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## LEASE AGREEMENT

Dated as of April 1, 2013

between

**LAMMERSVILLE SCHOOLS FINANCE AUTHORITY,**  
*as Lessor*

and the

**LAMMERSVILLE JOINT UNIFIED SCHOOL DISTRICT,**  
*as Lessee*

Relating to

**Lammersville Schools Finance Authority  
2013 Lease Revenue Notes  
(Mountain House High School Project)**

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TABLE OF CONTENTS

ARTICLE I

Definitions; Rules of Construction

Section 1.1. Definitions .....2  
Section 1.2. Interpretation .....4

ARTICLE II

Covenants, Representations and Warranties

Section 2.1. Covenants, Representations and Warranties of the District ..... 4  
Section 2.2. Covenants, Representations and Warranties of the Authority ..... 5

ARTICLE III

Amendment and Restatement of Prior Leases; Lease  
Payments

Section 3.1. Deposit of Moneys .....7  
Section 3.2. Restatement of Prior Leases; Lease of Leased Property ..... 7  
Section 3.3. Term ..... 7  
Section 3.4. Lease Payments ..... 8  
Section 3.5. Additional Payments ..... 8  
Section 3.6. Rate on Overdue Payments ..... 9  
Section 3.7. Fair Rental Value ..... 9  
Section 3.8. Optional Prepayment ..... 9  
Section 3.9. Source of Payments; Covenant to Budget and Appropriate ..... 10  
Section 3.10. Quiet Enjoyment ..... 10  
Section 3.11. Title ..... 10  
Section 3.12. Assignment ..... 10

ARTICLE IV

Maintenance; Taxes; Insurance; and Other Matters

Section 4.1. Maintenance, Utilities, Taxes and Assessments ..... 11  
Section 4.2. Modification of Property ..... 11  
Section 4.3. Public Liability and Property Damage Insurance ..... 12  
Section 4.4. Casualty Insurance ..... 12  
Section 4.5. Rental Interruption Insurance ..... 13  
Section 4.6. Recordation Hereof; Title Insurance ..... 13  
Section 4.7. Insurance Net Proceeds; Form of Policies ..... 13  
Section 4.8. Advances ..... 14  
Section 4.9. Substitution of Property ..... 14  
Section 4.10. Release of Property ..... 15  
Section 4.11. Installation of Personal Property ..... 15  
Section 4.12. Liens ..... 16  
Section 4.13. Tax Covenants ..... 16  
Section 4.14. Continuing Disclosure ..... 16  
Section 4.15. Continuing Disclosure ..... 17

ARTICLE V

Damage, Destruction and Eminent Domain; Use of  
Proceeds

Section 5.1. Application of Net Proceeds ..... 17

Section 5.2.	Termination or Abatement Due to Eminent Domain.....	17
Section 5.3.	Abatement Due to Damage or Destruction .....	18

ARTICLE VI

Disclaimer of Warranties; Access

Section 6.1.	Disclaimer of Warranties .....	18
Section 6.2.	Rights of Access.....	18
Section 6.3.	Release and Indemnification Covenants .....	19

ARTICLE VII

Assignment, Subleasing and Amendment

Section 7.1.	Assignment by the Authority .....	19
Section 7.2.	Assignment and Subleasing by the District.....	19
Section 7.3.	Amendment of this Lease Agreement.....	20

ARTICLE VIII

Events of Default; Remedies

Section 8.1.	Events of Default Defined.....	21
Section 8.2.	Remedies on Default.....	21
Section 8.3.	No Remedy Exclusive .....	23
Section 8.4.	Agreement to Pay Attorneys' Fees and Expenses .....	23
Section 8.5.	No Additional Waiver Implied by One Waiver .....	23
Section 8.6.	Exercise of Rights .....	23

ARTICLE IX

Miscellaneous

Section 9.1.	Amendment of Indenture .....	24
Section 9.2.	Notices .....	24
Section 9.3.	Governing Law .....	24
Section 9.4.	Binding Effect .....	24
Section 9.5.	Severability of Invalid Provisions .....	24
Section 9.6.	Article and Section Headings and References.....	25
Section 9.7.	Net-net-net Lease.....	25
Section 9.8.	Third Party Beneficiaries .....	25
Section 9.9.	No Merger .....	25
Section 9.10.	Execution of Counterparts .....	25
Section 9.11.	Waiver of Personal Liability .....	25
Section 9.12.	Authority and District Representatives.....	25
Section 9.13.	Further Assurances .....	25

APPENDIX A – DESCRIPTION OF THE LEASED PROPERTY

APPENDIX B – SCHEDULE OF LEASE PAYMENTS DURING TERM OF NOTES

## LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), dated as of April 1, 2013, is between the LAMMERSVILLE SCHOOLS FINANCE AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the "Authority"), as lessor, and the LAMMERSVILLE JOINT 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. The Authority has been formed under a Joint Exercise of Powers Agreement dated as of February 22, 2013, between the California Municipal Finance Authority and the District and is authorized thereunder to finance the acquisition and construction of property for the educational purposes of the District.

2. The District is proceeding to finance the acquisition, construction and improvement of a new high school facility that it expects to call Mountain House High School (the "Project").

