
FACILITIES LEASE

between the

MUNICIPAL ASSET FINANCE CORP.

and the

COUNTY OF EL DORADO

Dated July 1, 2018

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FACILITIES LEASE

This Facilities Lease, dated July 1, 2018 (this “Facilities Lease”), entered into between MUNICIPAL ASSET FINANCE CORP. (the “Corporation”), a nonprofit public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of California, as lessor, and the COUNTY OF EL DORADO (the “County”), a political subdivision of the State of California duly organized, existing, and operating under the Constitution and laws of the State of California, as lessee,

WITNESSETH:

WHEREAS, the Corporation is authorized under its articles of incorporation to render financial assistance to the County by, among other things, financing the cost of constructing a public safety facility for the benefit of the residents of the County (the “Project”), and, accordingly, has agreed to assist in financing the Project by entering into this Facilities Lease, pursuant to which the County will lease the real property described on Exhibit A hereto and the improvements thereon (the “Leased Property”) for the Rental Payments described herein;

WHEREAS, the Corporation desires to lease the Leased Property to the County and the County desires to lease the Leased Property from the Corporation subject to the terms and conditions of and for the purposes set forth in this Facilities Lease; and

WHEREAS, the County is authorized under the laws of the State of California to enter into this Facilities Lease for the purposes and subject to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE 1 DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1 Definitions. For all purposes of this Facilities Lease and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires:

(A) The terms defined in this Section have the meanings herein specified and include the plural as well as the singular.

(B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(C) All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of applicability thereof.

(D) All references herein to “Articles,” “Sections,” and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Facilities Lease as originally executed.

(E) The words “herein,” “hereof,” “hereby,” “hereunder,” and other words of similar import refer to this Facilities Lease as a whole and not to any particular Article, Section, or other subdivision.

(F) Words of any gender mean and include words of all other genders.

Applicable Environmental Laws means and includes, but is 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 Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 et seq.; 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:

- (1) the existence, cleanup, and/or remedy of contamination on property;
- (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (3) the control of hazardous wastes; or
- (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

Board means the Board of Supervisors of the County.

Business Day means any day other than a Saturday, Sunday, or a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed.

Certificates means the Certificates of Participation executed and delivered by the Corporation evidencing the Owner’s rights to receive Rental Payments made hereunder.

Closing Date means the date of delivery of the Certificates to the Owner.

Code means the Internal Revenue Code of 1986, as amended, and the regulations applicable to or issued thereunder.

Corporation means Municipal Asset Finance Corp., a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

County means the County of El Dorado, a political subdivision of the State of California duly organized, existing and operating under the Constitution and laws of the State of California.

Event of Default means any of the events specified in Section 8.1 (Events of Default).

Facilities Lease or **Lease** means this Facilities Lease entitled “Facilities Lease” between the Corporation and the County, dated July 1, 2018, wherein the Corporation leased the Leased Property to the County, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof.

Fiscal Year means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other twelve-month period hereafter selected and designated as the official fiscal year period of the County.

Funded Interest Account means the account by that name established pursuant to Section 5.3 (Funded Interest Account).

Hazardous Substance means any substance that, at any time, is listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or is determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Leased Property, wastes, petroleum, 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.).

Insurance Consultant means any independent person having experience in consulting on the insurance requirements of governmental entities of the general size and character of the County, selected by the County.

Leased Property means the real property described in Exhibit A attached hereto and all improvements located thereon, including, in particular, the Project.

Net Proceeds means the amount remaining from the gross proceeds of any insurance claim or condemnation award made in connection with the Leased Property, after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Opinion of Counsel means a written opinion of a law firm experienced in matters relating to obligations the interest on which is excluded from gross income for federal income tax purposes, selected by the County.

Owner or Certificate Owner, whenever used herein with respect to the Certificates, means United States of America, acting through the Rural Housing Service.

Payment Date means January 2 and July 2 in each year, commencing July 2, 2019.

Person means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Project means the County’s public safety facility, the construction of which is financed hereby.

Project Account means the account by that name established pursuant to Section 5.2 (Establishment and Application of Project Account).

Rental Payments means the amounts payable by the County pursuant to the Section 4.1 (Rental Payments) hereof.

Reserve Account means the account by that name established pursuant to Section 4.2 (Reserve Account Deposits).

Reserve Requirement means an amount equal to one annual Rental Payment, which is equal to the aggregate principal and interest components represented by the six Certificates payable in each year ending July 2.

Site Lease means that certain lease entitled “Site Lease” between the County and the Corporation, dated July 1, 2018, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof and thereof.

State means the State of California.

Statement, Certificate, Request, Requisition, and Order of the County mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the County by its Chief Administrative Officer, Chair of the Board, or any other person authorized by the Board, to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.2 Notices. All notices, certificates or other communications hereunder are sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to:

County: County of El Dorado
330 Fair Lane
Placerville, CA 95667
Attention: Chief Administrative Officer

Corporation: Municipal Asset Finance Corp.
25288 Foothills Drive North
Golden, CO 80401
Attention: Secretary/Treasurer

Owner: United States of America, acting through the Rural Housing Service
Attention: Ms. Anita Lopez
430 G Street, Agency 4169
Davis, CA 95616-4169

The County, the Corporation, and the Owner may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

Section 1.3 Successors and Assigns. Whenever in this Facilities Lease the County, the Corporation, or the Owner is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Facilities Lease contained

by or on behalf of the County, the Corporation, or the Owner bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.4 Benefits of Lease. Nothing in this Facilities Lease expressed or implied is intended or shall be construed to give to any person other than the County, the Corporation, and the Owner any legal or equitable right, remedy, or claim under or in respect of this Facilities Lease or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the County, the Corporation, and the Owner.

Section 1.5 Amendments. This Facilities Lease may be altered, amended, or modified in writing as may be mutually agreed by the Corporation and the County, subject to the prior written approval of the Owner.

