

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

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Attention: Charles C. Wolf, Esq.

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**FACILITIES LEASE**

by and between

**COUNTY OF CONTRA COSTA  
PUBLIC FINANCING AUTHORITY**

and the

**COUNTY OF CONTRA COSTA**

Related to  
\$[\_\_\_\_\_]  
County of Contra Costa Public Financing Authority  
Lease Revenue Bonds (Refunding and Capital Projects)  
2017 Series A

Dated as of [March] 1, 2017

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THIS TRANSACTION IS EXEMPT FROM FILING FEES PURSUANT TO CALIFORNIA GOVERNMENT CODE  
SECTION 6103 AND TRANSFER TAXES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE  
SECTION 11928

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## FACILITIES LEASE

This Facilities Lease, dated as of [March] 1, 2017, by and between the COUNTY OF CONTRA COSTA PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise powers authority duly organized and existing under and by virtue of the laws of the State of California, as sublessor, and the COUNTY OF CONTRA COSTA (the “County”), a body corporate and politic and a political subdivision of the State of California, as sublessee;

### W I T N E S S E T H:

WHEREAS, the Authority, at the request of the County, is refunding all of its outstanding Lease Revenue Bonds (Refunding and Various Capital Projects), 2007 Series A (the “2007 Series A Bonds”), Lease Revenue Bonds (Medical Center Refunding), 2007 Series B (the “2007 Series B Bonds” and, together with the 2007 Series A Bonds, the “2007 Refunded Bonds”), and its Lease Revenue Bonds (Capital Projects Program), 2009 Series A (the “2009 Series A Bonds,” and together with the 2007 Refunded Bonds, the “Refunded Bonds”);

WHEREAS, the County has determined to finance and refinance the construction, renovation and acquisition of various capital projects of the County as set forth in Exhibit D hereto, as the same may be changed from time to time (the “Capital Projects”);

WHEREAS, the Authority intends to assist the County in financing and refinancing the Capital Projects and refunding the Refunded Bonds by issuing the County of Contra Costa Public Financing Authority Lease Revenue Bonds (Refunding and Capital Projects), 2017 Series A (the “Bonds”), pursuant to the Trust Agreement dated as of March 1, 2017 (as amended, supplemented, modified or restated from time to time, the “Trust Agreement”), by and between the Authority and Wells Fargo Bank, National Association, as trustee;

WHEREAS, the County will lease to the Authority certain capital assets of the County (as further defined herein, the “Facilities”) pursuant to a Site Lease, dated as of [March] 1, 2017 (as amended, supplemented, modified or restated from time to time, the “Site Lease”), between County and the Authority;

WHEREAS, the County will lease back the Facilities from the Authority pursuant to the terms of this Facilities Lease; and

WHEREAS, under this Facilities Lease, the County will be obligated to make Base Rental Payments and Additional Payments (each as defined herein) to the Authority for the lease of the Facilities and such other facilities as may from time to time be leased hereunder;

WHEREAS, the Authority has assigned the Base Rental Payments and the Additional Payments to be made hereunder to the Trustee pursuant to the Trust Agreement for purposes of payment of the Bonds and all obligations due and owing the Purchaser or any Bondholder under the Continuing Covenant Agreement dated as of [March] 1, 2017 (the “Continuing Covenant Agreement”), among the County, the Authority and Wells Fargo Bank, National Association, as initial purchaser of the Bonds;

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 Facilities 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 Trust Agreement.

**“Additional Payments”** means all amounts payable to the Authority, the Purchaser or the Trustee or any other person from the County as Additional Payments pursuant to Section 3.02 hereof.

**“Architects”** means the architects, engineers or designers of the Capital Projects or any portion thereof, and any successor or successors to any thereof.

**“Authority”** means the County of Contra Costa Public Financing Authority, acting as sublessor hereunder and any surviving, resulting or transferee entity.

**“Base Rental”** and **“Base Rental Payments”** means all amounts payable to the Authority from 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”** has the meaning set forth in the recitals.

**“Capital Projects”** means the various public capital improvements and projects, including, but not limited to the acquisition, installation, implementation and construction of the 2017 Project, as set forth in Exhibit D hereto, as the same may be amended from time to time by a Certificate of the County delivered to the Trustee, to be financed or refinanced by a portion of the proceeds of the Bonds.

**“Code”** means the Internal Revenue Code of 1986, as the same shall be hereafter amended, and any regulations heretofore issued or which shall be hereafter issued by the United States Department of the Treasury thereunder.

**“Continuing Covenant Agreement”** means the Continuing Covenant Agreement dated as of [March] 1, 2017, among the County, the Authority and the Purchaser, as it may from time to time be amended, supplemented, modified or restated pursuant to the provisions thereof.

**“Contractors”** means the construction contractor for any portion of the Capital Projects and any successor or successors to any thereof.

**“County”** means the County of Contra Costa, California, a body corporate and politic and a political subdivision of the State of California.

**“Default Rate”** has the meaning set forth in the Continuing Covenant Agreement.

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

**“Facilities”** shall mean the real property and the improvements thereon as described in Exhibit A hereto, or any County buildings, other improvements and facilities, added thereto or substituted therefor, or any portion thereof, in accordance with this Facilities Lease and the Trust Agreement.

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

**“Insurance Consultant”** means an individual or firm retained by the County as an independent insurance consultant, with experience in the field of risk management.

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

**“Purchaser”** has the meaning set forth in the Continuing Covenant Agreement.

**“Refunded Bonds”** means (i) the County of Contra Costa Public Financing Authority Lease Revenue Bonds (Refunding and Various Capital Projects), 2007 Series A, (ii) the County of Contra Costa Public Financing Authority Lease Revenue Bonds (Medical Center Refunding), 2007 Series B and (iii) the County of Contra Costa Public Financing Authority Lease Revenue Bonds (Capital Projects Program), 2009 Series A. The 2007 Series A Bonds and the 2007 Series B Bonds were issued pursuant to a trust agreement, dated as of February 1, 1999 (the “1999 Trust Agreement”), as supplemented and amended, by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and the 2009 Series A Bonds were issued pursuant to a trust agreement, dated as of June 1, 2009 (the “2009 Trust Agreement”), by and between the Authority and the Trustee.

**“Rental Payment Period”** means the twelve month period commencing June 1 of each year and ending the following May 31, and the initial period commencing on the effective date hereof and ending the following May 31.

**“Taxable Rate”** means, for each day from and after the Taxable Date, the product of (i) the interest rate on interest component of Base Rental Payments for such day and (ii) 1.54.

[**“Taxable Rate Factor”** means, for each day that the Taxable Rate is determined, the quotient of (i) one divided by (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.]