3. In order to provide financing for the Project, the District has leased certain property of the District, consisting generally of the Bethany Elementary School and the Quest Elementary School, which is more fully described in Appendix A attached hereto and by this reference incorporated herein (the "Leased Property"), to the Authority under a Site Lease dated as of April 1, 2013 (the "Site Lease") in consideration of the payment by the Authority to the District of an upfront rental payment (the "Site Lease Payment") which is sufficient to enable the District to finance the Project.

4. In order to raise the funds needed to make the Site Lease Payment, the Authority has authorized the issuance of its Lammersville Schools Finance Authority 2013 Lease Revenue Notes (Mountain House High School Project) (the "Notes"), under a Trust Agreement dated as of April 1, 2013 (the "Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

5. In order to provide a source of revenues for the payment of the Notes and any bonds, notes or other obligations issued to refinance the Notes, the Authority has agreed to lease the Leased Property back to the District under this Lease, in consideration of the payment by the District of periodic lease payments.

6. The District is authorized to enter into the Site Lease and this Lease under Section 17456 of the Education Code of the State of California, and the Authority is authorized to enter into the Site Lease and this Lease under the provisions of Section 6588 of the Government Code of the State of California.

7. The Authority and the District have each duly authorized the execution and delivery of this Lease.

A G R E E M E N T :

*In consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:*

**ARTICLE I**

**DEFINITIONS; RULES OF CONSTRUCTION**

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, all capitalized terms in this Lease and not otherwise defined herein have the respective meanings given them in the Trust Agreement. In addition, the following terms defined in this Section 1.1 have the respective meanings herein specified.

“Additional Payments” means the payments required to be made under Section 3.5.

“Authority Debt” means, collectively, the Notes and each issue of Refunding Obligations.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on Authority Debt during the period of computation, including the principal amount of Authority Debt required to be redeemed during such period by operation of mandatory sinking fund redemption. “Debt Service” does not include the principal amount of the Notes coming due at the maturity thereof, and includes the principal amount of any issue of Refunding Obligations only if principal and interest on such Refunding Obligations are calculated to come due and payable in approximately equal annual installments through the final maturity of the Refunding Obligations, which shall be a date not earlier than 25 years from the date of issuance thereof.

“Interest Payment Date” means (a) with respect to the Notes, April 1, and October 1, commencing October 1, 2013, and (b) with respect to any issue of Refunding Obligations, each date set forth in the related Refunding Documents on which interest is scheduled to be paid on such Refunding Obligations.

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

“Lease Payment Date” means, with respect to any Interest Payment Date, the fifth Business Day preceding such Interest Payment Date.

“Lease Payments” means the aggregate amount of all the payments required to be paid by the District under Section 3.4.

“Leased Property” means the land described more fully in Appendix A attached to this Lease, together with all buildings and facilities at any time situated thereon, consisting generally of the Bethany Elementary School and the Quest Elementary School. From and after the date of any substitution of property under Section 4.9 or

release of property under Section 4.10, the term “Leased Property” means all buildings, facilities, improvements and equipment which remain 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.

“Notes” means the Lammersville Schools Finance Authority 2013 Lease Revenue Notes (Mountain House High School Project) issued by the Authority under the Trust Agreement.

“Overdue Rate” means the rate of interest on the Notes or the Refunding Obligations, as applicable.

“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 Article V of this Lease; (b) the Site Lease, this Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Guaranty Company; and (e) 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.

“Refunding Documents” means the indenture of trust, trust agreement or other document entered into by the Board, authorizing the issuance of any Refunding Obligations.

“Refunding Obligations” means (a) the bonds, notes or other obligations issued by the Authority for the purpose of refunding the Notes on or before the maturity thereof, and (b) any and all other bonds, notes or other obligations issued by the Authority to refund any prior issue of Refunding Obligations.

“Rental Period” means the twelve-month period beginning on April 2 in any year and continuing to and including April 1 in the succeeding year.

“Site Lease” means the Site Lease dated as of April 1, 2013, between the District as lessor and the Authority as lessee.

“Term”, when used with respect to this Lease, means the time during which this Lease is in effect, as provided in Section 3.3.

“Trust Agreement” means the Trust Agreement of Trust dated as of April 1, 2013, between the Authority and The Bank of New York Mellon Trust Company, N.A., authorizing the issuance of the Notes, as amended from time to time in accordance with its terms.

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 hereby makes the following covenants, representations and warranties to the Authority as the basis for its undertakings contained herein:

- (a) Due Organization and Existence. The District is a joint unified school district duly organized and validly existing under the Constitution and laws of the State of California, has full legal right, power and authority to enter into this Lease and to carry out and consummate all transactions contemplated hereby, and by proper action has duly authorized the execution and delivery of this Lease and the Site Lease.
- (b) Authorized Execution. The representatives of the District executing this Lease and the Site Lease are fully authorized to execute the same.
- (c) Binding Obligations. This Lease and the Site Lease have been duly authorized, executed and delivered by the District and constitute the legal, valid and binding agreements of the District, enforceable against the District in accordance with their respective terms.
- (d) No Violations. The execution and delivery of this Lease and the Site Lease, and the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the organizational instruments of the District, or 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 Leased 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 this Lease and the Site Lease, or the financial condition, assets, properties or operations of the District.

- (e) Consents Not Required. 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 of this Lease and the Site Lease, or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.
  
- (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 this Lease or the Site 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 this Lease or the Site Lease, or the financial conditions, assets, properties or operations of the District.

