los Alamos, New Mexico 87544.

5. WARRANTIES AND REPRESENTATIONS.

A. I have the right and authority to enter into this Agreement. The execution and delivery of this Agreement will not violate any agreement governing me or to which I am a party. I am located at the address indicated in the DATE AND PARTIES section. I will provide you with at least 30 days notice prior to any change in my name or principal residence location.

B. I represent that I own all of the Property. Your claim to the Property is ahead of the claims of any other creditor, except as disclosed in writing to you prior to any advance on the Secured Debts.

6. DUTIES TOWARD PROPERTY.

A. Protection of Secured Party's Interest. I will defend the Property against any other claim. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors. I will not do anything to harm your position.

B. Notices and Documents. I will furnish you, promptly upon receipt, copies of all material notices, requests and other documents I receive relating to the Property.

C. Protection of the Property. I will notify you in writing prior to any change in my name or address. Until the Secured Debts are fully paid and this Agreement is terminated, I will not grant a security interest in any of the Property without your prior written consent.

D. Taxes and Assessments. I will pay all taxes and assessments levied or assessed against me or the Property and provide timely proof of payment of these taxes and assessments upon request.

E. Selling or Encumbering the Property. I will not sell, offer to sell, or otherwise transfer or encumber the Property without your prior written permission. Any disposition of the Property contrary to this Agreement shall violate your rights. Your permission to sell the Property may be reasonably withheld without regard to the creditworthiness of any buyer or transferee. I will not permit the Property to be the subject of any court order affecting my rights to the Property in any action by anyone other than you. If the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, I will note your security interest on the face of the chattel paper or instruments.

7. AUTHORITY TO PERFORM. I authorize you to do anything you deem reasonably necessary to protect the Property, and perfect and continue your security interest in the Property. If I fail to perform any of my duties under this Agreement or any other Loan Document, you are authorized, without notice to me, to perform the duties or cause them to be performed.

These authorizations include, but are not limited to, permission to:

- A.** pay and discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Property.
- B.** handle any suits or other proceedings involving the Property in my name.

If you perform for me, you will use reasonable care. If you exercise the care and follow the procedures that you generally apply to the collection of obligations owed to you, you will be deemed to be using reasonable care. Reasonable care will not include: any steps necessary to preserve rights against prior parties; the duty to send notices, perform services or take any other action in connection with the management of the Property; or the duty to protect, preserve or maintain any security interest given to others by me or other parties. Your authorization to perform for me will not create an obligation to perform and your failure to perform will not preclude you from exercising any other rights under the law or this Agreement. All cash and non-cash proceeds of the Property may be applied by you only upon your actual receipt of cash proceeds against such of the Secured Debts, matured or unmatured, as you determine in your sole discretion.

8. DEFAULT. I will be in default if any of the following occur:

A. Payments. The Borrower or I fail to make a payment in full when due.

B. Insolvency or Bankruptcy. The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against the County, Borrower, or any co-signer, endorser, surety or guarantor of this Agreement.

C. Failure to Perform. I fail to perform any condition or to keep any promise or covenant of this Agreement.

D. Other Documents. A default occurs under the terms of any other Loan Document.

E. Misrepresentation. I make any verbal or written statement or provide any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.

F. Forfeiture. The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.

G. Name Change. I change my name or assume an additional name without notifying you before making such a change.

9. REMEDIES. After I default, and after you give any legally required notice and opportunity to cure the default, you may at your option do any one or more of the following.

A. Sources. You may use any and all remedies you have under state or federal law or in any Loan Document.

B. Payments Made On My Behalf. Amounts advanced on my behalf will be immediately due and may be added to the Secured Debts.

C. Withdrawal of Property. You may withdraw as much of the Property as is necessary to cure any default by continuously making payments toward the Secured Debt from the Property when due under the Loan Agreement. You may apply what you receive from the withdrawal of the Property to your expenses, your attorneys' fees and legal expenses (where not prohibited by law), and any debt I owe you.

Notwithstanding anything to the contrary contained in this Agreement, this Agreement is an independent obligation of the County and this Agreement shall be effective without regard to the enforceability of the underlying Secured Debt.

Where a notice is required, I agree that ten days prior written notice sent by first class mail to my address listed in this Agreement will be reasonable notice to me under the New Mexico Uniform Commercial Code.

D. Waiver. By choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

10. APPLICABLE LAW. This Agreement is governed by the laws of New Mexico, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law.

11. JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS. The County's obligations under this Agreement are independent of the obligations of any other obligor under the Loan or Guaranty. You may sue each Obligor individually or together with any other Obligor. You may release any part of the Property and I will still be obligated under this Agreement for the remaining Property. The County agrees that you and any party to this Agreement may extend, modify or make any change in the terms of the Loan or any evidence of debt without the County's consent. Such a change will not release the County from the terms of this Agreement. You will continue to have the unimpaired right to enforce this Agreement as to any of the Secured Debts that are not assigned. This Agreement shall inure to the benefit of and be enforceable by you and your successors and assigns and any other person to whom you may grant an interest in the Secured Debts and shall be binding upon and enforceable against me and my personal representatives, successors, heirs and assigns.

12. AMENDMENT, INTEGRATION AND SEVERABILITY. This Agreement may not be amended or modified by oral agreement. No amendment or modification of this Agreement is effective unless made in writing and executed by you and me. This Agreement and the other Loan Documents are the complete and final expression of the understanding between you and me. If any provision of this Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

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13. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Agreement.

14. NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Guarantor will be deemed to be notice to all Guarantors. I will inform you in writing of any change in my name, address or other application information. I will provide you any financial statement or information you request. All financial statements and information I give you will be correct and complete. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Agreement and to confirm your lien status on any Property. Time is of the essence.

SIGNATURES. By signing, I agree to the terms contained in this Agreement. I also acknowledge receipt of a copy of this Agreement.

**COUNTY/GUARANTOR:
BOARD OF COUNTY COMMISSIONERS OF SANTA FE COUNTY, NEW MEXICO**

By: _____
XXX

11/11/10 11:11 AM

EXHIBIT I

**FORM OF MORTGAGE NOTE
LA LUZ HOLDINGS LLC TO SANTA FE COUNTY**

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C:\Users\j...
Mortgage Note
LA LUZ HOLDINGS LLC TO SANTA FE COUNTY

MORTGAGE NOTE (Fixed Rate)

LA LUZ HOLDINGS, LLC to SANTA FE COUNTY

\$2,620,000.00

February 16, 2010

1. BORROWER'S PROMISE TO PAY

In return for a loan that we have received, **LA LUZ HOLDINGS, LLC**, a New Mexico limited liability company (hereinafter "**Borrower**"), promises to pay **Two Million Six Hundred Twenty Thousand Dollars and no/cents (\$2,620,000.00)** (hereinafter, this amount is called "**Principal**"), plus interest, to the order of **SANTA FE COUNTY**, a New Mexico political subdivision (hereinafter the "**Note Holder or Lender**").