Section 1.6 Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, are solely for convenience of reference and do not affect the meaning, construction, or effect of this Facilities Lease.

Section 1.7 Validity and Severability. If any one or more of the provisions contained in this Facilities Lease is 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 Facilities Lease and such invalidity, illegality, or unenforceability does not affect any other provision of this Facilities Lease, and this Facilities Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The County and the Corporation hereby declare that they would have adopted this Facilities 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 Facilities Lease may be held illegal, invalid, or unenforceable.

If for any reason it is held that any of the covenants and conditions of the County hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Facilities Lease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the County annually in consideration of the right of the County to possess, occupy, and use the Leased Property, and all of the rental and other terms, provisions, and conditions of this Facilities Lease, except to the extent that such terms, provisions, and conditions are contrary to or inconsistent with such holding, remain in full force and effect.

Section 1.8 Governing Law. This Facilities Lease is governed by and shall be construed in accordance with the laws of the State of California.

Section 1.9 Execution in Counterparts. This Facilities Lease may be simultaneously executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

ARTICLE 2
REPRESENTATIONS AND COVENANTS OF COUNTY;
REPRESENTATIONS OF CORPORATION

Section 2.1 Representations and Covenants of County. The County represents and covenants for the benefit of the Corporation and its assignees as follows:

(A) Valid Existence. The County is a political subdivision of the State of California duly organized, existing and operating under the Constitution and laws of the State of California.

(B) Authority to Enter into Lease. The County is authorized under the laws of the State of California to enter into this Facilities Lease and perform all of its obligations hereunder.

(C) Due Authorization. The County has been duly authorized to execute and deliver this Facilities Lease under the terms and provisions of a resolution of the Board of Supervisors of the County approving the form and authorizing the execution of this Facilities Lease.

(D) Enforceability of Lease. The County represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of the Facilities Lease (except as such enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and by the application of equitable principles).

(E) Limitation on Use of Facilities. During the term of this Facilities Lease, the Leased Property will be used by the County only for the purpose of performing one or more governmental functions of the County consistent with the permissible scope of the County's authority.

(F) Essential Facilities. The County represents and warrants that the Leased Property is essential to the fulfillment of its governmental purposes.

Section 2.2 Representations of Corporation. The Corporation hereby represents to the County as follows:

(A) Corporate Status. The Corporation is a nonprofit public benefit corporation duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California.

(B) Corporate Power to Enter into Lease. The Corporation has corporate power and authority to enter into this Facilities Lease and perform all of its obligations hereunder.

(C) Due Authorization. This Facilities Lease has been duly authorized by all necessary corporate action on the part of the Corporation.

(D) Enforceability of Lease. The Corporation represents, covenants, and warrants that this Facilities Lease is a valid and binding obligation of the Corporation, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles.

**ARTICLE 3
LEASE OF FACILITIES**

Section 3.1 Lease of Facilities. The Corporation hereby demises and leases to the County, and the County hereby rents and hires from the Corporation, the Leased Property in accordance with the provisions of this Facilities Lease, to have and to hold for the term of this Facilities Lease. In exchange for the Rental Payments herein provided, the Corporation agrees to provide only the Leased Property.

Section 3.2 No Merger of Estates. The leasing by the Corporation to the County of the Leased Property pursuant to this Facilities Lease does not effect or result in a merger of the County's leasehold estate pursuant hereto and its fee estate. The Corporation continues to have and hold a leasehold estate in the Leased Property pursuant to the Site Lease throughout the term thereof and the term of this Facilities Lease. As to the Leased Property, this Facilities Lease shall be deemed and constitute a sublease.

Section 3.3 Lease Term. The term of this Facilities Lease commences on the Closing Date and ends on July 2, 2058, unless such term is sooner terminated as hereinafter provided. If the Certificates are fully paid, or provision therefor made, the term of this Facilities Lease ends ten (10) days thereafter or ten (10) days after written notice by the County to the Corporation, whichever is earlier.

Section 3.4 Construction of the Project; Occupancy.

(A) **Construction of the Project.** The County will supervise and provide for the construction of the Project. The County will enter into, administer and enforce all contracts relating to the construction of the Project and will cause it to be diligently performed. The County shall pay construction costs from amounts paid as advance rental under the Site Lease until all such amounts have been disbursed, and thereafter the County shall pay all remaining construction costs directly from legally available funds of the County. The County hereby covenants to complete the Project on or prior to July 2, 2020, and in furtherance thereof covenants to utilize other legally available funds of the County to ensure the adequacy of funds to accomplish such completion to the extent amounts paid as advance rental under the Site Lease are insufficient; provided that breach of this covenant of completion does not constitute an event of default under the terms of this Facilities Lease.

(B) **Occupancy.** The County will take possession of components of the Project upon their completion. If the County, for any reason whatsoever, cannot complete and take possession of the Project by July 2, 2020, this Facilities Lease is not void or voidable; but in that event Rental Payments shall be abated proportionately, in the proportion that the construction cost of the part or parts of the Project not yet completed bears to the total construction cost, with respect to the period between July 2, 2020, and the time when the County takes possession, except to the extent of any amounts otherwise legally available to the County for payment.

Section 3.5 Title to the Leased Property. During the term of this Facilities Lease, the Corporation has a leasehold estate in the Leased Property pursuant to the Site Lease.

Section 3.6 Modifications to the Leased Property. Subject to Section 6.5 (Liens) hereof, the County, at its own expense, has the right to remodel, make alterations or improvements

to, or attach fixtures, structures, or signs to the Leased Property if the alterations, improvements, fixtures, structures, or signs are necessary or beneficial for the use of the Leased Property by the County, provided, however, that such actions by the County may not materially adversely affect the value of the Leased Property.