SECTION 2.2. *Covenants, Representations and Warranties of the Authority.* The Authority hereby makes the following covenants, representations and warranties to the District as the basis for its undertakings contained herein:

- (a) Due Organization and Existence. The Authority is a joint powers authority and public body, duly organized and existing under the laws of the State of California. The Authority has the power to enter into the transactions contemplated by this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement, and to carry out its obligations hereunder. By proper action of its governing body, the Authority has been duly authorized to execute, deliver and duly perform this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement.

- (b) Authorized Execution. The representatives of the Authority executing this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement are fully authorized to execute the same.
- (c) Issuance of Notes. In order to provide funds to make the Site Lease Payment, the Authority has issued the Notes, which mature, bear interest and are subject to redemption as set forth in the Trust Agreement. The Notes have been issued under and secured by the Trust Agreement, and under the Assignment Agreement certain of the Authority's interests in this Lease have been assigned to the Trustee as security for payment of the principal of, premium, if any, and interest on the Notes.
- (d) No Defaults. The Authority is not in default under any of the provisions of the laws of the State of California which default would affect its existence or its powers referred to in subsection (a) of this Section 2.2.
- (e) Authorized Purposes. The Authority has found and determined and hereby finds and determines that all requirements of the Agreement with respect to the issuance of the Notes and the execution of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement have been complied with and that issuance of the Notes and entering into this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement will be in furtherance of the purposes of the Authority.
- (f) No Violations. The execution and delivery of this Lease, the Site Lease, the Trust Agreement 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, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the organizational instruments of the Authority, or 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 Authority 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 Leased Property or assets of the Authority, 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 this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Authority.
- (g) Consents Not Required. No consent or approval of any trustee or holder of any indebtedness of the Authority or of the voters of the

Authority, 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 of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement, or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.

- (h) 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 Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Authority, and the Authority 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 this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement, or the financial conditions, assets, properties or operations of the Authority.

## ARTICLE III

### LEASE OF LEASED PROPERTY; LEASE PAYMENTS

SECTION 3.1. *Deposit of Moneys*. On the Closing Date, the Authority shall cause the proceeds of sale of the Notes to be deposited with the Trustee. Under Section 3.02 of the Trust Agreement, from the proceeds of sale of the Notes the estimated amount of the Costs of Issuance will be deposited in the Costs of Issuance Fund, the amount necessary to pay the interest component of the Lease Payments through maturity will be deposited in the Note Repayment Fund, and the remaining portion of such proceeds will be deposited by Trustee in the Project Fund to be applied to finance the Project as set forth in the Trust Agreement.

SECTION 3.2. *Lease of Leased Property*. The Authority hereby leases the Leased Property to the District, and the District hereby leases the Leased Property from the Authority, upon the terms and conditions set forth in this Lease.

SECTION 3.3. *Term*. This Lease shall become effective on the Closing Date and shall end on the date on which the Refunding Obligations have been discharged in full in accordance with the Refunding Documents, unless such term is extended or sooner terminated as hereinafter provided. Notwithstanding the foregoing, the Term of this Lease shall not extend beyond May 1, 2053.

SECTION 3.4. *Lease Payments.*

(a) Base Payments. In consideration of the lease of the Leased Property from the Authority hereunder, and subject to the provisions of Sections 5.2 and 5.3, the District hereby agrees to pay the Lease Payments to the Authority, its successors and assigns, as rental for the use and occupancy of the Leased Property during each Rental Period. The Lease Payments and any Additional Payments payable in any Rental Period with respect to the Leased Property shall be for the use and occupancy thereof during such Rental Period. The Lease Payments shall be payable on each Lease Payment Date in an amount equal to the aggregate amount of the Debt Service coming due and payable on the Authority Debt on the next succeeding Interest Payment Date. All amounts on deposit in the Note Repayment Fund on any Lease Payment Date, and all amounts on deposit in the respective funds established under the Refunding Documents for payment of current debt service on the related issue of Refunding Obligations, shall be credited towards the amount then required to be paid by the District under this Section 3.4.

(b) Lease Payment Schedule. The Lease Payments which are due hereunder while the Notes remain Outstanding shall be payable in the amounts and at the times set forth in Appendix B hereto. Upon the issuance of any issue of Refunding Obligations, the Lease Payment schedule set forth in Appendix B shall be revised to reflect the payment of principal of and interest on such issue of Refunding Obligations.

(c) Absolute and Unconditional Obligations of District. The District's obligation to pay the Lease Payments and any other amounts coming due and payable hereunder and to perform and observe the other agreements contained herein is absolute and unconditional and is not subject to any defense or any right of set-off, counterclaim or recoupment for any reason, including without limitation (i) any breach by the Authority or the Trustee of any obligation to the District, whether hereunder or otherwise, (ii) any failure by the Authority to pay its agreed-upon portion of the Lease Payments under subsection (b) of this Section, or (iii) any indebtedness or liability at any time owing to the District by the Authority or the Trustee; subject, however, solely to the provisions of Sections 5.2 and 5.3 relating to the abatement of Lease Payments under certain circumstances.

SECTION 3.5. *Additional Payments.* In addition to the Lease Payments, the District will also pay the following Additional Payments, to be paid by the District directly to the respective persons to whom such Additional Payments are due and payable:

- (a) All fees and expenses incurred by the Authority in connection with its interests in the Leased Property as and when the same become due and payable.
- (b) All reasonable compensation and indemnification to the Trustee for all services rendered under the Trust Agreement, the Site Lease and the Refunding Documents, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Trust

Agreement, the Site Lease and the Refunding Documents as and when the same become due and payable.