Payments shall be made (i) in person at the Office of the County Treasurer, Santa Fe County, 102 Grant Ave., Santa Fe, New Mexico or (ii) by certified mail, return-receipt requested, to: Santa Fe County, PO Box 276, Santa Fe, NM 87504-0276.

2. INTEREST

The interest rate applied to the Principal shall be five percent (5%) per annum, which rate shall be adjusted to the rate payable by Lender on the taxable infrastructure gross receipts tax bonds referenced in the Project Participation and Land Transfer Agreement, including all amendments and addenda thereto, recorded on July 22, 2008 in the Office of the County Clerk, Santa Fe County, New Mexico (the "PPA"), but in no case shall be less than Five percent (5%), and which rate, as adjusted, shall accrue on the unpaid Principal balance from the date hereof until paid in full.

3. PAYMENTS

3.1 Amount of Installment Payments and Application. The Purchase Price shall be paid in five (5) equal installments of Five Hundred Twenty Thousand dollars (\$520,000.00) plus interest accrued upon the unpaid balance of the Purchase Price to the date of the installment payment. All payment(s) received shall first be applied to interest and the balance, if any, to the principal.

3.2 Payment Dates. Pursuant to Section 7.2.1(a) of the PPA, Santa Fe Film and Media Studios, Inc. ("SFS") has agreed to provide certain job opportunities within Santa Fe County in the form of 500,000 hours of above-minimum wage jobs. SFS is required to deliver certain reports to lender regarding such jobs. Payment dates will be tied to those

milestones with a balloon payment due as provided below if the Principal has not been paid in full prior to the balloon payment date.

Installment payments shall be due within fifteen (15) calendar days after SFS has given notice to Lender that an increment of 100,000 hours of above-minimum wage jobs have been provided, so that payments are made when 100,000 hours, 200,000 hours, 300,000 hours, 400,000 hours, and 500,000 hours, respectively, have been provided pursuant to Part II, Sec. 7.2.1(a) of the PPA.

3.3 Balloon Payment. Notwithstanding any other provision contained herein, the Principal and accrued interest shall be paid in full no later than December 14, 2015.

4. **BORROWER'S RIGHT TO PREPAY.**

Borrower shall have the right to make payment(s) of all or a portion of Principal at any time before they are due. A payment of Principal only is known as a "prepayment." If the Borrower does make a prepayment, Borrower will tell the Note Holder, in writing, that Borrower is doing so and Borrower may make a full or partial prepayment without paying any prepayment penalty or charge.

If Borrower makes a partial prepayment, there will be no changes in the due date or in the amount of payment(s) due unless the Note Holder agrees in writing to those changes and any extension of the time for payment of interest or principal resulting from such changes is approved by the State Board of Finance as required by Section 13-6-2.1 NMSA 1978.

5. **BORROWER'S FAILURE TO PAY AS REQUIRED**

5.1 Late Charge for Overdue Payments. If the Note Holder has not received the full amount of any installment payment within fifteen (15) calendar days after the date its due, Borrower will pay a late charge to the Note Holder. The amount of the charge will be five percent (5%) of the overdue payment of Principal and interest. This late charge is to compensate the Note Holder for its inconvenience and is not to be considered additional interest.

5.2 Default. If Borrower does not pay the full amount of each installment payment within twenty (20) calendar days of the date it is due, Borrower shall be in default of this Mortgage Note.

5.3 Notice of Default. If Borrower is in default, the Note Holder may, but is not required to, send a written notice of default telling Borrower that if Borrower does not pay the overdue amount by a certain date, the Note Holder may require the Borrower to pay immediately the full amount of Principal which has not been paid and all the interest that

is owed to date on that amount.

5.4 No Waiver by Note Holder. Even if, at a time when Borrower is in default, the Note Holder does not require the Borrower to pay immediately in full as described above, the Note Holder will still have the right to do so if Borrower is again in default at a later time.

5.5 Payment of Note Holder's Costs and Expenses. If the Note Holder has required Borrower to pay immediately in full as described above, the Note Holder will have the right to be paid back by Borrower for all of its costs and expenses in enforcing this Note to the extent permitted by law. Those expenses include and are not limited to, for example, reasonable attorneys' fees and costs.

6. GIVING OF NOTICES

All notices, requests, demands and other communications given, or required to be given, hereunder shall be in writing and shall be given (a) by personal delivery with a receipted copy of such delivery, (b) by certified or registered United States mail, return receipt requested, postage prepaid to the following addresses:

To Lender: Santa Fe County, New Mexico
Attn: County Manager and County Attorney
102 Grant Avenue
P.O. Box 276
Santa Fe, New Mexico 87504-0276

To Borrower: La Luz Holdings, LLC
Attn: Lance Hool
7 Plaza del Centro
Santa Fe, New Mexico 87506

Any such notice sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received seventy-two (72) hours after the same is so addressed and mailed with postage prepaid. Notice sent by recognized overnight delivery service shall be effective only upon actual receipt thereof at the office of the addressee set forth above, and any such notice delivered at a time outside of normal business hours shall be deemed effective at the opening of business on the next day. Any party may change its address for purposes of this Section 6 by giving notice to the other party as provided above.

7. OBLIGATIONS OF PERSONS UNDER THIS NOTE

The obligations of Borrower hereunder are binding upon its successors and assigns.

8. WAIVERS

Borrower and any other person(s)/party(ies) who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

9. SECURED NOTE

In addition to the protections given to the Note Holder under this Mortgage Note, this Mortgage Note is secured by a mortgage of even date (the "Mortgage"). The Mortgage describes how and under what conditions Borrower may be required to make immediate payment in full of all amounts Borrower owes under this Mortgage Note. The lien priority of the Mortgage shall be satisfactory to the County.

Any failure by the undersigned or other signatories to the Mortgage to observe or perform, as the case may be, any of the covenants or agreements contained in the Mortgage shall be deemed a default in the terms of this Mortgage Note.

10. MODIFICATION

No modification or waiver of any of the terms of this Mortgage Note shall be allowed unless by written agreement signed by Borrower and Lender and appended hereto.