**“Trust Agreement”** means the Trust Agreement, dated as of [March] 1, 2017, by and between the Trustee and the Authority and acknowledged by the County, as originally executed or as it may from time to time be supplemented, modified or amended by a Supplemental Trust Agreement entered into pursuant to the provisions thereof.

**“2017 Project”** means the: (i) improvements to the Contra Costa Regional Medical Center, located at 2500 Alhambra Avenue in the City of Martinez; (ii) expansion and improvements to the Pittsburg Health Center, located at 2311 Loveridge Road in the City of Pittsburg; (iii) improvements to the Contra Costa Health Services, located at 595 Center Avenue and 597 Center Avenue in the City of Martinez; and (iv) improvements to the Women, Infant & Children Building, located at 13601 San Pablo Avenue in the City of San Pablo, and payment of any costs associated with financing of said projects, as set forth in Exhibit D hereto, as the same may be changed from time to time, in accordance with Section 3.07 hereof, by a Certificate of the County delivered to the Trustee.

## **ARTICLE II**

### **LEASE OF FACILITIES; TERM**

**SECTION 2.01. Lease of Facilities.** The Authority hereby leases to the County and the County hereby leases from the Authority the Facilities, subject, however, to all easements, encumbrances, and restrictions that exist at the time of the commencement of the term of this Facilities Lease, as defined in Section 2.02 hereof. The County hereby agrees and covenants during the term of this Facilities Lease that, except as hereinafter provided, it will use the Facilities for public and County purposes so as to afford the public the benefits contemplated by this Facilities Lease.

**SECTION 2.02. Term; Occupancy; and Release of Existing Facilities.** The term of this Facilities Lease shall commence on the date of recordation of this Facilities Lease in the office of the County Recorder of Contra Costa County, State of California, or on [March 3], 2017, whichever is earlier, and shall end for the respective Facilities on the dates specified in Exhibit C hereto, unless such term is extended or sooner terminated as hereinafter provided. If on such dates, the Base Rental Payments and Additional Payments attributable to the related Facility and all other amounts then due hereunder with respect to such Facility, or any amount remains due and owing with respect to the Bonds or under the Continuing Covenant Agreement, shall not be fully paid, or if the rental payable hereunder with respect to such Facility shall have been abated at any time and for any reason, then the term of this Facilities Lease with respect to such Facility shall be extended until the Base Rental Payments and Additional Payments attributable to such Facility and all other amounts then due hereunder with respect to such Facility shall be fully paid, except that the term of this Facilities Lease as to the respective Facility shall in no event be extended beyond ten (10) years after the date identified with respect thereto. If prior to such date, all Base Rental Payments and all Additional Payments attributable to the related Facility and all other amounts then due hereunder with respect to such Facility, and all amounts due and owing with respect to the Bonds and under the Continuing Covenant Agreement, shall be fully paid, or provision therefor made, the term of this Facilities Lease with respect to such Facility shall end ten (10) days thereafter or upon written notice by the County to the Authority, whichever is earlier; [provided that with respect to any provision for payment being made whether by

defeasance or otherwise, this Facilities Lease shall remain outstanding for federal tax purposes until the actual payment in full of all principal and interest on the Bonds.]

Upon the expiration of the term of this Facilities Lease with respect to a particular Facility pursuant to the preceding paragraph, the respective Facility shall be released from this Facilities Lease without compliance with the release requirements set forth in Section 2.03 [below; provided that no Facility shall be released from this Facilities Lease (i) if, after giving effect to the release of such Facility, a Default or Event of Default would occur hereunder, under the Trust Agreement or under the Continuing Covenant Agreement, (ii) unless the County has delivered a certificate to the Purchaser and the Trustee demonstrating that the fair rental value of the remaining Facilities for each Base Rental Period is at least equal to the maximum Lease Payments to be made under the Facilities Lease in each such Rental Payment Period, (iii) if any material litigation or environmental issues exist with respect to the remaining Facilities and (iv) if any event giving rise to an abatement of Base Rental Payments shall have occurred and be continuing.]

SECTION 2.03. Substitution; Release; Addition of Property. The County and the Authority may add, substitute or release real property as part of the Facilities, but only after the County shall have filed with the Authority and the Trustee and the Purchaser all of the following:

(a) Executed copies of the Facilities Lease or amendments thereto containing the amended description of the Facilities.

(b) A Certificate of the County with copies of the Facilities Lease or the Site Lease, if needed, or amendments thereto containing the amended description of the Facilities stating that such documents have been duly recorded in the official records of the County Recorder of the County.

(c) A Certificate of the County, supported by expert knowledge (which may be that of the Real Estate Manager of the County) or construction cost information evidencing that the fair market value or the insured value of the Facilities that will constitute the Facilities after such addition, substitution or release will be at least equal to the aggregate outstanding principal amount of the Base Rental Payments and the amount of any Additional Payments then determinable after such addition, substitution or release, and that the annual fair rental value of the Facilities after such addition, substitution or release will be at least equal to the maximum annual Base Rental Payments coming due and payable hereunder after such addition, substitution or release, and that the useful life of such Facilities will at least extend to the final Base Rental Payment date.

(d) In connection with any addition or substitution of property, 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 subject only to Permitted Encumbrances resulting in title insurance with respect to the Facilities after such addition or substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding at the time of substitution or addition of Facilities.



(e) A Certificate of the County stating that (i) such addition, substitution or release does not adversely affect the County's use and occupancy of the Facilities (as such term will be defined following the addition, substitution or release) and (ii) no Default or Event of Default has occurred and is continuing hereunder, under the Trust Agreement or under the Continuing Covenant Agreement.

(f) In connection with any substitution or release of property, (i) a Certificate of the County stating that the substitution or release will not cause the County to violate its covenants, representations and warranties hereunder, under the Trust Agreement or the Continuing Covenant Agreement and (ii) the prior written consent of the Purchaser to such substitution or release of property and (iii) an appraisal or other written documentation prepared by a mutually agreeable third party that establishes that the fair market value of the property which remains subject to the Facilities Lease and the Site Lease following such substitution or release is at least equal to the aggregate outstanding principal amount of the Base Rental Payments and Additional Payments which are determinable, and the fair rental value of the Facilities which remains subject to this Facilities Lease and the Site Lease following such removal is at least equal to the Base Rental Payments and the amount of any Additional Payments then determinable thereafter coming due and payable under the Facilities Lease, (iv) no Default or Event of Default shall have occurred and be continuing hereunder, under the Trust Agreement or under the Continuing Covenant Agreement and (v) no event giving rise to an abatement of Base Rental Payments shall have occurred or be continuing with respect to this Facilities Lease or any Facility.

