

LEASE AGREEMENT

Dated as of March 1, 2019

Between

LOCAL FACILITIES FINANCE CORPORATION

and

SILVER VALLEY UNIFIED SCHOOL DISTRICT

Relating to

\$ _____

**SILVER VALLEY UNIFIED SCHOOL DISTRICT
LEASE AGREEMENT**

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LEASE AGREEMENT

This LEASE AGREEMENT (this “Lease”), dated as of March 1, 2019, is between LOCAL FACILITIES FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “State”), including without limitation Section 5110 *et seq.* of the Corporations Code of the State of California (the “Corporation”), as lessor, and the SILVER VALLEY UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under the Constitution and laws of the State of California (the “District”), as lessee.

BACKGROUND:

1. In order to finance the acquisition, construction and installation of certain solar energy and other energy efficiency capital improvements to existing District buildings and property (the “Project”), the District has agreed to lease the real property consisting of certain land and improvements, commonly known as the District’s Alternative Education Center (APNs: 516-222-01 and 516-252-15) as such real property is described more fully in Appendix A attached hereto and made a part hereof together with all or the portion of the Project located on such real property (the “Leased Property”), to the Corporation by entering into a Site Lease dated as of March 1, 2019 (the “Site Lease”), which is being recorded concurrently herewith;

2. The Corporation has agreed to assist the District with such financing by entering into this Lease, pursuant to which the Corporation will sublease the Leased Property back to the District and the District will be obligated to make lease payments to the Corporation;

3. In order to raise the funds needed for the financing, the Corporation has assigned certain of its rights under this Lease and the Site Lease, including the right to receive and enforce payment of the lease payments that are payable by the District hereunder, to Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation (the “Assignee”), under an Assignment Agreement dated as of March 1, 2019 (the “Assignment Agreement”), which has been recorded concurrently herewith; and

4. The District is authorized to enter into a lease-leaseback arrangement with the Corporation to provide financing for the Project under applicable State law.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Corporation formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

Section 1.1 Definitions. All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Lease.

“**Additional Payments**” means any and all amounts payable by the District hereunder (other than Lease Payments), including rebate payments to the federal government.

“Applicable Environmental Laws” means all laws (including common laws) including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 USC Sections 9601 *et seq.*; the Resource Conservation and Recovery Act (“RCRA”), 42 USC Sections 6901 *et seq.*; the Clean Air Act, 42 USC Sections 7401 *et seq.* (“CAA”), the Occupational Health and Safety Act, 29 USC Sections 654 *et seq.* (“OSHA”); the California Hazardous Waste Control Law (“HWCL”), California Health & Safety Code Sections 25100 *et seq.*; the Hazardous Substance Account Act (“HSAA”), California Health & Safety Code Sections 25300 *et seq.*; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), California Water Code Sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code Sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (a) the existence, cleanup, and/or remedy of contamination on property;
- (b) the protection of human health, safety or the environment from Hazardous Substances or spilled, deposited, or otherwise emplaced contamination;
- (c) the control of hazardous wastes; or
- (d) the management, use, generation, transport, treatment, removal, or recovery of or exposure to, Hazardous Substances, including building materials.

“Assigned Rights” means all of the Corporation’s rights under this Lease as lessor of the Leased Property (excepting only the Corporation’s rights under Section 7.4 of this Lease and its rights to notice under the Site Lease and this Lease), including, but not limited to the right to receive and enforce payment of the Lease Payments to be made by the District hereunder, and as lessee of the Leased Property under the Site Lease, as more particularly described in the Assignment Agreement, that are assigned and transferred by the Corporation to the initial Assignee pursuant to the Assignment Agreement.

“Assignee” means Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank, an Arizona corporation, as assignee of certain rights of the Corporation hereunder, its successors and assigns.

“Assignment Agreement” means the Assignment Agreement dated as of March 1, 2019, between the Corporation, as assignor, and the Assignee, as assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized expertise and acceptable to Assignee with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State of California.

“Corporation” means Local Facilities Finance Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, including without limitation Section 5110 *et seq.* of the Corporations Code of the State of California.

“Closing Date” means the date of execution and delivery of this Lease by the parties hereto, being March __, 2019.

“Contract Price” means \$_____.

“District” means the Silver Valley Unified School District, a school district duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“District Board” means the Board of Education of the District.

“Event of Default” means any of the events of default as defined in Section 8.1.

“Excess Project Funds” will have the meaning set forth in Section 3.4.

“Extended Lease Term” means a period (and any successive period) during which the original Term is extended pursuant to Section 6.3 and subject to a maximum extended term of ten years, is equal in duration to any period during which the District does not pay Lease Payments (in whole or in part) when scheduled as a result of the occurrence of an event that results in abatement of the District’s obligation to make Lease Payments in accordance with the Payment Schedule.

“Facilities” means all buildings and other improvements, including any portion of the Project, at any time situated on the Leased Property.

“Federal Securities” means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

“Fiscal Year” means each twelve-month period during the Term of this Lease commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

“Hazardous Substance” means any substance that shall, at any time, be listed as “hazardous” or “toxic” pursuant to any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; including, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the facilities, wastes, petroleum, asbestos, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 *et seq.*).

“Lease” means this Lease Agreement dated as of March 1, 2019, between the Corporation, as lessor, and the District, as lessee, as originally executed or as thereafter amended under any duly authorized and executed amendments hereto.

“Lease Payment” means all payments required to be paid by the District under Section 4.4, including any prepayment thereof under Section 9.2 or 9.3.

“Lease Payment Date” means June 1 and December 1 in each year, commencing June 1, 2019, and continuing to and including the date on which the Lease Payments are paid in full.

“Leased Property” means the real property which is more particularly described in Appendix A together with the improvements thereon, including any portion of the Project located on such real property. From and after the date of any substitution of property under Section 4.7 or release of property under Section 4.8, the term “Leased Property” means the real property which remains subject to this Lease following such substitution or release.

“Net Proceeds” means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid under Section 5.1 of this Lease; (b) the Site Lease, this Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy required by Section 5.7 with respect to the Leased Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

“Project” means the acquisition, construction and installation of the improvements described in Appendix C hereto.

“Project Costs” means, with respect to the Project, all costs of the acquisition, construction and installation thereof, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the Project;
- (b) obligations incurred for labor and materials in connection with the Project;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Project;
- (d) all costs of engineering, architectural services and other preliminary investigation expenses, including the actual out of pocket costs for site investigations, surveys, hazardous materials investigations, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the Project;
- (e) any sums required to reimburse the District for advances made for any of the above items or for any other costs incurred and for work done, including but not limited to administrative costs of the District, which are properly chargeable to the Project; and

(f) all financing costs incurred in connection with the Project, including but not limited to financing costs incurred in connection with this Lease and the financing of the Project.

“Rental Period” means (a) for each Lease Payment Date that occurs on June 1, the period from the preceding December 2 to (and including) such June 1; and (b) for each Lease Payment Date that occurs on December 1, the period from the preceding June 2 to (and including) such December 1, *provided* that the first Rental Period begins on the Closing Date and ends on June 1, 2019.

“Site Lease” is defined in the preambles hereto.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Term of this Lease” or **“Term”** means the time during which this Lease is in effect, as provided in Section 4.3.