11. SEVERABILITY

If any provision of this Mortgage Note, or the application thereof, shall, for any reason and to the extent, be invalid or unenforceable, neither the remainder of this Note nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.

12. GOVERNING LAW

This Mortgage Note shall be governed, construed and interpreted by, through and under the Laws of the State of New Mexico.

EXHIBIT J

FORM OF MORTGAGE

When recorded, return to:
SANTA FE COUNTY, NEW MEXICO
Attention: Stephen C. Ross, County Attorney
102 Grant Avenue
Santa Fe, NM 87501

MORTGAGE

THIS MORTGAGE, made this 16th day of February, 2010, by and between **LA LUZ HOLDINGS, LLC**, a New Mexico limited liability company, whose address is 7 Plaza del Centro, Santa Fe, New Mexico 87506 (together with Santa Fe Film and Media Studios, Inc., the "Borrower"), which expression shall include Borrower's heirs, personal representatives, administrators, assigns, and successors in interest, and **SANTA FE COUNTY, NEW MEXICO**, whose address is 102 Grant Avenue Santa Fe, NM 87501 ("Mortgagee") which expression shall include the Mortgagee's personal representatives, administrators, assigns, and successors in interest.

Borrower owes Mortgagee the total principal sum of Nine Million One Hundred Twenty Thousand Dollars (\$9,120,000.00) (the "Indebtedness") pursuant to the following: (1) Loan Agreement of even date herewith by and between Borrower and Mortgagee (the "Loan Agreement") and Borrower's promissory note to the Mortgagee in the maximum amount of \$6,500,000.00 dated the same date as this Mortgage (the "Loan Note"), which provides for principal and interest payments and with the full debt, if not paid earlier, due and payable not later than thirty (30) years after the date hereof; (2) Land Transfer and Project Participation Agreement by and between Borrower and Mortgagee, as amended (the "PPA") and Borrower's promissory note to the Mortgagee in the amount of \$2,620,000 (the "Land Note") representing the obligation to pay the purchase price of the Land, as defined in the PPA. Additionally Borrower and Mortgagee have entered into two other agreements of even date pursuant to the PPA: the Override Parcel Agreement and the LEDA Performance Agreement,

This Mortgage secures to Mortgagee: (a) the repayment of the debt evidenced by the Loan Note and the Land Note (together, the "Notes"), with interest, and all renewals, extensions and modifications of the Notes; (b) the payment of all other sums, with interest, advanced pursuant to this Mortgage, including without limitation sums advanced by Mortgagee in the exercise of remedies as provided in Sections 13 and 14 of the Loan Agreement ("Future Advances"); (c) the performance of Borrower's covenants and agreements under the Loan Agreement, this Mortgage, the Notes, the Override Parcel Agreement and the LEDA Performance Agreement, including, without limitation, installment payments for the purchase price of the Property, as defined therein; (d) all Indebtedness, plus interest thereon, of Borrower to Mortgagee, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Loan Agreement (cumulatively the "Loan") and is on the **statutory mortgage condition** for the breach of which it is subject to foreclosure as provided by law. The Notes, Loan Agreement, Override Parcel Agreement and LEDA Performance Agreement are collectively referred to herein as the "Secured Instruments". In no event shall the debt secured by this Mortgage exceed \$30,000,000. For this purpose, Borrower

does hereby mortgage, grant and convey to Mortgagee and to the successors and assigns of Mortgagee, the following described real property located in Santa Fe County, New Mexico with mortgage covenants:

*** SEE LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A"***

[The Real Property will include Lots 1, 2, 3, 4 and 5 as shown on the Lot Line Adjustment Plat and which comprise all of the 65 acres being sold to la Luz Holdings, LLC.]

together with all improvements and permanent buildings now or hereafter erected thereon, and all easements, fixtures (including, but not limited to, all ventilating, heating, air-conditioning, refrigeration, plumbing and lighting fixtures), tenements, privileges, rents, royalties, oil, gas and mineral rights and profits, hereditaments and appurtenances now or hereafter a part of the property, and the reversion and reversions, remainder and remainders, leases, rents, issues, income and profits thereof, and all the estate, right, title, interest, claim and demand whosoever of the Borrower, either in law or in equity, of, in, and to the real property described in Exhibit A. All of the foregoing is referred to in this Mortgage as the "Real Property." Borrower understands and agrees that Mortgagee has the right to exercise any or all of the interests granted by Borrower in this Mortgage, including, but not limited to, the right to foreclose and sell the Real Property and to take any action required of Mortgagee, including, but not limited to releasing or canceling this Mortgage. The mortgaged property also includes all chattel paper, licenses, general intangibles, goods, accounts, inventory, equipment, fixtures, and furniture now or hereafter owned by the Borrower, or now or hereafter attached or affixed to the Real Property, together with all fees and gross revenues of Borrower's business, together with all accessions, parts and additions to, all replacements of, and all substitutions for, any such property, and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of such property (the "Personal Property").

Notwithstanding any other provision contained herein, the Secured Instruments are individually secured by the portion of the Real Estate listed below, and only that portion:

The Notes and Loan Agreement	All of the Mortgaged Property
Override Parcel Agreement	Lot 5 of the Real Property only
LEDA Performance Agreement	Lot 1 of the Real Property only

In addition, Borrower grants Mortgagee a first and prior Uniform Commercial Code security interest in the Personal Property to secure the Notes and Loan Agreement only. Thus the Uniform Commercial Code security interest granted herein secures the following: (a) the repayment of the debt evidenced by the Notes with interest, and all renewals, extensions and modifications of the Notes; (b) the payment of all other sums, with interest, advanced pursuant to this Mortgage to protect the security of this Mortgage as to the Indebtedness; (c) Borrower's payment and performance of the Indebtedness, and (c) the performance of Borrower's covenants and agreements under the Loan Agreement, this Mortgage and the Notes. Hereinafter, the Real Property and the Personal Property shall be referred to collectively as the "Mortgaged Property."

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Loan Agreement.

In addition to the mortgage covenants and statutory mortgage condition, this Mortgage is subject to the following covenants and conditions for the breach of which it is subject to foreclosure as provided by law and the Borrower hereby covenants and agrees with the Mortgagee as follows:

1. **Borrower's Representations.** At the time of the execution and delivery of this Mortgage, the Borrower is well seized of the Mortgaged Property in fee simple, and has good right, full power, and lawful authority to grant, bargain, sell, convey, and mortgage the same in manner and form aforesaid and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments, and encumbrance of whatsoever kind and nature, EXCEPT Permitted Liens, including without limitation, those items listed on Exhibit B hereto, and that the Borrower shall and will forever warrant and defend the Mortgagee's quiet and peaceable possession of the same against the lawful claims and demands of all persons, except as in this paragraph stated.