(g) In connection with any substitution of property, a Certificate of the County stating that the Facility to be added is of approximately the same or greater degree of essentiality to the County as the Facility being replaced.

(h) In connection with the addition of property, a Certificate of the County stating that the Facility to be added is an essential facility of the County.

(i) An Opinion of Counsel stating that such amendment or modification of the Site Lease and the Facilities Lease and the substitution, release or addition of property (i) complies with the terms of the Constitution and laws of the State and of the Trust Agreement and this Facilities Lease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County; and (iii) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

(j) The Purchaser shall have received environmental questionnaires, surveys and/or studies with respect to substitution or addition of property, and other documents that the Purchaser may reasonably require; *provided, however*, that if the environmental studies have recommended that remedial action be taken with respect to the substitute or additional property so that it will be in compliance with applicable environmental laws, the Authority, at the direction of the Purchaser, does not have an obligation or duty to accept the substitute or additional property until such time as the remedial action has been completed and the Purchaser has received assurances to its satisfaction that the substitute or additional property is in compliance with applicable environmental laws.

(k) The Purchaser shall have received confirmation that the substitute or additional property is not located in a 100 year flood area as shown on a Flood Insurance Rate Map published by the Federal Emergency Management Agency.

### **ARTICLE III**

#### **RENTAL PAYMENTS; USE OF PROCEEDS**

SECTION 3.01. Base Rental Payments. The County agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Facilities Lease) annual rental payments with principal and interest components, the interest components being payable semi-annually, in accordance with the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof. The County is hereby directed to pay all such Base Rental Payments directly to the Trustee for application as provided in the Trust Agreement. Base Rental Payments shall be calculated on an annual basis, for each Rental Payment Period, and each annual Base Rental shall be divided into two interest components, due on December 1 and June 1, and one principal component, due on June 1, except that the first Rental Payment Period commences on the date of recordation of this Facilities Lease and ends on May 31, 20[17]. Each Base Rental Payment installment shall be payable on the third Business Day immediately preceding its due date. The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the County hereunder, computed on the basis of a 360-day year composed of twelve 30-day months. Each annual payment of Base Rental (to be payable in installments as aforesaid) shall be for the use of the Facilities.

If the term of this Facilities Lease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payment installments shall continue to be due on December 1 and June 1 in each year, and payable prior thereto as hereinabove described, continuing to and including the date of termination of this Facilities Lease. Upon such extension of this Facilities Lease, the Purchaser shall deliver to the Trustee and the County a Certificate satisfactory to the County setting forth the extended rental payment schedule, which schedule shall establish the principal and interest components of the Base Rental Payments so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest.

If at any time the Base Rental shall not have been paid by the County when due, for any reason whatsoever, and no other source of funds shall have been available to make the payments of principal and interest on the Bonds, the principal and interest components of the Base Rental shall be recalculated by the Purchaser in a manner satisfactory to the County to reflect interest on the unpaid Base Rental Payments at the Default Rate. Upon request by the Authority or the Trustee, a revised Exhibit B to this Facilities Lease in form and substance satisfactory to the County shall be prepared by the Purchaser and supplied to the Authority, the County and the Trustee reflecting such recalculation.

SECTION 3.02. Additional Payments. The County shall also pay such amounts as shall be required by the Authority or the Purchaser, as applicable, for the payment of all costs

and expenses incurred by the Authority or the Purchaser in connection with the execution, performance or enforcement by the Authority or the County, as applicable, of this Facilities Lease, or any pledge of Base Rental payable hereunder, the Trust Agreement, the Continuing Covenant Agreement (to the extent not otherwise payable from Revenues), its interest in the Facilities and the lease of the Facilities to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement and all obligations due and owing the Purchaser or any other Bondholder under the Continuing Covenant Agreement[]; but not including any Additional Payments amounts required to pay the principal of or interest on the Bonds.]

Such Additional Payments shall be billed to the County by the Authority, the Purchaser or such other applicable Bondholder or the Trustee from time to time, together, if applicable, with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the County, the Authority or the Trustee for such items. Amounts so billed shall be paid by the County to the billing party within 30 days after receipt of the bill by the County. The County reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the County to make full and timely payment for all Additional Payments.

The Authority has issued and may in the future issue bonds and has entered into and may in the future enter into leases to finance capital improvements other than the Capital Project. The administrative costs of the Authority shall be allocated among the facilities subject to such other lease agreements and the Facilities, as hereinafter in this paragraph provided. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facilities shall be included in the Additional Payments payable hereunder. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facilities, shall not be included in the administrative costs of the Facilities and shall not be paid from the Additional Payments payable hereunder. Any expenses of the Authority not directly attributable to any particular lease of the Authority shall be equitably allocated among all such leases, including this Facilities Lease, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of the County Administrator or the County Finance Director, or a duly authorized representative of the County, endorsed thereon, in making any determination that costs are payable as Additional Payments hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses related to the lease of the Facilities.

[Other than the principal and interest on the Bonds payable from Base Rental Payments hereunder, the amounts payable to the Purchaser and the other Bondholders under the Continuing Covenant Agreement constitute Additional Payments under this Section 3.02 that the County shall pay to the Authority or the Trustee for payment to the Purchaser or to the Purchaser directly at the time and in the amounts due pursuant to the Continuing Covenant Agreement.]

SECTION 3.03. Fair Rental Value. The payments of Base Rental Payments and Additional Payments for each Rental Payment Period during the term of this Facilities Lease shall constitute the total rental for said Rental Payment 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, and continued quiet use and enjoyment of, the Facilities during each such Rental Payment Period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each Rental Payment Period does not exceed the fair rental value of the Facilities for each such period.

In making such determination, consideration has been given to the value of the Facilities, costs of acquisition, design, construction and financing of the Facilities, other obligations of the parties under this Facilities Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the County and the general public.

SECTION 3.04. Payment Provisions. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America in immediately available funds to the Trustee or as otherwise designated by the Purchaser. Any such installment of Base Rental Payments or Additional Payments accruing hereunder which shall not be paid when due and payable under the terms of this Facilities Lease shall bear interest at the Default Rate or such lesser rate of interest as may be permitted by law, from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Authority and the County, the County shall make all Base Rental Payments and Additional Payments when due without deduction or offset of any kind and shall not withhold any Base Rental Payments or Additional Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said Base Rental Payments and Additional Payments or any portion thereof, said 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. Amounts required to be paid by the County to the Purchaser pursuant to this Section on any date shall be reduced to the extent that amounts on deposit in the Revenue Fund, the Interest Account or the Principal Account are available therefor. The interest component of Base Rental Payments shall initially be calculated based upon the Interest Rate and thereafter shall automatically and immediately be adjusted from time to time (and Exhibit B hereto shall be revised by the Purchaser or deemed to be revised to correspond with such adjustments) as follows:

- (i) from and after any Taxable Date, the interest component of Base Rental Payments shall automatically and immediately be increased to bear interest at the Taxable Rate (which interest component may be further increased to account for the Default Rate upon an Event of Default); and
- (ii) upon the occurrence of an Event of Default, the interest component of Base Rental Payments shall automatically and immediately be increased to

bear interest at equal the Default Rate (which interest component may be further increased to account for the Taxable Rate from and after any Taxable Date).

