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9 UNITED STATES BANKRUPTCY COURT

10 EASTERN DISTRICT OF CALIFORNIA

11 SACRAMENTO DIVISION

13 In re:

14 CITY OF STOCKTON, CALIFORNIA,
15 Debtor.

Case No. 2012-32118

D.C. No. OHS-9

Chapter 9

**EXHIBIT C AND D TO THE
DECLARATION OF VANESSA
BURKE IN SUPPORT OF CITY OF
STOCKTON'S MOTION FOR ORDER
PURSUANT TO 11 U.S.C. § 365(D)(4)
EXTENDING TIME WITHIN WHICH
THE CITY MUST ASSUME OR
REJECT UNEXPIRED LEASES OF
NONRESIDENTIAL REAL
PROPERTY**

Date: July 18, 2013

Time: 10:00 a.m.

Dept: Courtroom 35

Judge: Hon. Christopher M. Klein

Exhibit C

Quint & Thimmig LLP

05/03/04
05/07/04
05/14/04
06/05/04
FINAL 06/15/04

LEASE AGREEMENT

Dated as of June 1, 2004

by and between the

STOCKTON PUBLIC FINANCING AUTHORITY, as Lessor

and the

CITY OF STOCKTON, as Lessee

**Relating to
\$32,785,000
Stockton Public Financing Authority
Lease Revenue Bonds, Series 2004
(Parking and Capital Projects)**

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EXHIBIT C:	Description of the New Parking Projects
EXHIBIT D:	Schedule of Lease Payments
EXHIBIT E:	Additional Property
EXHIBIT F:	Alternate Coy Property

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of June 1, 2004, by and between the STOCKTON PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California, as lessor (the "Authority"), and the CITY OF STOCKTON, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California, as lessee (the "City");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2004 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and the City's Market Street Parking Garage, located at Fremont and Van Buren Streets in the City of Stockton on a portion of the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Existing Parking Project"), all for the purpose of enabling the City to finance the construction of (a) (i) the new Edmund S. Coy Parking Garage, to be located at Hunter and Channel Streets in the City of Stockton, and (ii) the new Stockton Events Center Parking Structure, to be located at Fremont and Van Buren Streets in the City of Stockton, adjacent to the arena component of the new Stockton Events Center (collectively, the "New Parking Projects"), and (b) various capital improvements throughout the geographic boundaries of the City (the "Capital Projects" and, with the New Parking Projects, the "Projects");

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Bonds as it becomes due, the Authority proposes to lease the Site, the Existing Parking Project and the New Parking Projects (collectively, the "Property") to the City pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City, to Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of June 1, 2004, by and between the Authority and the Trustee (the "Indenture"), and pursuant to which the Authority will issue and the Trustee will authenticate and deliver the \$32,785,000 aggregate principal amount of Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects) (the "Bonds"); and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Lease Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Indenture.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

- Exhibit A: Description of the Site
- Exhibit B: Description of the Existing Parking Project
- Exhibit C: Description of the New Parking Projects
- Exhibit D: Schedule of Lease Payments
- Exhibit E: Additional Property
- Exhibit F: Alternate Coy Property

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Authority. The Authority makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Due Organization and Existence*. The Authority is public body, corporate and politic, organized and existing under and by virtue of the laws of the State; has power to enter into this Lease Agreement, the Site and Facility Lease and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease and lease back the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) *Due Execution*. The representatives of the Authority executing this Lease Agreement, the Site and Facility Lease and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) *Valid, Binding and Enforceable Obligations*. This Lease Agreement, the Site and Facility Lease and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance their respective terms.

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

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease Agreement, the Site and Facility Lease and the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or

affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease Agreement, the Site and Facility Lease or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement, the Site and Facility Lease or the Indenture or the financial conditions, assets, properties or operations of the Authority.

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

(a) *Due Organization and Existence*. The City is a municipal corporation and chartered city organized and existing under and by virtue of its charter and the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery of the Site and Facility Lease and this Lease Agreement.

(b) *Due Execution*. The representatives of the City executing the Site and Facility Lease and this Lease Agreement have been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council of the City.

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

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

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

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

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.1. The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of thirty-two million seven hundred eighty-five thousand dollars (\$32,785,000). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture, which terms and conditions authorize the City to draw upon specified proceeds of the Bonds for purposes of paying the costs of design and construction of the Projects. The City hereby approves the Indenture, the assignment to the Trustee of the rights of the Authority assigned or purported to be assigned thereunder, and the issuance of the Bonds by the Authority thereunder.

ARTICLE IV

LEASE OF PROPERTY; TERM OF THE LEASE AGREEMENT; LEASE PAYMENTS

Section 4.1. Lease of Property. The Authority hereby leases the Property to the City, and the City hereby leases the Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

Section 4.2. Term of Lease. This Lease Agreement shall take effect on the date hereof, and shall end on the earlier of September 1, 2034, or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture. If, on September 1, 2034, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond September 1, 2044.

Section 4.3. Lease Payments.

(a) *Obligation to Pay*. In consideration of the lease of the Property from the Authority hereunder and subject to the provisions of Section 6.2, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Property during each Fiscal Year, the Lease Payments (denominated into components of principal and interest) for the Property in the respective amounts specified in Exhibit C hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C hereto. Any amount held in the Revenue Fund (except the Reserve Account therein), the Interest Account, the Principal Account or the Sinking Account on any Lease Payment Date, derived from any source of funds of the City or the Authority, shall be credited towards the Lease Payment then due and payable. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Property for such Fiscal Year.

The City's obligation to pay Lease Payments hereunder shall be absolute and unconditional subject only to abatement, in the event and to the extent that there is substantial interference with the use and occupancy of the property or any portion thereof.

(b) *Rate on Overdue Payments*. In the event the City should fail to make any of the payments required in this Section 4.3, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest borne by any Outstanding Bond. Such interest, if received, shall be deposited in the Revenue Fund.

(c) *Fair Rental Value*. The Lease Payments and Additional Payments coming due and payable in each Fiscal Year shall constitute the total rental for the Property for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Property during each Fiscal Year. The Authority and the City hereby agree and determine that the total Lease Payments do not exceed the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the value of the Property, the uses and purposes which may be served by

the Property and the benefits therefrom which will accrue to the City and the general public.

(d) *Source of Payments; Budget and Appropriation.* The Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Section 6.2. The City covenants to take such action as may be necessary to include all Lease Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such official to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City. During the Term of the Lease Agreement, the City shall furnish to the Authority and the Trustee, no later than ten days following the adoption of a budget for the current Fiscal Year, a certificate stating that the Lease Payments due in that Fiscal Year have been included in the budget approved by the City Council for such Fiscal Year.

(e) *Assignment.* The City understands and agrees that all Lease Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(f) *Security Deposit.* Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments for the Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, including but not limited to amounts on deposit in the Revenue Fund and the Reserve Account, is either (i) sufficient to pay such Lease Payments, including the principal and interest components thereof, and premium, if any, in accordance with the Lease Payment schedule set forth in Exhibit C, or (ii) invested in whole or in part in Defeasance Obligations in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due hereunder, as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement.

Section 4.4. Prepayment Option. The Authority hereby grants an option to the City to prepay the principal component of the Lease Payments in full, or in part, without premium.

Said option may be exercised with respect to Lease Payments due on and after September 1, 2015, in whole or in part on any date commencing September 1, 2014. Said option shall be exercised by the City by giving written notice to the Authority and the Trustee of the exercise of such option at least sixty (60) days prior to said Lease Payment Date. Such option shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Reserve Account, the Insurance and Condemnation Fund and the Revenue Fund, will be sufficient to pay the aggregate unpaid Lease Payments on said Lease Payment Date as set forth in Exhibit C hereto, together with any Lease Payments then due but unpaid, or, in the event of prepayment in part, by depositing with said notice cash equal to the amount desired to be

prepaid (the principal component of which shall be an amount divisible by \$5,000) together with any Lease Payments then due but unpaid. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such manner as the City shall determine and if the City shall fail to make such determination, in inverse order of their payment dates. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the City to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment.