Section 1.2 Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1 Covenants, Representations and Warranties of the District. The District makes the following covenants, representations and warranties to the Corporation as of the date of the execution and delivery of this Lease:

(a) **Due Organization and Existence.** The District is a school district duly organized and validly existing under and by virtue of the Constitution and laws of the State of California, has full legal right, power and authority under Sections 17455 and 17456 of the California Education Code and other applicable laws of the State of California to enter into the Site Lease and this Lease and to carry out and consummate all transactions contemplated hereby, and by proper action the District has duly authorized the execution and delivery of the Site Lease and this Lease.

(b) Due Execution. The representatives of the District executing the Site Lease and this Lease have been fully authorized to execute the same under a resolution duly adopted by the District Board of the District.

(c) Valid, Binding and Enforceable Obligations. The Site Lease and this Lease have each been duly authorized, executed and delivered by the District and each constitutes the legal, valid and binding agreement of the District enforceable against the District in accordance with its terms.

(d) No Conflicts. The execution and delivery of the Site Lease and this Lease, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease or this Lease or the financial condition, assets, properties or operations of the District.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the District of the Site Lease and this Lease, or the consummation of any transaction therein or herein contemplated, except as have been obtained or made and as are in full force and effect, or except as would not materially adversely affect the transactions contemplated hereby.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Site Lease or this Lease or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease or this Lease, or the financial condition, assets, properties or operations of the District.

(g) Essential Purpose. The Leased Property and the financing of the Project pursuant to this Lease and the Assignment Agreement serve an essential governmental function of the District and are in the best interests of the District.

(h) Budget. The obligations of the District under this Lease, including without limitation the obligation to make Lease Payments, are obligations payable from lawfully available funds of the District including available amounts in the District's general fund.

(i) Available Funds. The District has funds available for the payment of Lease Payments due during the current Fiscal Year and reasonably believes that sufficient funds can be obtained to make all Lease Payments and payments of other amounts required to be paid hereunder.

(j) Insured Replacement Value. As of the Closing Date, the insured replacement value of the improvements on portion of the Leased Property relating to the District's Alternative Education Center and consisting of real property (excluding land) is \$8,053,370.

Section 2.2 Covenants, Representations and Warranties of the Corporation. The Corporation makes the following covenants, representations and warranties to the District as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The Corporation is a corporation duly organized and existing under the laws of the State of Arizona, has full legal right, power and authority to enter into the Site Lease, this Lease and the Assignment Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery of the Site Lease, this Lease and the Assignment Agreement.

(b) Due Execution. The representatives of the Corporation executing the Site Lease, this Lease and the Assignment Agreement are fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.

(c) Valid, Binding and Enforceable Obligations. The Site Lease, this Lease and the Assignment Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of the Site Lease, this Lease and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease, this Lease or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the Corporation of the Site Lease, this Lease or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect, or except as would not materially adversely effect the transactions contemplated hereby.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site Lease, this Lease or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease, this Lease or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS

Section 3.1 Deposit of and Application of Funds. As provided in the Assignment, the proceeds therefrom in the amount of \$_____ (the “Loan”) will be wired to the District and applied as follows: (a) \$_____ will be applied to pay the costs of the financing; and (b) \$_____ will be used to finance the Project.

Section 3.2 Appointment of District as Agent of Corporation. The Corporation hereby appoints the District as its agent to carry out all phases of the Project under and in accordance with the provisions hereof. The District hereby accepts its appointment as agent of the Corporation and assumes all rights, liabilities, duties and responsibilities of the Corporation regarding the Project. The District, as agent of the Corporation hereunder, will enter into, administer and enforce all purchase orders, energy services contracts or other contracts relating to the Project. All contracts for, and all work relating to, the Project are subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like facilities, equipment and property by the District.

Section 3.3 Acquisition, Construction and Installation of the Project. As agent of the Corporation, the District hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the Project in accordance with the plans and specifications, purchase orders, construction contracts, energy services contracts and other documents relating thereto and approved by the District under all applicable requirements of law.

Notwithstanding anything in this Article III to the contrary, the District shall assure that all amounts received from the Loan are expended solely in accordance with the requirements of Section 7.7 relating to the observance of all tax provisions relating to the Project.

Section 3.4 Disposition of Excess Project Funds. Upon the determination by the District that the acquisition, construction and installation of the Project have been completed and accepted by the District, the District will notify the Assignee of such fact and will transfer all remaining Loan proceeds (“Excess Project Funds”), in the District’s discretion, (a) to the District to finance additional projects and facilities of the District, or (b) to the Assignee as prepayment of the Lease Payments under Section 9.2. If the Excess Project Funds exceed \$_____, the District

will obtain the prior written consent of the Assignee (which consent will not unreasonably be withheld) before financing additional projects or facilities with such funds.

ARTICLE IV

LEASE OF LEASED PROPERTY; LEASE PAYMENTS

Section 4.1 Lease of Leased Property by Corporation to District. For and in consideration of the application by the Corporation of funds in accordance with Section 3.1, the District has leased the Leased Property to the Corporation under the Site Lease. For and in consideration of the Lease Payments to be made by the District hereunder, the Corporation hereby leases the Leased Property to the District and the District hereby leases the Leased Property from the Corporation, pursuant to this Lease upon the terms and provisions hereof.

Section 4.2 Reserved.

Section 4.3 Term. The Term of this Lease commences on the Closing Date and ends on the date on which all of the Lease Payments have been paid in full, subject to the Extended Lease Term in the event the obligation of the District to pay Lease Payments is abated for any period under Section 6.3 hereof; *provided* that the term of this Lease shall not extend more than ten years following the last Lease Payment Date shown on Appendix B.

Section 4.4 Lease Payments.

(a) Obligation to Pay. Subject to the provisions of Section 6.3 and the provisions of Article IX, the District agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Appendix B attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Appendix B. The Lease Payments payable in any Rental Period with respect to the Leased Property shall be for the use of the Leased Property during such Rental Period. The interest components of the Lease Payments have been calculated based on an interest rate of ____% per annum, on the basis of a 360 day year of twelve 30 day months.

(b) Effect of Prepayment. If the District prepays all Lease Payments in full under Section 9.2 or 9.3, the District's obligations under this Section will thereupon cease and terminate. If the District prepays the Lease Payments in part but not in whole under Sections 9.2 or 9.3, amounts so paid in respect of principal components shall be applied by the Corporation as prepayment to the remaining unpaid principal components of the Lease Payments owing hereunder and the remaining Lease Payments will be reduced on a pro rata basis.

(c) Rate on Overdue Payments. If the District fails to make any of the payments required in this Section 4.4, the payment in default will continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment at a rate equal to the lesser of (a) the interest rate set forth in Section 4.4(b) plus 5.00% per annum and (b) the maximum rate permitted by law.

(d) Fair Rental Value. The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and will be

paid by the District in each Rental Period for and in consideration of the right of the use and occupancy, and the continued quiet use and enjoyment, of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due in each Rental Period are not in excess of the fair rental value of the Leased Property in the corresponding Rental Period. In making this determination, consideration has been given to the estimated fair market value of the Leased Property, the replacement costs of the Leased Property, the costs of financing the deposit required to be made under Section 3.1, other obligations of the District and the Corporation under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the District and the general public.

(e) Source of Payments; Budget and Appropriation. The Lease Payments are payable from any source of legally available funds of the District, subject to the provisions of Sections 6.3 and 9.1. The District covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the District herein contained constitute duties imposed by law and it is the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the District.

