

RECORDING REQUESTED BY:  
County of Orange, California

AND WHEN RECORDED RETURN TO:  
Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Robert J. Whalen, Esq.

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[Space above for Recorder's use.]

This document is recorded for the benefit of the County of Orange, California, and such recording is fee-exempt under Section 6103 of the Government Code. Lease Term Less than 35 Years.

**LEASE**

by and between

**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY**

and the

**COUNTY OF ORANGE, CALIFORNIA**

Dated as of June 1, 2016

Relating to:

\$ \_\_\_\_\_

**SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY  
CENTRAL UTILITY FACILITY LEASE REVENUE BONDS, SERIES 2016**

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## LEASE

This LEASE, dated as of June 1, 2016 (this “**Lease**”), is between the SOUTH ORANGE COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”), as lessor, and the COUNTY OF ORANGE, CALIFORNIA, a political subdivision of the State of California (the “**County**”), as lessee;

### WITNESSETH:

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, the Authority is authorized to issue bonds to finance or refinance public capital improvements whenever there are significant public benefits; and

WHEREAS, the County and the Authority desire to finance a portion of the costs of the acquisition and construction and installation of certain capital improvements for the County’s central utility facility and related upgrades and equipment (the “**Project**”); and

WHEREAS, to finance the Project, the Authority is issuing its South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016 (the “**Bonds**”); and

WHEREAS, to facilitate the issuance of the Bonds, the Authority and the County will enter into a Site Lease, dated the date hereof, pursuant to which the County will lease the Leased Facilities (as defined herein ) to the Authority and will enter into this Lease pursuant to which the County will lease the Leased Facilities back from the Authority; and

WHEREAS, under the terms of this Lease, the County agrees to make Base Rental Payments (as defined herein) to the Authority for the use and occupancy of the Leased Facilities, and such Base Rental Payments and other amounts paid hereunder will be used by the Authority to pay the principal of and interest on the Bonds and costs related thereto; and

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

“**Additional Rental Payments**” has the meaning given such term in Section 3.02 of this Lease.

**“Authority”** means the South Orange County Public Financing Authority or any surviving, resulting or transferee entity, and except where the context requires otherwise, any assignee of the Authority.

**“Base Rental Payments”** means all amounts payable to the Authority by the County as Base Rental Payments pursuant to Section 3.01 hereof.

**“Base Rental Payment Schedule”** means the schedule of Base Rental Payments payable to the Authority from the County pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

**“Bonds”** means the South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016.

**“Completion Certificate”** means the certificate of the County filed with the Trustee and signed by an Authorized County Officer, as prescribed by Section 2.07 hereof.

**“County”** means the County of Orange, California, a political subdivision of the State.

**“Event of Default”** shall have the meaning specified in Section 6.01 of this Lease.

**“Indenture”** means the Indenture, dated as of June 1, 2016, between the Authority and Zions Bank, a division of ZB, N.A., as trustee for the Bonds.

**“Lease”** means this Lease, as originally executed or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof.

**“Leased Facilities”** means the capital improvements and real property described in Exhibit A hereto, as such property description may be amended or modified (including the addition, release or substitution of property as part of the Leased Facilities), in accordance with Sections 2.03 and 2.10 of this Lease.

**“Permitted Encumbrances”** has the meaning given such term in Section 1 of the Site Lease.

**“Project”** means the Project described in Exhibit C hereto, and any and all additions or substitutions thereto made as provided in Section 2.03 and 2.10 hereof, and any additional improvements financed with the proceeds of Additional Bonds.

**“Rental Payments”** means Base Rental Payments and Additional Rental Payments, collectively.

**“Site Lease”** means the Site Lease, dated the date hereof, between the County, as lessor, and the Authority, as lessee, as it may be amended from time to time.

**“Termination Date”** has the meaning given such term in Section 2.02 of this Lease.

## ARTICLE II

### LEASE OF LEASED FACILITIES; TERM; CONSTRUCTION; SUBSTITUTION

**Section 2.01 Lease of Leased Facilities.** The Authority hereby leases the Leased Facilities to the County and the County hereby leases the Leased Facilities from the Authority, subject to Permitted Encumbrances. The County hereby agrees and covenants that, during the term of this Lease and except as hereinafter provided, it will use the Leased Facilities for public and County purposes so as to afford the public the benefits contemplated by this Lease.

The leasing by the Authority to the County of the Leased Facilities shall not effect or result in a merger of the County's leasehold estate pursuant to this Lease and its fee estate as lessor under the Site Lease, and the Authority shall continue to have and hold a leasehold estate in the Leased Facilities pursuant to the Site Lease throughout the term thereof and the term of this Lease.

**Section 2.02 Term; Use and Occupancy.** The term of this Lease shall commence upon the issuance of the Bonds and shall end on April 1, 20\_\_ (the "**Termination Date**") unless such term is extended or sooner terminated as hereinafter provided. If on the Termination Date the Rental Payments payable hereunder shall not be fully paid, or if the Rental Payments payable hereunder shall have been abated at any time and for any reason, then the term of this Lease shall be extended until the date after all Rental Payments payable hereunder shall be fully paid and the Bonds shall have been fully repaid, except that the term of this Lease shall in no event be extended beyond April 1, 20\_\_. If prior to the Termination Date all Rental Payments payable hereunder and the Bonds shall have been fully paid, or provision therefor made, the term of this Lease shall immediately end.

**Section 2.03 Substitution; Addition; Release.** The County and the Authority may add property and the improvements, buildings, fixtures and equipment thereon to the Leased Facilities, substitute real property and the improvements, buildings, fixtures and equipment thereon for all or a part of the Leased Facilities or may release any portion of the Leased Facilities for purposes of this Lease and the Site Lease, but only after the County shall have filed or caused to be filed with the Authority and the Trustee the following:

(a) Executed copies of the amendments to Site Lease and this Lease containing the amended description of the Leased Facilities, including the legal description of the Leased Facilities as modified, in proper recordable form.

(b) A Written Certificate of the County, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the annual fair rental value of the Leased Facilities that will constitute the Leased Facilities after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the County) or release will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year and in any subsequent fiscal year.