2. **Assignment of Rents and Revenues.** Borrower unconditionally assigns and transfers to Mortgagee all the rents and revenues of the Mortgaged Property. Borrower authorizes Mortgagee or Mortgagee's agents to collect the rents and revenues and hereby directs each tenant of the Mortgaged Property to pay the rents to Mortgagee or Mortgagee's agents. However, prior to Mortgagee's notice to Borrower of any default or breach of any covenant, term, condition, or agreement in the Mortgage, Borrower may collect, receive and use all rents and revenues of the Mortgaged Property. Notwithstanding the license granted to Borrower to collect and use said rents and revenues, this assignment of rents and constitutes an absolute assignment and not an assignment for additional security only. If Mortgagee gives notice of default or breach to Borrower: (a) all rents and revenues thereafter received by Borrower shall be held by Borrower as trustee for benefit of Mortgagee only, to be applied to the sums secured by the Mortgage; (b) Mortgagee shall be entitled to collect and receive all of the rents and revenues of the Mortgaged Property; and (c) each tenant of the Mortgaged Property shall pay all rents and revenues due or unpaid to Mortgagee or Mortgagee's agent on Mortgagee's written demand to the tenant. Borrower has not executed any prior assignment of the rents and revenues and has not and will not perform any act that would prevent Mortgagee from exercising its rights under this Paragraph. Mortgagee shall not be required to enter upon, take control of or maintain the Mortgaged Property before or after giving notice of breach or Default to Borrower, however, Mortgagee or a judicially appointed receiver may do so at any time there is a Default. Any application of rents and revenues shall not cure or waive any Default or invalidate any other right or remedy of Mortgagee. This assignment of rents and revenues of the Mortgaged Property shall terminate when the Indebtedness secured by this Mortgage is paid in full.

3. **Payments on the Notes.** The Borrower shall promptly pay and otherwise perform all obligations as provided in the Loan Agreement or Notes, or any renewal or extension thereof, and in the manner, form, and at the time or times provided in the Loan Agreement or in any renewal or extension thereof. The Borrower shall promptly pay all such additional sums as may hereafter be advanced to the Borrower or expended by the Mortgagee on behalf of the Borrower for any purpose

whatsoever and evidenced by notes, drafts, open account, or otherwise, together with interest thereon at rates to be fixed at the time of advancing or expending such additional sums; provided, however, that the making of such advances or expenditures shall be optional with the Mortgagee. This Mortgage shall secure the payment and performance of all renewals or extensions of the Indebtedness and shall secure the payment and performance of all such additional sums as may hereafter be advanced to the Borrower or expended by the Mortgagee on behalf of the Borrower for any purpose whatsoever and evidenced by notes, drafts, open account, or otherwise, together with interest thereon, and for all of which this Mortgage shall stand as continuing security until the Indebtedness is fully paid. The Mortgagee may apply any payments made on any indebtedness secured hereby, at its option, on any such indebtedness.

4. **Application of Payments.** All payments under Paragraph 3 above shall be applied by Mortgagee as follows:

- a. First, to reimburse Mortgagee for all Future Advances, and the fees, costs and expenses of any collection efforts against Borrower;
- b. Second, to any payments Mortgagee is making or has made on behalf of Borrower pursuant to any provision of the Loan Agreement or of this Mortgage;
- c. Third, to late charges due under the Notes;
- d. Fourth, to interest under the Notes; and
- e. Fifth, to amortization of the principal of the Notes.

5. **Performance of Obligations under PPA.** The Borrower shall promptly pay and otherwise perform all obligations as provided in the PPA, or any renewal, extension or amendment thereof, and in the manner, form, and at the time or times provided therein. This Mortgage shall secure the performance of all Borrower's obligations under the PPA in addition to the timely payment of amounts due pursuant to the Notes.

6. **Payment of Taxes, Assessments and Utilities.** The Borrower shall pay or cause to be paid by tenants of the Real Property, when due and payable all rent, charges for electrical, gas, sewage, water, and all other utility and other charges, fines, or impositions, and all laborers', mechanics' or materialmen's or other liens that may be laid or assessed upon the Mortgaged Property or on any interest therein. The Borrower shall pay or cause to be paid when due and payable all taxes, assessments and other charges, fines and impositions attributable to the Mortgaged Property which may attain a priority over this Mortgage. Borrower shall promptly discharge any lien which has priority over this Mortgage; provided that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the Indebtedness secured by such lien in a manner acceptable to Mortgagee, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Mortgaged Property or any part thereof, all as provided in the Loan Agreement. Borrower may also contest taxes as provided in the Loan Agreement.

7. **Care of the Mortgaged Property.** The Borrower shall, during the continuance of any of the Indebtedness secured hereby, keep all buildings and other destructible improvements now existing or hereafter erected on the Mortgaged Property in good order, condition, and repair at Borrower's own expense and shall not commit or suffer any waste of the Mortgaged Property. Borrower shall not perform any act that will destroy or damage the Mortgaged Property. Borrower shall not allow the Mortgaged Property to deteriorate, reasonable wear and tear excepted. Borrower shall not perform any act that will unduly impair or depreciate the value of the Mortgaged Property. If Borrower fails to do anything required by this paragraph, Mortgagee may make necessary repairs to the Mortgaged Property and add the cost thereof to the Indebtedness secured by this Mortgage. Borrower shall not abandon or leave unattended the Personal Property. Borrower shall do all other acts, in addition to those acts set forth in this Mortgage, which are reasonably necessary to protect and preserve the Personal Property.

8. **Replacement of Personal Property.** Borrower shall not, without the prior written consent of Mortgagee, permit any of the Personal Property to be removed at any time from the Real Property, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Borrower subject to the liens and security interest of this Mortgage and free and clear of any other lien or security interest except such as may be first approved in writing by Mortgagee.