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

Section 4.6. Title. If the City pays all of the Lease Payments and Additional Payments during the Term of the Lease Agreement as the same become due and payable, or if the City posts a security deposit for payment of the Lease Payments pursuant to Section 4.3(f), and if the City has paid in full all of the Additional Payments coming due and payable as of such date, and provided in any event that no Event of Default shall have occurred and be continuing, all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due the following Additional Payments:

(a) Any fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable;

(b) Any amounts due to the Trustee pursuant to Section 8.06 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease Agreement or the Indenture; and

(d) Any reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or incurred by the Authority in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration hereof or thereof.

ARTICLE V

MAINTENANCE, TAXES, INSURANCE AND OTHER
MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or lessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

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

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

Section 5.2. Modification of Property. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Authority a Written Certificate of the City stating that the Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 5.2; provided that if any such lien is established and the City shall first notify or cause to be

notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Authority, City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the 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 \$100,000 (subject to a deductible clause of not to exceed \$5,000) 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 insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Section 5.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to the improvements constituting a part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, when required, shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the judgment of the City. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of all of the insured improvements, or (b) the aggregate principal amount of the outstanding Bonds. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided however, that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in Section 6.1(a).

Section 5.5. Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as

part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Revenue Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable.

Section 5.6. Recordation Hereof; Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site and Facility Lease and this Lease Agreement, or a memorandum hereof or thereof, in each case in form and substance approved by Bond Counsel, to be recorded in the office of the San Joaquin County Recorder, and (b) obtain a CLTA policy of title insurance which insures the City's leasehold estate in the Property in an amount equal to the aggregate principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be applied to the redemption of Bonds pursuant to Section 4.01(c) of the Indenture.

Section 5.7. Net Proceeds of Insurance; Form of Policies. Each policy of insurance maintained pursuant to Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. All required insurance policies shall be provided by a commercial insurer in one of the two highest rating categories by Moody's and S&P (without regard to designations of plus (+) or minus (-)). The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-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. The City shall cause to be delivered to the Trustee and to Financial Guaranty annually, no later than August 1 in each year, a certificate stating that all of the insurance policies required by this Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

In the event that any insurance maintained pursuant to Section 5.3 shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of the City risk manager, insurance consultant or actuary identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from such reserves. The results of such review shall be filed with the Trustee.

Section 5.8. Installation of Personal Property. The City may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.8 under a lease or conditional sale agreement, or subject to a vendor's lien

or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 5.9. Liens. Neither the City 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 Property, other than the respective rights of the Trustee, the Authority and the City as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the City and the Authority shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10. Tax Covenants.

(a) *Private Activity Bond Limitation*. The City shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition*. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) *No Arbitrage*. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption*. The City shall take all actions necessary to assure the exclusion of interest with respect to the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.11. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that the Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.11, including seeking mandate or specific performance by court order.

Section 5.12. Environmental Covenants.

(a) The City shall not cause or permit the Property or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the City cause or permit, as a result of any intentional or unintentional act or omission on the part of the City or any tenant or subtenant, a release of Hazardous Materials onto the Property. The City shall comply with and ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder.

(b) The City shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Property (A) in accordance with all applicable Federal, state and local laws, ordinances, rules, regulations, and policies, (B) to the satisfaction of the Trustee, and (C) in accordance with the orders and directives of all Federal, state and local governmental authorities, and (ii) defend, indemnify, and hold harmless the Trustee and Financial Guaranty from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (A) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, and/or (C) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the mortgage trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses.

(c) In the event that the Trustee elects to control, operate, sell or otherwise claim property rights in the Property, the City shall deliver the Property free of any and all Hazardous Materials so that the conditions of the Property shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Property. Prior to any such delivery of the Property, the City shall pay the Trustee, from its own funds, any amounts then required to be paid under subsection (ii) above.

(d) The provisions of this Section 5.12 shall survive any termination of this Lease Agreement due to non-appropriation or other event prior to payment in full of the Bonds.

(e) For purposes of this Section 5.12, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 9601 *et seq.*), and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule, or regulation.

Section 5.13. Development of Project. In consideration for the Authority's agreement to make specified proceeds of the Bonds available to the City pursuant to the Indenture, the

City agrees to use all Bond proceeds disbursed to the City pursuant to the Indenture for purposes of financing the Project and shall use diligent good faith efforts to complete the Project in a timely manner.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF LEASE PAYMENTS

Section 6.1. Application of Net Proceeds.

(a) *From Insurance Award.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Property by fire or other casualty shall be paid by the City to the Trustee and shall be deposited in the Insurance and Condemnation Fund by the Trustee and applied as set forth in Section 5.08 of the Indenture.

(b) *From Eminent Domain Award.* If the Property or any portion thereof shall be taken permanently or temporarily under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Net Proceeds resulting therefrom shall be deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.08 of the Indenture.

(c) *From Title Insurance Award.* The Net Proceeds of any title insurance award shall be paid to the Trustee, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.08 of the Indenture.

Section 6.2. Abatement of Lease Payments.

(a) *Abatement Due to Damage or Destruction of the Property; Non-Completion.* The Lease Payments shall be abated during any period in which by reason of damage to or destruction of the Property (other than by eminent domain which is hereinafter provided for) or non-completion of the New Parking Projects there is substantial interference with the use and occupancy by the City of the Property or any portion thereof. The amount of such abatement shall be an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged or destroyed or the portion of the New Parking Projects completed and available for use and possession by the City. Such abatement shall continue for the period commencing with such damage or destruction or date of expiration of capitalized interest but prior to completion of the New Parking Projects, and ending with the completion of the New Parking Projects or the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Property is available for use and possession by the City. In the event of any such damage, destruction or non-completion, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage, destruction or non-completion. There shall be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Revenue Fund or the Reserve Account to pay the amount which would otherwise be abated.

(b) *Abatement Due to Eminent Domain.* If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease with respect to the Property as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (a) this Lease Agreement shall

continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Lease Payments for the Property represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE AUTHORITY AND ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE INDENTURE FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE PROPERTY.

Section 7.2. Rights of Access. The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, and Financial Guaranty, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns, and Financial Guaranty, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the City to perform its obligations hereunder; provided, however, that the Authority's assigns shall not be required to cause such proper maintenance.

Section 7.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Authority, the Trustee and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any act or negligence of any lessee of the City with respect to the Property, or (e) the performance by the Trustee of its duties hereunder or under the Indenture. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or negligence under this Lease Agreement by the Authority, the Trustee or any of their respective officers or employees. The indemnification hereunder shall survive removal or resignation of the Trustee, termination of this Lease Agreement or discharge of the Bonds.

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Authority. Certain rights of the Authority under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.2. Assignment and Subleasing by the City. This Lease Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof, subject to, and delivery to the Authority of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(b) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) No such sublease by the City shall cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State; and

(d) The City shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the Indenture, and will not cause the interest on the Bonds to become included in gross income for federal income tax purposes.

Section 8.3. Amendment of Lease.

(a) *Substitution of Site.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") for the Site (the "Former Site"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Site serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is

unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence that the Substitute Site (or the portions to be substituted) are of equal or greater value than the Site (or the portions thereof) to be substituted;

(vi) The City shall certify the Substitute Site shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(vii) The City shall certify that the Substitute Site is of the same or greater essentiality to the City as was the Former Site;

(viii) The City shall certify that the Substitute Site has a useful life equal to or longer than the remaining term of the Bonds;

(ix) The City shall have received the prior written consent of Financial Guaranty to such substitution; and

(x) The City shall provide notice of such substitution to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such substitution may be accomplished administratively and shall not require separate approval by the City Council.