(c) With respect to a substitution or addition, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Leased Facilities after such substitution or addition in an amount at least equal to the principal amount of the Bonds outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such substituted or added property

subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such substituted or added property and as will not result in an abatement of Base Rental Payments payable by the County under this Lease;

(d) A Written Certificate of the County stating that such substitution or release, as applicable, does not adversely affect the County's use and occupancy of the Leased Facilities remaining after such substitution or release.

(e) An opinion of bond counsel stating that any amendment executed in connection with such substitution, addition or release, as the case may be, (i) is authorized or permitted under this Lease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County in accordance with its terms; and (iii) will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

**Section 2.04 Deposit of Bond Proceeds.** On the Closing Date for the Bonds and on the Closing Date for any Additional Bonds, the Authority agrees to pay or cause to be paid to the Trustee the proceeds of the sale of the Bonds and Additional Bonds, which moneys, in the case of the Bonds, shall be deposited with the Trustee as provided in Section 3.01 of the Indenture, or in the case of Additional Bonds as provided in any Supplemental Indenture which relates to such Additional Bonds.

**Section 2.05 Completion of Project.** The Authority hereby appoints the County as its agent to construct the Project, and, in constructing the Project, the County agrees to comply with the provisions of Section 2.08 hereof.

**Section 2.06 Payment of Project and Delivery Costs.** Payment of the Project Costs shall be made from the moneys deposited with the Trustee in the Acquisition and Construction Fund as provided in Section 2.04 hereof and Section 3.01 of the Indenture, which shall be disbursed in accordance and upon compliance with 3.04 of the Indenture.

**Section 2.07 Completion Certification.** Upon the completion of acquisition, construction, delivery and installation of the portion of the Project to be financed with the proceeds of the Bonds and each series of Additional Bonds, the County shall deliver to the Trustee a Completion Certificate with respect thereto. On the date of filing a Completion Certificate, all excess moneys remaining in the Acquisition and Construction Fund for the Bonds or issue of Additional Bonds for which such Completion Certificate is delivered shall be applied in accordance with the provisions of Section 3.04 of the Trust Agreement.

**Section 2.08 Compliance with Law.**

(a) The County shall comply with all applicable provisions for bids and contracts prescribed by law, including, without limitation, the Public Contract Code and the Government Code of the State.

(b) The County shall comply with all provisions relating to prevailing wage rates and working hours applicable to it under the laws of the State.

(c) If applicable, the County shall prepare and adopt plans and specifications for the acquisition, construction and installation of the Project pursuant to the Government Code and Public Contracts Code of the State.

**Section 2.09 Further Assurances and Corrective Instruments.** The Authority and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

**Section 2.10 Substitution of Project Property.** In addition to the release and substitution of property pursuant to Section 2.03 hereof, upon completion of the Project, the Leased Facilities described in Exhibit A hereto may be released upon the Written Request of the County, without Bondholder consent, and upon such release, the Project and related real property shall thereafter constitute the Leased Facilities under this Lease and the Site Lease, provided however, that to effect such release and substitution the County and the Authority have complied with Section 2.03(a), (c) and (e) above with respect to such substitution.

### ARTICLE III

#### RENTAL PAYMENTS; ABATEMENT

**Section 3.01 Base Rental Payments.** The County agrees to pay to the Authority, in accordance with the Base Rental Payment Schedule, semiannual rental payments as Base Rental Payments for the use and occupancy of the Leased Facilities (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Lease). Each Base Rental Payment shall be payable in funds that are immediately available to the Authority not later than the third to the last Business Day of each February and August corresponding to the applicable April 1 or October 1 payment date, as set forth in the Base Rental Payment Schedule. Each semiannual Base Rental Payment shall be paid by the County for the use and occupancy of the Leased Facilities for the previous semiannual period.

If the term of this Lease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payments shall continue to be due on the third to the last Business Day of each February and August, payable as described herein, continuing to and including the Termination Date, in an amount equal to the amount of the Base Rental Payment payable for the twelve-month period commencing April 1, \_\_.

**Section 3.02 Additional Rental Payments.** The County shall pay to or upon the order of the Authority as additional rental hereunder (“**Additional Rental Payments**”) for the payment of all administrative costs and other expenses of the Authority in connection with the Leased Facilities, including all expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of accountants and attorneys, insurance premiums and all other necessary costs of the Authority or charges required to be paid by it in order to comply with the terms of the Indenture or of the Bonds. Such Additional Rental Payments shall be billed by the Authority or the Trustee from time to time, together with a statement certifying that the amount so billed has been paid by the Authority or by the Trustee on behalf of the Authority for one or more of the items described above, or that such amount is then payable by the Authority or the Trustee on behalf of the Authority for such items. Amounts so billed shall be due and payable by the County within 60 days after receipt of the bill by the County.

**Section 3.03 Fair Rental Value.** Such payments of Base Rental Payments and Additional Rental Payments for each rental period during the term of this Lease shall constitute the total rental for said rental period and shall be paid by the County in each rental payment period for and in consideration of the right of use and occupancy of the Leased Facilities during each such period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each twelve-month period beginning April 1 of each year represents no more than the fair rental value of the Leased Facilities for each such period. In making such determination, consideration has been given to costs related to the Leased Facilities, other obligations of the parties under this Lease, the uses and purposes that may be served by the Leased Facilities, and the benefits therefrom which will accrue to the County and the general public.

**Section 3.04 Payment Provisions.** Each Rental Payment payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority. Notwithstanding any dispute between the Authority and the County and subject to Section 3.06 of this Lease, the County shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said Rental Payments or any portion thereof, said Rental Payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due hereunder or refunded at the time of such determination.

Nothing contained in this Lease shall prevent the County from making from time to time contributions or advances to the Authority for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Leased Facilities in the event of damage to or the destruction of the Leased Facilities.

**Section 3.05 Appropriations Covenant; Rental Payments to Constitute a Current Expense of the County; No Pledge.** The County covenants to take such action as may be necessary to include all Rental Payments due hereunder in its annual budgets, and to make necessary annual appropriations for all such Rental Payments. It shall be the duty of each and every appropriate 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 covenants and agreements in this Lease agreed to be carried out and performed by the County.