9. **Insurance.** The amount specified for insurance as provided in the statutory mortgage condition is Full Replacement Value and the hazards to be insured against are as provided herein.

a. The Borrower shall cause the Mortgaged Property, including the buildings, machinery, equipment, inventory and other tangible personal property thereon (other than personal property owned by tenants of Borrower), to be insured against loss or damage by fire, explosion and other hazards customarily insured under extended coverage, in an amount not less than the full insurable value of such property and maintain other insurance on its business and properties with respect to loss, damage, liability and other claims of the kind customarily insured against by similarly situated institutions of established reputation, all such insurance to be of such types and in such amounts (where the amount is not specified herein) and with such deductible provisions as are customarily carried under similar circumstances by such other institutions. All insurance shall be carried with financially sound and reputable insurance companies authorized to issue such policy or insure such risk in the State of New Mexico. Any such policy shall name the Borrower and the Mortgagee as the insured parties as their interests may appear and shall name the Mortgagee as loss payee. Each policy shall contain provisions, if available, that written notice of cancellation or substantial modification thereof shall be given to the Borrower and the Mortgagee, at least 30 days, or the greatest available period shorter than 30 days, prior to such cancellation or modification. The Borrower may obtain blanket policies covering one or more risks if the minimum coverages required herein are met and all buildings are covered to, their full insurable value. The Borrower shall comply with all workers' compensation laws of the State of New

Mexico.

b. Notwithstanding subsection (a) of this Section, the Borrower shall maintain coverages of the following types and in not less than the following amounts with customary deductibles:

(i) Insurance against "all risks," to such extent as is necessary to provide for full payment of the costs of repairing or replacing the property damaged or destroyed;

(ii) Insurance against loss or damage resulting from the explosion of any boilers, pressure vessels and pressure piping in the Mortgaged Property in an amount not less than the cost of repairing or replacing the property damaged or destroyed, with coverage for death and bodily injury and consequential damages, if available, to the extent that such risks are not covered by other required insurance;

(iii) Insurance against liabilities imposed by law, or assumed in contracts, or arising from the death or bodily injury of persons or damage to the property of others caused by accident or other occurrence (including arising out of motor vehicles) resulting in liability, with such insurance to consist of (A) basic coverage in the minimum amounts of \$1,000,000 for the death or bodily injury of any one person, \$1,000,000 for all claims resulting from any one occurrence and \$500,000 for property damage, with a deductible amount of not more than \$100,000 per occurrence, and (B) "umbrella coverage" in excess of the aforesaid limits in the amount of \$3,000,000;

(iv) Business interruption insurance covering, for a period of at least one year, (A) the expenses of operating the Borrower's business during the time required to repair or restore the Mortgaged Property in the event of damage thereto or destruction thereof including the payments, employment expenses of key personnel and all other expenses necessary to preserve the Borrower's business as an operating entity, and (B) the expenses of providing alternative housing for displaced tenants of the Mortgaged Property;

(v) Medical liability insurance covering risks arising from the examination, diagnosis, treatment or care provided by the employees or agents of the Borrower in the amount of \$1,000,000 for any one person or occurrence; and

(vi) Fidelity bonds covering all officers and employees of the Borrower who collect or have custody of any funds, excluding, however, petty cash.

c. The Borrower shall appoint an insurance consultant who shall be a person who has had experience in dealing with the insurance requirements of similar institutions. The Borrower shall procure a review every two (2) years of its insurance requirements from the insurance consultant, the results of which shall be in writing and shall include the insurance consultant's recommendations, if any, for adjustments in any of the coverages required by Section (b) hereof and the deductibles. If such consultant makes reasonable recommendations for the change of any of such coverages or the deductibles, the Borrower shall change such coverages or the deductibles in accordance with the recommendations. A copy of the insurance review shall be provided upon Mortgagee's request.

It shall not be deemed a breach hereof if the Borrower shall procure insurance coverage below that required by Section (b) hereof if the insurance consultant certifies to the Mortgagee or if the insurance review states that the insurance coverage secured is the greatest amount of coverage commercially available for the risk being insured. The cost of insurance may be considered by the Mortgagee as a sufficient reason to permit the Borrower to purchase insurance with lesser coverage than required by Section (b) hereof, if, in the opinion of the insurance consultant, the cost of the required coverage is unreasonable under all of the then existing circumstances.

d. The net proceeds of insurance of the type described in Sections (b) (i), (ii), (iii) and (v) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The net proceeds of the insurance carried pursuant to Section (b) (iv) and (vi) hereof shall be applied and handled as are all other Loan Payments for use and application in accordance with, and shall be subject to the security interest under, the provisions of Section 3 of the Loan Agreement. Each such policy shall provide that claims thereunder shall be adjusted with the insurer by the Mortgagee on behalf of all insured parties. Copies of each such policy, or certificates of insurance, will be provided to the Mortgagee and copies of such policies or certificates shall be kept up to date.

e. If the Borrower fails to maintain the full insurance coverage required by this Mortgage or fails to keep the Mortgaged Property in good repair and good operating condition, the Mortgagee, with prior written notice to the Borrower, may (but shall be under no obligation to) obtain the required policies of insurance and pay the premiums on the same or to

make the required repairs, renewals and replacements; and all amounts advanced therefor by the Mortgagee shall become additional amounts due under the Loan Agreement which amounts, together with interest thereon at the Interest Rate applicable to the Loan, the Borrower agrees to pay on demand.

10. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of Borrower's interest in the Real Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee and shall be applied as provided in this Mortgage.

Borrower shall notify the Mortgagee of the institution of eminent domain or condemnation proceedings of any character affecting the Real Property, or any part thereof. Any money awarded Borrower in such proceedings, or as a result of such proceedings, is hereby assigned and shall be paid to Mortgagee to be applied as provided in this Mortgage. Mortgagee shall have a lien on any money, judgment or award given or made to, or in favor of, the Borrower as a result of any such proceedings or as a result of any condemnation or any exercise of the right of eminent domain, whether the same be made the subject of court proceedings or not, affecting the property hereby mortgaged, or any part thereof. This Agreement shall not be a waiver of the right of the Mortgagee to be made a party to such proceeding, or any proceeding affecting the title to said property, or any part thereof, and shall not obviate the necessity of making the Mortgagee a party thereto. In case the Mortgagee is made a party to any such proceeding, the Mortgagee shall have the right to defend the same, and the expense thereof, including reasonable attorney fees, shall be a lien on said property and shall be secured by this Mortgage, repayable by the Borrower on demand.

Borrower hereby grants to Mortgagee the power (exercisable only during the continuance of an Event of Default), which power shall be deemed coupled with an interest, to file such claims (including filing claims in Borrower's name) and take such other actions as Mortgagee deems appropriate, with respect to any eminent domain, condemnation or similar proceedings, provided however, that Mortgagee shall have no obligation to do so.