(b) *Substitution of Existing Parking Project and/or the New Parking Projects.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute a substitute facility or substitute facilities (a "Substitute Project") for the Existing Parking Project and/or the New Parking Projects (the "Former Project"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Project and deletes therefrom the description of the Existing Parking Project, if applicable;

(ii) The City shall file with the Authority and the Trustee an amended Exhibits B or C to this Lease Agreement which adds thereto a description of such Substitute Project and deletes therefrom the description of the Former Project;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Project serve the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence that the Substitute Project (or the portions to be substituted) are of equal or greater value than the property (or the portions thereof) to be substituted;

(v) The City shall certify the Substitute Project shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall certify that the Substitute Project is of the same or greater essentiality to the City as was the Former Project;

(vii) The City shall certify that the Substitute Project has a useful life equal to or longer than the remaining term of the Bonds;

(viii) The City shall have received the prior written consent of Financial Guaranty to such substitution; and

(ix) The City shall provide notice of such substitution to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such substitution may be accomplished administratively and shall not require separate approval by the City Council.

(c) *Release of Site.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence that the Site, as revised by such release, together with the Existing Parking Project and the New Parking Projects, has a total value at least equal to 1.25 times the principal amount of the Bonds then outstanding;

(iv) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which describes the Site, as revised by such release;

(v) The City shall have received the prior written consent of Financial Guaranty to such release; and

(vi) The City shall provide notice of such release to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such release may be accomplished administratively and shall not require separate approval by the City Council.

(d) *Release of Existing Parking Project and/or the New Parking Projects.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Existing Parking Project and/or the New Parking Projects, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which describes the Existing Parking Project, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B and/or C to this Lease Agreement which describes the Existing Parking Project and/or the New Parking Projects, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence that the Existing Parking Project and/or the New Parking Projects, as revised by such release, together with the Site, has a total value at least equal to 1.25 times the principal amount of the Bonds then outstanding;

(iv) The City shall have received the prior written consent of Financial Guaranty to such release; and

(v) The City shall provide notice of such release to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such release may be accomplished administratively and shall not require separate approval by the City Council.

(e) *Addition of the Additional Property.* Prior to the expenditure of any moneys deposited in the Project Fund for the construction of the portion of New Parking Projects constituting the Edmund S. Coy Parking Structure, the City agrees to (i) amend the portion of Exhibit A to the Site and Facility Lease and Exhibit A to this Lease Agreement identified as the "Edmund S. Coy Parking Structure Site" to add thereto the additional property described in Exhibit E attached hereto (the "Additional Property"), (ii) record such amendments or memoranda thereof, and (iii) obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto the Additional Property. At the time of the addition of the Additional Property, the City shall certify in writing to the Authority and the Trustee that the Additional Property serves the purposes of the City, constitutes property that is unencumbered, subject to Permitted Encumbrances and constitutes property which the City is permitted to lease under the laws of the State and that the addition of the Additional Property shall not cause the City to violate any of its covenants, representations and warranties made herein. Such addition of the Additional Property shall be subject to no other conditions precedent.

(f) *Substitution of Alternate Coy Property.* Notwithstanding the foregoing, if, for any reason, the City does not, on or prior to November 30, 2004, unless such date shall be extended at the sole discretion of Financial Guaranty (the "Substitution Date"), (i) amend the portion of Exhibit A to the Site and Facility Lease and Exhibit A to this Lease Agreement identified as the "Edmund S. Coy Parking Structure Site" to add thereto the Additional Property, (ii) record such amendments or memoranda thereof, and (iii) obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto the Additional Property, the City shall (i) amend the portion of Exhibit A to the Site

and Facility Lease and Exhibit A to this Lease Agreement identified as the "Edmund S. Coy Parking Structure Site" in full, substituting therefor the substitute property described in Exhibit F attached hereto (the "Alternate Coy Property"), (ii) record such amendments or memoranda thereof, and (iii) obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which substitutes therein the Alternate Coy Property for the property representing the "Edmund S. Coy Parking Structure Site." The City hereby certifies that it holds unencumbered fee title to the Alternate Coy Property and agrees that, between the date of this Lease Agreement and the Substitution Date, it will neither encumber in any way nor convey title to the Alternate Coy Property. At the time of the substitution of the Alternate Coy Property, the City shall certify in writing to the Authority and the Trustee that the Alternate Coy Property serves the purposes of the City, constitutes property that is unencumbered, subject to Permitted Encumbrances and constitutes property which the City is permitted to lease under the laws of the State and that the addition of the Alternate Coy Property shall not cause the City to violate any of its covenants, representations and warranties made herein. Such substitution, if required, shall be subject to no other conditions precedent.

(g) *Generally.* The Authority and the City may at any time amend or modify any of the provisions of this Lease Agreement, but only (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Financial Guaranty, or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds; or

(iii) to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Code, in the opinion of Bond Counsel.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Additional Payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; provided, however, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time.

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

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Lease Agreement or to cause the fee interest or the leasehold interest of the City in the Property to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and, upon the breach thereof, the Authority may exercise any and all rights of entry and re-entry upon the Property. The City hereby irrevocably consents to the Authority's repossession of the Property if such an Event of Default shall occur and consents to the Authority's re-letting of the Property for the account of the City. In the event of such default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event, such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, in the event the Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority.

(b) The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Property in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Property to place such property in storage or other suitable place in San Joaquin County, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(c) The City 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 Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City that may be in or upon the Property.

(d) The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

Section 9.3. Limitation on Remedies. Notwithstanding the foregoing provisions of Section 9.2, neither the Authority nor the Trustee shall exercise any remedies against the Property to the extent such remedies would generate funds which are not available to satisfy the obligations of this Lease Agreement or the Indenture.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture. The Trustee shall be considered a third party beneficiary for enforcing its rights under this Lease Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

If to the Authority:	Stockton Public Financing Authority 425 North El Dorado Street Stockton, CA 95202-1997 Attention: Executive Director Phone: (209) 937-8212 Fax: (209) 937-7149
If to the City:	City of Stockton 425 North El Dorado Street Stockton, CA 95202-1997 Attention: City Manager Phone: (209) 937-8212 Fax: (209) 937-7149
If to the Trustee:	Wells Fargo Bank, National Association 555 Montgomery Street, 10th Floor San Francisco CA 94111 Attention: Corporate Trust, MAC A0167-102 Phone: (415) 396-6779 Fax: (415) 395-9064
If to the Financial Guaranty:	Financial Guaranty Insurance Company 125 Park Avenue New York, NY 10017 Attention: Risk Management
With a copy to: Financial Guaranty's Fiscal Agent	U.S. Bank Trust National Association 100 Wall Street, 19th Floor New York, NY 10005 Attention: Corporate Trust Department

The Authority, the City, Financial Guaranty or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Information to be Given to Financial Guaranty. The City shall provide Financial Guaranty with the following information:

(a) Within 120 days after the end of each Fiscal Year, the budget for the succeeding year, annual audited financial statements, and a statement of the amount on deposit in the Reserve Account as of the last valuation;

(b) The official statement or other disclosure document, if any, prepared in connection with the issuance of additional debt, whether or not it is on parity with the Lease Agreement;

(c) certification or other evidence satisfactory to Financial Guaranty that construction on the Project is complete and that the premises are ready for use and occupancy;

(d) Any partial or full abatement of the Lease Payment; and

(e) such other information as Financial Guaranty may reasonably request from time to time.