Section 4.5 Quiet Enjoyment. Throughout the Term of this Lease, the Corporation will provide the District with quiet use and enjoyment of the Leased Property and the District will peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease. The Corporation will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation has the right to inspect the Leased Property as provided in Section 7.2.

Section 4.6 Title. At all times during the Term of this Lease, the Corporation shall hold leasehold title to the Leased Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 8.2.

Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Corporation in and to the Leased Property shall be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Leased Property, or upon the deposit by the District of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Corporation in and to the Leased Property shall be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer of title.

Section 4.7 Substitution of Property. With the prior written consent of the Assignee in its sole and absolute discretion, the District may substitute other land, facilities or improvements (the "Substitute Property") for the Leased Property or any portion thereof (the "Former Property"), provided that the District has satisfied all of the following requirements, which are hereby declared to be conditions precedent to such substitution:

(a) The District has certified to the Corporation and the Assignee that no Event of Default has occurred and is continuing.

(b) The District has filed with the Corporation and the Assignee, and caused to be recorded in the Office of the San Bernardino County Recorder sufficient memorialization of an amended Appendix A to this Lease which adds thereto a description of such Substitute Property and deletes therefrom the description of such Former Property.

(c) The District has obtained a CLTA policy of title insurance, naming the District as insured, which insures the Corporation's leasehold estate in such Substitute Property, in an amount at least equal to the aggregate unpaid principal components of the Lease Payments and naming the Assignee as an additional insured.

(d) The District has certified in writing to the Corporation and the Assignee that such Substitute Property is essential to the District's efficient and economic operation, serves an essential governmental function of the District and constitutes property which the District is permitted to lease under the laws of the State of California.

(e) The Substitute Property does not cause the District to violate any of its covenants, representations and warranties made herein. No event giving rise to an abatement of Lease Payments has occurred or is continuing with respect to the Substitute Property.

(f) The District has certified in writing to the Corporation and the Assignee that the estimated value and the estimated fair rental value of the Substitute Property are at least equal to the estimated value and the estimated fair rental value, respectively, of the Former Property as of the date hereof, and that the useful life of the Substitute Property extends to or beyond December 1, 2039. If requested by the Assignee, the District has delivered to the Assignee valuations prepared or confirmed by an independent third party, which might include, without limitation, an appraisal or a valuation by an insurance company.

(g) The District has delivered to the Corporation and the Assignee an Opinion of Bond Counsel to the effect that such substitution of Leased Property will not, in and of itself, cause the interest portion of Lease Payments to be included in gross income for federal income tax purposes.

(h) The District has delivered to the Assignee an environmental survey or surveys with respect to the Substitute Property, and other documents that the Assignee may reasonably require; *provided, however*, that if the environmental studies have recommended that remedial action be taken with respect to the Substitute Property so that it will be in compliance with Applicable Environmental Laws, the Corporation, at the direction of the Assignee, does not have an obligation or duty to accept the Substitute Property as Leased Property until such time as the remedial action has been completed and the Assignee has received assurances to its satisfaction that the Substitute Property is in compliance with Applicable Environmental Laws.

Upon written consent of the Assignee and the satisfaction of all conditions precedent to any substitution under this Section 4.7, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Former Property.

Section 4.8 Release of Property. With the prior written consent of the Assignee in its sole and absolute discretion, the District may release any portion of the Leased Property from this Lease (the “Released Property”) provided that the District has satisfied all of the following requirements, which are hereby declared to be conditions precedent to such release:

(a) The District has certified to the Corporation and the Assignee that no Event of Default has occurred and is continuing.

(b) The District has filed with the Corporation and the Assignee, and caused to be recorded in the Office of the San Bernardino County Recorder sufficient memorialization of an amendment hereof which removes the Released Property from this Lease.

(c) The District has certified in writing to the Corporation and the Assignee that the value of the property which remains subject to this Lease following such release is at least equal to the aggregate unpaid principal components of the Lease Payments, and the fair rental value in each Rental Period of the property which remains subject to this Lease following such release is at least equal to the Lease Payments in the corresponding Rental Period coming due and payable hereunder. If requested by the Assignee, the District has delivered to the Assignee valuations prepared or confirmed by an independent third party, which might include, without limitation, an appraisal or a valuation by an insurance company.

(d) The District has delivered to the Corporation and the Assignee a written opinion of Bond Counsel to the effect that such release of Leased Property will not, in and of itself, cause the interest portion of Lease Payments to be included in gross income for federal income tax purposes.

Upon written consent of the Assignee and the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Released Property.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1 Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the sole responsibility of the District, and the District will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof on the part of the District or any assignee. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Property, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections

1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the District under the terms of this Lease.

The District shall not install, use, operate, or maintain the Project or the Leased Property (or cause the Project or Leased Property to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The District shall provide all permits and licenses, if any, necessary for the Leased Property and the installation and operation of the Project. In addition, the District agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body, including, without limitation, all anti money laundering laws and regulations; *provided* that the District may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of the Corporation, adversely affect the interest of the Corporation in and to the Project or the Leased Property or its interest or rights hereunder.

The District will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Leased Property or the respective interests or estates therein; *provided* that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District is obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the District that, in its reasonable opinion, by nonpayment of any such items the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the District will promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

Section 5.2 Modification of Leased Property. The District has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The District will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District under this Section; *provided* that if any such lien is established and the District first notifies the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Corporation with full security against any loss or forfeiture which might arise from the

nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

Section 5.3 Public Liability Insurance. The District shall maintain or cause to be maintained throughout the Term of this Lease a standard comprehensive general liability insurance policy or policies in protection of the District, the Corporation and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage of at least \$1,000,000 per occurrence, \$3,000,000 in aggregate and \$5,000,000 excess liability and may be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid. [CONFIRM WITH DISTRICT]

Section 5.4 Casualty Insurance; Flood Coverage.

(a) Requirement to Maintain Casualty Insurance. The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, including earthquake coverage if such coverage is available at commercially reasonable cost from a reputable insurer in the reasonable determination of the District. Such insurance shall be in an amount at least equal to the greater of (i) the replacement value of the insured Facilities, or (ii) the aggregate unpaid principal components of the Lease Payments, and may be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the Net Proceeds of such insurance as provided in Article VI.

(b) Flood Insurance. If at any time and for so long as the Leased Property is located in a 100 year flood area as shown on a Flood Insurance Rate Map published by the Federal Emergency Management Agency, the policy or policies of casualty insurance provided under this Section 5.4 shall include insurance against loss or damage to the Facilities due to flooding. If the District obtains an exception or waiver to the designation of the Facilities as being within a 100 year flood area from the Federal Emergency Management Agency, the District shall not be required to provide flood insurance as set forth in this subsection (b).

(c) Federal or State Disaster Aid. Should the Facilities be damaged or destroyed as a result of an event for which federal or State of California disaster aid is available, the Corporation and/or the District shall promptly apply for disaster aid. Any disaster aid proceeds received shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or, at the option of the District and the Corporation, to prepay the Lease Payments if permitted under the disaster aid program and the law.