In the event of a total taking of the Real Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. In the event of a partial taking, the proceeds shall first be applied to restoration necessitated by a partial taking, then if the loan to value ratio of the Mortgaged Property after completion of the restoration is less than 50%, as determined by the Mortgagee in its discretion based on its estimate of the market value of the Mortgaged Property, the remaining proceeds shall be returned to Borrower. If the loan to value ratio of the Mortgaged Property after completion of the restoration is 50% or greater, as determined by the Mortgagee in its discretion based on its estimate of market value of the Mortgaged Property, Mortgagee, in its sole discretion may apply the remaining proceeds to the sums secured by this Mortgage. If Borrower disagrees with Mortgagee's determination of market value, Mortgagee will engage an independent appraiser, at Borrower's expense, to determine the market value of the Mortgaged Property

If an Event of Default has not occurred, all proceeds received by Mortgagee with respect to

restoration of the Real Property necessitated by a partial taking of the Real Property will be applied to the expense of such restoration. Mortgagee will reasonably ascertain the portion of any governmental award or payment so allocable.

If the Real Property is abandoned by Borrower, or if, after notice by Mortgagee to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Mortgagee within thirty (30) days after the date such notice is mailed, Mortgagee is authorized to collect and apply the proceeds, at Mortgagee's option, either to restoration or repair of the Real Property or to the sums secured by this Mortgage.

Unless Mortgagee and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments required by the Notes or by the PPA, in connection with the Purchase Price of the Property or change the amount of such installments.

11. **Hazardous Materials.** Borrower shall not cause or permit the presence, use, disposal, storage or release of any Hazardous Materials on or in the Mortgaged Property unless said use is in full compliance with Environmental Law. Borrower shall not do, nor allow anyone else to do, anything affecting the Mortgaged Property that is a violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use or storage on the Mortgaged Property of small quantities of Hazardous Materials that are generally recognized to be appropriate to normal commercial uses and to maintenance of the Mortgaged Property. Borrower shall promptly give Mortgagee written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Mortgaged Property and any Hazardous Materials or Environmental Laws of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Materials affecting the Mortgaged Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Laws.

12. **Protection of Mortgagee's Security.** If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Mortgagee's interest in the Mortgaged Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, the Mortgagee at Mortgagee's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Mortgagee's interest, including, but not limited to, disbursement of reasonable attorney fees and entry upon the Mortgaged Property to make repairs.

a. Any amounts disbursed by Mortgagee pursuant to this Paragraph 12, with interest thereon at the Interest Rate, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Mortgagee agree to other terms of payment, such amounts shall be payable upon notice from Mortgagee to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the interest rate provided in the Loan Agreement. Nothing contained in this Paragraph 12 shall require Mortgagee to incur any expense or take any

action hereunder.

b. The provisions for partial releases of the LEDA mortgage, as defined in the PPA and as provided in the LEDA Performance and Right of Repurchase Agreement and Override Parcel Mortgage entered into by Borrower and Mortgagee pursuant to the PPA, shall be applicable to the Mortgaged Property, subject to the following:

(i) Borrower shall not be in default under Loan Agreement, the Notes or the PPA;

(ii) The portion of the Mortgaged Property remaining subject to this Mortgage after the proposed partial release shall have sufficient value, as determined by the County in its reasonable discretion, to secure repayment of all remaining Indebtedness and performance of any other obligations remaining to be performed by Borrower under the Loan Agreement, the Notes or the PPA.

13. **Mortgagee's Right to Inspect Mortgaged Property.** Mortgagee may inspect the Mortgaged Property without notice if it is vacant or abandoned or if the Borrower is in default as set forth herein. Mortgagee may take reasonable action to preserve and protect the Mortgaged Property if it is vacant or abandoned. In addition, Mortgagee may upon reasonable notice to Borrower make reasonable entries upon and inspections of the Mortgaged Property. Any such inspection may only be conducted with 96 hours or more prior written notice if film and media production activities are in process at the Project. Mortgagee shall not interfere with the lawful business or operations of tenants of the Real Property.

14. **Indemnification of Mortgagee.** Mortgagee shall not be liable for and the Borrower shall immediately pay to Mortgagee when incurred and shall indemnify, defend and hold Mortgagee harmless from and against, all loss, cost, liability, damage and expense (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense and settlement of claims) that Mortgagee may suffer or incur (as holder of this Mortgage, as mortgagee in possession or as successor in interest to the Borrower as owner of the Mortgaged Property by virtue of foreclosure or acceptance of a deed in lieu of foreclosure) as a result of or in connection in any way with any of the Environmental Laws (including the assertion that any lien existing pursuant to the Environmental Laws takes priority over the lien of this Mortgage), any environmental assessment or study from time to time undertaken or requested by the Borrower or breach of any covenant or undertaking by the Borrower herein; provided, however, the Borrower shall have no obligation hereunder to Mortgagee with respect to indemnified liabilities arising solely from the gross negligence or willful misconduct of Mortgagee. It is expressly understood and agreed that the indemnifications granted herein are intended to protect Mortgagee, its past, present and future agents, officers and directors from any such claims which may arise by reason of the security interests, liens and/or mortgages granted to Mortgagee hereunder or under any other document or agreement given to secure repayment of the Indebtedness, and whether or not such claims arise before or after Mortgagee has foreclosed upon and/or otherwise become the owner of the Mortgaged Property. All obligations of indemnity as provided hereunder shall be deemed a part of the Indebtedness as defined in this Mortgage or the Loan Agreement and shall be secured by the

Mortgaged Property and/or any other Collateral now or hereafter delivered to Mortgagee as security for repayment of the Indebtedness. It is expressly understood and agreed that the provisions hereof shall and are intended to be continuing and shall survive the repayment of the Indebtedness.

To the extent, if at all, that this Mortgage is deemed to be a "construction contract" within the meaning of NMSA 1978 § 56-7-1 (2005) as amended from time to time, it shall not be construed to indemnify the indemnitee, its officers, employees or agents from their own negligence, acts or omissions, but shall be limited to liability, damages, losses or costs caused by, or arising out of, the acts or omissions of the indemnitor or its officers, employees or agents.

If the Mortgagee is made a party to any suit or proceedings by reason of the interest of Mortgagee in the Mortgaged Property, Borrower shall reimburse Mortgagee for all costs and expenses, including attorneys' fees, incurred by Mortgagee in connection therewith. All such amounts incurred by Mortgagee hereunder shall be secured hereby and shall be due and payable by Borrower to Mortgagee forthwith on demand, with interest thereon at the Default Rate, The Mortgagor hereby assigns to the Mortgagee all judgments, decrees, and awards for injury or damage to the Mortgaged Property and the Borrower authorizes the Mortgagee at its sole election, to apply the same, or the proceeds thereof, to the Indebtedness in such manner as they may elect, subject to the relevant provisions (if any) of the Loan Agreement; and during the continuance of an Event of Default the Borrower hereby authorizes the Mortgagee, in the name of the Borrower, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree.