The Authority and the County understand and intend that the obligation of the County to pay Rental Payments hereunder shall constitute a current expense of the County and shall not in any way be construed to be a debt of the County in contravention of applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the County. Rental Payments due hereunder shall be payable only from current funds that are budgeted and appropriated or otherwise legally available for the purpose of paying Rental Payments or other payments due hereunder as consideration for use and occupancy of the Leased Facilities, including but not limited to the proceeds of insurance maintained pursuant to Article V hereof. This Lease shall not create an immediate indebtedness for any aggregate payments that may become due hereunder in the event that the term of the Site Lease is continued. The County has not pledged the full faith and credit of the County, the State of California or any agency or department thereof to the payment of the Rental Payments due hereunder.

**Section 3.06 Rental Abatement.** Except to the extent of amounts held in the Revenue Fund and the Reserve Fund established under the Indenture or to the extent payable from proceeds of

insurance maintained pursuant to Sections 5.01, 5.04 or 5.05 hereof, during any period in which by reason of any damage or destruction (other than by condemnation which is provided for in Section 7.01 below) or title defect there is substantial interference with the use and occupancy of the Leased Facilities, or a portion thereof, the Rental Payments due hereunder shall be abated as and to the extent necessary to reduce the Rental Payments due in each period to an amount that does not exceed the fair rental value during such period of the portion of the Leased Facilities still available for use and occupancy by the County. Such abatement shall continue for the period commencing with the substantial interference with use and ending when use and occupancy is restored to the County. In the event of any such interference with use, this Lease shall continue in full force and effect and the County waives the benefits of California Civil Code Section 1932(2) and 1933(4) and Title 11 of the United States Code, Section 365(h) and all other rights to terminate this Lease by virtue of any such interference. To the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Indenture (except the Rebate Fund), Base Rental Payments shall not be abated as provided above, but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

## **ARTICLE IV**

### **MAINTENANCE OF LEASED FACILITIES**

**Section 4.01 Maintenance and Utilities.** During such time as the County is in possession of the Leased Facilities, all maintenance and repair, both ordinary and extraordinary, of the Leased Facilities shall be the responsibility of the County, which shall at all times maintain or otherwise arrange for the maintenance of the Leased Facilities in good condition and repair, and shall pay for or otherwise arrange for payment of all utility services supplied to the Leased Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Leased Facilities resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Leased Facilities.

**Section 4.02 Changes to the Leased Facilities.** The County shall, at its own expense, have the right to remodel the Leased Facilities or to make additions, modifications and improvements to the Leased Facilities. All such additions, modifications and improvements shall thereafter comprise part of the Leased Facilities and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way cause a rental abatement pursuant to Section 3.06 or damage the Leased Facilities or cause the Leased Facilities to be used for purposes other than those authorized under the provisions of State and federal law; and the Leased Facilities, upon completion of any additions; modifications and improvements made pursuant to this Section, shall be of a value that is at least equal to the value of the Leased Facilities immediately prior to the making of such additions, modifications and improvements.

**Section 4.03 Installation of Equipment.** The County may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed equipment or other personal property in the Leased Facilities. All such items shall remain the sole property of the County, and the Authority shall have no interest in such equipment or personal property. Nothing in this Lease shall prevent the County from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, 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 Facilities.

## ARTICLE V

### INSURANCE

**Section 5.01 Fire and Extended Coverage Insurance; Insurance Proceeds.** The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Lease and commencing with the County's beneficial use and occupancy of the Leased Facilities, all-risk property insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of the Leased Facilities, except that such insurance may be subject to deductible clauses for any one loss of not to exceed five hundred thousand dollars (\$500,000) (or a comparable deductible adjusted for inflation), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to prepay all outstanding principal components of Base Rental Payments due hereunder. Such insurance may be part of a joint-purchase insurance program.

In the event of any damage to or destruction of any part of the Leased Facilities, 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 portion of the Leased Facilities, and the County shall hold said proceeds in the County treasury separate and apart from all other funds, in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Leased Facilities 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 said proceeds. The County shall permit withdrawals of said proceeds from time to time for the purpose of repair, reconstruction or replacement only in the event that the Base Rental Payments payable in each year following such repair, reconstruction or replacement shall equal the amount of Base Rental Payments payable in such year as set forth in the Base Rental Payment Schedule. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be applied by the County as Base Rental Payments. 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 an aggregate principal amount of Base Rental Payments equal to the portion of the Leased Facilities so destroyed or damaged (determined by reference to the proportion that the acquisition cost of such portion of the Leased Facilities bears to the acquisition cost of the Leased Facilities), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Facilities and thereupon shall cause said proceeds to be used for the prepayment of Base Rental Payments.

The Authority and the County shall promptly apply for Federal disaster aid or State disaster aid in the event that the Leased Facilities are damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Leased Facilities, or, at the option of the County; to prepay all outstanding principal components of Base Rental Payments due hereunder if such use of such disaster aid is permitted.

**Section 5.02 Liability Insurance.** 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

Lease commencing with the County's beneficial use and occupancy of the Leased Facilities, a commercial general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees, indemnifying said parties against all direct or contingent loss or liability for damages for bodily injury, death or property damage occasioned by reason of the operation of the Leased Facilities, with minimum liability limits of two million dollars (\$2,000,000) for bodily injury or death of each person in each accident or event, and in a minimum amount of five hundred thousand dollars (\$500,000) 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 covering all such risks. Such liability insurance may be part of a joint-purchase insurance program. Such insurance may be maintained by the County in the form of self-insurance.

**Section 5.03 Workers' Compensation.** The County shall maintain workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Workers' Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the County. Such insurance may be maintained by the County in the form of self-insurance.

**Section 5.04 Rental Interruption Insurance.** The County shall maintain insurance issued by a responsible carrier against rental interruption or loss of use and possession of the Leased Facilities or, as an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the County. Such insurance shall be maintained by the County in an amount sufficient to pay the maximum annual Base Rental Payments hereunder for any two-year period.

**Section 5.05 Title Insurance.** The County shall obtain title insurance on the Leased Facilities, in an amount not less than the principal amount of the Bonds outstanding, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. Proceeds of such insurance shall be delivered to the Trustee as a prepayment of Base Rental Payments pursuant to Section 7.02 of this Lease and shall be applied by the Trustee to the redemption of Bonds pursuant to the Indenture.