- (c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the District or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease, the Site Lease, the Trust Agreement or the Refunding Documents.
- (d) The reasonable out-of-pocket expenses of the Authority in connection with this Lease, the Site Lease or the Authority Debt, including any and all expenses incurred in connection with the authorization, sale and delivery of the Authority Debt or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease, the Site Lease, the Authority Debt or any of the other documents contemplated hereby or thereby, or incurred in connection with the administration of this Lease, the Site Lease or the Authority Debt.
- (e) All amounts due and owing to the federal government under Section 4.13(e), consisting generally of excess investment earnings arising from the investment of the proceeds of the Authority Debt.

The obligations of the District under this Section 3.5 will survive the payment in full of the Lease Payments and the discharge of the Authority Debt, and with regard to the Trustee, including with regard to the resignation or removal of the Trustee.

SECTION 3.6. *Rate on Overdue Payments.* If the District fails to pay any of the Lease Payments or the Additional Payments when due and payable, the payment in default shall continue as an obligation of the District until the amounts in default are fully paid, and the District agrees to pay such amounts with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the Overdue Rate.

SECTION 3.7. *Fair Rental Value.* The Lease Payments and Additional Payments payable in each Rental Period with respect to the Leased Property shall constitute the total rental payable hereunder for the Leased Property during such Rental Period, and shall be paid by the District in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property hereunder during each such Rental Period. The parties hereto have agreed and determined that the total Lease Payments and Additional Payments do not exceed the fair rental value of the Leased Property. In making such determination, the Authority and the District hereby represent and warrant that the value of the Leased Property is not less than \$30,000,000. Furthermore, in making such determination consideration has been given to the cost of acquisition, construction and improvement of the Project on the Leased Property, other obligations of the parties 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.

SECTION 3.8. *Optional Prepayment.* The District has the right, on any Lease Payment Date immediately preceding an Interest Payment Date on which any Authority

Debt is subject to optional redemption, to prepay the principal components of the Lease Payments from any source of legally available funds, in whole or in part in any integral multiple of an Authorized Denomination, and the Authority agrees that the Trustee will accept such prepayments when the same are tendered by the District. The amount to be prepaid by the District under this Section 3.8 is equal to the principal components of the Lease Payments to be prepaid, together with (a) the interest component of the Lease Payment required to be paid on such Lease Payment Date and (b) a premium equal to the amount of premium (if any) required to be paid upon the corresponding redemption of the Authority Debt. Notwithstanding any such prepayment, as long as any Lease Payments or any Additional Payments remain unpaid the District will not be relieved of its obligations hereunder.

SECTION 3.9. *Source of Payments; Covenant to Budget and Appropriate.* The Lease Payments are payable from any source of available funds of the District, subject to the provisions of Sections 5.2 and 5.3. The District covenants to take such action as may be necessary to include all Lease Payments and all estimated Additional Payments due hereunder in each of its final approved budgets for the general fund of the District and to make the necessary appropriations (including any supplemental appropriations) from the general fund of the District for all such Lease Payments and Additional Payments coming due and payable during the period covered by each such budget. The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be 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 3.10. *Quiet Enjoyment.* During the Term of this Lease, the Authority shall provide the District with quiet use and enjoyment of the Leased Property, and the District shall during such term peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease. The Authority will, at the Written 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 Authority may lawfully do so. Notwithstanding the foregoing, the Authority has the right to inspect the Leased Property as provided in Section 6.2.

SECTION 3.11. *Title.* If the District pays all of the Lease Payments and Additional Payments during the Term of this Lease as the same become due and payable, or if the District prepays all of the Lease Payments under Section 3.8 and has paid in full all of the Additional Payments coming due and payable as of the date of such prepayment, and provided in any event that all outstanding Authority Debt has been paid in full or discharged and no Lease Default Event has occurred and is continuing hereunder, all right, title and interest of the Authority in and to the Leased Property shall be transferred to and vested in the District. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate such transfer of title.

SECTION 3.12. *Assignment.* The District understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, under the Assignment Agreement, for the benefit of the Owners of the Notes, and the District

hereby assents to such assignment. The Authority hereby directs the District, and the District hereby agrees to pay to the Trustee at its Office, all of the Lease Payments and any prepayments thereof. In connection with the issuance of any Refunding Obligations, the District hereby consents to the assignment of the Lease Payments to the trustee for such Refunding Obligations, and hereby agrees to pay all of the Lease Payments and any prepayments thereof to such trustee.

## **ARTICLE IV**

### **MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS**

SECTION 4.1. *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 shall be the responsibility of the District, and the District shall 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. In exchange for the District's undertakings hereunder, the Authority 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 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 pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority 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 shall be 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 Authority shall notify the District that, in the opinion of counsel to the Authority, by nonpayment of any such items, the interest of the Authority in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, the District shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

SECTION 4.2. *Modification of Property.* The District shall, at its own expense, have the right to make additions, modifications and improvements to the Leased Property. All additions, modifications and improvements to the Leased Property shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall 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 of California and federal law; and the District shall ensure that the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section 4.2, are of a value which is not substantially less than the value of the Leased Property 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 4.2; provided that if any such lien is established and the District first notifies the Authority 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 that event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the Written Request and at the expense of the District.