ARTICLE 4 RENTAL PAYMENTS

Section 4.1 Rental Payments. The County agrees to pay to the Corporation, its successor or assigns, as annual rental for the use of the Leased Property (subject to the provisions of Section 4.7 (Abatement of Rental) hereof) the following amounts, at the following times, in the manner hereinafter set forth:

(A) Amount and Timing. The County shall pay annual rental payments, comprising principal and interest components, in semiannual installments. The amount and time of the payment of the principal components of the Rental Payments are set forth in Exhibit B hereto. (The scheduled principal components of the Rental Payments are equal to the aggregate principal components represented by the Certificates.) The interest components of the Rental Payments, which are payable on each January 2 and July 2, commencing July 2, 2019, shall be paid by the County as and constitute interest paid on the aggregate unpaid principal components of the Rental Payments; provided that, until the total principal amount that is represented by the Certificates has been advanced by the Owner, interest shall accrue on the amount of each advance from its actual date as shown on the Records of Advances attached to the Certificates. Interest shall be deemed to accrue on the unpaid principal components of the Rental Payments at the rate of two and three-eighths percent (2.375%) per annum, calculated on the basis of a 365-day year.

(B) Rental Period. Each annual rental payment is for the use of the Leased Property for the twelve-month period commencing on July 3 of the period in which such installments are payable.

(C) Medium and Place of Payment. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Owner, unless otherwise requested by the Owner, by the Pre-Authorized Debit (PAD) payment process. The County shall maintain a register in which it will record any assignments made of this Facilities Lease. The County shall deposit the Rental Payments in the PAD account at least one day prior to the Payment Date.

(D) Rate on Overdue Payments. Any Rental Payment installment that is not paid when due bears interest at the rate of two and three-eighths percent (2.375%) per annum from the date the installment was due hereunder until the same is paid.

Section 4.2 Reserve Account Deposits.

(A) Amount. The County shall establish and maintain an account designated as the "Reserve Account." On each Payment Date, commencing July 2, 2019, the County shall deposit into the Reserve Account an amount equal to ten percent (10%) of the Rental Payment due on such Payment Date (each such deposit herein called a "Reserve Account Deposit"), until the amount on deposit therein equals the Reserve Requirement. If payment of Reserve Account Deposits is abated pursuant to Section 4.7 (Rental Abatement) before the amount on deposit in the Reserve Account has

accumulated to the Reserve Requirement, or if amounts are withdrawn from the Reserve Account, then the County shall continue to deposit Reserve Account Deposits in the same amounts on each Payment Date until the balance therein equals the Reserve Requirement.

(B) Application of Amounts in the Reserve Account. All amounts in the Reserve Account shall be used and withdrawn by the County solely for the purpose of paying Rental Payments if no other funds of the County are available for that purpose or (together with any other moneys available therefor) for the payment in full of the Certificates; provided that, with the prior written approval of the Owner, the County may withdraw funds from the Reserve Account to (a) pay the cost of repairing or replacing any damage to the Leased Property caused by catastrophe, (b) repair or replace short-lived assets, or (c) make extensions or improvements to the Leased Property.

Section 4.3 Fair Rental Value. The Rental Payments for each rental period during the term of this Facilities Lease constitute the total rental for such rental period. The County has agreed to pay the Rental Payments for and in consideration of the right to possess and to continue to quietly use and enjoy the Leased Property. The parties hereto have agreed and determined that the Rental Payments and the Reserve Account Deposits represent the fair rental value of the Leased Property during each rental period for which such rental is to be paid. In making such determination, consideration has been given to the cost of acquisition, design, construction, and financing of the Leased Property, other obligations of the parties under this Facilities Lease, the uses and purposes that may be served by the Leased Property, and the benefits therefrom that will accrue to the County and the general public.

Section 4.4 No Offsets. Notwithstanding any dispute between the Corporation and the County, the County shall make all Rental Payments and Reserve Account Deposits when due without deduction or offset of any kind and shall not withhold any Rental Payments or Reserve Account Deposits pending the final resolution of such dispute. If it is determined that the County was not liable for the Rental Payments or Reserve Account Deposits or any portion thereof, the payments or excess payments, as the case may be, shall, at the option of the County, be credited against subsequent Rental Payments or Reserve Account Deposits (as the case may be) due hereunder or be refunded at the time of such determination.

Section 4.5 Net Lease. This Facilities Lease shall be deemed and construed to be a “net-net lease” and the County hereby agrees that the Rental Payments will be an absolute net return to the Corporation, free and clear of any expenses, charges, or setoffs whatsoever.

Section 4.6 Covenant to Budget and Appropriate. The County covenants and agrees to take such action as may be necessary to include all Rental Payments and Reserve Account Deposits due hereunder in its annual budgets and to make the necessary annual appropriations for all Rental Payments and Reserve Account Deposits. Annually within thirty (30) days of the adoption of the budget, the County will furnish to the Owner a Statement of the County certifying that the budget contains the necessary appropriation for all Rental Payments and Reserve Account Deposits. The County will also furnish to the Owner a copy of the budget within thirty (30) days of its adoption.

The agreements and covenants on the part of the County herein contained shall be deemed to be and shall be construed to be duties imposed by law and it is the duty of each and every public

official of the County 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 County to carry out and perform the agreements and covenants in this Facilities Lease agreed to be carried out and performed by the County.

Section 4.7 Abatement of Rental. Except to the extent of amounts held in the Reserve Account and the Funded Interest Account, Rental Payments and Reserve Account Deposits shall be abated proportionately during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to any portion of the Leased Property, there is substantial interference with the use and possession of the Leased Property or a portion thereof. The amount of abatement shall be such that the resulting Rental Payments and Reserve Account Deposits represent fair consideration for the use and possession of the portion of the Leased Property not so interfered with. Such abatement will commence with the date of such interference and will end only with cure thereof. Any determination of remaining fair rental value will be made with reference to the greater of (i) the County's fair rental value certification as of the Closing Date, or (ii) the fair rental value on the date of determination.