If any rental payment date or other date specified herein for payment of any Base Rental Payment hereunder shall not be a Business Day, such payment may made on the next succeeding Business Day but interest shall continue to accrue on such amount until the payment in full of such amount.

With respect to any adjustments to the interest component of Base Rental Payment provided for in this Section 3.04, the Purchaser may provide a revised Exhibit B to reflect the new interest component based on the adjustments to the applicable interest rate. Notwithstanding the foregoing, all increases to the interest component described in this Section 3.04 shall immediately and automatically become effective regardless of whether any such revision to Exhibit B is provided by the Purchaser.

All payments received shall be applied first to the interest components of the Base Rental Payments due hereunder, then to the principal components of the Base Rental Payments due hereunder and thereafter to all Additional Payments due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Rental is subject to abatement as provided in Section 3.06.

Nothing contained in this Facilities 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 Facilities in the event of damage to or the destruction of the Facilities.

SECTION 3.05. Appropriations Covenant. The County covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments as shall be required to provide funds in such year for such Base Rental Payments and Additional Payments. The County will deliver to the Authority, the Purchaser and the Trustee within sixty (60) days of adoption of the final County budget a Certificate of the County (in the form set forth in Exhibit E attached hereto) stating that the budget as adopted appropriates all moneys necessary for the payment of Base Rental Payments and Additional Payments hereunder. The 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 shall be 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 covenants and agreements in this Facilities Lease agreed to be carried out and performed by the County.

The County covenants that in the event that any rentals paid by the County hereunder are insufficient to pay when due any Base Lease Rentals or Additional Rentals payable hereunder (including any amounts due under the Continuing Covenant Agreement), the County shall take

all actions as are necessary to budget and appropriate all such Base Rental Payments and Additional Payments (including amounts due under the Continuing Covenant Agreement) in a supplemental or amendatory budget, in order to make all necessary additional appropriations to pay all such amounts when due. The 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 shall be 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 covenants and agreements in this Facilities 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 Base Rental Payments and Additional 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 any 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. Base Rental Payments and Additional Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due hereunder as consideration for use of the Facilities. [This Facilities Lease shall not create an immediate indebtedness for any aggregate payments which may become due hereunder in the event that the term of the Facilities 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 Base Rental Payments and Additional Payments or any other payments due hereunder.

SECTION 3.06. Rental Abatement. The Base Rental Payments and Additional Payments shall be abated during any period in which by reason of any damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Facilities by the County, to the extent the Base Rental Payments and Additional Payments exceed the fair rental value for the use and occupancy of that portion of the Facilities that has not been rendered unusable as reasonably determined by the County. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial restoration of use or completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Facilities Lease shall continue in full force and effect and the County waives any right to terminate this Facilities Lease by virtue of any such damage or destruction. Notwithstanding the foregoing, the Base Rental Payments are not subject to abatement to the extent that rental interruption insurance proceeds are available to pay Base Rental Payments which would otherwise be abated under this Section 3.06, it being hereby declared that such amounts constitute special funds for the payment of the Base Rental Payments.

SECTION 3.07. Use of Proceeds. The parties hereto agree that the proceeds of the Bonds will be used to finance or refinance the Capital Projects, to refund the Refunded Bonds and to pay the costs of issuing the Bonds and incidental and related expenses.

The County hereby agrees to construct the Capital Projects from the proceeds of the Bonds provided for such purpose to the County by the Authority in consideration for the

leasehold interest in the real property comprising the Facilities. The Authority and the County agree that the Capital Projects will be constructed in accordance with the plans and specifications prepared by the designers of the Capital Projects and approved by the County.

The County may alter the 2017 Project or issue change orders altering the construction contract plans and specifications during the course of construction, and the Authority agrees to cooperate fully with the County to cause such alterations or change orders to be implemented. Failure of the County to complete the 2017 Project shall not cause an abatement of Base Rental or Additional Payments hereunder.

SECTION 3.08. Net Proceeds. If any of the Facilities are taken in eminent domain proceedings at any time during the term of this Facilities Lease, or if any of the Facilities are damaged due to an insured casualty which is covered by insurance, the County shall as soon as practicable after such event, with the prior written consent of the Purchaser, apply the Net Proceeds resulting therefrom to one of the following:

- (a) repair and restore such Facilities to full use in accordance with the provisions of the Trust Agreement;
- (b) replace such Facilities, [at the County's sole cost and expense,] with property of equal or greater value to such Facilities immediately prior to the time of such destruction or damage, such replacement Facilities to be subject to Section 2.03 hereof, whereupon such replacement shall be substituted in this Facilities Lease;
- (c) substitute additional property as provided in Section 2.03; or
- (d) prepay the Base Rental Payments and as Additional Rental any amounts due and owing under the Continuing Covenant Agreement, including without limitation, any Breakage Fee under and as defined in the Continuing Covenant Agreement in accordance with Section 7.02.

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

Notwithstanding anything in this Section 3.08 to the contrary, the Purchaser shall grant its consent to the repair and restoration or replacement of the Facilities to full use if the County shall demonstrate to the reasonable satisfaction of the Purchaser that the Net Proceeds, together with any other lawfully available funds of the County to be used for such repair and restoration, are sufficient to pay for the costs of such repair and restoration in full.

## ARTICLE IV

### MAINTENANCE; ALTERATIONS AND ADDITIONS

SECTION 4.01. Maintenance and Utilities. During such time as the County is in possession of the Facilities, all maintenance and repair, both ordinary and extraordinary, of the Facilities shall be the responsibility of the County, which shall at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the 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 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 Facilities. In exchange for the rental herein provided, the Authority agrees to provide only the Facilities.

SECTION 4.02. Changes to the Facilities. Subject to Section 8.02 hereof, the County shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of this Facilities Lease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause them to be used for purposes other than those authorized under the provisions of state and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements and the fair rental value of the Facilities in the then current and all succeeding Rental Payment Periods will not be less than Base Rental Payments and Additional Payments due in any such Rental Payment Period.

SECTION 4.03. Installation of County's Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in this Facilities 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 Facilities.