SECTION 4.3. *Public Liability and Property Damage Insurance.* The District shall maintain or cause to be maintained throughout the Term of this Lease, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the District, a standard comprehensive general insurance policy or policies in protection of the Authority, the District 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 shall provide coverage in such liability limits and be subject to such deductibles as the District shall deem 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 self-insurance by the District, subject to the provisions of Section 4.7, or in the form of the participation by the District in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the District toward extinguishment or satisfaction of the liability with respect to which paid.

SECTION 4.4. *Casualty Insurance.* The District shall procure and maintain, or cause to be procured and maintained throughout the Term of this Lease, from reputable insurers, insurance against loss or damage to any improvements constituting any part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and earthquake insurance (but with respect to such earthquake insurance, only if and to the extent available at reasonable cost from reputable insurers). Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in a loss recoverable amount at least equal to the lesser of (a) 100% of the aggregate principal amount of the Outstanding Authority Debt, or (b) 100% of the replacement cost of the insured property. Such insurance shall be subject to such deductibles as are deemed reasonable by the District. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the District which provides separate coverage for each insured property, and such insurance may be maintained in whole or in part in the form of self-insurance by the District, subject to

the provisions of Section 4.7(b), or in the form of the participation by the District in a joint powers agency or other program providing pooled insurance. The Net Proceeds of such insurance shall be applied as provided in Section 5.1.

SECTION 4.5. *Rental Interruption Insurance.* The District shall maintain, 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 by Section 4.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period; provided, however, that so long as the Notes are Outstanding the amount of such insurance is required to be maintained in the amount of Maximum Lease Payments coming due and payable during any future 6 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 agency or other program providing pooled insurance. Such insurance may not be provided in the form of self-insurance by the District. The proceeds of such insurance, if any, shall be paid to the Trustee and credited towards the payment of Lease Payments which would otherwise be subject to abatement hereunder.

SECTION 4.6. *Recordation Hereof; Title Insurance.* On or before the Closing Date the District shall (a) cause this Lease, the Site Lease and the Assignment Agreement, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the San Joaquin County Recorder with respect to the Leased Property, and (b) obtain a CLTA title insurance policy insuring the District's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Notes.

SECTION 4.7. *Insurance Net Proceeds; Form of Policies.*

(a) Each policy of insurance required by Sections 4.4, 4.5 and 4.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The District shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee is given 30 days' prior notice of expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee is not responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. Annually on or before October 1 in each year, the District shall provide the Trustee with a Written Certificate stating that the District is in full compliance with the provisions of Sections 4.3, 4.4, 4.5 and 4.7. The Trustee is entitled to rely on any such Written Certificate as to the District's compliance with these provisions, and the Trustee has no further duties in that regard.

(b) If any insurance required under Sections 4.3 or 4.4 is provided in the form of self-insurance, the District shall file with the Trustee annually, not later than October 1 in each year during the Term of this Lease, a statement of an independent insurance advisor engaged by the District identifying the extent of such self-insurance and stating the determination that the District maintains sufficient reserves with respect thereto, and the Trustee may conclusively rely on such statement. If any such insurance is provided in the form of self-insurance by the District, the District is not obligated to make any

payment with respect to any insured event except from such reserves. The provisions of this paragraph are not intended to apply to insurance provided in the form of the participation by the District in a joint powers agency or other program providing pooled insurance.

SECTION 4.8. *Advances.* If the District fails to perform any of its obligations under this Article IV, the Authority or the Trustee may, but is not obligated to, 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 soon as possible.

SECTION 4.9. *Substitution of Property.* The District has the option at any time and from time to time, to substitute other land, facilities, improvements, equipment or other property (the "Substitute Property") for the Leased Property or any portion thereof (the "Former Property"), provided that the District must satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

- (a) No Lease Default Event has occurred and is continuing.
- (b) The District must file with the Authority and the Trustee, and cause to be recorded in the Office of the San Joaquin County Recorder sufficient memorialization of, an amended Appendix A to this Lease and an amended Appendix A to the Site Lease, which adds thereto a description of such Substitute Property and deletes therefrom the description of such Former Property.
- (c) The District must obtain a CLTA policy of title insurance insuring the District's leasehold estate hereunder in the Substitute Property, in an amount at least equal to the principal amount of the Outstanding Authority Debt, and naming the Trustee as an additional insured.
- (d) The District must certify in writing to the Authority and the Trustee that such Substitute Property serves the educational purposes 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 may not cause the District to violate any of its covenants, representations and warranties made herein.
- (f) The District must certify in writing to the Authority and the Trustee that the estimated value of the Substitute Property is at least equal to the principal amount of the Outstanding Authority Debt, that the fair rental value of the Substitute Property is at least equal to the Lease Payments thereafter coming due and payable hereunder, and that the useful life of the Substitute Property extends to the final maturity of the Refunding Obligations.
- (g) The District must file with the Authority and the Trustee a written confirmation from each rating agency then rating the Authority Debt that the Substitution will not adversely impact the rating on the Authority Debt.

Upon the satisfaction of all conditions precedent to any substitution under this Section 4.9, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property. The Authority and the District will execute, deliver and cause to be recorded all documents required to discharge this Lease of record against the Former Property.