Pursuant to Section 4.1 (Rental Payments), rental is calculated on an annual basis, and rental abatement shall also be calculated on an annual basis taking into account the entire twelve-month period commencing July 3 within which the damage or destruction occurs. If at any time it is necessary to calculate rental abatement, the amount of rental payable shall be computed on the basis of a 365-day year.

The County waives the benefits of Civil Code Sections 1932, subd. 2, and 1933, subd. 4, and any and all other rights to terminate this Facilities Lease by virtue of any such damage or destruction.

Section 4.8 Prepayment.

(A) Casualty/Condemnation. The County shall prepay from net insurance proceeds and eminent domain proceeds, to the extent provided in and in accordance with Article 7 (Insurance; Eminent Domain) hereof, all or a proportionate amount of each (such that the remaining Rental Payments are substantially equal in each year thereafter) of the principal components of the Rental Payments then unpaid, at a prepayment amount equal to the sum of the principal components prepaid plus the interest component of such Rental Payments accrued to the date of prepayment. Prepayment may be made on any date, and any such prepayment shall be applied to prepay Certificates. Partial prepayments shall be allocated ratably to each outstanding Certificate.

(B) Optional Prepayment. The County may prepay, from any source of available funds (including refunds, extra payments, and loan proceeds obtained from outside sources), the unpaid principal components of the Rental Payments in whole or in part, by paying to the Owner the principal components of the unpaid Rental Payments to be prepaid plus the interest on such principal components accrued to the date of prepayment. Prepayments in part shall be applied first to interest and then to the unpaid principal components in inverse order of payment date. Prepayment may be made on any date, and any such prepayment shall be applied to prepay Certificates. Partial prepayments shall be allocated ratably to each outstanding Certificate. The County agrees that, if

following such prepayment the Leased Property is damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and is not entitled to any reimbursement of such Rental Payments. Nor shall prepayment otherwise affect the obligation of the County to pay the remaining Rental Payments as scheduled by this Facilities Lease.

(C) Notice of Prepayment. The County shall give written notice to the Owner at least thirty (30) days before making any prepayment pursuant to this section.

ARTICLE 5 USE OF PROCEEDS

Section 5.1 Use of Proceeds. The County and the Corporation agree that the proceeds of the Certificates will be used to finance the design and construction of the Project and to pay the costs of issuing the Certificates and incidental and related expenses.

Section 5.2 Establishment and Application of Project Account. The County shall establish and maintain a separate account designated as the “Project Account” and shall deposit therein the funds advanced by the Owner as rental under the Site Lease. The County shall use the moneys in the Project Account to pay the costs of designing and constructing the Project (or to reimburse the County for such costs) and to pay related administrative costs, including any costs of issuance of the Certificates. All earnings from the investment of moneys in the Project Account shall be deposited therein.

Section 5.3 Establishment and Application of Funded Interest Account. The County shall establish and maintain a separate account designated as the “Funded Interest Account” and shall deposit therein \$2,483,000. The County shall use the moneys in the Funded Interest Account to pay the interest components of the Rental Payments that accrue to and including July 2, 2020. All earnings from the investment of moneys in the Funded Interest Account shall be deposited therein. After July 2, 2020, if the County has taken full possession of the Project, the County may withdraw and use the moneys in the Funded Interest Account for any lawful purpose.

Section 5.4 Corporation’s Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY, OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE CORPORATION HAS NOT CONSTRUCTED THE LEASED PROPERTY AND IS NOT A REAL ESTATE BROKER, THAT THE COUNTY LEASES THE LEASED PROPERTY AS-IS, ITS BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event is the Corporation or the Owner liable for any incidental, indirect, special, or consequential damage in connection with or arising out of this Facilities Lease or the existence, furnishing, functioning, or the County’s use of the Leased Property or any item or products or services provided for in this Facilities Lease.

ARTICLE 6 COVENANTS

Section 6.1 Quiet Enjoyment. The Corporation hereby covenants to provide the County during the term of this Facilities Lease with quiet use and enjoyment of the Leased Property and the County shall during the term of this Facilities Lease peaceably and quietly have, hold, and enjoy the Leased Property without suit, trouble, or hindrance from the Corporation, so long as the County observes and performs its covenants and agreements and is not in default hereunder.

Section 6.2 Right of Entry. The Corporation and its assignees have the right (but not the duty) to enter the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Corporation's or the County's rights or obligations under this Facilities Lease, and (c) for all other lawful purposes.

Section 6.3 Maintenance of the Leased Property by County. The County agrees that, at all times during the term of this Facilities Lease, the County will, at the County's own cost and expense, maintain, preserve, and keep the Leased Property and every portion thereof in good repair, working order, and condition and that the County will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.

Section 6.4 Taxes and Other Governmental Charges; Utility Charges.

(A) Taxes and Other Governmental Charges on the Leased Property. The parties to this Facilities Lease contemplate that the Leased Property will be used for governmental purposes of the County and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to property. In the event that the use, possession, or acquisition by the County or the Corporation of the Leased Property is found to be subject to taxation in any form (except for income or franchise taxes of the Corporation), the County will pay during the term of this Facilities Lease, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property, and any equipment or other property acquired by the County in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided that, with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the County is obligated to pay only such installments as are accrued during such time as this Facilities Lease is in effect.

(B) Lease-Related Taxes Imposed on Corporation. The County shall also pay such amounts, if any, in each year as are required by the Corporation for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments, and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines, or interest arising out of any delay or failure by the County to pay any of the foregoing or failure to file or furnish to the Corporation for filing in a timely manner any returns, hereinafter levied or imposed against the Corporation with respect to the Leased Property, this Facilities Lease, the Rental Payments, and other payments required hereunder or any parts thereof or interests of the County or the Corporation therein by any governmental authority.

(C) Utility Charges. The County shall pay or cause to be paid all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility, and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Leased Property.