## ARTICLE V

### INSURANCE

SECTION 5.01. Fire and Extended Coverage Insurance. The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, flood, riot and riot attending a strike, aircraft, vehicle damage, hail, smoke and such other hazards as are normally covered by such insurance, including earthquake coverage if such coverage is available at commercially reasonable cost from a reputable insurer in the reasonable determination of the County. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, 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 \$250,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or, in the alternative, shall be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable the County to prepay all or any part of the Base Rental Payments then unpaid, pursuant to Section 7.02 hereof and to redeem outstanding Bonds.

If at any time and for so long as any part of the Facilities is located in a 100 year flood area as shown on a Flood Insurance Rate Map published by the Federal Emergency Management Agency, the policy or policies of casualty insurance provided under this Section 5.01 shall include insurance against loss or damage to the Facilities due to flooding. If the County obtains an exception or waiver from Federal Emergency Management Agency to the designation of the Facilities as being within a 100 year flood area, the County shall not be required to provide such flood insurance.

The Authority and the County shall promptly apply for Federal disaster aid or State of California disaster aid in the event that the Facilities are damaged or destroyed as a result of an earthquake occurring at any time.

As an alternative to providing the insurance required by the first paragraph 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 shall afford 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. So long as such method or plan is being provided to satisfy the requirements of this Facilities Lease, The County shall provide the Purchaser, the Authority and the Trustee with a Certificate of the County setting forth the details of such self insurance method or plan maintained by the County and such self insurance method or plan shall comply with the following terms:

(i) the self insurance program shall be approved by an Insurance Consultant or other qualified person (which may be the Risk Manager of the County);

(ii) the self insurance program shall include an actuarially sound claims reserve fund out of which each self insured claim and any deductible amount required under any insurance policy provided pursuant to this Section 5.01 shall be paid;

(iii) there shall be filed annually with the Trustee, the Authority and the Purchaser a statement of an actuary, insurance consultantthe Insurance Consultant or other qualified person (which may be the Risk Manager of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford, the reserving methods and practices employed in establishing and maintaining the substitute method or plan are appropriate, and the substitute method or plan affords reasonable coverage for the risks required to be insured against. There;

(iv) the claims reserve fund shall also be filed a Certificate of the County setting forth the details of such substitute method or plan. Inbe held in a separate fund by the County;

(v) in the event of loss covered by any such self insurance method, the liability of the County hereunder shall be limited to the amounts in the self insurance reserve fund or funds created under such method the self insurance program shall be discontinued, then the County may not maintain deductibles in excess of the amounts described above..

**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 Facilities Lease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties 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 Facilities, with minimum liability limits of \$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 in a minimum amount of \$200,000 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.

As an alternative to providing the insurance required by the first paragraph 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 shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, 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. So long as such method or plan is being provided to satisfy the requirements of this Facilities Lease, The County shall provide the Purchaser, the Authority and the Trustee with a Certificate of the County setting forth the details of such self insurance method or plan maintained by the County and such self insurance method or plan shall comply with the following terms:

(i) the self insurance program shall be approved by an Insurance Consultant or other qualified person (which may be the Risk Manager of the County);

(ii) the self insurance program shall include an actuarially sound claims reserve fund out of which each self insured claim and any deductible amount required under any insurance policy provided pursuant to this Section 5.02 shall be paid;

(iii) there shall be filed annually with the Trustee, the Authority and the Purchaser a statement of an actuary, independent insurance consultant the Insurance Consultant or other qualified person (which may be the Risk Manager of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a Certificate of the County setting forth the details of such, the reserving methods and practices employed in establishing and maintaining the substitute method or plan. are appropriate, and the substitute method or plan affords reasonable coverage for the risks required to be insured against;

(iv) the claims reserve fund shall be held in a separate fund by the County;

(v) in the event the self insurance program shall be discontinued, then the County may not maintain deductibles in excess of the amounts described above..

**SECTION 5.03. Rental Interruption or Use and Occupancy Insurance.** The County shall procure or cause to be procured and maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the insurance required by Section 5.01 hereof (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the County), in an amount at least equal to the maximum Base Rental Payments coming due and payable during any future 24 month period (determined by the County), except that such insurance may be subject to a deductible clause of not to exceed two hundred and fifty thousand dollars (\$250,000) or a comparable amount adjusted for inflation (or more in the case of earthquake coverage), and with the additional exception that with respect to coverage for terrorism related loss, the period may be only one year, provided that the County use its best efforts to obtain such coverage for a period of at least two years assuming it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the County. Any proceeds of such insurance shall be used by the Trustee to reimburse to the County any rental theretofore paid by the County under this Facilities Lease attributable to such structure for a period of time during which the payment of rental under this Facilities Lease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.01 (to the extent required for the payment of Base Rental) and in Section 3.02 (to the extent required for the payment of Additional Payments) and any remainder shall be treated as Revenue under the Trust Agreement. The County shall not be entitled to self-insure for rental interruption insurance.

**SECTION 5.04. Worker's Compensation.** The County shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of

California to insure its employees against liability for compensation under the Worker's 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 5.05. Title Insurance. The County shall obtain, for the benefit of the Authority, upon the execution and delivery of this Facilities Lease, title insurance on the Facilities insuring (a) the fee interest of the County in Facilities, (b) the Authority's leasehold estate in the Facilities under the Site Lease and (c) the County's sub-leasehold estate hereunder in the Leased Property, naming the Trustee as the insured, with such endorsements as reasonably required by the Purchaser, in an amount equal to the aggregate principal amount of the Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances.

SECTION 5.06. Insurance Proceeds; Form of Policies. All policies of insurance required by Sections 5.01 and 5.03 hereof shall name the County, the Authority, the Purchaser and the Trustee each as insured and shall contain a lender's loss payable endorsement in favor of the Trustee and the Purchaser substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall, to the extent practicable, collect, adjust and receive all moneys which 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 Sections 5.01 and 5.03. All policies of insurance required by this Facilities Lease shall provide that the Trustee and the Purchaser shall be given thirty (30) days notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County. The County shall pay when due the premiums for all insurance policies required by this Facilities Lease.

SECTION 5.07. Annual Certificates. The County will deliver to the Authority, the Purchaser and the Trustee on or before September 15 in each year a written Certificate of an officer of the County (in the form set forth in Exhibit F attached hereto) stating whether 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 which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an actuary, independent insurance consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.01, 5.02 and 5.04. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. If so requested in writing by the Trustee, the County shall also deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in such schedule.

Any policies of insurance provided by a commercial insurer to satisfy the requirements of Sections 5.01, 5.02 or 5.03 hereof shall be provided by a commercial insurer rated in one of the two highest rating categories by S&P and by Moody's.