15. **Security Agreement.** This instrument shall constitute a "Security Agreement" within the meaning of the Uniform Commercial Code and other applicable law to the extent any of the Personal Property constitutes fixtures, or which may become fixtures, or other property which otherwise is or may become affixed to the Real Property, and the Mortgagee shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

16. **Financing Statements.** Upon request by Mortgagee, Borrower shall deliver to Mortgagee such financing statements, such further assurances and take whatever action is requested by Mortgagee to perfect and continue Mortgagee's security interest in the Personal Property. In addition to recording this Mortgage in the real property records, Mortgagee may, at any time and without further authorization from Borrower, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Borrower shall reimburse Mortgagee for all expenses incurred in perfecting or continuing this security interest. Upon default, Borrower shall not remove, sever, or detach the Personal Property from the Real Property. Upon default, Borrower shall assemble any Personal Property not affixed to the Real Property in a manner and at a place reasonably convenient to Borrower and Mortgagee and make it available to Mortgagee within three (3) days after receipt of written demand from Mortgagee to the extent permitted by applicable law.

17. **Fixture Filing.** This Mortgage shall also constitute a "fixture filing" for the purposes of the Uniform Commercial Code against all of the Personal Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of the Borrower (Debtor) and the Mortgagee (Secured Party) as set forth in the first paragraph of this Mortgage.

18. **U.C.C. Remedies.** With respect to all or any part of the Personal Property, Mortgagee shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

19. **Borrower's Default.** Each of the following shall be considered a default of this Mortgage:

- a. The failure of Borrower to make any payment due hereunder or under the Notes or the PPA on or before the due date thereof;
- b. The failure of Borrower to perform any duty or obligation required by the Loan Agreement or this Mortgage and such failure continues for thirty (30) days after written notice from Mortgagee;
- c. Breach of any covenant or agreement or warranty by Borrower to Mortgagee;
- d. The removal or attempted removal by Borrower of any Personal Property included in the Mortgaged Property without the consent of Mortgagee;
- e. Abandonment of the Mortgaged Property by Borrower;
- f. The filing, execution or occurrence of:
 - i. A petition in bankruptcy by or against Borrower which remains undismissed or unstayed for sixty (60) calendar days;
 - ii. A petition or answer seeking a reorganization, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the Bankruptcy Act which remains undismissed or unstayed for sixty (60) calendar days.
 - iii. Adjudication of Borrower as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense which remains undischarged or unstayed for sixty (60) calendar days;
 - iv. An assignment by Borrower for the benefit of creditors, whether by trust, mortgage or otherwise;
 - v. A petition or other proceeding by or against Borrower for the appointment of a trustee, receiver, guardian, conservator or liquidator with respect to all or substantially all of Borrower's property which remains undischarged or unstayed for sixty (60) calendar days; or
- g. Borrower's dissolution or liquidation, or the taking of possession of Borrower's property by any governmental authority in connection with dissolution or liquidation; or
- h. A reasonable determination by Mortgagee that the security of the Mortgage is inadequate or in danger of being impaired or threatened from any cause whatsoever.

20. **Acceleration and Foreclosure.** If there is any Default under the Loan Agreement, either of the Notes or this Mortgage, all indebtedness secured by this Mortgage, whether the same shall be due and payable according to the tenor and effect thereof or not, and anything herein to the contrary notwithstanding, shall, at the option of the Mortgagee, immediately become due and payable without notice to the Borrower of the exercise of such option. Upon the happening of such event, the Mortgagee shall be entitled to appointment of a receiver to manage the Mortgaged

Property and collect the rents, profits and income therefrom, this Mortgage shall be subject to foreclosure at the option of the Mortgagee, and the Mortgaged Property may be sold in the manner and form prescribed by law. In the event of any sale hereunder, the Mortgagee may become the purchaser of the Mortgaged Property or any part thereof and shall be entitled to a credit on the purchase price in the amount of its interest in the Mortgaged Property, including, but not limited to all amounts paid in connection with the foreclosure and/or the preservation of the Mortgaged Property. Application of funds received by Mortgagee following Default shall be applied as set forth in Section 4 of this Mortgage.

21. **Junior Encumbrance.** Borrower acknowledges that no second mortgage or other form of junior encumbrance will be placed upon the Mortgaged Property without the written consent and approval of Mortgagee having first been had and obtained. Borrower shall have the right to contest junior liens as provided in the Loan Agreement.

22. **Attorney's Fees.** The Borrower will pay to the Mortgagee, in addition to all of the other indebtedness secured hereby, all reasonable attorney's fees and costs whenever any applications to any court or referee shall be made to compel the payment of any indebtedness secured hereby or to foreclose this Mortgage, and the amount of such attorney's fees and costs shall be considered additional indebtedness secured hereby.

23. **Borrower Not Released; Forbearance by Mortgagee Not a Waiver; Due on Transfer.** Extension of the time of payment or modification of the sums secured by this Mortgage granted by Mortgagee to any successor in interest to Borrower shall not operate to release the liability of the Borrower or Borrower's successor in interest. Mortgagee shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify sums secured by this Mortgage by reason of any demand made by the Borrower or Borrower's successors in interest. Any forbearance by Mortgagee in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

The Mortgagee, in extending the credit or making the Loan secured by this Mortgage, is relying upon the integrity and abilities of Borrower, and upon Borrower's undertaking to maintain the Mortgaged Property. If Borrower should sell, transfer, convey, assign or further encumber Borrower's interest in the Mortgaged Property, or any part thereof, or if there is a disposition (through one or more transactions) of the Mortgaged Property other than to Santa Fe Film and Media Studios, Inc. or as otherwise permitted in the PPA and in Section 25 of this Mortgage, the Mortgagee shall have the right, at its sole option, thereafter to declare all indebtedness secured hereby and then unpaid to be due and payable forthwith, although the period for the payment thereof shall not have then expired, anything contained to the contrary herein notwithstanding, and thereupon to exercise all of its rights and remedies upon default under this Mortgage. If the ownership of the Mortgaged Property, or any part thereof, becomes vested in a person other than the Borrower, the Mortgagee may deal with such successor or successors in interest with reference to the Mortgaged Property, the Indebtedness or with reference to any of the terms or conditions of this Mortgage, as fully and to the same extent as it might deal with the original parties hereto without in any way releasing or discharging the Borrower's liability hereunder or for the Indebtedness and without in any way waiving Mortgagee's option hereunder to declare all amounts

secured by this Mortgage to be immediately due and payable. The Borrower shall at all times continue to be primarily liable on the Indebtedness until this Mortgage is fully discharged or Borrower is formally released by an instrument in writing duly executed by the Mortgagee.