**Section 5.06 Form of Policies.** All insurance required by this Lease shall provide that the Trustee shall be given 30 days written notice of each lapse or a reduction of the coverage below the minimum requirements stated in Sections 5.01, 5.02 and 5.04. Neither the Trustee nor the Authority shall be responsible for the sufficiency of any insurance herein required and both the Trustee and the Authority shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Authority. The County shall pay when due the premiums for all insurance policies required by this Lease, and shall promptly furnish evidence of such payments to the Trustee, upon its written request.

The County will deliver to the Trustee on June 1 of each year a written certificate of the County to the effect that the insurance satisfies the requirements of this Lease, setting forth the insurance policies then in force pursuant to this Section, the names of the insurers that have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the most recent annual report of an actuary, independent insurance consultant or other qualified person (who may be an employee of the County) containing

the information required for such self-insurance program and described in Sections 5.01 and 5.02 hereof.

## ARTICLE VI

### DEFAULTS AND REMEDIES

#### Section 6.01 Defaults and Remedies.

(a) If the County shall fail to (i) pay any Base Rental Payment or Additional Rental Payment hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Lease, or (ii) keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the County for a period of 30 days after notice of the same has been given to the County by the Authority or the Trustee for such additional time as is reasonably required to correct the same, but not to exceed 60 days, or upon the happening of any of the events specified in subsection (b) of this Section (any such case above being an “**Event of Default**”), the County shall be deemed to be in default hereunder and it shall be lawful for the Authority or the Trustee, as assignee of the Authority, to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Upon any such default, the Authority or the Trustee, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Lease in the manner hereinafter provided on account of default by the County, notwithstanding any re-letting of the Leased Facilities as hereinafter provided for in subparagraph (2) hereof. In the event of such termination, the County agrees to surrender immediately possession of the Leased Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority 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 re-letting of the Leased Facilities. Neither notice to pay rent or to deliver up possession of the Leased Facilities given pursuant to law brought by the Authority for the purpose of effecting obtaining possession of the Leased Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority’s interest under this Lease shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the County shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the County of the election on the part of the Authority to terminate this Lease.

(2) Without terminating this Lease, (A) to collect each installment of Base Rental Payments 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 Facilities, or (B) to exercise any and all rights of repossession of the Leased Facilities. In the event the Authority does not elect to terminate this Lease in the manner provided for in subparagraph (1) hereof, the County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County and, if the Leased Facilities are not re-let, to pay the full amount of the Base Rental Payments to the end of the term of this Lease or, in the event that the Leased Facilities are re-let, to pay any deficiency in Base Rental Payments that results therefrom; and further agrees to pay said Base Rental Payments and/or Base Rental Payments deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Base Rental Payments hereunder (without acceleration), notwithstanding the fact that the

Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the Base Rental Payments herein specified, and notwithstanding any suit brought by the Authority for the purpose of obtaining possession of the Leased Facilities. Should the Authority elect to obtain possession of the Leased Facilities as herein provided, the County hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the County to re-let the Leased Facilities, or any part thereof; from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and the County hereby-exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-letting of the Leased Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Lease constitute, full and sufficient notice of the right of the Authority to re-let the Leased Facilities and to do all other acts to maintain or preserve the Leased Facilities as the Authority deems necessary or desirable in the event of such repossession without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such repossession shall constitute a surrender or termination of this 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 Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The County further waives the right to any rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Leased Facilities or any part thereof. The County hereby waives any and all claims for damages caused or which may be caused by the Authority in taking possession of the Leased Facilities as herein provided and all claims for damages that may result from the destruction of the Leased Facilities and all claims for damages to or loss of any property belonging to the County.

(b) If (i) the County's interest in this Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as hereinafter provided for, or (ii) the County or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the County's debts or obligations, or offers to the County's creditors to effect a composition or extension of time to pay the County's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization; or for a readjustment of the County's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the County, or if a receiver of the business or of the property or assets of the County shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the County shall make a general or any assignment for the benefit of the County's creditors, or if (3) the County shall abandon the Leased Facilities, then the County shall be deemed to be in default hereunder.

(c) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within 30 days or such additional time as is reasonably required to correct any such default after notice by the County to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the County shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Authority or the Trustee, shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Lease or by law. The provisions of this Lease and the duties of the County and of its officers or employees shall be enforceable by the Authority or the Trustee, as the case may be, by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the County and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things that may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the County (and its board, officers and employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the County as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other, rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Leased Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

(e) In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Lease, the County agrees to pay a reasonable amount as and for attorney's fees, incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

(f) Notwithstanding any provision of this Lease to the contrary, no Event of Default by the County shall result in the acceleration of any Base Rental Payment or Additional Rental Payment hereunder.

**Section 6.02 Waiver.** Failure of the Authority to take advantage of any default on the part of the County shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the County of any term, covenant or condition hereof, or to exercise any rights given the Authority 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 shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease.

## ARTICLE VII

### EMINENT DOMAIN; PREPAYMENT

**Section 7.01 Eminent Domain.** If the whole of the Leased Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the County shall be taken under the power or threat of eminent domain, the term of this Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Leased Facilities shall be taken under the power or threat 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 Lease shall continue 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 of the rental due hereunder in an amount equivalent to the amount by which the annual payments of Base Rental Payments due hereunder will be reduced by the application of the award in eminent domain to the prepayment of Base Rental Payments due hereunder. So long as Base Rental Payments are due hereunder, any award made in eminent domain proceedings for taking the Leased Facilities or any portion thereof shall be paid to the Authority and applied to the prepayment of the Base Rental Payments as provided in Section 7.02 hereof. Any such award made after all of the Base Rental Payments have been fully paid, or provision therefor made, shall be paid to the County.