Section 10.3. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 10.4. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.5. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.6. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.7. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.8. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.9. Authorized Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.10. Waiver of Personal Liability. All liabilities under this Lease Agreement on the part of the City are solely liabilities of the City and the Authority hereby releases each and every member, director, officer, employee and agent of the City of and from any personal or individual liability under this Lease Agreement. No member, director, officer, employee or agent of the City shall at any time or under any circumstances

be individually or personally liable under this Lease Agreement for anything done or omitted to be done by the City hereunder.

Section 10.11. Limitation of Rights to Parties and Bond Owners. Nothing in this Lease Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City, the Authority, Financial Guaranty and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Lease Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Authority, Financial Guaranty and the Owners of the Bond.

Section 10.12. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

IN WITNESS WHEREOF, the Authority has caused this Lease Agreement to be executed in its name by its duly authorized officers; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

STOCKTON PUBLIC FINANCING
AUTHORITY, as Lessor

By

Mark E. Lewis, Esq.,
Executive Director

Attest:

Katherine Gong Meissner,
Secretary

CITY OF STOCKTON, as Lessee

By

Mark E. Lewis, Esq.,
City Manager

Attest:

Katherine Gong Meissner,
City Clerk

APPROVED AS TO FORM

CITY ATTORNEY

BY

Deputy City Attorney

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A
DESCRIPTION OF THE SITE

Market Street Parking Garage

ALL THAT CERTAIN REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SAID REAL PROPERTY BEING LOTS 1, 3, 5, 7, 9, 11, 13, 14, 15 AND 16 OF BLOCK 23, EAST OF CENTER STREET, OF THE OFFICIAL MAP OF THE CITY OF STOCKTON, APPROVED AND ADOPTED BY THE CITY COUNTY OF THE CITY OF STOCKTON IN JULY 23, 1893, THE NORTHERLY 1 FOOT OF LOTS 2 AND 4 OF SAID BLOCK 23, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 23, EAST OF CENTER STREET; THENCE EASTERLY 303.00 FEET ALONG THE NORTHERLY BOUNDARY OF SAID BLOCK 23 TO THE NORTHEAST CORNER OF SAID BLOCK 23; THENCE SOUTHERLY 202.00 FEET ALONG THE EASTERLY BOUNDARY OF SAID BLOCK 23 TO THE SOUTHEAST CORNER OF SAID LOT 16; THENCE WESTERLY 202.00 FEET ALONG THE SOUTHERLY BOUNDARIES OF LOTS 16 AND 14 TO THE NORTHEAST CORNER OF SAID LOT 4; THENCE SOUTHERLY ONE (1) FOOT ALONG THE EASTERLY BOUNDARY OF SAID LOT 4 TO A POINT; THENCE WESTERLY 101.00 FEET ALONG A LINE PARALLEL WITH AND 1.00 FOOT PERPENDICULAR TO THE SOUTHERLY LINE OF SAID LOT 14 TO THE WESTERLY BOUNDARY LINE OF SAID BLOCK 23; THENCE NORTHERLY 203.00 FEET ALONG THE WESTERLY BOUNDARY OF SAID BLOCK 23 TO THE POINT OF BEGINNING.

Edmund S. Coy Parking Structure Site

PARCEL 1:

THE WEST ONE-HALF OF THE NORTH 25 FEET OF LOT 3 AND THE NORTH 25 FEET OF LOT 1, IN BLOCK 64, EAST OF CENTER STREET, IN THE CITY OF STOCKTON, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 2:

THE SOUTHERLY TEN (10) FEET OF SAID PORTION OF CHANNEL STREET ADJOINING THE NORTHERLY BOUNDARY OF SAID BLOCK 64, THE SOUTH LINE OF THE SOUTHERLY TEN (10) FEET OF SAID PORTION OF CHANNEL STREET BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 64; THENCE EASTERLY 303.00 FEET ALONG THE NORTHERLY BOUNDARY OF SAID BLOCK 64 TO THE NORTHEAST CORNER OF SAID BLOCK 64 AND THE POINT OF TERMINATION OF SAID SOUTH LINE.

PARCEL 3:

THE NORTH 75 FEET OF EACH OF LOTS 9 AND 11 IN BLOCK 64 EAST OF CENTER STREET, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 4:

THE EAST 40 FEET OF LOT 7; THE SOUTH 25 FEET OF EACH OF LOTS 9 AND 11, AND THE NORTH 25 FEET OF THE EAST 140 FEET OF LOT 14 IN BLOCK 64 EAST OF CENTER STREET ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

Stockton Events Center Parking Structure Site

ALL THAT CERTAIN REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SAID REAL PROPERTY BEING PARCEL 2 OF PARCEL MAP, STOCKTON EVENTS CENTER, RECORDED IN BOOK 23, PAGE 15, SAN JOAQUIN COUNTY RECORDS, AND SAID PROPERTY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 2, THENCE ALONG THE BOUNDARY OF SAID PARCEL 2 THE FOLLOWING EIGHT (8) COURSES:

- 1) SOUTH 11 DEGREES 34'46" EAST, 86.01 FEET;
 - 2) SOUTH 78 DEGREES 25'14" WEST, 32.84 FEET;
 - 3) SOUTH 11 DEGREES 34'46" EAST, 43.70 FEET;
 - 4) SOUTH 78 DEGREES 25'14" WEST, 298.76 FEET;
 - 5) ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 546.00 FEET, A CENTRAL ANGLE OF 12 DEGREES 30'48" AND AN ARC LENGTH OF 119.25 FEET;
 - 6) NORTH 78 DEGREES 25'14" EAST, 32.73 FEET;
 - 7) NORTH 33 DEGREES 24'58" EAST, 17.68 FEET; AND
 - 8) NORTH 78 DEGREES 25'14" EAST, 306.99 FEET TO THE POINT OF BEGINNING.
- BASIS OF BEARINGS IS THE SOUTHERLY LINE OF FREMONT STREET, BEARS NORTH 78 DEGREES 25'14" EAST, AS SHOWN ON SAID PARCEL MAP, STOCKTON EVENTS CENTER.

EXHIBIT B

DESCRIPTION OF THE EXISTING PARKING PROJECT

Market Street Garage

Located within the City's Central Parking District, the Market Street Garage was constructed in 1989. Located at the north end of the garage is the City's Central Parking District Office which serves as the central headquarters for all City parking operations. With 4 stories and approximately 780 spaces, this structure provides monthly parking for employees in the Downtown area including Washington Mutual Bank and San Joaquin County and also provides hourly parking for patrons of various Downtown businesses. Located on Market Street between Sutter and California Streets, the Market Street Garage is one of three parking garages within the City's Central Parking District and is fully automated with entrance and exit points on both the east and west sides of the structure. It is easily accessible from the Crosstown Freeway and Downtown surface streets.

EXHIBIT C

DESCRIPTION OF THE NEW PARKING PROJECTS

Edmund S. Coy Parking Structure

To be constructed in the vicinity of Hunter and Channel Streets in Downtown Stockton, the 6-story parking structure will provide an additional 575 parking spaces to the Central Business District to accommodate the parking demand associated with new and existing retail, commercial and office development in Downtown Stockton including the nearby and recently completed City Centre Cinemas, Starbucks, Cold Stone Creamery and Moo Moo's Burger Barn.

In addition to the provision of parking for private and/or pleasure-type motor vehicles on the upper floors, the structure will have approximately 7,500 square feet of ground level commercial/retail space fronting Hunter Street developed as core and shell.