## **ARTICLE VI**

### **DEFAULTS AND REMEDIES**

SECTION 6.01. Defaults and Remedies. (a) If the County shall fail (i) to pay any Base Rental Payment or Additional Payments payable hereunder when the same becomes due, time being expressly declared to be of the essence of this Facilities Lease or fail to maintain any insurance specified in Article V 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 sixty (60) days after notice of the same has been given to the County by the Authority, the Purchaser or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Authority, with the prior written approval of the Purchaser to correct the same, 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 to exercise any and all remedies available pursuant to law or granted pursuant to this Facilities Lease. Upon any such default, the Authority or its assignee, with the written consent of the Purchaser, 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 Facilities Lease in the manner hereinafter provided on account of default by the County, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the County of Contra Costa, California, at the expense of the County. In the event of such termination, the County agrees to surrender immediately possession of the 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 such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Facilities Lease shall of itself operate to terminate this Facilities Lease, and no termination of this Facilities 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 Facilities Lease. The County covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this Facilities Lease shall be valid in

any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating this Facilities Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the County, regardless of whether or not the County has abandoned the Facilities, or (ii) to exercise any and all rights of entry and re-entry upon the Facilities. In the event the Authority does not elect to terminate this Facilities 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 Facilities are not re-let, to pay the full amount of the rent to the end of the term of this Facilities Lease or, in the event that the Facilities are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent 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 rental herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities. Should the Authority elect to enter or re-enter as herein provided, the County hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the County to re-let the 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 to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the County of Contra Costa, California, for, to the extent permitted by law, the account of and at the expense of the County, and the County, to the extent permitted by law, 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-entry upon and re-letting of the 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 Facilities Lease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of this Facilities Lease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute 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 shall vest in the Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (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 Facilities or any part thereof The County further agrees, to the extent permitted by law, to pay the Authority the reasonable cost of any alterations or additions to the Facilities necessary to place the Facilities in condition for re-letting

immediately upon notice to the County of the completion and installation of such additions or alterations.

The County hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facilities as herein provided and all claims for damages that may result from the destruction of or injury to the Facilities 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 Facilities.

(b) If (1) the County's interest in this Facilities 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 (2) 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 (3) the County shall abandon or vacate the Facilities, (4) any representation or warranty made by the County herein proves to have been false, incorrect, misleading or breached in any material respect on the date when made, or (5) the County shall receive notice from the Purchaser that an "Event of Default" has occurred under the Continuing Covenant Agreement, 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 sixty (60) 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, the Authority or its assignee, with the written consent of the Purchaser, shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Facilities Lease or by law. The provisions of this Facilities Lease and the duties of the County and of its trustees, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority or its assignee, with the written consent of the Purchaser, 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 which 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.

(4) Acceleration. To declare the Bonds due and payable and apply available funds in accordance with Section. 7.02 of the Trust Agreement.

The exercise of any rights or remedies under this Facilities Lease shall not permit acceleration of Base Rental Payments.

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 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.

In the event the Authority or its assignee shall prevail 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 attorney's fees incurred by the Authority or its assignee 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. Notwithstanding anything herein to the contrary, the termination of this Facilities Lease by the Authority on account of a default by the County under this Section shall not effect or result in a termination of the lease of the Facilities by the County to the Authority pursuant to the Site Lease.

SECTION 6.02. Waiver. Failure of the Authority or its assignee 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 or its assignee 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 Facilities Lease.



## ARTICLE VII

### EMINENT DOMAIN; PREPAYMENT

SECTION 7.01. Eminent Domain. If the whole of the 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 of eminent domain, the term of this Facilities Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be 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 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 principal and interest on the Outstanding Bonds will be reduced by the application of the award in eminent domain to the redemption of outstanding Bonds. So long as any of the Bonds shall be outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02 and to the payment of any amounts owing under the Continuing Covenant Agreement and any Additional Payments. Any such award made after all of the Base Rental Payments and Additional Payments and payment of any amounts owing under the Continuing Covenant Agreement 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 (including proceeds of title insurance) and eminent domain proceeds, to the extent provided in Sections 3.08 and 7.01 hereof (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority and the Purchaser the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in Section 3.08 for proceeds of insurance), all or any part of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date (taking into account the reduction in Base Rental allocable to future interest on the Bonds that are redeemed), at a prepayment amount equal to the redemption payment of the maximum amount of Bonds, including the principal thereof and the interest thereon to the date of redemption, plus any applicable premium redeemable from such proceeds owing pursuant to the Trust Agreement or the Continuing Covenant Agreement, including without limitation, any Breakage Fee under and as defined in the Continuing Covenant Agreement.

(b) The County may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in Article X of the Trust Agreement sufficient to defease Bonds corresponding to such Base Rental Payments when due; provided that the County furnishes the Trustee with an Opinion of Counsel that such deposit will not cause interest on the Bonds to be includable in gross income for federal income tax purposes. The County agrees that if following such prepayment the 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.

(c) Before making any prepayment pursuant to this article, the County shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority, the Purchaser and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given.

(d) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the County may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Permitted Investments described in subsection (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal, premium, if any, and interest on the Bonds to the due date of the Bonds or date when the County may exercise its option to purchase the Facilities, as the case may be; (2) all requirements of Section 10.01 of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid, then and in that event the right, title and interest of the Authority herein and the obligations of the County hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the County to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the County. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the County to be prepared and filed with the Authority and evidence such discharge and satisfaction, and the Authority shall pay over to the County as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

**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 Facilities upon payment of an option price consisting of moneys or securities of the category specified in clause (1) of the definition of the term Permitted Investments contained in Section 1.01 of the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the increment, earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of this Facilities Lease of the part of the total rent hereunder attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment shall be made to the Trustee and shall be treated as rental payments and shall be applied by the Trustee to pay the

principal of the Bonds and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in Section 10.01 of the Trust Agreement, (a) the Base Rental thereafter payable under this Facilities Lease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to this Section, (b) Section 3.06 and this Section of this Facilities Lease shall not thereafter be applicable to such part of the Facilities, (c) the insurance required by Sections 5.01, 5.02 and 5.03 of this Facilities Lease need not be maintained as to such part of the Facilities, and (d) title to such part of the Facilities shall vest in the County and the term of this Facilities Lease shall end as to such Facilities.

The County, in its discretion, may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from this Facilities 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 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 \$100,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the 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 Facilities Lease, be used upon the Written Request of the County to purchase personal property, which property shall become a part of the Facilities leased hereunder. 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 Facilities 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. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Facilities during reasonable business hours (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 Facilities Lease, and (c) for all other lawful purposes.