#### **Section 7.02 Prepayment.**

(a) The County shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in Sections 5.01, 5.05 and 7.01 hereof (provided, however, that in the event of partial damage to or destruction of the Leased Facilities caused by perils covered by insurance, if in the judgment of the County the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Leased Facilities, such proceeds shall be held by the County and used to repair, reconstruct or replace the damaged or destroyed portion of the Leased Facilities, pursuant to the procedure set forth in Section 5.01 for proceeds of insurance), all or any part (in an integral multiple of \$5,000) of Base Rental Payments then unpaid so that the aggregate Base Rental Payments that shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal and interest of the Base Rental Payments to the date of prepayment. Before making any such prepayment, the County shall, within five days following the event creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than 45 days from the date such notice is given unless a shorter notice period is consented to by the Authority and the Trustee.

(b) The County may prepay on any date, from any source of available funds, all or any portion of Base Rental Payments by (i) depositing with the Trustee moneys or securities as provided in Section 9.01 of the Indenture sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable, and (ii) satisfying the other requirements of Section 9.01 of the Indenture. The County agrees that if following such prepayment, the Leased Facilities are 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 Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments. The County shall, not less than 40 days prior to such prepayment (or at such later time as is consented to by the Authority and the

Trustee), give written notice to the Authority and the Trustee of its election to prepay Base Rental Payments and specifying the date of such prepayment.

**Section 7.03 Option to Purchase; Sale of Personal Property.** The County shall have the option to purchase the Authority's interest in any part of the Leased Facilities upon payment of an option price consisting of moneys or securities satisfying the requirements of Section 9.01 of the Indenture in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of this Lease or the part of the total Base Rental Payments hereunder attributable to such part of the Leased Facilities (determined by reference to the proportion that the acquisition cost of such part of the Leased Facilities bears to the acquisition cost of all of the Leased Facilities). Any such payment shall be made to the Authority on a Business Day and shall be treated as a prepayment of Base Rental Payments. Upon the making of such payment to the Authority, (a) the Base Rental Payments thereafter payable under this Lease shall be reduced by the amount thereof attributable to such part of the Leased Facilities and theretofore paid pursuant to this Section, (b) Section 3.06 and this Section of this Lease shall not thereafter be applicable to such part of the Leased Facilities, (c) the insurance required by Sections 5.01, 5.02 and 5.04 of this Lease need not be maintained as to such part of the Leased Facilities, and (d) title to such part of the Leased Facilities shall vest in the County and the term of this Lease shall end as to such part of the Leased Facilities.

In addition to substitution under Sections 2.03 and 2.10 of this Lease, the County, in its discretion, may request the Authority to sell or exchange any personal property that may constitute a part of the Leased Facilities, and to release said personal property from this Lease, if (a) in the opinion of the County the property so sold or exchanged is no longer required or useful in connection with the operation of the Leased Facilities, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of \$500,000, the Authority shall have been furnished with a Written Certificate of the County certifying the value thereof and that such property is no longer required or useful in connection with the operation of the Leased Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the County is not in default under any of the provisions of this Lease, be used upon the Written Request of the County to purchase personal property, which property shall become a part of the Leased Facilities leased hereunder, or to prepay Base Rental Payments pursuant to Section 9.01 of the Indenture. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

## **ARTICLE VIII**

### **COVENANTS**

**Section 8.01 Right of Entry and Inspection.** The Authority and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Leased Facilities during normal business hours following reasonable notice (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the County's rights or obligations under this Lease, and (c) for all other lawful purposes.

**Section 8.02 Liens.** In the event the County shall at any time during the term of this Lease cause any changes, alterations, additions or other work to be done or performed or materials to be supplied with respect to the Leased Facilities, 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 Facilities and shall keep the Leased Facilities free of any and all mechanics' or materialmen's liens or other liens against the Leased Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Leased Facilities or the Authority'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 shall be 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 said stay thereafter expires, the County shall forthwith pay and discharge said judgment. The County agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and its respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including reasonable attorney's fees) as a result of any such lien or claim of lien against the Leased Facilities or the Authority's interest therein.

**Section 8.03 Quiet Enjoyment.** The parties hereto mutually covenant that the County, by keeping and performing the covenants and agreements herein contained and if not in default hereunder, shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Leased Facilities without suit, trouble or hindrance from the Authority.

**Section 8.04 Authority Not Liable.** The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever about the Leased Facilities. The County, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the possession or operation of the Leased Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring about the Leased Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

**Section 8.05 Assignment and Subleasing.**

(a) Neither this Lease nor any interest of the County hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the County by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the County to make the Base Rental Payments required hereunder.

(b) The Authority may assign all of its rights, title and interest in and to this Lease and the Leased Facilities, and/or may grant or assign a security interest in this Lease and the Leased Facilities to the Trustee for the benefit of the Bondholders.

**Section 8.06 Title to Leased Facilities.** During the term of this Lease, the Authority shall have a leasehold interest in the Leased Facilities pursuant to the Site Lease and shall, therefore, hold

title to the Leased Facilities and any and all additions that comprise repairs, replacements or modifications thereof, except for those repairs, replacements or modifications which are added thereto by the County and which may be removed without damaging the Leased Facilities. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.04 hereof.

Upon the termination of this Lease (other than as provided in Sections 6.01 and 7.01 of this Lease), title to the Leased Facilities shall vest in the County pursuant to the Site Lease. Upon any such termination, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

**Section 8.07 Purpose of Lease.** The County covenants that during the term of this Lease, except as hereinafter provided, (a) it will use, or cause the use of, the Leased Facilities for public purposes, (b) it will not vacate or abandon the Leased Facilities or any part thereof, and (c) it will not make any use of the Leased Facilities that would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof.

**Section 8.08 Tax Covenants.** The County and the Authority will not make any use of the Bond proceeds or any other moneys of the County or the Authority in a manner that will cause the Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code. The County and the Authority will not make any use of the Bond proceeds or any other moneys of the County or the Authority that will cause such obligations to be “federally guaranteed” and subject to inclusion in gross income for federal income tax purposes by reason of Section 149(b) of the Code. To that end, so long as any Base Rental Payments are unpaid, the County and the Authority, with respect to such proceeds and such other moneys, will comply with all requirements of such Sections 148 and 149(b) and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The County further covenants that it will not use or permit the use of the Project by any person not an “exempt person” within the meaning of Section 141(a) of the Code or by an “exempt person” (including the County) in an “unrelated trade or business”, in such manner or to such extent as would result in the inclusion of interest received hereunder in gross income for federal income tax purposes under Section 103 of the Code.