24. **Remedies Cumulative, Concurrent and Nonexclusive.** Mortgagee shall have all rights, remedies and recourses granted in the Loan Agreement, this Mortgage, the Notes and the PPA and available at law or in equity (including the Uniform Commercial Code), which rights (a) shall be cumulative and concurrent; (b) may be pursued separately, successively or concurrently against Borrower or others obligated under the Loan Agreement, this Mortgage, the Notes and the PPA, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Mortgagee; (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Mortgagee in the enforcement of any rights, remedies or recourse under the Loan Agreement, this Mortgage, the Notes or the PPA or otherwise at law or in equity shall be deemed to cure any default by Borrower.

25. **Release of Mortgage.**

(a) Upon satisfaction of the Notes, Lots 2, 3 and 4 of the Real Property and the Personal Property shall be released from this Mortgage.

(b) Upon satisfaction of the Notes and fulfillment of the LEDA goals in the LEDA Performance Agreement and the PPA, Lots 1, 2, 3 and 4 of the Real Property and the Personal Property shall be released from this Mortgage.

(c) Upon satisfaction of the Notes, fulfillment of the LEDA goals in the LEDA Performance Agreement and the PPA, and expiration of the term of the Override parcel Agreement and fulfillment of the requirements thereunder, this Mortgage shall be released.

26. **Notices.** Copies of all notices and communications concerning this Mortgage shall be mailed to the parties at the addresses specified in this Mortgage or as otherwise set forth in the Loan Agreement, and any change of address shall be communicated to the other party in writing.

27. **Headings.** The marginal or topical headings of the provisions herein are for convenience only and do not define, limit or construe the contents of these provisions.

28. **Binding Effect.** All of the grants, covenants, terms, conditions, and agreements hereof shall be binding upon and inure to the benefit of all of the heirs, personal representatives, administrators, assigns, and successors in interest of the parties hereto.

29. **Additional Definitions.** Except as expressly defined herein, terms contained in the Loan Agreement shall have the same meanings herein.

30. **Redemption Period.** If this Mortgage is foreclosed, the redemption period after judicial sale shall be one (1) month in lieu of nine months.

31. **Governing Law; Severability.** This Mortgage shall be subject to and governed by the laws of the state of New Mexico, regardless of the fact that one or more parties is now or may become a resident of a different state. If any provision the Loan Agreement, this Mortgage, the Notes or the PPA conflicts with applicable law, such conflict shall not affect other provisions of the Loan Agreement, this Mortgage, the Notes or PPA which can be given effect without the conflicting provision. To this end, the provisions of the Loan Agreement, this Mortgage, the Notes and the PPA are declared to be severable.

32. **Survival of Certain Terms of Loan Agreement.** Upon termination of the Loan Agreement, terms therein relating to contesting liens and taxes, notices, and other matters herein cross-referenced to the Loan Agreement, shall be incorporated by reference herein.

33. **Entire Agreement.** The terms of this Mortgage, together with the terms of the Loan Agreement and Notes dated the same date as this Mortgage, and the PPA (the "Related Documents"), constitute the entire agreement between the parties, and the parties represent that there are no collateral or side agreements not otherwise provided for within the terms of this Mortgage and the other Related Documents.

34. **Time of Essence.** Time is of the essence as to this Mortgage and every term, condition, covenant and provision hereof.

35. **Modification.** No modification of this Mortgage shall be binding unless evidenced by an agreement in writing and signed by both parties and, with respect to modifications affecting the security for Borrower's performance or Mortgagee's rights and remedies in connection with the repayment of the Land Note, approved by the State Board of Finance as required by Section 13-6-2.1 NMSA 1978. Subject to the terms of the Loan Agreement, without notice to or consent of the Borrower, the Mortgagee may release any other collateral, mortgage or security securing the same, accept additional security, subordinate the lien or charge hereof, or exercise or refuse to exercise forbearance of any kind and any such action shall in no way affect the enforceability of this Mortgage or operate in any way to release, discharge, modify or change the original liability of Borrower hereunder; provided, that the subordination of the Mortgagee's interests hereunder in connection with the Land Note shall not be effective without prior approval of the State Board of Finance, to the extent required pursuant to Section 13-6-2.1 NMSA 1978. The Borrower hereby waives demand, presentment and notice of default in payment of the Indebtedness or any part thereof. Mortgagee's acceptance of late payment of any sum hereby secured shall not constitute a waiver of the right of Mortgagee to require prompt payment when due of all other sums so secured or to accelerate maturity for default in payment of any said sum or to proceed with foreclosure or sale for any other default then existing.

36. **Partial Invalidity.** If any provision of this Mortgage is held to be invalid or unenforceable, all the remaining provisions shall nevertheless continue in full force and effect.

EXHIBIT "A"

All of Lots 1, 2, 3, 4 and 5 as shown on Plat of Survey entitled "LOT LINE ADJUSTMENT PLAT AND EASEMENT PLAT FOR THE COUNTY OF SANTA FE, A NEW MEXICO POLITICAL SUBDIVISION", filed for record as Document Number 1585956, appearing in Plat Book 711 at pages 24-26, records of Santa Fe County, New Mexico.

Together with the benefit of the following easements: 1) 66 foot Public Access and Utility Easement identified as "Montanas de Oro"; 2) 50 foot Landscape, Grading and Site Wall Easement; 3) Two (2) 10 foot Fiber Optics Easements; 4) Two (2) 10 foot Pedestrian, Bicycle and Utility Easements; 5) 20 foot Waterline Easement (South of subject property); 6) 20 foot Sanitary Sewer Easement; 7) 20 foot Waterline Easement (North of subject property), as shown and described on Plat of Survey entitled "LOT LINE ADJUSTMENT PLAT SECTION 36, TOWNSHIP 16 NORTH, RANGE 8 EAST, N.M.P.M., SANTA FE COUNTY, NEW MEXICO FOR THE COUNTY OF SANTA FE, A NEW MEXICO POLITICAL SUBDIVISION", filed for record as Document Number 1585956, appearing in Plat Book 711 at pages 24-26, records of Santa Fe County, New Mexico.

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