(d) **Self-Insurance.** As an alternative to providing the insurance required by this Section, the District may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection (i) affords reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the District, and (ii) has been approved in writing by the Assignee. Before such other method or plan may be provided by the District, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Lease, there shall be filed with the Corporation and the Assignee a certificate of an actuary, insurance consultant or other qualified person (who may be an employee of the District), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against and is sufficiently funded to afford such coverage. There shall also be filed a certificate of the District setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the District hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Section 5.5 Rental Interruption Insurance. The District shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Leased Property as a result of any of the hazards covered in the insurance required under this Article V, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. Such rental interruption or use and occupancy insurance shall not be self-insured and the District acknowledges that this requirement may limit its ability to self-insure under Section 5.4. The District will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6 Worker's Compensation Insurance. If required by applicable California law, the District shall carry worker's compensation insurance covering all employees on, in, near or about the Leased Property and, upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease.

Section 5.7 Recordation Hereof; Title Insurance. On or before the Closing Date, the District shall, at its expense, (a) cause the Assignment Agreement, the Site Lease and this Lease, or a memorandum hereof or thereof, to be recorded in the office of the San Bernardino County Recorder with respect to the Leased Property, and (b) obtain a CLTA policy of title insurance, naming the Assignee as insured, which insures the Corporation's leasehold estate established under the Site Lease in the Leased Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Lease Payments. The District shall apply the Net Proceeds received under such title insurance policy to prepay the remaining Lease Payments under Section 9.3.

Section 5.8 Form of Policies. All insurance policies (or riders) required by this Article V shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of California, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes

effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 shall name the District as the insured and loss payee and the Assignee as additional insured and shall include a lender's loss payable endorsement for the benefit of the Assignee. Prior to the Closing Date, the District will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the District will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the District shall notify the Assignee of such fact.

Section 5.9 Installation of District's Personal Property. The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the District, in which the Corporation has no interest, and may be modified or removed by the District at any time. The District must repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the District from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Leased Property.

Section 5.10 Liens. The District will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the District certifies in writing to the Corporation do not materially and adversely affect the leasehold estate in the Leased Property hereunder and for which the Assignee approves in writing, which approval may not be unreasonably withheld. Except as expressly provided in this Article V, the District will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District will reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11 Advances. If the District fails to perform any of its obligations under this Article V, the Corporation may take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.4(c).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF PROCEEDS; ABATEMENT OF LEASE PAYMENTS

Section 6.1 Deposit of Net Proceeds. The Net Proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings, and the Net Proceeds of any policy of insurance maintained under Section 5.4, shall be paid to the District to be applied as hereinafter set forth in Section 6.2.

Section 6.2 Application of Net Proceeds. If the Leased Property is taken in eminent domain proceedings at any time during the Term of this Lease, or if the Leased Property is damaged

due to an insured casualty which is covered by a policy of insurance or a program of self-insurance maintained under Sections 5.4 or 5.7, the District shall as soon as practicable after such event, with the prior written consent of the Assignee, apply the Net Proceeds resulting therefrom to one of the following:

- (a) repair the Leased Property to full use;
- (b) replace the Leased Property, at the District's sole cost and expense, with property of equal or greater value to the Leased Property immediately prior to the time of such destruction or damage, such replacement Leased Property to be subject to the Assignee's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement;
- (c) substitute additional property as provided in Section 4.7; or
- (d) prepay the Lease Payments in accordance with Section 9.3.

The District will notify the Corporation and the Assignee of which course of action it has elected to take within a reasonable time not to exceed 60 days after the occurrence of such eminent domain proceedings or such destruction or damage. Such repair, replacement, substitution or prepayment shall commence not later than 60 days after the occurrence of such taking, destruction or damage and be pursued diligently to completion. The Corporation may (but is not required to) in its own name or in the District's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy, and the District hereby grants to the Corporation a power of attorney coupled with an interest to accomplish all or any of the foregoing.

Section 6.3 Abatement Due to Damage or Destruction.

(a) (i) The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is provided for in Section 6.5) or a material title defect there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed or interfered with as in result of such title defect. Such abatement will continue for the period commencing with the date of such damage or destruction or interference and ending with the earlier of (ii) the date on which the beneficial use and enjoyment thereof are restored to the District, or (iii) the earliest action to occur pursuant to Section 6.2 (or, in case of uninsured casualty, the earlier of substitution of property as provided in Section 6.4 and any optional prepayment pursuant to Section 9.2) or, in the case of payment in part under Section 9.2(d), with respect to any abatement which will continue following such prepayment until the substantial completion of the work of repair or reconstruction or the restoration of use following the removal of any title defect) (such date on which abatement ends is referred to herein as the "Abatement End Date." In the event of any such damage or destruction or any title defect or abatement due to eminent domain pursuant to Section 6.5 as provided therein, this Lease will continue in full force and effect, including for the Extended Lease Terms as provided in the next succeeding paragraph, and the District waives any right to terminate this Lease by virtue of any such damage and destruction or any title defect. Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the

extent that rental interruption insurance proceeds are available to pay Lease Payments which would otherwise be abated under this Section 6.3 or Section 6.5, it being hereby declared that such amounts constitute special funds for the payment of the Lease Payments.

(b) In case of abatement of Lease Payments as provided herein (including Section 6.5 in case of abatement thereunder), the term of this Lease shall automatically be extended for an Extended Lease Term and further extended successively for any additional Extended Lease Term as a result of the occurrence of any subsequent similar event; *provided, however*, that in no event shall any such extension result in the Term extending past the date specified in the Section 4.3.

(c) The terms and conditions during any Extended Lease Term under this Lease shall be the same as the terms and conditions during the original Term, except that

(i) the then unpaid aggregate principal component under this Lease shall be amortized at the applicable rate set forth in Section 4.4 on a level debt service basis over a period equal to the duration of the then remainder of such original Term and such Extended Lease Term and with Lease Payments payable on each Lease Payment Date provided in the Schedule of Lease Payments;

(ii) Assignee shall prepare, and Assignee and District shall execute and deliver, a revised Schedule of Lease Payments based on the factors described in the preceding clause (i);

(iii) if the Extended Lease Term does not end on an applicable Lease Payment Date, the final date for payment of Lease Payments shall be the last business day of the Extended Lease Term under this Agreement;

(iv) the District shall take such actions as may be reasonably necessary to maintain federal tax-exemption of the interest component of Lease Payments hereunder, including preparing, executing and filing an information reporting return in compliance with the Tax Code in the event that the revised Schedule of Lease Payments may result in treatment of such revised Schedule of Lease Payments as a reissuance of this Agreement for federal income tax purposes; and

(v) the Extended Lease Term shall not exceed the earlier of the date specified for such purpose in Section 4.3 hereof or the latest date that would not adversely affect federal tax-exemption of the interest component of Lease Payments hereunder based upon the relationship of the reasonably expected average useful life of the Leased Property thereunder and the weighted average maturity of the aggregate principal component under the revised Schedule of Lease Payments.