If at any time the County is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or the County or the Authority under this Lease or the Indenture, the County shall so instruct the Trustee or the appropriate officials of the Authority in writing, and the Trustee or the appropriate officials of the Authority, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the County set forth above, the County will comply with the Tax Certificate and will instruct the Trustee in writing as necessary to comply with the Tax Certificate. The Trustee and the Authority may conclusively rely on any such written instructions, and the County hereby agrees to hold harmless the Trustee and the Authority for any loss, claim, damage, liability or expense incurred by the Authority for any actions taken by the Authority in accordance with such instructions.

The County and the Authority shall at all times do and perform all acts and things required by applicable law that are necessary or desirable in order to assure that the interest component of the Base Rental Payments will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

**Section 8.09 Continuing Disclosure.** The County agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder, however, the Trustee or any Bondholder or Beneficial Owner (as defined in the Continuing Disclosure Certificate) may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the County to comply with its obligations under the Continuing Disclosure Certificate.

**Section 8.10 Taxes.** The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Leased Facilities 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 County 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 County shall also pay directly such amounts, if any, in each year as shall be required by the Authority 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 Authority for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Leased Facilities, the rentals and other payments required hereunder or any parts thereof or interests of the County or the Authority therein by any governmental authority.

The County may, at the County's expense and as agent or attorney-in-fact for the Authority, in good faith contest any such taxes, assessments 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 County that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Leased Facilities will be materially endangered or the Leased Facilities, 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 Authority with full security against any loss which may result from nonpayment, in full satisfactory to the Authority and the Trustee.

**Section 8.11 Use of Bond Proceeds.** The parties hereto agree that the Bond proceeds will be applied as set forth in Section 3.02 of the Indenture to pay Project Costs, to fund the Reserve Fund and to pay costs related to the issuance of the Bonds.

## ARTICLE IX

### DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE LEASED FACILITIES

**Section 9.01 Disclaimer of Warranties.** THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE COUNTY LEASES THE LEASED FACILITIES AS-IS, AND AGREES THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or the County's use of any item or products or services provided for in this Lease.

**Section 9.02 Vendor's Warranties.** The Authority hereby irrevocably appoints the County its agent and attorney-in-fact during the term of this Lease, so long as the County shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Leased Facilities, which the Authority may have against the manufacturers, vendors and contractors of the Leased Facilities. The County's sole remedy for the breach of any such warranty or representation shall be against the manufacturer or vendor or contractor of the Leased Facilities and not against the Authority, nor shall such matter have any effect whatsoever on the rights and obligations of the Authority with respect to this Lease, including the right to receive full and timely payments hereunder. The County expressly acknowledges that the Authority makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

**Section 9.03 Use of the Leased Facilities.** The County will not install, use, operate or maintain the Leased Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease. The County shall provide all permits and licenses, if any, necessary, for the installation and operation of the Leased Facilities. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Leased Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive; administrative or judicial body exercising any power or jurisdiction over the Leased Facilities; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to the Leased Facilities or its interest or rights under this Lease.

## ARTICLE X

### MISCELLANEOUS

**Section 10.01 Law Governing.** This Lease shall be governed exclusively by the provisions hereof and by the laws of the State, excluding conflict of law provisions.

**Section 10.02 Notices.** All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served

upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid:

If to the County: County of Orange  
Hall of Administration  
333 West Santa Ana Boulevard, Third Floor  
Santa Ana, California 92702  
Attn: Public Finance Director

If to the Authority: South Orange County Public Financing Authority  
c/o County of Orange  
Hall of Administration  
333 West Santa Ana Boulevard, Third Floor  
Santa Ana, California 92702  
Attn: Public Finance Director

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee at such address as provided in the Indenture.

**Section 10.03 Validity and Severability.** If for any reason this Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the County, or if for any reason it is held by such a court that any of the covenants and conditions of the County hereunder, including the covenant to pay Base Rental and Additional Rental Payments hereunder, is unenforceable for the full term hereof, then and in such event this Lease is and shall be deemed to be a lease under which the rentals are to be paid by the County annually in consideration of the right of the County to possess and use the Leased Facilities, and all of the rental and other terms, provisions and conditions of this Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

**Section 10.04 Net-Net-Net Lease.** This Lease shall be deemed and construed to be a “net-net-net lease” and the County hereby agrees that the rentals provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

**Section 10.05 Section Headings.** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

**Section 10.06 Amendment.** The Authority and the County may at any time amend this Lease by written amendment hereof; provided, however, that any such amendment shall only be made or effected in accordance with and subject to the terms of the Indenture.

**Section 10.07 Execution.** This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that separate counterparts of this Lease may separately be executed by the Authority and the County, all with the same force and effect as though the same counterpart had been executed by both the Authority and the County.

IN WITNESS WHEREOF, the Authority and the County have caused this Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

SOUTH ORANGE COUNTY PUBLIC FINANCING  
AUTHORITY, as Lessor

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

Attest:

\_\_\_\_\_  
Secretary

COUNTY OF ORANGE, CALIFORNIA, as Lessee

By: \_\_\_\_\_  
Public Finance Director

Attest:

\_\_\_\_\_  
Clerk of the Board of Supervisors

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in the Leased Facilities conveyed under the foregoing to the County of Orange, a political subdivision duly organized under the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Board of Supervisors of the County of Orange, pursuant to authority conferred by resolution of the Board of Supervisors adopted on May \_\_, 2016 and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_, 2016

COUNTY OF ORANGE

By: \_\_\_\_\_  
Public Finance Director

SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

**EXHIBIT A**  
**DESCRIPTION OF LEASED FACILITIES**

**COUNTY LIBRARY HEADQUARTERS**

Attachment A

**EXHIBIT A**

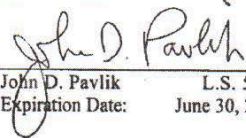
Facility: Library Headquarters  
Facility No.: GA 638-2

Parcel 1 of that certain Lot Line Adjustment No. 92-5, in the City of Santa Ana, County of Orange, State of California, per document recorded December 8, 1992 as Document No. 92-837833 of Official Records, in the office of the County Recorder of said county.

Containing 4.3825 Acres, more or less.