SECTION 4.10. *Release of Property.* The District has the option at any time and from time to time to 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) No Lease Default Event has occurred and is continuing.
- (b) The District has filed with the Authority and the Trustee, and caused to be recorded in the office of the San Joaquin County Recorder sufficient memorialization of, an amendment hereof which removes the Released Property from the Site Lease and this Lease.
- (c) The District has certified in writing to the Authority and the Trustee that the value of the property which remains subject to this Lease following such release is at least equal to the principal amount of the Outstanding Authority Debt, and the fair rental value of the property which remains subject to this Lease following such release is at least equal to the Lease Payments thereafter coming due and payable hereunder.
- (e) The District must file with the Authority and the Trustee a written confirmation from each rating agency then rating the Authority Debt that the release will not adversely affect the rating on the Authority Debt.

Upon 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 Authority 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.

SECTION 4.11. *Installation of 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 neither the Authority nor the Trustee has any interest, and may be modified or removed by the District at any time provided that the District shall 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 shall prevent 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 shall attach to any part of the Leased Property.

SECTION 4.12. *Liens.* Neither the District nor the Authority shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the Leased Property, other than the respective rights of the Authority and the District as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, the Authority and the District shall promptly, at their 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 shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 4.13. *Tax Covenants.*

(a) Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on each issue of Authority Debt from the gross income of the owners thereof to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(b) Private Activity Bond Limitation. The District shall assure that the proceeds of each issue of Authority Debt are not so used as to cause such issue of Authority Debt 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 shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any issue of Authority Debt to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of any issue of Authority Debt which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance thereof would have caused such issue of Authority Debt to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(e) Payment of Rebatable Amounts. The District agrees to furnish all information to, and cooperate fully with, the Authority, the Trustee and their respective officers, employees, agents and attorneys, in order to assure compliance with the provisions of the Trust Agreement and the Refunding Documents (as may be applicable) relating to the rebate to the United States of America of excess investment earnings on any issue of Authority Debt. If the Authority determines that any amounts of excess investment earnings on an issue of Authority Debt are due and payable to the United States of America, the Authority shall promptly notify the District of such fact. Upon receipt of any such notice, the District shall promptly pay such amounts directly to the United States of America from any source of legally available funds, in all respects in accordance with the Tax Code.

SECTION 4.14. *Continuing Disclosure.* The District shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the District as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Lease,

failure of the District to comply with such Continuing Disclosure Certificate will not constitute an Event of Default, although any Participating Underwriter (as that term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Notes may take such actions as may be necessary and appropriate to compel performance by the District of its obligations under this Section, including seeking mandate or specific performance by court order.

SECTION 4.15. *Issuance of Refunding Obligations.* The Authority hereby covenants that it will issue its Refunding Obligations which are secured by Revenues and any other legally available funds of the Authority, in an amount sufficient to provide for payment of each series of the Notes on or before the maturity thereof. If the Authority has not deposited with the Trustee, on or before February 1 preceding the maturity date of any series of the Notes, an amount of funds sufficient to pay in full the principal of such series of the Notes coming due at maturity, the Authority shall immediately institute proceedings for the issuance of Refunding Obligations in an amount sufficient to provide for payment of such series of the Notes on or before the maturity thereof. The Authority and the District shall authorize, execute and deliver any and all documents, including but not limited to any amendment to this Lease and the Site Lease, as may be required in order to (a) provide Revenues when and as required for payment of the Refunding Obligations, and (b) issue, sell and otherwise provide adequate security for the Refunding Obligations. The principal amount of all series of Refunding Obligations which are outstanding at any time shall not exceed the estimated value of the Leased Property, as such value is determined by the Authority and the District as of the date of issuance of the final series of Refunding Obligations.

## ARTICLE V

### DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF PROCEEDS

SECTION 5.1. *Application of Net Proceeds.* The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. The Trustee will deposit and apply all Net Proceeds in accordance with the applicable provisions of the Trust Agreement and the Refunding Documents.

SECTION 5.2. *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 thereupon ceases as of the day possession is 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, then:

- (a) this Lease continues in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary, and
- (b) 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.

Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the extent that amounts in any reserve fund established under the Refunding Documents are available to pay Lease Payments which would otherwise be abated under this Section 5.2, it being hereby declared that such amounts constitute special funds for the payment of the Lease Payments.

SECTION 5.3. *Abatement Due to Damage or Destruction.* 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 hereinbefore provided for) 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. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease will continue in full force and effect and the District waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the extent that rental interruption insurance proceeds or amounts in any reserve fund established under the Refunding Documents are available to pay Lease Payments which would otherwise be abated under this Section 5.3, it being hereby declared that such amounts constitute special funds for the payment of the Lease Payments.

## **ARTICLE VI**

### **DISCLAIMER OF WARRANTIES; ACCESS**

SECTION 6.1. *Disclaimer of Warranties.* THE AUTHORITY 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 AUTHORITY 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 shall the Authority or its assigns be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease or the Trust Agreement for the existence, furnishing, functioning or District's use of the Leased Property.

SECTION 6.2. *Rights of Access.* Any Authorized Representative of the Authority or the Trustee has the right at all reasonable times to enter upon and to examine and

inspect the Leased Property. The District further agrees that any such Authorized Representative has such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property if the District fails to perform its obligations hereunder.