SECTION 8.02. Liens. [Neither the County nor the Authority shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Facilities, other than the respective rights of the Authority and the Purchaser as provided herein and Permitted Encumbrances.] In the event the County shall at any time during the term of this Facilities Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the 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 Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the 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 the Trustee and the Purchaser and their 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 attorney's fees) as a result of any such lien or claim of lien against the 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 not in default hereunder, shall at all times during the term of this Facilities Lease peaceably and quietly have, hold and enjoy the Facilities without suit, trouble or hindrance from the Authority.

SECTION 8.04. Authority Not Liable. The Authority and its members, directors, officers, agents and employees 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 in, on or about the Facilities. The County, to the extent permitted by law, shall indemnify and hold the Authority and any assignees and their respective members, directors, officers, agents and employees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 8.05. Assignment by the Authority. The Authority's rights under this Facilities Lease, including the right to receive and enforce payment of the Base Rental Payments to be made by the County hereunder, have been pledged and assigned to the Trustee for the benefit of the Bondholders pursuant to the Trust Agreement, to which pledge and assignment the County hereby consents.

SECTION 8.06. Assignment and Subleasing by the County. Neither this Facilities 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 and the Purchaser, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest on the Bonds. 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 and Additional Payments required hereunder.

SECTION 8.07. Title to Facilities. During the term of this Facilities Lease, the Authority shall hold a leasehold estate to the Facilities and any and all additions which comprise fixtures, repairs, replacement or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the County and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the County pursuant to Section 4.02 hereof. This provision shall not operate to the benefit of any insurance company if there is rental interruption covered by insurance pursuant to Section 5.03 hereof.

Upon the termination or expiration of this Facilities Lease upon payment in full of the Base Rental Payments attributed to the Facilities and all amounts owing on the Bonds, the Authority's interest in the title to the Facilities shall vest in the County and the Authority shall execute such conveyances, deeds and other documents as may be necessary to evidence the ownership of the Facilities by the County and to clarify the title of the County on the record thereof.

SECTION 8.08. Tax Covenants. (a) The County and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Authority and the County covenant that they will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein.

(b) If at any time the County or the Authority 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 Facilities Lease or the Trust Agreement, the County or the Authority shall so instruct the Trustee or the appropriate officials of the County in writing, and the Trustee or the appropriate officials of the County, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

(c) In furtherance of the covenants of the County and the Authority set forth above, the County will 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 and the Trustee for any actions taken by the Authority or the Trustee in accordance with such instructions.

(d) The covenant of the County and the Authority herein shall survive payment in full or defeasance of the Bonds.

SECTION 8.09. Reserved.

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 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 Facilities Lease as and when the same become due. The County waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code.

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 Facilities, the rentals and other payments required hereunder or any parts thereof or interests of the County or the Authority or the Trustee therein by any governmental authority.

The County may, at the County's expense and in its name, 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 Facilities will be materially endangered or the 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 form satisfactory to the Authority.

SECTION 8.11. Authority's Purpose. The Authority covenants that, prior to the discharge of this Facilities Lease, it will not engage in any activities inconsistent with the purposes for which the Authority is organized.

SECTION 8.12. Purpose of Facilities Lease. The County covenants that during the term of this Facilities Lease, except as hereinafter provided, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof

SECTION 8.13. Essential Use. The Facilities are essential to the proper, efficient and economic operation of the County and serve an essential governmental function of the County.

SECTION 8.14. Nondiscrimination. The County herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all person claiming under or through itself, and this Facilities Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or groups of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California

Government Code, as those basis are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the County, or any person claiming under or through the County, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

## **ARTICLE IX**

### **DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE 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 FACILITIES OR THE PROJECT OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITIES OR THE PROJECT OR A DEALER THEREIN, THAT THE COUNTY LEASES THE FACILITIES AS-IS, IT BEING AGREED 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 Facilities Lease or the Project or the existence, furnishing, functioning or the County's use of any item or products or services provided for in this Facilities 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 Facilities 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 Facilities, which the Authority may have against the manufacturers, vendors and contractors of the Facilities. The County's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Facilities, and the Project, as applicable, 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 Facilities 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 with respect to the Facilities and the Project.

SECTION 9.03. Use of the Facilities. The County will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Facilities Lease. The County shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the 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 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 Facilities or its interest or rights under this Facilities Lease.

## **ARTICLE X**

### **MISCELLANEOUS**

SECTION 10.01. Law Governing. This Facilities Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

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 Contra Costa  
c/o Clerk of the Board of Supervisors  
County Administration Building  
651 Pine Street  
Martinez, CA 94553

cc: County of Contra Costa  
c/o County Finance Director  
651 Pine Street, 10th Floor  
Martinez, CA 94553

With respect to insurance matters:

County of Contra Costa  
c/o Risk Manager  
Risk Management Department  
2530 Arnold Drive  
Martinez, CA 94553

cc: County of Contra Costa  
General Service Administration  
1220 Morello Avenue, Suite 100  
Martinez, CA 94553

cc: County of Contra Costa  
c/o County Finance Director  
651 Pine Street, 10th Floor  
Martinez, CA 94553



If to the Authority: County of Contra Costa Public  
Financing Authority  
c/o County Administrator  
County Administration Building  
651 Pine Street  
Martinez, CA 94553

If to the Trustee: Wells Fargo Bank, National Association  
Attn: Corporate Trust Services  
333 Market Street, 18th Floor  
San Francisco, CA 94103

If to the Purchaser: Wells Fargo Bank, National Association  
100 W. Washington Street, 20<sup>th</sup> Floor  
Phoenix, AZ 85003

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.

SECTION 10.03. Validity and Severability. If for any reason this Facilities 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 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 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 Facilities, 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, shall remain in full force and effect.

SECTION 10.04. Net-Net-Net Lease. This Facilities 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 Facilities Lease.

SECTION 10.06. Amendment or Termination. The Authority and the County may at any time agree to the amendment, supplement or termination of this Facilities Lease and the Site Lease; provided, however, that the Authority and the County agree and recognize that this Facilities Lease and the Site Lease are entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement and with the prior written consent of the Purchaser; *provided however*, that no such amendment or supplement shall

extend the payment date of any Base Rental Payment, without the consent of each Bondholder so affected.

SECTION 10.07. Execution. This Facilities 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 Facilities Lease. It is also agreed that separate counterparts of this Facilities 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.

SECTION 10.08. Third-Party Beneficiary. The Purchaser is hereby designated as third party-beneficiary hereunder solely for the purposes of enforcing any rights granted to the Purchaser hereunder and not with to respect to any rights of occupancy.