Stockton Events Center Parking Structure

To be constructed in the vicinity of Fremont and Van Buren Streets adjacent to the \$150 million Stockton Events Center Project (including Arena, Ballpark and Hotel), the 7-story Stockton Events Center Parking Structure will provide approximately 600 spaces on the North Shore of the Stockton Channel to accommodate sports fans, concert goers and event attendees from all over. In addition to the provision of parking for private and/or pleasure-type motor vehicles on the upper floors, the structure will have approximately 7,500 square feet of ground level commercial/retail space fronting Fremont Street developed as core and shell.

EXHIBIT D

SCHEDULE OF LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
2/25/05	—	\$1,129,629.44	\$1,129,629.44
8/25/05	—	826,558.13	826,558.13
2/25/06	—	826,558.13	826,558.13
8/25/06	\$ 85,000	826,558.13	911,558.13
2/25/07	—	824,858.13	824,858.13
8/25/07	125,000	824,858.13	949,858.13
2/25/08	—	822,358.13	822,358.13
8/25/08	165,000	822,358.13	987,358.13
2/25/09	—	819,058.13	819,058.13
8/25/09	210,000	819,058.13	1,029,058.13
2/25/10	—	814,858.13	814,858.13
8/25/10	255,000	814,858.13	1,069,858.13
2/25/11	—	809,758.13	809,758.13
8/25/11	305,000	809,758.13	1,114,758.13
2/25/12	—	803,658.13	803,658.13
8/25/12	360,000	803,658.13	1,163,658.13
2/25/13	—	796,458.13	796,458.13
8/25/13	410,000	796,458.13	1,206,458.13
2/25/14	—	788,258.13	788,258.13
8/25/14	470,000	788,258.13	1,258,258.13
2/25/15	—	778,270.63	778,270.63
8/25/15	530,000	778,270.63	1,308,270.63
2/25/16	—	767,008.13	767,008.13
8/25/16	600,000	767,008.13	1,367,008.13
2/25/17	—	753,508.13	753,508.13
8/25/17	670,000	753,508.13	1,423,508.13
2/25/18	—	738,433.13	738,433.13
8/25/18	745,000	738,433.13	1,483,433.13
2/25/19	—	720,925.63	720,925.63
8/25/19	825,000	720,925.63	1,545,925.63
2/25/20	—	701,331.88	701,331.88
8/25/20	915,000	701,331.88	1,616,331.88
2/25/21	—	679,371.88	679,371.88
8/25/21	1,010,000	679,371.88	1,689,371.88
2/25/22	—	652,228.13	652,228.13
8/25/22	1,110,000	652,228.13	1,762,228.13
2/25/23	—	623,090.63	623,090.63
8/25/23	1,220,000	623,090.63	1,843,090.63
2/25/24	—	591,065.63	591,065.63
8/25/24	1,335,000	591,065.63	1,926,065.63
2/25/25	—	556,021.88	556,021.88
8/25/25	1,460,000	556,021.88	2,016,021.88
2/25/26	—	518,609.38	518,609.38
8/25/26	1,585,000	518,609.38	2,103,609.38
2/25/27	—	477,993.75	477,993.75
8/25/27	1,725,000	477,993.75	2,202,993.75
2/25/28	—	433,790.63	433,790.63
8/25/28	1,870,000	433,790.63	2,303,790.63
2/25/29	—	385,871.88	385,871.88
8/25/29	2,020,000	385,871.88	2,405,871.88
2/25/30	—	334,109.38	334,109.38

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
8/25/30	2,185,000	334,109.38	2,519,109.38
2/25/31	—	278,118.75	278,118.75
8/25/31	2,360,000	278,118.75	2,638,118.75
2/25/32	—	216,168.75	216,168.75
8/25/32	2,545,000	216,168.75	2,761,168.75
2/25/33	—	149,362.50	149,362.50
8/25/33	2,740,000	149,362.50	2,889,362.50
2/25/34	—	77,437.50	77,437.50
8/25/34	2,950,000	77,437.50	3,027,437.50

EXHIBIT E

ADDITIONAL PROPERTY

PARCEL 5:

ALL OF LOT 5 AND PORTION OF LOTS 1, 3, 7, 13 AND 14 IN BLOCK 64, EAST OF CENTER STREET, ACCORDING TO THE MAP AND SURVEY OF SAID CITY OF STOCKTON, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF CHANNEL STREET, SAID POINT BEING THE NORTHEAST CORNER OF THE WEST ONE-HALF OF SAID LOT 3; THENCE EASTERLY ALONG THE SOUTH LINE OF CHANNEL STREET, 85 FEET TO THE NORTHEAST CORNER OF THE WEST 10 FEET OF SAID LOT 7, BEING ALSO THE NORTHWEST CORNER OF THE EAST 40 FEET OF SAID LOT 7; THENCE SOUTHERLY ALONG PROPERTY LINE, A DISTANCE OF 150 FEET TO A POINT IN THE NORTH LINE OF LOT 8 IN SAID BLOCK 64, EAST OF CENTER STREET, SAID POINT BEING THE SOUTHEAST CORNER OF THE WEST 10 FEET OF SAID LOT 14 AND ALSO BEING THE SOUTHWEST CORNER OF THE EAST 140 FEET OF SAID LOT 14; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 8, 10 FEET TO THE NORTHEAST CORNER OF LOT 6 IN SAID BLOCK 64, EAST OF CENTER STREET; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 6, 25 FEET TO THE SOUTHEAST CORNER OF THE WEST 125 FEET OF SAID LOT 13; THENCE NORTH ALONG PROPERTY LINE, 25 FEET TO THE NORTHEAST CORNER OF THE SOUTH ONE-HALF OF THE WEST 125 FEET OF SAID LOT 13; THENCE WEST ALONG THE NORTH LINE OF THE SOUTH ONE-HALF OF SAID LOT 13, 125 FEET TO THE NORTHWEST CORNER OF THE SOUTH ONE-HALF OF SAID LOT 13, SAID POINT BEING IN THE EAST LINE OF HUNTER STREET; THENCE NORTH ALONG THE EAST LINE OF HUNTER STREET, 100 FEET TO THE NORTHWEST CORNER OF THE SOUTH ONE-HALF OF THE NORTH ONE-HALF OF SAID LOT 1; THENCE EAST ALONG PROPERTY LINE, 75 FEET TO THE SOUTHEAST CORNER OF THE NORTH ONE-HALF OF THE NORTH ONE-HALF OF THE WEST ONE-HALF OF SAID LOT 3; THENCE NORTH ALONG THE EAST LINE OF THE WEST ONE-HALF OF SAID LOT 3, 25 FEET TO THE POINT OF BEGINNING.

EXHIBIT F

ALTERNATE COY PROPERTY

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN JOAQUIN, CITY OF STOCKTON, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOT 15 IN BLOCK 4 EAST OF CENTER STREET, IN THE SAID CITY OF STOCKTON, AS SAID LOT AND BLOCK IS SHOWN UPON THE OFFICIAL MAP OF THE CITY OF STOCKTON, APPROVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF STOCKTON ON JULY 23, 1894, SAID MAP IS ON FILED IN THE OFFICE OF THE CITY CLERK OF SAID CITY.

PARCEL 2:

THE SOUTH 25.27 FEET OF LOTS 1, 3 AND 5, ALL OF LOTS 13 AND 14 AND THE NORTH 25 FEET 8 INCHES OF LOTS 2, 4 AND 6, ALL IN BLOCK 4, "EAST OF CENTER STREET", IN THE CITY OF STOCKTON, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF.

ALSO DESCRIBED AS ALL THAT REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOTS 1, 3 AND 5 EXCEPT THE NORTH 75.81 FEET THEREOF; ALL OF LOTS 13 AND 14, AND THE NORTH 25 FEET, EIGHT INCHES OF EACH OF LOTS 2, 4 AND 6, ALL IN BLOCK 4 EAST OF CENTER STREET IN THE SAID CITY OF STOCKTON, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF.