SECTION 6.3. *Release and Indemnification Covenants.* The District agrees to indemnify the Authority, the Trustee and their respective officers, agents, successors and assigns, to the extent permitted by law, against all claims, losses and damages, including legal fees and expenses, arising out of any of the following:

- (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, or the authorization of payment of the costs thereof, or
- (f) the acceptance and performance of the duties of the Trustee under the Trust Agreement, the Refunding Documents and this Lease.

No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence under this Lease by the Authority, the Trustee or their respective officers, agents, employees, successors or assigns. The indemnification furnished by this Section shall survive the payment in full of the Lease Payments and the discharge of the Notes and the Trust Agreement and with regard to the Trustee, the resignation or removal of the Trustee.

## **ARTICLE VII**

### **ASSIGNMENT, SUBLEASING AND AMENDMENT**

SECTION 7.1. *Assignment by the Authority.* The Authority's rights under this Lease, including the right to receive and enforce payment of the Lease Payments, have been pledged and assigned to the Trustee under the Assignment Agreement, to which pledge and assignment the District hereby consents.

SECTION 7.2. *Assignment and Subleasing by the District.* This Lease may not be assigned by the District. The District may sublease the Leased Property, or portion

thereof, but only with the written consent of the Authority, and 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; and
- (b) The District shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease; and
- (c) No such sublease by the District shall cause the Leased Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State of California; and
- (d) The District shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, stating that such sublease does not cause the interest on any issue of Authority Debt to become subject to federal or State of California personal income taxes.

SECTION 7.3. *Amendment of this Lease.* The Authority and the District may at any time amend or modify any of the provisions of this Lease, but only (a) with the prior written consent of the owners of a majority in aggregate principal amount of the outstanding Authority Debt; or (b) without the consent of any owners of Authority Debt, but only if such amendment or modification is for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the District contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District;
- (ii) to make cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, or in any other respect whatsoever as the Authority and the District may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the owners of any Authority Debt;
- (iii) to amend any provision hereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on any issue of Authority Debt under the Tax Code, in the opinion of Bond Counsel;
- (iv) to conform to any amendment of the Trust Agreement or the Refunding Documents which is made thereto in accordance with the provisions thereof;
- (v) for the purpose of effectuating any substitution of property under Section 4.9 or any release of property under Section 4.10; or

- (vi) to conform to the terms and conditions upon which any issue of Refunding Obligations are issued, including for the purpose of reflecting any policy of bond insurance or any letter of credit or other liquidity facility which is provided for any issue of Refunding Obligations.

## **ARTICLE VIII**

### **EVENTS OF DEFAULT; REMEDIES**

SECTION 8.1. *Events of Default Defined.* The following events shall be Lease Default Events hereunder:

- (a) Failure by the District to pay any Lease Payment when due and payable hereunder.
- (b) Failure by the District to pay any Additional Payment when due and payable hereunder, and the continuation of such failure for a period of ten days.
- (c) 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) or clause (b) 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 Authority or the Trustee; *provided, 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, such failure shall not constitute an Lease Default Event if corrective action is instituted by the District within such 30-day period and diligently pursued until such failure is corrected.
- (d) 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.

SECTION 8.2. *Remedies on Default.* Whenever any Lease Default Event has occurred and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease; *provided, however,* that notwithstanding any contrary implication herein or in the Trust Agreement, 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 Authority may exercise any and all rights of entry and re-entry upon the Leased Property, and also, at its option, with or without such entry, may terminate this Lease; provided, that no such termination 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 of an Lease Default Event and notwithstanding any re-entry by the Authority, the District shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease and the performance of all conditions herein contained and, in any event such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

- (a) The District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, if the Authority is unable to re-lease 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 Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority.
- (b) The District hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the District to enter upon and re-lease the Leased Property in the Lease Default Event by the District in the performance of any covenants herein contained to be performed by the District and to remove all personal property whatsoever situated upon the Leased Property to place such property in storage or other suitable place in the County of San Joaquin, for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Authority 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 Authority or its duly authorized agents in accordance with the provisions herein contained.
- (c) The District hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the District that may be in or upon the Leased Property.
- (d) The District agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority 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 Authority 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.

- (e) The District further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Property.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority 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 any 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 Authority to exercise any remedy reserved to it in this Article VIII it is not 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, the Trustee or the owners of any Authority Debt employs attorneys 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 Trustee or such owners, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

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

SECTION 8.6. *Exercise of Rights.* Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Assignment Agreement for the benefit of the Note Owners, and may be assigned by the Authority to the trustee for any issue of Refunding Obligations for the benefit of the owners of the Refunding Obligations, to all of which assignments the District hereby consents.

## ARTICLE IX

### MISCELLANEOUS

SECTION 9.1. *Amendment of Trust Agreement.* The Authority covenants that it shall take no action to amend or supplement the Trust Agreement in any manner without obtaining the prior written consent of the District to such amendment or supplement.

SECTION 9.2. *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 telecopy, telex or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy, telex or other form of telecommunication, confirmed by telephone, (b) 48 hours after deposit in the United States mail, postage prepaid. The District, the Authority or the Trustee 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  
or the Authority:* Lammersville Joint Unified School District  
111 S. De Anza Boulevard  
Mountain House, CA 95391  
Attention: Superintendent  
Fax: (209) 835-1113

*If to the Trustee:* The Bank of New York Mellon Trust Company, N.A.  
Corporate Trust Department  
550 Kearny Street, Suite 600  
San Francisco, CA 94108  
Fax: (415) 263-2064

SECTION 9.3. *Governing Law.* This Lease shall be construed in accordance with and governed by the Constitution and laws of the State of California.