(D) Contest of Charges. The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, or 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 Owner notifies the County that, in its opinion, by nonpayment of any such items, the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay such taxes, assessments, or charges or provide the Owner with full security against any loss that may result from nonpayment, in form satisfactory to the Owner.

Section 6.5 Liens. If the County at any time during the term of this Facilities Lease causes any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Leased Property and shall keep the Leased Property free of any and all mechanics' or materialmen's liens or other liens against the Leased Property or the Corporation's interest therein. If any such lien attaches to or is filed against the Leased Property or the Corporation's interest therein, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the County desires to contest any such lien it may do so in good faith. If any such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and the stay thereafter expires, the County shall forthwith pay (or cause to be paid) and discharge such judgment. The County agrees to and, to the maximum extent permitted by law, shall indemnify and hold the Corporation, the Owner, and their successors and assigns harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Leased Property or the Corporation's interest therein.

Section 6.6 Environmental Covenants.

(A) Compliance with Laws; No Hazardous Substances. The County will comply with all Applicable Environmental Laws with respect to the Leased Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Leased Property.

(B) Notification of Owner. The County will transmit copies of all notices, orders, or statements received from any governmental entity 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 Owner, and the County will notify the Owner in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance 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.

(C) Access for Inspection. The County will permit the Owner, its agents, or any experts designated by the Owner 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.

(D) Compliance with Mitigation Measures. The County shall comply with all mitigation measures identified in the environmental assessment of the Project.

Section 6.7 No Sale or Encumbrance. The County may not sell, transfer, lease, or otherwise encumber the Leased Property or any portion thereof, or interest therein, or permit others to do so without the prior written consent of the Owner.

Section 6.8 County Consent to Assignment by Corporation. Certain of the Corporation's rights under this Facilities Lease, including the right to receive and enforce payment of the Rental Payments, are being assigned to the Owner pursuant to the Assignment Agreement, to which assignment the County has consented. The County agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements that may be reasonably requested by the Corporation or the Owner to protect their interests in the Leased Property and in this Facilities Lease.

Section 6.9 Indemnification. The County shall to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Corporation and the Owner from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Facilities Lease or the Assignment Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the Leased Property, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the Leased Property, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Leased Property resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the County or the Corporation; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this section continues in full force and effect notwithstanding the full payment of all obligations under this Facilities Lease or the termination of the term of this Facilities Lease for any reason. The County and the Corporation mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 6.10 Further Assurances. The County and the Corporation agree that they will, with the prior consent of the Owner, 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 be necessary or proper to carry out the intention or to facilitate the performance of this Facilities Lease.

Section 6.11 Investment of Moneys in Accounts. All moneys in any of the accounts established pursuant to this Facilities Lease may be deposited in institutions insured by the State or federal government or invested in readily marketable securities backed by the full faith and credit of

the United States. All interest, profits, and other income received from the investment of moneys in any account hereunder shall be credited to such account.

Section 6.12 Accounting Records and Financial Statements. With respect to each fiscal year in which the County receives or expends \$750,000 or more in federal financial assistance, the County shall submit to the Owner an audit performed in accordance with the requirements of OMB Circular A-133 no later than nine (9) months after the end of the fiscal year. With respect to each other fiscal year, the County shall submit to the Owner its financial statements, prepared in accordance with California law and regulation, not later than one hundred fifty (150) days after the end of the fiscal year. The County shall provide the Owner, at all reasonable times, access to the County's books and records relating to the Leased Property.

Section 6.13 No Additional Debt. The County may not defease its obligations hereunder, borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purposes in connection with the Leased Property (exclusive of normal maintenance) without the prior written consent of the Owner, if such undertaking would involve the source funds from which the Rental Payments are to be made.

Section 6.14 Compliance with Law and Regulation. The County shall comply with all applicable State and Federal laws and regulations. In particular, the County agrees to comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

Section 6.15 Tax Covenants. The County shall at all times do and perform all acts and things permitted by law and this Facilities Lease that are necessary and desirable in order to assure that interest paid with respect to the Certificates will be excluded from gross income for federal income tax purposes and exempt from California personal income taxes and shall take no action that would result in such interest not being so excluded or exempted. This covenant survives the defeasance or payment in full of the Certificates.

ARTICLE 7 INSURANCE; EMINENT DOMAIN

Section 7.1 "All Risk" Property Insurance.

(A) Coverage. The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, "all risk" property insurance (which may exclude the risk of earthquake) insuring the Leased Property against loss or damage. The insurance required by this Section may be maintained as part of or in conjunction with any other insurance maintained by the County and may be maintained in whole or in part in the form of the participation by the County in a joint powers authority or other program providing pooled insurance.

(B) Amount. Such insurance must be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Leased Property, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$25,000).

(C) Application of Net Proceeds.

(1) Repair or Replacement of Facilities. In the event of any damage to or destruction of any part of the Leased Property caused by the perils covered by such insurance, the County, except as hereinafter provided, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction, or replacement of the damaged or destroyed portions of the Leased Property. The County shall hold the proceeds separate and apart from all other funds, to the end that such proceeds be applied to the repair, reconstruction, or replacement of the Leased Property to at least the same good order, repair, and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of the proceeds. The County may withdraw proceeds from time to time, with the written consent of the Owner, to pay or reimburse itself for the payment of the costs of repair, reconstruction or replacement. Upon the written consent of the Owner, any balance of the proceeds not required for such repair, reconstruction, or replacement may be transferred to the general fund of the County.

(2) Prepayment of Lease. Alternatively, the County, at its option, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to prepay all the principal component of the unpaid Rental Payments, plus accrued interest to the prepayment date, or that portion of such principal amount that is proportionate to that portion of the Leased Property so destroyed or damaged (determined by reference to the ratio of the construction cost of such portion of the Leased Property to the construction cost of the Leased Property as a whole), may elect not to repair, reconstruct, or replace the damaged or destroyed portion of the Leased Property and thereupon shall cause the proceeds to be used for the prepayment of Rental Payments and redemption of all or a portion of the Certificates; provided, however, that the resulting Rental Payments subsequent to such redemption will be sufficient in amount to pay the amount of the Certificates remaining outstanding.