PARCEL 3:

THE NORTH 75.81 FEET (UNITED STATES STANDARD MEASUREMENT) OF THE EAST HALF OF LOT 3 AND THE NORTH 75.81 FEET OF LOT 5 IN BLOCK 4 OF EAST OF CENTER STREET, IN THE CITY OF STOCKTON, AS PER OFFICIAL MAP THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 4:

LOT 7 OF BLOCK 4 OF EAST OF CENTER STREET, IN THE CITY OF STOCKTON, AS PER OFFICIAL MAP THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 5:

LOT 9 OF BLOCK 4 OF EAST OF CENTER STREET, IN THE CITY OF STOCKTON, AS PER OFFICIAL MAP THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 6:

LOT 11 OF BLOCK 4 OF EAST OF CENTER STREET, IN THE CITY OF STOCKTON, AS PER OFFICIAL MAP THEREOF, SAN JOAQUIN COUNTY RECORDS.

Exhibit D

RECORDING REQUESTED BY:

Chicago Title Company

AND WHEN RECORDED MAIL TO

Best Best and Krieger LLP
C/O Warren Diven
655 West Broadway 15th Floor
San Diego, Ca 92101

Escrow No.: 80600480

Locate No.: CACTI7739-7739-4532-0053205709

Title No.: 06-53205709-TG

DOC # 2006-082031

04/14/2006 08:34A Fee:109.00
Page 1 of 35

Recorded in Official Records
County of San Joaquin

GARY W. FREEMAN
Assessor-Recorder-County Clerk
Paid by CHICAGO TITLE CO



SPACE ABOVE THIS LINE FOR RECORDER'S USE

Lease Agreement

This Lease Agreement originally recorded 04-05-2006 as document no. 2006-074573, San Joaquin Official Records, is being re-recorded to add an originally missing Exhibit B.

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(Additional recording fee applies)

Recording requested by
and return to:

Best Best & Krieger LLP
655 West Broadway, 15th Floor
San Diego, California 92101
Attention: Warren Diven

DOC # 2006-074573

04/05/2006 08:15A Fee:NC

Page 1 of 32

Recorded in Official Records

County of San Joaquin

GARY W. FREEMAN

Assessor-Recorder-County Clerk

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LEASE AGREEMENT

Dated as of March 1, 2006

by and between the

STOCKTON PUBLIC FINANCING AUTHORITY,
as lessor

and the

CITY OF STOCKTON,
as lessee

Relating to

\$13,965,000
Stockton Public Financing Authority
2006 Lease Revenue Refunding Bonds
Series A

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease Agreement"), dated as of March 1, 2006, is by and between the STOCKTON PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California, as lessor (the "Authority"), and the CITY OF STOCKTON, a municipal corporation organized and existing under the laws of the State of California, as lessee (the "City");

WITNESSETH:

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of June 16, 1990, by and between the City and the Redevelopment Agency of the City of Stockton; and

WHEREAS, under Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law") the Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities including the City, and to provide financing for public capital improvements of public entities including the City and to lease and lease back such public capital improvements, including the land where the public capital improvements are or will be located; and

WHEREAS, in 1999 in order to provide funds to finance the acquisition, construction and equipping of a new essential services building and adjacent public parking facility (the "Projects"), the City leased the site on which the Projects were to be constructed (the "Site") and various additional municipal properties (together with the Site, the "Leased Properties") to the Authority, under and pursuant to a Site Lease, dated as of October 1, 1999 (the "Prior Site Lease"), by and between the City as lessor and the Authority as lessee (the "Prior Site Lease"), and leased the Leased Properties back from the Authority pursuant to a Lease Agreement, dated as of October 1, 1999 (the "Prior Lease Agreement"); and

WHEREAS, in order to raise the funds necessary to make the lease payment for the Leased Properties to the City under the Prior Site Lease and thereby provide the funds to enable the City to undertake and complete the Projects, the Authority authorized the execution and delivery of \$14,860,000 1999 Certificates of Participation (the "Prior Certificates"); and

WHEREAS, the City has determined that it is in the best interests of the City and desirable to refinance the Projects; and

WHEREAS, in order to refinance the Projects, the City desires to secure the payment of the Lease Payments (as such term is defined under the Prior Lease Agreement) as permitted pursuant to the Prior Lease Agreement and to exercise its option to prepay the Prior Certificates in whole on August 1, 2009 and to thereby also discharge the obligations represented by the Prior Certificates; and

WHEREAS, the City has requested the Authority to issue its 2006 Lease Revenue Refunding Bonds, Series A in the aggregate principal amount of \$13,965,000 (the "Bonds") for the purpose of providing moneys for the Authority to make a lease payment to the City under the

herein described Ground Lease Agreement, in order to provide the funds necessary to secure the payments of the Prior Certificates pursuant to the Prior Lease Agreement; and

WHEREAS, in order to provide a source of revenues to enable the Authority to pay the principal of and interest and premium, if any, on the Bonds when due, the City proposes to lease to the Authority certain land and facilities owned by the City pursuant to that certain Ground Lease, dated as of March 1, 2006 (the "Ground Lease"), and to lease back said land and facilities (the "Leased Premises") from the Authority pursuant to this Lease Agreement and to pay the Lease Payments in consideration thereof to its Authority, all in the manner and on the terms provided in this Lease Agreement; and

WHEREAS, the Authority and the City purpose to lease and lease back the Leased Premises as provided in this Lease Agreement, such lease back to the City being for the purpose (among others) of providing amounts sufficient to provide for the payment of the principal of and interest on the Bonds (as defined herein); and

WHEREAS, all conditions to the execution and delivery of this Lease Agreement have been satisfied and the Authority and the City are duly authorized to execute and deliver this Lease Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Indenture. In addition, the following terms heretofore defined in this Lease Agreement and the following terms defined in this Section 1.1 shall, for all purposes of this Lease Agreement, have the respective meanings herein specified.

"Facilities" means all of the buildings, improvements and facilities at any time situated on the Leased Premises or any portion thereof.

"Fiscal Year" means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period established by the City as its fiscal year pursuant to written notice filed with the Authority and the Trustee.

"Ground Lease" means that certain Ground Lease Agreement dated as of March 1, 2006 by and between the City, as Lessor and the Authority, as lessee.

"Indenture" means the Indenture of Trust dated as of March 1, 2006, by and between the Authority and the Trustee, together with any duly authorized and executed amendments thereto.

"Event of Default" means any of the events of default defined as such in Section 9.1.

“Lease Payment Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

“Lease Payments” means the amounts payable by the City pursuant to Section 4.3(a), including any prepayment thereof pursuant hereto and including any amounts payable upon a delinquency in the payment thereof.

“Leased Premises” means, collectively, those properties described in Exhibit A attached hereto and by this reference incorporated herein.

“Miscellaneous Rent” means the amounts of additional rental which are payable by the City pursuant to Section 4.6.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid pursuant to Article V; (b) this Lease Agreement, the Indenture and any other agreement or other document contemplated hereunder to be recorded against the Leased Premises; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; and (d) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Leased Premises for their intended purposes.

“Term of this Lease Agreement” means the time during which this Lease Agreement is in effect, as provided in Section 4.2.

“Trustee” means Wells Fargo Bank, National Association, or any successor thereto acting as Trustee pursuant to the Indenture.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement.

Exhibit A: Description of the Leased Premises.

Exhibit B: Schedule of Lease Payments.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

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

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

(b) Due Execution. The representatives of the City executing this Lease Agreement have been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council of the City.

(c) Valid, Binding and Enforceable Obligations. This Lease Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with the terms hereof.

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

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

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

(g) Essentiality. The Leased Premises constitutes property that is essential to carrying out the governmental functions of the City.