In connection with the execution and delivery of a revised Schedule of Lease Payments as herein provided, District shall deliver to Assignee, at the District's expense, a written opinion of special tax counsel (selected by the District and reasonably acceptable to Assignee) with respect to the federal tax matters described in this subsection (c). The District shall direct such special tax counsel to cooperate with the District in connection with federal tax matters that relate to the calculations that Assignee is required to make as provided in subsection (c)(1). Assignee shall establish the Extended Lease Term, calculate the increased interest component and revised amortization of the then unpaid aggregate principal component hereunder and prepare the revised Schedule of Lease Payments, all as provided in the first sentence of this subsection (c), within thirty

days after an Abatement End Date (as described in subsection (a) above). Once Assignee has prepared such revised Schedule of Lease Payments, Assignee shall promptly deliver such revised Schedule of Lease Payments to the District for execution and delivery by the District and return to Assignee; *provided* that the revised Schedule of Lease Payments prepared in accordance with this subsection (c) shall become immediately effective for the period from and after such Abatement End Date.

Section 6.4 Substitution of Property under Certain Circumstances. In the event of damage to or destruction of all or a portion of the Leased Property due to uninsured casualty for which the proceeds of rental interruption insurance are not available, promptly after the occurrence of such event, to the extent such action will not cause the Lease to be invalid the Superintendent may bring forward a recommendation for District Board consideration to substitute and add as additional Leased Property hereunder other real or personal property of the District that is unimpaired and unencumbered, the fair rental value of which shall be at least equal to the Lease Payments due during each fiscal year for the remainder of the Term, provided that any such addition and substitution shall be subject to the approval of the District Board of the District.

Section 6.5 Termination or Abatement Due to Eminent Domain. If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease will cease with respect thereto as of the day possession is so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) this Lease will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto based upon whether such event has occurred with respect to the Leased Property, in an amount to be determined by the District such that the resulting "Lease Payments" represent fair consideration for the use and occupancy of the remaining usable portions of the affected Leased Property, and the provisions of Section 6.3(b)(c) shall apply. The Abatement End Date shall be the earlier of restoration of beneficial use and enjoyment to the District of the Leased Property or replacement or substitution thereof or prepayment of Lease Payments as provided herein. The District shall apply Net Proceeds in accordance with Section 6.2.

ARTICLE VII

OTHER COVENANTS OF THE DISTRICT

Section 7.1 Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE DISTRICT LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event is the Corporation liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the District.

Section 7.2 Access to the Leased Property. The District agrees that the Corporation, and the Corporation's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the District, to enter upon and to examine and inspect the Leased Property or any part thereof. The District further agrees that the Corporation, and the Corporation's successors or assigns, shall District such rights of access to the Leased Property or any component thereof, following at least 48 hours written notice provided to the District, as may be reasonably necessary to cause the proper maintenance of the Leased Property if the District fails to perform its obligations hereunder. Neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

Section 7.3 Release and Indemnification Covenants. The District hereby agrees, to the extent not prohibited by applicable law, to indemnify and defend the Corporation, the Assignee and their respective directors, officers, employees, agents, successors and assigns from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the District, (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Leased Property, (e) the acquisition, construction, improvement and equipping of the Leased Property, (f) the generation, use, presence, storage, disposal, abatement, management or clean-up of, or exposure to, any Hazardous Substances or toxic wastes at, on, in or from the Leased Property, (g) the failure to comply with any Applicable Environmental Laws, or (h) any loss of the federal income tax exemption of the interest portion of Lease Payments, in any case, due to the District's or the Corporation's action or failure to take any action or the making by the District or the Corporation of any misrepresentation herein or in any certificate required to be given in connection with the execution and delivery of this Lease and any interest, fines, penalties and additions to tax (including all federal, state and local taxes imposed on the interest component of all Lease Payments due through the date of such event) imposed by the Internal Revenue Service on the Assignee in connection therewith, any such amount with respect to past Lease Payments to be paid to the Assignee in a single lump sum payment upon demand of the Assignee, and any such amount with respect to future Lease Payments to be paid as an increase in the interest component of Lease Payments such that the after tax yield to the Assignee shall remain the same following the loss of the federal income tax exemption as it was before such loss of tax exemption; *provided, however*, in no event may such payments result in the Lease Payments in any Rental Period exceeding the fair rental value of the Leased Property in such Rental Period. No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or gross negligence under this Lease by the Corporation, the Assignee, or their respective officers, agents, employees, successors or assigns.

Section 7.4 Assignment by the Corporation.

(a) (i) The Corporation has assigned and transferred the Assigned Rights to the Assignee pursuant to the Assignment Agreement. The District hereby consents to such assignment and transfer. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Assignee all payments payable by the District under Section 4.4 and all amounts payable by the District under Article IX. Whenever in this Lease any reference is made to the Corporation and such reference concerns any Assigned Rights, such reference shall be deemed to refer to the Assignee.

(b) The Assigned Rights, and all proceeds therefrom, may be further assigned and reassigned in whole to one or more assignees or subassignees by the Assignee (including, but not limited to, in connection with the creation of fractional interests with institutional investors so long as such assignment complies with applicable State law), without the necessity of obtaining the consent of the District; *provided*, that any such assignment, transfer or conveyance shall be made only to investors each of whom the transferor Assignee reasonably believes is a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or an “accredited investor” as defined in Sections 501(a)(1), (2), (3) and (7) of Regulation D promulgated under the Securities Act and is purchasing the Assigned Rights (or any interest therein) for its own account with no present intention to resell or distribute the Assigned Rights (or interest therein), subject to each investor’s right at any time to dispose of the Assigned Rights or any interest therein as it determines to be in its best interests. The Corporation (including the initial Assignee pursuant to the Assignment Agreement) and the District hereby acknowledge and agree that the restrictions and limitations on transfer as provided in this Section 7.4 shall apply to the first and subsequent assignees and sub-assignees of the Assigned Rights (or any interest therein).

(c) No assignment, transfer or conveyance permitted by this Section 7.4 shall be effective until the District has received a signed Letter of Representations from the proposed subsequent assignee, in form and substance substantially similar to the Letter of Representations attached hereto as Appendix D. In addition, no assignment, transfer or conveyance permitted by this Section 7.4 that changes the payment instructions or mailing address shall be effective until the District shall have received a written notice of assignment that discloses the name, payment instructions and address of each such assignee. During the Term of this Lease, the District shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. The District shall retain all such notices as a register of all Assignees and shall make all payments to the Assignee designated in such register. The District shall not have the right to, and shall not, assert against the initial Assignee or any subsequent Assignee any claim, counterclaim or other right that the District may have against the Corporation. If the Assignee notifies the District of its intent to assign the Assigned Rights, the District agrees that it shall execute and deliver to the requesting Assignee a notice and acknowledgment of assignment in form reasonably required by such Assignee within five (5) business days after its receipt of such request.

Section 7.5 Assignment and Subleasing by the District. This Lease may not be assigned by the District. With the prior written consent of the Assignee, the District may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

(a) This Lease and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District.

(b) The District shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Assignee a true and complete copy of such sublease.

(c) Any sublease shall be expressly subject and subordinate to this Lease.

(d) No such sublease by the District may cause the Leased Property to be used for a purpose other than an essential government function and as may be authorized under the provisions of the laws of the State of California.

(e) The District shall furnish the Corporation and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.

Section 7.6 Amendment Hereof. This Lease may be amended by the parties hereto with the prior written consent of the Assignee. Prior to the effective date of any such amendment, and as a condition precedent to the effectiveness thereof, the District at its expense shall obtain an opinion of Bond Counsel stating that such amendment will not adversely affect the exclusion from gross income of the interest component of the Lease Payments.

Section 7.7 Tax Covenants.