(D) Federal Disaster Relief. The County shall promptly apply for Federal disaster aid or State of California disaster aid in the event that the Leased Property is damaged or destroyed as a result of a natural disaster occurring at any time. Any proceeds received as a result of such natural disaster aid shall be used to repair, reconstruct, restore, or replace the damaged or destroyed portions of the Leased Property or, at the option of the County, to redeem all Outstanding Certificates if such use of such disaster aid is permitted.

(E) Self-Insurance. As an alternative to providing the insurance required by subsection (A) of this Section or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection 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 County.

Section 7.2 Public Liability and Property Damage Insurance.

(A) Coverage. Except as hereinafter provided, the County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, a

standard comprehensive general liability insurance policy or policies insuring against all direct or contingent loss or liability for damages for personal injury, death, or property damage occasioned by reason of the operation of the Leased Property. The insurance required by this Section may be maintained as part of or in conjunction with any other insurance maintained by the County and may be maintained in whole or in part in the form of the participation by the County in a joint powers authority or other program providing pooled insurance.

(B) Limits. The minimum liability limits of such insurance are \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event and are \$1,000,000 (subject to a deductible clause of not to exceed \$10,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the County.

(C) Self-Insurance. As an alternative to providing the insurance required by subsection (A) of this Section or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection 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 County.

Section 7.3 Rental Abatement Insurance

(A) Coverage. The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, rental abatement insurance to cover loss, total or partial, to the Corporation of the Rental Payments due hereunder owing to an abatement of rental as the result of any of the hazards covered by the insurance required by Section 7.1 ("All Risk" Property Insurance) hereof. The insurance required by this Section may be maintained as part of or in conjunction with any other insurance maintained by the County and may be maintained in whole or in part in the form of the participation by the County in a joint powers authority or other program providing pooled insurance.

(B) Amount. Such insurance shall be maintained in an amount sufficient to pay the Rental Payments hereunder during the two-year period in which the total of such Rental Payments is greatest.

(C) Payment of Net Proceeds. Any proceeds of such insurance shall be paid in accordance with the terms of the insurance policy or memorandum of coverage directly to the Owner. The Owner shall use the proceeds it receives to reimburse to the County any Rental Payments theretofore paid by the County under this Facilities Lease attributable to the damaged or destroyed Leased Property to the extent and for a period of time during which the payment of Rental Payments under this Facilities Lease is abated; and any proceeds of such insurance not so used shall be applied as Rental Payments as provided in Section 4.1 (Rental Payments) (to the extent required for the payment of Rental Payments).

Section 7.4 Workers' Compensation Insurance.

(A) Coverage. Except as provided in subsection (B) of this Section, the County shall maintain workers' compensation insurance covering all employees working at the Leased Property in the amounts as required by law. Such insurance may be maintained by the County as part of or in conjunction with any other insurance maintained by the County.

(B) Self-Insurance. As an alternative to providing the insurance described in subsection (A) of this Section, the County may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the County to be legally self-insured against workers' compensation claims and may maintain that status; provided that the County shall annually employ an actuary to review the County's workers' compensation claims experience and project future claims exposure. The County covenants to budget the amounts and comply with the other actions recommended by the actuary. The County further agrees to comply with any requirements made by the Division of Self-Insurance Plans as a result of any audit performed by that office.

Section 7.5 Fidelity Bonds. The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, fidelity bonds on all County officers and employees who have access to County funds or custody of County property. Coverage may be provided either for all individual positions or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage must be sufficient to cover the average annual Rental Payments hereunder, which is equal to the average aggregate principal and interest components represented by the six Certificates payable in each year ending July 2 plus the amount of Reserve Account Deposits required to be made in such year. The United States of America shall be named as co-obligee on the bond. A certified power-of-attorney with effective date will be attached to each bond. Form RD 440-24, "Position Fidelity Schedule Bond Declarations," may be used; similar forms may be used if determined acceptable to the Owner. Other types of coverage may be used if the Owner determines that they fulfill essentially the same purpose as a fidelity bond.

Section 7.6 General Provisions.

(A) Form of Policies. All policies of insurance required by Sections 7.1 ("All Risk" Property Insurance) hereof shall provide that all proceeds thereunder are payable to the United States of America pursuant to a lender's loss payable endorsement (438 BFU or equivalent). The Owner shall collect, adjust, and receive all moneys that may become due and payable under any such policies, may compromise any and all claims thereunder, and shall apply the proceeds of such insurance as provided in this Article. All policies of insurance required by this Facilities Lease shall provide that the Owner be given thirty (30) days' notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby.

(B) Payment of Premiums. The County shall pay when due the premiums for all insurance policies required by this Facilities Lease, and shall promptly furnish evidence of such payments in the form of a certificate of insurance to the Owner.

(C) Self-Insurance. Before any self-insurance method or plan permitted by this Article may be provided by the County, there must be filed with the Owner a certificate of an actuary, Insurance Consultant, or other qualified person stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the respective Section and, when effective, would afford reasonable coverage for the risks required to be insured against. The self-insurance reserve fund or funds created under such method must be held by an independent trustee (or by a joint powers authority that is not controlled by the County). In the event of loss covered by any such self-insurance method, the liability of the County hereunder is limited to the amounts in the self-insurance reserve fund or funds created under such method. If the self-insurance program is discontinued, the County shall maintain the actuarial soundness of the self-insurance reserve fund.