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

(a) Due Organization and Existence. The Authority is a joint powers authority duly organized and existing under and by virtue of the laws of the State; has power to enter into this Lease Agreement and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease and lease back the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) Due Execution. The representatives of the Authority executing this Lease Agreement and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) Valid Binding and Enforceable Obligations. This Lease Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance their respective terms.

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

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease Agreement or the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the

Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority.

ARTICLE III THE BONDS

Section 3.1. *The Bonds.* The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of Thirteen Million Nine Hundred Sixty-five Thousand Dollars (\$13,965,000). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture. The City hereby approves the Indenture, the assignment to the Trustee of the rights of the Authority assigned or purported to be assigned thereunder, and the issuance of the Bonds by the Authority thereunder.

Section 3.2. *Prepayment of Prior Lease Agreement and Discharge of Prior Certificates.* In order to pay the Authority's lease payment for the Leased Premises under the Ground Lease, on the Closing Date, the Authority shall cause sufficient funds to be deposited into the Escrow Fund established under the Escrow Agreement in order to prepay the Prior Lease Agreement and to discharge the Prior Certificates.

Section 3.3. *Payment of Costs of Issuance.* Payment of all Costs of Issuance shall be made from the moneys deposited with the Trustee in the Costs of Issuance Fund, which moneys shall be disbursed for such purpose in accordance with Section 3.03 of the Indenture. Any Costs of Issuance for the payment of which insufficient funds shall be available on deposit in the Costs of Issuance Fund, shall be paid by the City.

ARTICLE IV LEASE; TERM OF THIS LEASE AGREEMENT; RENTAL PAYMENTS

Section 4.1. *Lease to City.*

(a) The Authority hereby leases the Leased Premises to the City, and the City hereby leases the Leased Premises from the Authority, upon the terms and conditions set forth in this Lease Agreement.

(b) The City hereby takes possession of the Leased Premises on the Closing Date.

It is intended that no merger of the leasehold estates of the City, or of its leasehold estate with its fee simple estate, shall occur by the leasing of the Leased Premises to the city pursuant to the Lease Agreement.

Section 4.2. *Term of Lease Agreement.* The Term of this Lease Agreement shall commence on the date hereof and shall end on August 1, 2031, unless such term is extended as hereinafter provided or unless Lease Payments have been paid or prepared in full or provision shall have been made for such payment pursuant to Section 4.3(g) hereof. If on August 1, 2031, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of this Lease Agreement shall be extended until the earlier of August 1, 2041, or the date the Indenture shall be discharged by its terms. If prior to August 1, 2031, the Indenture shall be discharged by its terms and any amounts then owed to the Trustee and the Insurer have been paid in full, the Term of this Lease Agreement shall thereupon end.

Section 4.3. *Lease Payments; Security Deposit.*

(a) Obligation to Pay. In consideration of the lease and lease back by the Authority of the Leased Premises and in consideration of the issuance of the Bonds by the Authority for the purpose of prepaying the Prior Lease Agreement and discharging the Prior Certificates and subject to the provisions of Sections 6.1 and 6.3, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Leased Premises during each Fiscal Year, the Lease Payments (denominated into components of principal and interest) for the Leased Premises in the respective amounts specified in Exhibit B hereto, to be due and payable on each respective Lease Payment Date specified in Exhibit B hereto it being understood that time is of the essence with respect to such payments. Any amount held in the Bond Fund (but not including any amounts on deposit in the Reserve Account), the Interest Account or the Principal Account on any Lease Payment Date shall be credited to the Lease Payment then due and payable. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Leased Premises for such Fiscal Year.

(b) Rate on Overdue Payments. In the event the City should fail to make any of the payments required in this Section 4.3, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum equal to the average interest rate on the Bonds. Such interest, if received, shall be deposited in the Bond Fund.

(c) Fair Rental Value. The Lease Payments and Miscellaneous Rent coming due and payable hereunder in each Fiscal Year shall constitute the total rental for the Leased Premises for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Premises during each Fiscal Year. The parties hereto have agreed and determined that the total amount of such Lease Payments and Miscellaneous Rent for the Leased Premises do not exceed the fair rental value of the Leased Premises. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public.

(d) Source of Payments; Budget and Appropriation. The Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Sections 6.1

and 6.3. The City covenants to take such action as may be necessary to include all Lease Payments and Miscellaneous Rent due hereunder in each of its budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Miscellaneous Rent. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the City 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 City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

The City and the Authority understand and intend that the obligation of the City to pay Lease Payments and other payments hereunder constitutes a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the City. Lease Payments due hereunder shall be payable only from current funds which are budgeted and appropriated, or otherwise legally available, for the purpose of paying Lease Payments or other payments due hereunder as consideration for use of the Leased Premises during the Fiscal Year for which such funds were budgeted and appropriated or otherwise made legally available for such purpose. This Lease Agreement shall not create an immediate indebtedness for any aggregate payments which may become due hereunder. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Lease Payments or any other payments due hereunder, the Bonds or the interest thereon.

(e) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, pursuant to the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(f) Security Deposit: Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the related Lease Payment schedule set forth in Exhibit B, or (b) invested in whole or in part in non-callable Defeasance Securities in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due hereunder as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement. In connection with the making of any such security deposit, the Authority shall take, and shall cause the Trustee to take, any actions necessary to remove the appropriate portions of the Leased Premises from the lien of this Lease Agreement.

(g) Optional Prepayment. The City may exercise its option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of \$5,000, on any date on or after August 1, 20__, by paying a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid to such date, and together with a prepayment premium equal to the premium (if any) required to be paid on the resulting redemption of the Bonds under the Indenture. Such prepayment price shall be deposited by the Trustee in the Redemption Fund to be applied to the redemption of the Bonds pursuant to Section 4.01(a) of the Indenture. The City shall give the Trustee written notice of its intention to exercise its option not less than forty five (45) days in advance of the date of exercise.

(h) Delinquent Lease Payments. Any delinquent Lease Payment shall be made to the Trustee for application as set forth in the Indenture.

Section 4.4. *Quiet Enjoyment.* During the Term of this Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Leased Premises, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Leased Premises without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Leased Premises as provided in Section 7.2.

Section 4.5. *Title.* During the Term of the Lease Agreement, the Authority shall hold a leasehold in the Leased Premises, and in any and all additions which comprise fixtures, repairs, replacements or modifications to the Leased Premises, except for those fixtures, repairs, replacements or modifications which are added to the Leased Premises by the City at its own expense and which may be removed without damaging the Leased Premises and except for any items added to the Leased Premises by the City pursuant to this Lease Agreement. All right, title and interest of the Authority in and to the Leased Premises shall be transferred to and vested in the City if (a) the City pays all of the Lease Payments and Miscellaneous Rent during the Term of this Lease Agreement as the same become due and payable, or if the City posts a security deposit for payment of the Lease Payments pursuant to Section 4.3(f) or prepays the Lease Payments pursuant to Section 4.3(g), and (b) if the City has paid in full all of the Miscellaneous Rent coming due and payable as of the date of such prepayment; and provided in any event that no Event of Default shall have occurred and be continuing. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.6. *Miscellaneous Rent.* In addition to the Lease Payments, the City shall pay when due the following items of Miscellaneous Rent:

- (a) All fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Premises as and when the same become due and payable;

(b) All reasonable compensation to the Trustee pursuant to Section 8.06 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease Agreement or the Indenture;

(d) The reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including but not limited to amounts payable pursuant to Section 5.11 and including but not limited to any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of this Lease Agreement;

(e) Amounts necessary to replenish the Reserve Account to the Reserve Requirement upon the occurrence of a deficiency therein resulting from (i) deficiencies in valuation of amounts deposited in the Reserve Account and invested in Permitted Investments or (ii) from transfers from the Reserve Account to the Bond Fund for the purpose set forth in (i) of Section 5.06(a) of the Indenture;

(f) Costs due from the Authority to the Insurer pursuant to the Financial Guaranty Agreement as a result of any draw on the Insurer Surety Bond, as described in Section 5.06(b) of the Indenture; and

(g) Any reimbursement due to the Insurer pursuant to Section 11.04 of the Indenture.