(a) Generally. The District will not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Lease Payments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District will ensure that the proceeds of the Lease Payments are not so used as to cause the District's obligations hereunder to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The District will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Lease Payments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Lease Payments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) Arbitrage Rebate. The District will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Section 7.8 Environmental Covenants.

(a) Compliance with Laws; No Hazardous Substances. The District has complied and will comply with all Applicable Environmental Laws with respect to the Leased Property and has not allowed and will not allow the presence of, or otherwise use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon except (i) in strict compliance with all Applicable Environmental Laws; and (ii) in a manner that would not cause any Hazardous Substance to flow, migrate, leak, leach, be released at or otherwise come to rest on or in the Leased Property.

(b) Notification of Assignee. The District will transmit copies of all notices, orders, or statements received from any governmental entity or any third party concerning violations

or asserted violations of Applicable Environmental Laws with respect to the Leased Property and any operations conducted thereon or any conditions existing thereon to the Assignee, and the District will notify the Assignee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substances that has occurred or is occurring that in any way affects or threatens to affect the Leased Property, or the people, structures, or other property thereon, *provided* that no such notifications shall create any liability or obligation on the part of the Assignee.

(c) Access for Inspection. The District shall permit the Assignee, its agents, or any experts designated by the Assignee to have full access to the Leased Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Assignee has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

Section 7.9 Financial Statements; Budgets. During the Term of this Lease, the District shall:

(a) Within 270 days following the end of each Fiscal Year of the District, provide the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include a balance sheet, a statement of revenues, expenses and changes in fund balances for budget and actual, a statement of cash flows, notes, schedules and any attachments to the financial statements and such other financial information as the Assignee shall reasonably request.

(b) Within 30 days following the adoption by the Board of Education of its annual adopted General Fund budget, provide the Assignee with a copy of such adopted budget.

(c) Within 30 days following the submittal to the San Bernardino County Superintendent of Schools of its First Interim Report, provide the Assignee with a copy of such First Interim Report;

(d) Within 30 days following the submittal to the San Bernardino County Superintendent of Schools of its Second Interim Report, provide the Assignee with a copy of such Second Interim Report;

(e) Provide the Assignee with notice of the occurrence of any event (as described under 17 CFR 240.15c2-12(b)(5)(c)) with respect to the Lease or the District in a timely manner but in no event more than 10 business days after the occurrence of such event.

(f) Provide the Assignee with such additional information as the Assignee may reasonably request from time to time.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein or to maintain insurance as specified in Article V.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Assignee. However, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30 day period, the Corporation and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the District within such 30 day period and diligently pursued until the default is corrected.

(c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(d) Any representation, warranty or certification made by the District hereunder or in connection herewith shall have been incorrect or misleading when made.

(e) Any default occurs under any other agreement for borrowing money or receiving credit under which the District may be obligated as borrower, if such default consists of (i) the failure to pay any amount when due under such agreement or (ii) the failure to perform any other obligation thereunder and such failure gives the holder of such agreement the right to accelerate the amounts payable thereunder.

Section 8.2 Remedies on Default. Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under this Lease; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; *provided*, that no termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise any one or more of the following remedies:

(a) Enforcement of Payments Without Termination. If the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained, and the Corporation may take whatever action at law or in equity that may appear necessary or desirable to collect each Lease Payment as it becomes due hereunder. The District shall reimburse the Corporation for any deficiency arising out of the re-leasing or sale of the Leased Property, or, if the Corporation is unable to re-lease or sell the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of

any other remedy by the Corporation. The District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place located in the County of San Bernardino for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The District agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling the Leased Property to be re-let under this paragraph. Any rental obtained by the Corporation in excess of all Lease Payments and Additional Payments due hereunder shall be paid to the District.

(b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Corporation terminates this Lease at its option and in the manner hereinafter provided due to a default by the District (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re-leasing shall be applied by the Corporation to Lease Payments due under this Lease. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease. The District covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

(d) Remedies under the Site Lease. If an Event of Default occurs and continues hereunder, the Corporation may exercise its rights under the Site Lease.

Section 8.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in

equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses. If either party to this Lease defaults under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

Section 8.5 No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.6 Assignee to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article VIII will be assigned by the Corporation to the Assignee, to which assignment the District hereby consents. Such rights and remedies shall be exercised solely by the Assignee.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1 Security Deposit. Notwithstanding any other provision of this Lease, the District may on any date secure the payment of the Lease Payments in whole or in part by depositing with a trustee, escrow agent or other fiduciary selected by the District and acceptable to the Assignee an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Assignee, which cash so held is either (a) sufficient to pay such Lease Payments without reinvestment, including the principal and interest components thereof, in accordance with the Schedule of Lease Payments set forth in Appendix B, or (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Assignee and addressed and delivered to the Assignee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient, without reinvestment of any earning or income on such amounts, to pay such Lease Payments, when due under Section 4.4 or when due on any optional prepayment date under Section 9.2 as the District instructs at the time of said deposit; provided, however, that at or prior to the date on which any such security deposit is established, the District shall deliver to the Assignee a written opinion of Bond Counsel (in form and substance acceptable to the Assignee) to the effect that any such security deposit will not adversely affect the excludability of the interest component of Lease Payments from gross income of the owners thereof for federal income tax purposes. If the District posts a security deposit under this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 4.3, (a) the Term of this Lease will continue, (b) all

obligations of the District under this Lease, and all security provided by this Lease for said obligations, will thereupon cease and terminate, excepting only the obligation of the District to make, or cause to be made, all of the Lease Payments from such security deposit and its obligation provided in the next succeeding paragraph, and (c) the Corporation's leasehold interest in the Leased Property will terminate on the date of said deposit automatically and without further action by the District or the Corporation. The District hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Assignee. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

Notwithstanding anything in this Section 9.1 or otherwise in this Lease to the contrary, if the amount held in such security deposit shall at any time be insufficient (for whatever reason) to pay Lease Payments when due in full as provided in clause (a) or (b), as applicable, of the first paragraph of this Section 9.1, the District shall immediately pay to the Assignee on the applicable due date or due dates the amount of any such shortfall from funds legally available for such purpose.

Section 9.2 General Optional Prepayment. The District may prepay the unpaid principal components of the Lease Payments in whole or in part, from any source of funds, on any Lease Payment Date on or after June 1, 2026, and from any source other than those identified in Sections 9.3, 9.4 and 9.5 hereof, by paying a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, plus accrued interest on such prepaid principal components to the prepayment date, at the following prepayment prices (expressed as a percentages of the principal amount of the Lease Payments to be prepaid):

<i>Redemption Dates</i>	<i>Redemption Price</i>
June 1, 2026 and December 1, 2026	103%
June 1, 2027 and December 1, 2027	102
June 1, 2028 and December 1, 2028	101
June 1, 2029 and any Lease Payment Date thereafter	100

The District shall give the Corporation notice of its intention to exercise its option to prepay the Lease Payments under this Section 9.2 not less than 30 days in advance of the date of exercise.

Section 9.3 Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain. The District may prepay the unpaid principal components of the Lease Payments in whole or in part on any date, from and to the extent of any Net Proceeds to be used for such purpose under Sections 5.4, 5.7 and 6.2, and shall so prepay to the extent the District does not elect to act under Section 6.2(a), (b) or (c) above, by paying a prepayment price equal to the principal components of the Lease Payments to be prepaid, together with the interest accrued to such prepayment date, without premium. The District shall give the Corporation notice of its intention to exercise its option to prepay the Lease Payments under this Section 9.3 not less than 60 days in advance of the date of exercise, or such shorter period of time as is acceptable to the Corporation and the Assignee.