(D) Evidence of Insurance. The County will deliver to the Owner in the month of August in each year a written statement of an officer of the County certifying that such policies satisfy the requirements of this Facilities Lease, setting forth the insurance policies then in force pursuant to this Article, the names of the insurers that have issued the policies, the amounts thereof, and the property and risks covered thereby. So long as any self-insurance method or plan is being used to satisfy the requirements of this Facilities Lease, the County shall deliver at the same time the report of an actuary, Insurance Consultant, or other qualified person that states the levels of resources available under such self-insurance method or plan and certifies that such method or plan of protection is in accordance with the requirements of this Facilities Lease, affords reasonable coverage for the risks required to be insured against, and is actuarially sound.

(E) Reserves Against Deductibles. The County shall provide adequate reserves to fund the amount of any deductible allowed under this Article.

(F) Cooperation. The Corporation shall cooperate fully with the County in filing any proof of loss with respect to any insurance policy maintained pursuant to this Article and in the defense of any proceeding in eminent domain with respect to the Leased Property.

Section 7.7 Eminent Domain. So long as any of the Certificates of Participation are outstanding, any award made in eminent domain proceedings for taking the Leased Property or any portion thereof shall be applied to the prepayment of Rental Payments as provided in Section 4.8 (Prepayment). Any such award made after the Certificates have been fully paid and retired shall be paid to the County.

If the whole of the Leased Property, or so much thereof as to render the remainder unusable for the purposes for which it was used by the County, is taken under the power of eminent domain, the term of this Facilities Lease ceases as of the day that possession is so taken. If the award on a partial or complete taking, together with other funds available therefor, is insufficient to redeem all of the Outstanding Certificates, the County shall use all reasonable efforts to appeal such award to obtain an award that will be sufficient in amount to redeem the Certificates in full for a complete taking, or, in the event of a partial taking, an amount sufficient such that remaining Rental Payments will be sufficient to pay the remaining Outstanding Certificates. If less than the whole of the Leased Property is taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then this Facilities Lease continues in full force and effect as to such remainder, and the parties waive the benefits of any law to the

contrary, and in such event there shall be a partial abatement as provided in Section 4.7 (Abatement of Rental).

ARTICLE 8 DEFAULT AND REMEDIES

Section 8.1 **Events of Default.** The following events are Events of Default:

(A) **Payment Default.** Failure of the County to pay any Rental Payments payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Facilities Lease;

(B) **Breach of Covenant.** Failure of the County to keep, observe, or perform any other term, covenant or condition contained herein to be kept or performed by the County for a period of thirty (30) days after notice of the same has been given to the County by the Owner;

(C) **Transfer of County's Interest.** Assignment or transfer of the County's interest in this Facilities Lease or any part hereof without the written consent of the Corporation, either voluntarily or by operation of law or otherwise;

(D) **Bankruptcy or Insolvency.** Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the County or of all or substantially all of its assets, by or with the consent of the County, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty days, or agreement by the County with the County's creditors to effect a composition or extension of time to pay the County's debts, or request by the County for a reorganization or to effect a plan of reorganization, or for a readjustment of the County's debts, or a general or any assignment by the County for the benefit of the County's creditors;

(E) **Abandonment of the Leased Property.** Abandonment by the County of any part of the Leased Property.

The County shall notify the Owner of the occurrence of any Event of Default within thirty (30) days of its occurrence,

Section 8.2 **Remedies on Default.** Upon the occurrence and during the continuance of an Event of Default, it is lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Facilities Lease. Upon an Event of Default, the Corporation, in addition to all other rights and remedies it may have at law, has the option to do any of the following:

(A) **Termination of Lease.**

(1) **Notice of Termination; Re-entry.** By written notice to the County, to terminate this Facilities Lease and to re-enter the Leased Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place in El

Dorado County, State of California. In the event of such termination, the County agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of default by the County, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal or storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained.

(2) No Termination Except by Notice. Neither (a) notice to pay rent or to deliver up possession of the Leased Property given pursuant to law, nor (b) any entry or re-entry by the Corporation, nor (c) any proceeding brought by the Corporation to recover possession of the Leased Property, nor (d) the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interests under this Facilities Lease of itself operates to terminate this Facilities Lease. No termination of this Facilities Lease on account of default by the County is or will become effective by operation of law or acts of the parties hereto, unless and until the Corporation has given written notice to the County of the election on the part of the Corporation to terminate this Facilities Lease. The County covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Facilities Lease is valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(B) Continuation of Lease; Reletting.

(1) Continuation Remedies. Without terminating this Facilities Lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the County, regardless of whether or not the County has abandoned the Leased Property, and/or (ii) to enter, retake possession of, and re-let the Leased Property. The term "re-let" or "re-letting" as used in this Article includes, but is not limited to, re-letting by means of the operation by the Corporation of the Leased Property.

(2) County to Remain Liable. If the Corporation does not elect to terminate this Facilities Lease in the manner provided for in subsection (A)(1) hereof, the County remains liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County. If the Leased Property is not re-let, the County agrees to pay the full amount of the rent to the end of the term of this Facilities Lease; if the Leased Property is re-let, the County agrees to pay any deficiency in rent that results therefrom. The County further agrees to pay the rent punctually at the same time and in the same manner as for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified and notwithstanding any entry or re-entry by the Corporation or proceeding brought by the Corporation to recover possession of the Leased Property.

(3) Agency. Should the Corporation elect to enter or re-enter the Leased Property as herein provided, the County hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to re-let the Leased Property, or any item or part thereof, from time to time, either in the Corporation's name or otherwise, upon such terms and conditions

and for such use and period as the Corporation may deem advisable. The County further appoints the Corporation as its agent to remove all persons in possession of the Leased Property and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place in El Dorado County, State of California, for the account of and at the expense of the County. The County hereby exempts and agrees to save harmless the Corporation from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such retaking of possession and re-letting of the Leased Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance herewith.