See EXHIBIT B attached and by reference made a part.

APPROVED

 Date: 6/13/06  
John D. Pavlik L.S. 5168  
Expiration Date: June 30, 2007



ATTACHMENT I

10 of 12

# RANCHO SANTA MARGARITA LIBRARY

File No.: 09300463

## EXHIBIT "A"

### (Rancho Santa Margarita Library)

All that certain real property situated in the County of Orange, State of California, described as follows:

That portion of Parcel 1 of Certificate of Compliance No. CC-82-2, in the County of Orange, State of California, recorded September 3, 1982, as Instrument No. 82-313505, of Official Records, in the Office of the County Recorder of said County, described as follows:

Commencing at the intersection of the centerline of Coto de Caza Drive with the centerline of Alma Aldea as shown on the map of Tract No. 14202, in the County of Orange, State of California, recorded in Book 667, Page(s) 48, 49 and 50 of Miscellaneous Maps, in the Office of the County Recorder of said County; thence North 46° 52' 09" West 74.92 feet along the Northwestern prolongation of said centerline of Coto de Caza Drive to the beginning of a tangent curve, concave Northeasterly having a radius of 600.00 feet; thence Northwestern 219.06 feet along said curve through a central angle of 20° 55' 06"; thence South 64° 02' 57" West 37.66 feet to the TRUE POINT OF BEGINNING, said point being the beginning of a non-tangent curve concave Northwestern having a radius of 12.00 feet, a radial line to said point bears North 65° 38' 25" East; thence Southwesterly 19.34 feet along said curve through a central angle of 92° 21' 35"; thence South 68° 00' 00" West 111.98 feet to the beginning of a tangent curve concave Southeasterly having a radius of 700.00 feet; thence Southwesterly 80.16 feet along said curve through a central angle of 6° 33' 40" to the beginning of a non-tangent curve concave Easterly having a radius of 1,136.00 feet, a radial line to said curve bears South 62° 58' 16" West; thence Northerly 180.70 feet along said curve through a central angle of 9° 06' 50"; thence North 13° 41' 43" West 70.15 feet to the beginning of a non-tangent curve concave Easterly having a radius of 1133.00 feet, a radial line to said curve bears South 75° 37' 29" West; thence Northerly 70.00 feet along said curve through a central angle of 3° 32' 24"; thence North 81° 34' 56" East 199.00 feet to the beginning of a tangent curve concave Southwesterly having a radius of 10.00 feet; thence Southeasterly 14.27 feet along said curve through a central angle of 81° 46' 13"; thence South 16° 38' 51" East 160.09 feet to the beginning of a tangent curve, concave Easterly having a radius of 633.00 feet; thence Southerly 85.20 feet along said curve through a central angle of 7° 42' 44" to the TRUE POINT OF BEGINNING.

Assessor's Parcel Number: **814-172-24**

CLTA Standard Owners Coverage -1990

Page 2

## ALISO VIEJO BRANCH LIBRARY

File No.: 09309470

### EXHIBIT "A"

#### (Thomas R. Riley Library)

All that certain real property situated in the County of Orange, State of California, described as follows:

Lots 1 and 2 of Tract No. 13922, in the City of Aliso Viejo, County of Orange, State of California, as shown on a map recorded in Book 648, Pages 47 to 50 inclusive of Miscellaneous Maps, records of Orange County, California.

Excepting therefrom one hundred percent (100%) of all rights to oil, gas and other hydrocarbon and mineral substances lying under or that may be produced from the above-described land, together with one hundred percent (100%) of all rights to proceeds therefrom and one hundred percent (100%) of all rents, bonuses and profits accruing therefrom, without, however, any rights including rights of entry in or with respect to any portion of the surface of subsurface to a vertical depth of 500 feet from the surface as the same may from time to time exist, by deeds recorded September 20, 1976, in Book 11908, Pages 567 and 568 of Official Records.

Assessor's Parcel Number: **632-121-22**

CLTA Standard Owners Coverage -1990

Page 2

## SHERIFF CORONER'S TRAINING FACILITY

**EXHIBIT "A"****LEGAL DESCRIPTION**

Sheriff-Coroner Facility  
 1071 West Santa Ana Blvd. Santa Ana  
 Facility No.: GA401  
 Parcel No.: Various

That certain land, in the City of Santa Ana, County of Orange, State of California, lying within that portion of Shelton & Deuel's Addition to the Town of Santa Ana per map filed in book 2, page 3 of Miscellaneous Records of Los Angeles County, California; together with that portion of B J Salisbury's Addition to Santa Ana per map filed in book 1, page 32 of said Miscellaneous Records; together with that portion of Gildmacher's Addition to the town of Santa Ana per map filed in book 2, page 58 of said Miscellaneous Records; together with that portion of Constantine's Addition to the town of Santa Ana per map filed in book 2, page 57 of said Miscellaneous Records, described as a whole as follows:

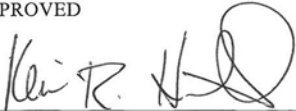
Beginning at the southwesterly corner of Lot 6, Block A of said Sheldon & Deuel's Addition; thence Easterly +/- 307 feet along the southerly line of said Lot 6 and the northerly line of Fourth St. as shown on said Sheldon & Deuel's Addition and as shown on said Salisbury's Addition to the southerly prolongation of an east facing curb face in Lot 2, Block 4 of said Salisbury's addition; thence Northerly +/- 192 feet along said prolongation and said curb face to the westerly prolongation of the southerly face of a block wall in Lot 17 of said Block 4; thence Easterly +/- 35 feet along said prolongation and said southerly face to the easterly face of said block wall; thence Northerly +/- 121 feet along said easterly face to the northerly face of said block wall, said point lying in said Gildmacher's Addition; thence westerly +/- 342 feet along said northerly face and its westerly prolongation through said Gildmacher's Addition and said Constantine's Addition to the northerly prolongation of the westerly line of said Block A; thence Southerly +/- 313 feet along said prolongation and said westerly line to the point of beginning.

Containing 2.3 Acres, more or less.

See EXHIBIT B attached and by reference made a part.

Note: There may be easements of record delineated and referenced on the underlying maps or there may be other recorded easements within the area covered by this description that may encumber the area shown hereon.