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

COUNTY OF CONTRA COSTA PUBLIC  
FINANCING AUTHORITY, as Sublessor

By: \_\_\_\_\_  
Federal D. Glover  
Chair of the Board of Directors

Attest:

By: \_\_\_\_\_  
David J. Twa  
Executive Director and Secretary  
of the Board of Directors

COUNTY OF CONTRA COSTA,  
as Sublessee

By: \_\_\_\_\_  
Federal D. Glover  
Chair of the Board of Supervisors

Attest:

By: \_\_\_\_\_  
David J. Twa  
Clerk of the Board of Supervisors and  
County Administrator

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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  
COUNTY OF CONTRA COSTA

On \_\_\_\_\_, 2017, before me, \_\_\_\_\_, a 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 name and official seal.

[Affix seal here]

\_\_\_\_\_  
Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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  
COUNTY OF CONTRA COSTA

On \_\_\_\_\_, 2017, before me, \_\_\_\_\_, a 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 name and official seal.

[Affix seal here]

\_\_\_\_\_  
Signature of Notary Public

## **EXHIBIT A**

### **Description of the Facilities**

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

**EXHIBIT B**

**Base Rental Payment Schedule**

**Aggregate of all Facilities**

| <u>Base Rental<br/>Payment Date *</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Fiscal Year Total</u> |
|---------------------------------------|------------------|-----------------|--------------|--------------------------|
|---------------------------------------|------------------|-----------------|--------------|--------------------------|

| <u>Base Rental<br/>Payment Date *</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Fiscal Year Total</u> |
|---------------------------------------|------------------|-----------------|--------------|--------------------------|
| Total:                                | \$               | \$              | \$           | \$                       |

\* Payable three Business Days before due date.



[\_\_\_\_\_] **Building**

| <u>Base Rental<br/>Payment Date *</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Fiscal Year Total</u> |
|---------------------------------------|------------------|-----------------|--------------|--------------------------|
|---------------------------------------|------------------|-----------------|--------------|--------------------------|

|        |    |    |    |    |
|--------|----|----|----|----|
| Total: | \$ | \$ | \$ | \$ |
|--------|----|----|----|----|

\* Payable three Business Days before due date.

[\_\_\_\_\_] Facility

| <u>Base Rental<br/>Payment Date *</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Fiscal Year Total</u> |
|---------------------------------------|------------------|-----------------|--------------|--------------------------|
|---------------------------------------|------------------|-----------------|--------------|--------------------------|

|        |    |    |    |    |
|--------|----|----|----|----|
| Total: | \$ | \$ | \$ | \$ |
|--------|----|----|----|----|

\* Payable three Business Days before due date.

[ ] Building

| <u>Base Rental<br/>Payment Date*</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Fiscal Year Total</u> |
|--------------------------------------|------------------|-----------------|--------------|--------------------------|
|--------------------------------------|------------------|-----------------|--------------|--------------------------|

| <u>Base Rental<br/>Payment Date *</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Fiscal Year Total</u> |
|---------------------------------------|------------------|-----------------|--------------|--------------------------|
| Total:                                | \$               | \$              | \$           | \$                       |

\* Payable three Business Days before due date.

## EXHIBIT C

### Lease Terms

| <u>Facility</u> | <u>Term</u> | <u>Maximum Extension</u> |
|-----------------|-------------|--------------------------|
|-----------------|-------------|--------------------------|

## **EXHIBIT D**

### **Capital Projects**

“Capital Projects” means various public capital improvements and projects, including, but not limited to: (i) improvements to the Contra Costa Regional Medical Center, located at 2500 Alhambra Avenue in the City of Martinez; (ii) expansion and improvements to the Pittsburg Health Center, located at 2311 Loveridge Road in the City of Pittsburg; (iii) improvements to the Contra Costa Health Services, located at 595 Center Avenue and 597 Center Avenue in the City of Martinez; and (iv) improvements to the Women, Infant & Children Building, located at 13601 San Pablo Avenue in the City of San Pablo.

**EXHIBIT E**

**Form of Budget Certificate**

County of Contra Costa Public Financing Authority  
Lease Revenue Bonds (Refunding and Capital Projects)  
2017 Series A

Certificate of Final Annual Budget for the Period \_\_\_/\_\_\_20\_\_ through \_\_\_/\_\_\_20\_\_

The undersigned, as an Authorized Representative of the County of Contra Costa (the "County"), hereby certifies that the following have been budgeted for the above-referenced period with respect to the annual appropriations for all Base Rental Payments and Additional Payments, as required in Section 3.05 of the Facilities Lease, dated as of [March] 1, 2017, between the County of Contra Costa Public Financing Authority and the County:

|                     | <u>2017 Series A</u> | <u>Total Budgeted</u> |
|---------------------|----------------------|-----------------------|
| Base Rental Payment |                      |                       |
| Additional Payment  |                      |                       |

COUNTY OF CONTRA COSTA

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT F**

**Form of Insurance Certificate**

County of Contra Costa Public Financing Authority  
Lease Revenue Bonds (Refunding and Capital Projects)  
2017 Series A

Annual Insurance Certificate for the Period \_\_/\_\_/20\_\_ through \_\_/\_\_/20\_\_

The undersigned, as an Authorized Representative of the County of Contra Costa (the "County"), hereby certifies that the insurance requirements as set forth in Section 5.07 of the Facilities Lease, dated as of [March] 1, 2017, between the County of Contra Costa Public Financing Authority and the County have been satisfied as evidenced by the attached list of insurance policies, names of insurers issuing such policies, the property covered and the amount of coverage.

COUNTY OF CONTRA COSTA

By: \_\_\_\_\_  
Authorized Representative



[Attach List of Insurance Coverage]

CERTIFICATE OF ACCEPTANCE  
(Government Code Section 27281)

This is to certify that the interest in real property conveyed by the foregoing Facilities Lease from the County of Contra Costa Public Financing Authority to the County of Contra Costa, a political subdivision of the State of California (the "County"), is hereby accepted by order of the Board of Supervisors of the County of Contra Costa on February 14, 2017, and the County consents to recordation thereof by its duly authorized officer.

COUNTY OF CONTRA COSTA,  
as Sublessee

By: \_\_\_\_\_  
Federal D. Glover  
Chair, Board of Supervisors  
County of Contra Costa, State of California

Attest:

By: \_\_\_\_\_  
David J. Twa  
Clerk of the Board of Supervisors and  
County Administrator

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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  
COUNTY OF CONTRA COSTA

On \_\_\_\_\_, 2017, before me, \_\_\_\_\_, a 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 name and official seal.

[Affix seal here]

\_\_\_\_\_  
Signature of Notary Public