(4) Adequate Notice. The County agrees that the terms of this Facilities Lease constitute full and sufficient notice of the right of the Corporation to re-let the Leased Property and to do all other acts to maintain or preserve the Leased Property as the Corporation deems necessary or desirable in the event of such retaking or re-entry without effecting a surrender of this Facilities Lease, and further agrees that no acts of the Corporation in attempting such re-letting constitutes a surrender or termination of this Facilities Lease, irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate this Facilities Lease vests in the Corporation to be effected in the sole and exclusive manner provided for in subsection (A) hereof.

(5) Waiver of Right to Excess Rent; Agreement to Pay Costs. The County further waives the right to rental obtained by the Corporation in excess of the rental herein specified and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-letting the Leased Property or any items or part thereof. The County further agrees to pay the Corporation the cost of any alterations or repairs or additions to the Leased Property or any items or part thereof necessary to place the Leased Property or any items or part thereof in condition for re-letting immediately upon notice to the County of the completion and installation of such additions or repairs or alterations.

The County hereby waives any and all claims for damages caused or that may be caused by the Corporation in entering or 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 County, or any other person, that may be in or upon the Leased Property.

Section 8.3 No Acceleration. Notwithstanding anything herein to the contrary, there is no right under any circumstance to accelerate the Rental Payments or otherwise declare any Rental Payments not yet due to be immediately due and payable.

Section 8.4 No Remedy Exclusive. Each and all of the remedies given to the Corporation hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy does not impair the right of the Corporation to any or all other remedies. If any statute or rule of law validly limits the remedies given to the Corporation hereunder, the Corporation nevertheless is entitled to whatever remedies are allowable under any statute or rule of law.

Section 8.5 Corporation Defaults; County Remedies.

(A) Corporation Defaults. The Corporation in no event is in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Corporation has failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the County to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation.

(B) County Remedies. The Corporation's failure to perform any of its obligations hereunder is not an event permitting the nonpayment of rent by the County. The parties hereto agree that the performance of the Corporation is unique, that the remedies at law for the Corporation's nonperformance would be inadequate, and that the County shall institute a suit for specific performance by the Corporation upon any default by the Corporation.

Section 8.6 Attorneys' Fees. If the Corporation prevails in any action brought to enforce any of the terms and provisions of this Facilities Lease, the County agrees to pay a reasonable amount as and for attorneys' fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Section 8.7 No Additional Waiver. Failure of the Corporation to take advantage of any default on the part of the County is not, nor shall be construed as, a waiver thereof, nor shall any custom or practice that may grow up between the parties in the course of administering this Facilities Lease be construed to waive or to lessen the right of the Corporation to insist upon performance by the County of any term, covenant or condition hereof, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder is not, nor shall be construed to be, a waiver of any term, covenant or condition of this Facilities Lease.

Section 8.8 Owner to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article have been assigned by the Corporation to the Owner under the Assignment Agreement, to which assignment the County hereby consents.

[Signature page follows]

IN WITNESS WHEREOF, the Corporation has executed this Facilities Lease in its corporate name and the County has caused this Facilities Lease to be executed in its name by its duly authorized officers, all as of the date first above written.

MUNICIPAL ASSET FINANCE CORP., as
Lessor

By: _____
Paul E. Collings, Secretary/Treasurer

COUNTY OF EL DORADO, as Lessee

By: _____
[name/title]

EXHIBIT A

LEASED PROPERTY

All that certain property situated in the County of El Dorado, State of California, described as follows, together with the improvements located thereon:

Lot 10, as shown on the Official Map of Park West Subdivision Unit No. 2, filed in the office of the El Dorado County Recorder on October 4, 1989 in Map Book G, Page 140.

[APN 329-391-10]

Tract A, as shown on that certain Record of Survey filed in the office of the El Dorado County Recorder on June 14, 2007 in Book 30 of Record of Surveys, Page 31.

[APN 329-240-55]

EXHIBIT B
SCHEDULE OF PRINCIPAL COMPONENTS OF RENTAL PAYMENTS

Due Date	Principal Component of Rental Payment	Due Date	Principal Component of Rental Payment
July 2, 2021	\$ 942,000	July 2, 2040	\$1,472,000
July 2, 2022	965,000	July 2, 2041	1,507,000
July 2, 2023	988,000	July 2, 2042	1,543,000
July 2, 2024	1,012,000	July 2, 2043	1,579,000
July 2, 2025	1,035,000	July 2, 2044	1,618,000
July 2, 2026	1,060,000	July 2, 2045	1,654,000
July 2, 2027	1,084,000	July 2, 2046	1,696,000
July 2, 2028	1,112,000	July 2, 2047	1,735,000
July 2, 2029	1,137,000	July 2, 2048	1,776,000
July 2, 2030	1,165,000	July 2, 2049	1,819,000
July 2, 2031	1,191,000	July 2, 2050	1,862,000
July 2, 2032	1,221,000	July 2, 2051	1,907,000
July 2, 2033	1,249,000	July 2, 2052	1,951,000
July 2, 2034	1,279,000	July 2, 2053	1,998,000
July 2, 2035	1,309,000	July 2, 2054	2,045,000
July 2, 2036	1,340,000	July 2, 2055	2,093,000
July 2, 2037	1,372,000	July 2, 2056	2,144,000
July 2, 2038	1,405,000	July 2, 2057	2,193,000
July 2, 2039	1,439,000	July 2, 2058	2,243,000

On each January 2 and July 2, commencing July 2, 2019, until the total principal amount that is represented by the Certificates has been advanced by the Owner, the County shall pay as the interest component of its Rental Payment an amount equal to 2.375% per annum of the amount of each advance from its actual date (as shown on the Records of Advances attached to the Certificates) calculated based on a 365-day year and actual days elapsed. On each January 2 and July 2 thereafter, to and including July 2, 2058, the County shall pay as the interest component of its Rental Payments an amount equal to one-half of 2.375% of the aggregate amount of advances made that have not been repaid as principal components of Rental Payments (i.e., one-half of the annual amount of interest due).