SECTION 9.4. *Binding Effect.* This Lease shall inure to the benefit of and shall be binding upon the Authority, the District and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 9.5. *Severability of Invalid Provisions.* If any one or more of the provisions contained in this Lease are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Lease and such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, and this Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the District each hereby declares that it would have entered into this Lease and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Lease may be held illegal, invalid or unenforceable.

SECTION 9.6. *Article and Section Headings and References.* The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Lease. 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; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 9.7. *Net-net-net Lease.* This Lease shall be deemed and construed to be a "net-net-net lease" and the District hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 9.8. *Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary under this Lease with all rights of a third party beneficiary.

SECTION 9.9. *No Merger.* It is the express intention of the Authority 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 Authority and the District thereunder and hereunder.

SECTION 9.10. *Execution of Counterparts.* This Lease may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

SECTION 9.11. *Waiver of Personal Liability.* No member of the Board of Trustees, officer, agent or employee of the District shall be individually or personally liable for the payment of Lease Payments or Additional Payments or be subject to any personal liability or accountability by reason of this Lease; but nothing herein contained shall relieve any such member of the Board of Trustees, officer, agent or employee from the performance of any official duty provided by law or by this Lease.

SECTION 9.12. *Authority and District Representatives.* Whenever under the provisions of this Lease the approval of the Authority or the District is required, or the Authority or the District is required to take some action at the Written Request of the other, such approval or such Written Request shall be given for the Authority and the District by an Authorized Representative thereof, and any party hereto may conclusively rely upon any such approval or Written Request.

SECTION 9.13. *Further Assurances.* The District agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Authority or the Trustee to carry out the intention or to facilitate the performance of this Lease, including, without limitation, to perfect and continue the security interests herein intended to be created.

IN WITNESS WHEREOF, the Authority 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.

**LAMMERSVILLE SCHOOLS FINANCE  
AUTHORITY, as Lessor**

By \_\_\_\_\_  
Executive Director

Attest:

By \_\_\_\_\_  
Secretary

**LAMMERSVILLE JOINT UNIFIED  
SCHOOL DISTRICT,  
as Lessee**

By \_\_\_\_\_  
Superintendent

Attest:

By \_\_\_\_\_  
Clerk of the Board

## APPENDIX A

### DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the City of Tracy, County of San Joaquin, State of California, which is more particularly described as follows:

#### PARCEL ONE:

BEING ALL OF PARCEL H, AS SAID PARCEL H IS SHOWN AND SO DESIGNATED ON THE OFFICIAL MAP OF TRACT 3544, RECORDED NOVEMBER 8, 2006. IN BOOK 41 OF MAPS AND PLATS, AT PAGE 6, IN THE OFFICE OF THE COUNTY RECORDER OF SAN JOAQUIN COUNTY. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHERN CORNER OF SAID PARCEL H; THENCE, FROM SAID POINT OF BEGINNING, ALONG THE BOUNDARY LINE OF SAID PARCEL H, THE FOLLOWING TEN (10) COURSES:

- 1) SOUTH 50°59'03" EAST 792.73 FEET,
- 2) SOUTH 40°35'16" WEST 676.97 FEET,
- 3) ALONG THE ARC OF A TANGENT 934.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 14°41'19", AN ARC DISTANCE OF 239.44 FEET,
- 4) ALONG THE ARC OF A REVERSE 16.00 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 64°06'03" WEST, THROUGH A CENTRAL ANGLE OF 86°43'18", AN ARC DISTANCE OF 24.22 FEET,
- 5) NORTH 67°22'45" WEST 206.86 FEET,
- 6) ALONG THE ARC OF A TANGENT 766.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 38°44'00", AN ARC DISTANCE OF 517.84 FEET,
- 7) NORTH 28°38'45" WEST 134.21 FEET,
- 8) ALONG THE ARC OF A TANGENT 16.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 86 13'38", AN ARC DISTANCE OF 24.08 FEET,
- 9) ALONG THE ARC OF A REVERSE 834.00 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 32°25'07" WEST, THROUGH A CENTRAL ANGLE OF 18°02'55", AN ARC DISTANCE OF 262.71 FEET, AND
- 10) NORTH 39°31'58" EAST 536.19 FEET TO SAID POINT OF BEGINNING

APN: 256-500-03

PARCEL TWO: BEING ALL OF PARCEL B, AS SAID PARCEL B IS SHOWN AND DESIGNATED ON THAT CERTAIN TRACT MAP, NO. 3370, FILED SEPTEMBER 22, 2004 IN BOOK 39 OF MAPS AND PLATS AT PAGE 43, IN THE OFFICE OF THE COUNTY RECORDER OF SAN JOAQUIN COUNTY.

APN: 254-230-09

## APPENDIX B

### SCHEDULE OF LEASE PAYMENTS DURING TERM OF NOTES

Lease Payments shall be due on the dates and in the amounts as set forth in the following table:

<u>Date*</u>	<u>Lease Payment</u>
October 1, 2013	
April 1, 2014	
October 1, 2014	
April 1, 2015	
October 1, 2015	
April 1, 2016	

\* Lease Payments are due on the 5<sup>th</sup> Business Day preceding the date shown.