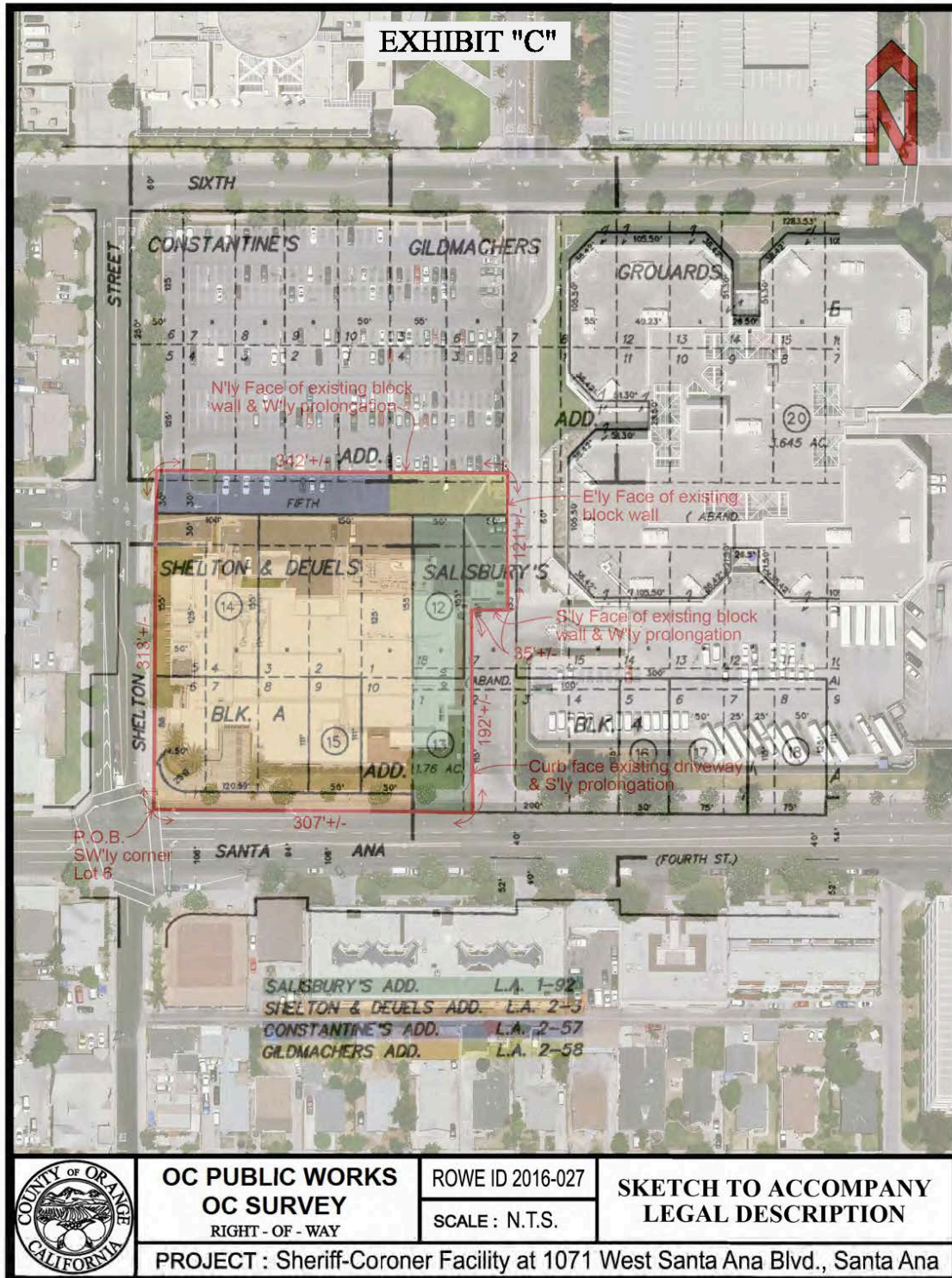
APPROVED

  
 By: Kevin Hills, County Surveyor, L.S. 6617

Date: 4/07/2016







## COUNTY OPERATIONS CENTER

All that certain land situated in the State of California, County of Orange, City of Santa Ana described as follows:

**Parcel 1:**

That portion of the Rancho Santiago de Santa Ana described as follows:

Coming at point 9.175 chains North<sup>0</sup> 30' East of the common corner of Sections 18, 17, 19 and 20, Township 5 South, Range 9 West, S.B.B. & M. and running thence North 89<sup>0</sup> 20' West 17.87 chains; thence North 0<sup>0</sup> 30' East 5.37 chains to the South line of the Stafford and Tustin Allotment; thence North 89<sup>0</sup> 10' East along the South line of the Stafford and Tustin Allotment, 17.87 chains; thence South 0<sup>0</sup> 30' West 5.825 chains to the point of beginning.

**Parcel 2:**

The portion of the Rancho Santiago de Santa Ana, described as follows:

Commencing at a point 2.01 chains South 0<sup>0</sup> 30' West from the common corner of Sections 18, 17, 19 and 20, Township 5 South, Range 9 West, S.B.B.&M; running thence North 89<sup>0</sup> 20' West 17.87 chains; thence South 0<sup>0</sup> 30' West 11.85 chains; thence South 89<sup>0</sup> 20' East 17.87 chains; thence South 0<sup>0</sup> 30' West 11.85 chains to the point of beginning.

Excepting therefrom the Easterly 200.00 feet of the Northerly 190.00 feet thereof.

Also excepting therefrom that portion thereof conveyed to the Santa Ana Unified School District by deed recorded November 18, 1988, as Instrument No. 88-594925 Official Records.

**EXHIBIT B**  
**BASE RENTAL PAYMENT SCHEDULE**

<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Base Rental Payment</i>
TOTAL			

## **EXHIBIT C**

### **DESCRIPTION OF PROJECT**

The Project includes demolishing and replacing the certain boilers and chillers at County of Orange's Central Utility Facility, installation of a new supervisory control and data acquisition system and new emergency thermal system. New cooling towers and chillers will be installed. In addition, the Project includes the replacement and/or upgrade of all distribution piping for the heating and cooling system.