Section 9.4 Optional Prepayment from General Obligation Bond Proceeds. The District may prepay the unpaid principal components of the Lease Payments in whole or in part on any Lease Payment Date, from and to the extent that general obligation bonds of the District have been issued therefor, by paying a prepayment price equal to the principal components of the Lease Payments to be prepaid, together with the interest accrued to such prepayment date, without premium. The District shall give the Corporation notice of its intention to exercise its option to

prepay the Lease Payments under this Section 9.4 not less than 30 days in advance of the date of exercise.

Section 9.5 Optional Ten-Percent Prepayment. On an annual basis, commencing June 1, 2020, the District may prepay up to 10% of the then unpaid principal components of the Lease Payments on any Lease Payment Date, from any source of available fund, by paying a prepayment price equal to the principal components of the Lease Payments to be prepaid, together with the interest accrued to such prepayment date, without premium. The District shall give the Corporation notice of its intention to exercise its option to prepay the Lease Payments under this Section 9.5 not less than 30 days in advance of the date of exercise.

ARTICLE X

MISCELLANEOUS

Section 10.1 Notices. Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by email (if listed below), (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the District and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District: Silver Valley Unified School District
35320 Daggett-Yermo Road (delivery)
P.O. Box 847 (mailing)
Yermo, California 92398
Attn: Mr. Marc Lacey
Assistant Superintendent, Administrative Services
Email: mlacey@svusdk12.net
Tel: (760) 254-2916

If to the Corporation: Local Facilities Finance Corporation
9258 Brunello County
Bakersfield, California 93314
Attention: President

If to the Assignee: Western Alliance Business Trust
One Washington Street, Suite 1400
Phoenix, Arizona 85004
Attn: Municipal Finance

Section 10.2 Binding Effect. This Lease inures to the benefit of and is binding upon the Corporation, the District and their respective successors and assigns.

Section 10.3 Severability. If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 10.4 Net-net-net Lease. This Lease is a “net-net-net lease” and the District hereby agrees that the Lease Payments are an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5 Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

Section 10.6 Execution in Counterparts. This Lease may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.7 Applicable Law. This Lease is governed by and construed in accordance with the laws of the State of California.

Section 10.8 Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

Section 10.9 No Merger. It is the express intention of the Corporation and the District that this Lease and the obligations of the parties hereunder are separate and distinct from the Site Lease and the obligations of the parties thereunder, and that during the term of the Site Lease and this Lease no merger of title or interest may occur or be deemed to occur as a result of the respective positions of the Corporation and the District thereunder and hereunder.

Section 10.10 Third Party Beneficiary. The Assignee is made a party beneficiary hereunder with all rights of a third party beneficiary.

IN WITNESS WHEREOF, the Corporation and the District have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

LOCAL FACILITIES FINANCE CORPORATION,
as Lessor

By: _____

President

ATTEST:

Secretary

SILVER VALLEY UNIFIED SCHOOL DISTRICT,
as Lessee

By: _____
Karen Gray
President of the Silver Valley Unified School
District Board of Trustees

ATTEST:

Mark Staggs
Clerk

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the following described land located in the City of Daggett, County of San Bernardino, State of California, together with all buildings, facilities and other improvements which constitute real property and which are located thereon:

PARCEL 1: (APN: 516-222-01)

A PORTION OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 21, TOWNSHIP 9 NORTH, RANGE 1 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO UNITED STATES GOVERNMENT TOWNSHIP PLAT, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH BEARS SOUTH 724.36 FEET AND SOUTH 79° 34' EAST 1,065.8 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 21, SAID POINT BEING SOUTH 79° 34' EAST 60 FEET FROM THE INTERSECTION OF THE NORTH LINE OF CALIFORNIA STREET AND THE WEST LINE OF "A" STREET, AS SHOWN ON THE PLAT OF THE TOWNSITE OF DAGGETT, AS PER PLAT RECORDED IN BOOK 20 OF MAPS, PAGE 40, RECORDS OF SAID COUNTY; THENCE SOUTH 10° 26' WEST 780 FEET TO THE TRUE POINT OF BEGINNING; SAID POINT BEING SOUTH 79° 34' EAST 60 FEET FROM THE SOUTHEAST CORNER OF THE LAND CONVEYED TO THE DAGGETT SCHOOL DISTRICT, BY DEED RECORDED JUNE 7, 1949 AS INSTRUMENT NO. 103 IN BOOK 2414, PAGE 242 OF OFFICIAL RECORDS; THENCE NORTH 79° 34' WEST ALONG THE SOUTH LINE OF SAID DAGGETT SCHOOL DISTRICT LAND 693.16 FEET; THENCE SOUTH 10° 26' WEST 440 FEET; THENCE SOUTH 79° 34' EAST 693.16 FEET; THENCE NORTH 10° 26' EAST 440 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION THEREOF CONVEYED TO THE STATE OF CALIFORNIA IN GRANT DEED RECORDED AUGUST 30, 1963 AS INSTRUMENT NO. 238 IN BOOK 5979, PAGE 788 OF OFFICIAL RECORDS DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY LINE OF SAID ORTON STREET WITH THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID "A" STREET; THENCE ALONG SAID NORTHERLY LINE OF SAID ORTON STREET NORTH 80° 06' 00" WEST 28.00 FEET; THENCE NORTH 9° 54' 00" EAST 256.51 FEET; THENCE ALONG A TANGENT CURVE CONCAVE WESTERLY WITH A RADIUS OF 956 FEET, THROUGH AN ANGLE OF 7° 25' 18", A DISTANCE OF 123.83 FEET; THENCE SOUTH 80° 06' 00" EAST 36.01 FEET TO SAID WESTERLY LINE OF "A" STREET; THENCE ALONG SAID WESTERLY LINE SOUTH 9° 54' 00" WEST 380 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2: (APN: 516-252-15)

A PORTION OF THE WEST ½ OF THE NORTHWEST ¼ OF SECTION 21, TOWNSHIP 9 NORTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO GOVERNMENT SURVEY, SAID PORTION BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE PROLONGATION SOUTHERLY OF THE WESTERLY LINE OF "A" STREET, AS SHOWN ON PLAT OF TOWNSITE OF DAGGETT, AS PER PLAT RECORDED IN BOOK 20 OF MAPS, PAGE 40, IN THE RECORDER'S OFFICE OF AFORESAID COUNTY, DISTANT 400 FEET SOUTH 10° 26' WEST FROM THE POINT OF INTERSECTION OF SAID WESTERLY LINE OF "A" STREET WITH THE NORTHERLY LINE OF CALIFORNIA STREET, AS SHOWN ON SAID PLAT (SAID POINT OF INTERSECTION BEING 724.36 FEET SOUTH; THENCE 1005.8 FEET SOUTH 79° 34' EAST FROM THE NORTHWEST CORNER OF AFORESAID SECTION 21); THENCE NORTH 79° 34' WEST A DISTANCE OF 573.16 FEET; THENCE SOUTH 10° 26' WEST A DISTANCE OF 380 FEET; THENCE SOUTH 79° 34' EAST A DISTANCE OF 573.16 FEET TO A POINT IN THE AFORESAID SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF "A" STREET; THENCE NORTH 10° 26' EAST ALONG SAID PROLONGATION OF "A" STREET A DISTANCE OF 380 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION THEREOF CONVEYED TO THE STATE OF CALIFORNIA IN GRANT DEED RECORDED AUGUST 30, 1963 AS INSTRUMENT NO. 238 IN BOOK 5979, PAGE 788 OF OFFICIAL RECORDS DESCRIBED AS FOLLOWS:

BEGINNING AT A THREE-FOURTHS INCH IRON PIPE AND TACK MARKING THE INTERSECTION OF THE SOUTHERLY LINE OF ORTON STREET WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF "A" STREET, 60 FEET WIDE, AS IT NOW EXISTS; THENCE ALONG SAID SOUTHERLY PROLONGATION SOUTH 9° 54' 00" WEST 380.00 FEET; THENCE NORTH 80° 06' 00" WEST 88.00 FEET; THENCE NORTH 9° 54' 00" EAST 380.00 FEET TO SAID SOUTHERLY LINE OF ORTON STREET, DISTANT ALONG SAID SOUTHERLY LINE NORTH 80° 06' 00" WEST 88.00 FEET FROM THE POINT OF BEGINNING; THENCE ALONG SAID SOUTHERLY LINE SOUTH 80° 06' 00" EAST 88.00 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

THAT PORTION OF ORTON STREET, VACATED BY THE RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, RECORDED DECEMBER 1, 1966 AS INSTRUMENT 619 IN BOOK 6736, PAGE 915 OF OFFICIAL RECORDS, BOUNDED NORTHERLY BY PARCEL 1, DESCRIBED ABOVE; AND BOUNDED SOUTHERLY BY PARCEL 2, DESCRIBED ABOVE; BOUNDED WESTERLY BY THE SOUTHERLY PROLONGATION OF THE WESTERLY BOUNDARY LINE OF SAID PARCEL 1 AND BOUNDED EASTERLY BY THE SOUTHERLY PROLONGATION OF THE EASTERLY BOUNDARY LINE OF SAID PARCEL 1.

APN: 0516-222-01-000 and 0516-252-15-000

APPENDIX B

SCHEDULE OF LEASE PAYMENTS

Interest Rate: _____%

*Lease
Payment Date*

*Principal
Component*

*Interest
Component*

*Outstanding
Principal Balance*

APPENDIX C

PROJECT

The Project shall consist of the capital improvements set forth in Exhibit F to that certain Agreement for Turnkey Design and Construction Energy Services dated as of May 8, 2018, by and between the District and Schneider Electric Buildings Americas, Inc.

APPENDIX D

LETTER OF REPRESENTATIONS

Silver Valley Unified School District
35320 Daggett-Yermo Road
Yermo, California 92398

Attn: Assistant Superintendent, Administrative Services

Re: \$_____ Silver Springs Unified School District Lease Agreement

Dear Sir/Madam:

The rights of Local Facilities Finance Corporation (the "Corporation") under the Site Lease dated as of March 1, 2019, between the Corporation and the Silver Valley Unified School District (the "District"), and the Lease Agreement dated as of March 1, 2019 (the "Lease"), between the District and the Corporation[, *Subsequent Assignee Only*: which were originally assigned to Western Alliance Business Trust, a wholly-owned affiliate of Western Alliance Bank, an Arizona corporation] (collectively, the "Assigned Property"), including the right to receive the Lease Payments, Additional Payments and prepayments (as defined in the Lease), are being assigned to the undersigned (the "Assignee"). The Lease requires assignees of the Corporation's rights under the Lease to complete, execute, and deliver to the District a letter of representations (a "Letter of Representations"), in substantially the form hereof, upon or prior to taking ownership or control of the Assigned Property. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Lease.

The Assignee hereby certifies, represents, warrants, acknowledges and covenants to the District as follows:

- (1) The Assignee is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and is authorized to accept the assignment of the Assigned Property.
- (2) The Assignee is a "qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act, or an institutional "accredited investor" (an "Institutional Accredited Investor") as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.
- (3) The Assignee recognizes that the ownership of the Assigned Property involves significant risks, that there is no established market for the Assigned Property, that none is likely to develop, and, accordingly, that the Assignee must bear the economic risk of retaining ownership of the Assigned Property for an indefinite period of time.
- (4) The Assignee understands and agrees that it may transfer the Assigned Property in whole, and not simply a portion thereof, only to a Qualified Institutional Buyer or an Accredited Investor which (a) delivers to the District an executed Letter of Representations substantially in the form hereof, (b) is being assigned the Assigned Property for its own account and not with a view to distributing such Assigned

Property, and (c) otherwise complies in all respects with the provisions of the Lease regarding such transfer. The Assignee understands that it shall be responsible for complying with the provisions of the Assignment Agreement with respect to the transfer as well as any applicable federal and state laws and any regulations promulgated pursuant thereto.

- (5) The Assignee is not relying upon the District or its affiliates, agents, or employees for advice as to the merits and risks of acquiring the Assigned Property. The Assignee has sought such accounting, legal, and tax advice as it has considered necessary to make an informed decision concerning its acquisition of the Assigned Property.
- (6) The Assignee has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, the District, the Assigned Property and the security therefor, and the transactions and documents related to or contemplated by the foregoing.
- (7) The Assignee has been furnished with, or given access to, all documents and information that the Assignee has requested regarding the District, the Property, the Assigned Property and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto.
- (8) The Assignee understands and agrees that the offering and sale of the Assigned Property to the initial purchaser were exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, pursuant to Section (d) of said Rule.
- (9) The person executing this letter on behalf of the Assignee is duly authorized to do so on the Assignee's behalf.
- (10) The Assignee is not purchasing the Assigned Property for more than one account and is not purchasing the Assigned Property with a view to distributing the Assigned Property.
- (11) [*Initial Assignee only*: Inasmuch as the Lease represents a negotiated transaction, the Assignee is not acting as a fiduciary of the District, but rather is acting solely in its capacity as the Assignee, for its own loan account. The District acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Assignee and its affiliates, (ii) in connection with such transaction, the Assignee and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Assignee and its affiliates are relying on the purchaser exemption in the Municipal Advisor Rules, (iv) the Assignee and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated by the Lease and the discussions, undertakings and procedures leading thereto (whether or not the Assignee, or any affiliate of the Assignee, has provided other services or advised, or is currently providing other

services or advising the District on other matters) and (v) the Assignee and its affiliates have financial and other interests that differ from those of the District.]

IN WITNESS WHEREOF, the Assignee has executed this Letter of Representations as of the date set forth below.

Dated : _____, 20__

Firm Name: _____

By: _____

Name: _____

Title: _____

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Lease Agreement, dated as of March 1, 2019, between Local Facilities Finance Corporation, as lessor, and Silver Valley Unified School District, as lessee (the "District"), is hereby accepted by the undersigned officer on behalf of the District pursuant to the authority conferred by a resolution of the Board of Education of the District adopted on March 12, 2019, and the District consents to recordation thereof by its duly authorized officer.

Dated: _____, 2019

SILVER VALLEY UNIFIED SCHOOL DISTRICT,
as Lessee

By: _____
Karen Gray
President of the Silver Valley Unified School
District Board of Trustees