(f) Payments of Miscellaneous Rent described in (e) above shall be due and payable each month as follows:

(i) $1/12^{\text{th}}$ of the aggregate amount of any deficiency in the Reserve Account as a result of a transfer from the Reserve Account to the Bond Fund for the purpose set forth in (i) of Section 5.06(a) of the Indenture; and

(ii) $1/4^{\text{th}}$ of the aggregate amount of any deficiency in the Reserve Account as a result of deficiencies in valuation of amounts deposited in the Reserve Account and invested in Permitted Investments;

until the total of the cash on deposit in the Reserve Account, the value of the amount on deposit in the Reserve Fund invested in Permitted Investments and the amount available under any Qualified Surety Bond is at least equal to the Reserve Requirement.

Section 4.7. *Substitution or Release of Leased Premises.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of this Lease Agreement, to substitute other land, facilities or improvements (the "Substitute Leased Premises") for the Leased Premises or any portion thereof (the "Former Leased Premises") or to release a portion of the Leased Premises (the "Released Premises") from the lien of this Lease Agreement, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution or release:

(a) The City shall provide written notification of such substitution or release to the Insurer and the Rating Agencies, which notice shall contain the certification that all conditions set forth in this Section 4.9 are met with respect to such substitution or release, and the Insurer shall have consented to such substitution in writing;

(b) The City shall take all actions and shall execute all documents required to subject the Substitute Leased Premises to the terms and provisions of this Lease Agreement, including the filing with the Authority, the Insurer and the Trustee an amended Exhibit A which adds thereto a description of the Substitute Leased Premises and deletes therefrom the description of the Former Leased Premises or the Released Premises, as applicable;

(c) The City shall obtain the prior written consent of the Insurer to the proposed substitution or release;

(d) In the case of a substitution, the City shall determine and certify to the Authority, the Insurer and the Trustee that:

(i) the fair rental value of the Substitute Leased Premises is at least equal to the fair rental value of the Former Leased Premises;

(ii) the essentiality of the Substituted Leased Premises to the governmental functions of the City is comparable to that of the Lease Premises;

(iii) the Substitute Leased Premises serve the public purposes of the City and constitute property which the City is permitted to lease under the laws of the State;

(iv) the estimated useful life of the Substitute Leased Premises at least extends to the date on which the final Lease Payment becomes due and payable hereunder; and

(v) based upon an MAI appraisal of the fair market value of the Substitute Leased Premises and the Leased Premises, the value of the Substitute Lease Premises is at least equal to the value of the Leased Premises;

(e) In the case of a release, the City shall determine and certify to the Authority, the Insurer and the Trustee that the fair rental value of the remaining Leased Premises after removal of the Released Premises is at least equal to the then remaining Lease Payments;

(f) In the case of a substitution, the City shall obtain a CLTA policy of title insurance meeting the requirements of Section 5.6 with respect to any real property portion of the Substitute Leased Premises and shall provide the Insurer with an opinion of counsel to the effect that the exceptions set forth in such policy do not materially impair the used of the Substituted Leased Premises and the facilities thereon for the purposes for which they are, or may reasonably be expected to be, held;

(g) In the case of a substitution, the substitution of the Substitute Leased Premises shall not cause the City to violate any of its covenants, representations and warranties made herein;

(h) In the case of a release, the City shall provide the Insurer with evidence satisfactory to the Insurer that the title insurance for the remainder of the Leased Premises following such release will not be adversely affected thereby;

(i) The City shall obtain and cause to be filed with the Trustee, the Insurer and the Authority an opinion of Bond Counsel stating that such substitution or release is permitted hereunder and does not cause interest on the Bonds to become includable in the gross income of the Bond Owners for federal income tax purposes.

From and after the date on which all of the foregoing conditions precedent to such substitution or release are satisfied, the Term of this Lease Agreement shall cease with respect to the Former Leased Premises or Released Premises, as applicable, and shall be continued with respect to the Substitute Leased Premises and the remaining Leased Premises and all references herein to the Former Leased Premises shall apply with full force and effect to the Substitute Leased Premises. The City shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution or release.

ARTICLE V MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Leased Premises, all improvement, repair and maintenance of the Leased Premises shall be the responsibility of the City and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Premises which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Premises, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver-shall not limit any of the rights of the City under the terms of this Lease Agreement.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Leased Premises or their

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 City shall be obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Leased Premises will be materially endangered or the Leased Premises or any part thereof will be subject to loss or forfeiture, in which event the City 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 5.2. *Modification of Leased Premises.* The City shall, at its own expense, have the right to make additions, modifications and improvements to the Leased Premises. All additions, modifications and improvements to the Leased Premises shall thereafter comprise part of the Leased Premises and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Leased Premises or cause the Leased Premises to be used for purposes other than those authorized under the provisions of State and federal law; and the Leased Premises, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Leased Premises immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Premises for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 5.2; provided that if any such lien is established and the City shall first notify or cause to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Premises, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. *Public Liability and Property Damage Insurance.* The City shall maintain or cause to be maintained, throughout the Term of this Lease, comprehensive general insurance in protection of the Authority, City, and their respective members, officers, agents, employees and assigns. Such Insurance shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance shall provide coverage in such liability limits and be subject to such deductibles as the City shall deem adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of a program of self-insurance by the City, or in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The proceeds of such

insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Section 5.4. *Casualty Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to the Facilities, in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement value of the Facilities, or (b) one hundred percent (100%) of the aggregate principal amount of the Outstanding Bonds plus six (6) months interest thereon. Such insurance shall, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the City, whose determination shall be final and conclusive. Such insurance shall be subject to such deductibles as are customarily maintained by municipalities with respect to works and properties of a like character, but in any case shall not exceed five percent (5%) of the coverage amount.

Full payment of the insurance proceeds up to the required policy dollar limit in connection with the damage to the Facilities shall, under no circumstances, be contingent upon the degree of damage sustained at other facilities owned or leased by the City.

Such policy must explicitly waive any co-insurance penalty.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a).

Section 5.5. *Rental Interruption Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of buildings, facilities and other improvements to the Leased Premises, as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any two (2) consecutive Fiscal Years during the remaining Term of this Lease. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance.

The City shall send a copy of any rental interruption insurance policy required hereby to the Insurer annually at the renewal thereof.

The Net Proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited first towards any amount due and owing to the Insurer pursuant to the Financial Guaranty Agreement as a result of any draw on the Insurer Surety Bond and second towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6. *Recordation Hereof; Title Insurance.* On or before the Closing Date the City shall, at its expense, (a) cause the Ground Lease and this Lease Agreement, or a memorandum thereof and hereof in form and substance approved by Bond Counsel, to be recorded in the office of the San Joaquin County Recorder and (b) obtain a CLTA policy of title insurance insuring the City's leasehold estate hereunder, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be applied to the redemption of the Bonds pursuant to Section 4.01(b) of the Indenture.

Section 5.7. *Net Proceeds of Insurance; Form of Policies.* Each policy of insurance maintained pursuant to Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency, adequacy or amount of any insurance or self-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.

All required insurance policies must be provided by a commercial insurer rated A by Best or A- and A3 by S&P and Moody's, respectively. All policies shall name the Authority, the City and the Trustee as insureds and the Trustee as loss payee.

Section 5.8. *Self Insurance.* Self insurance for public liability and property damage insurance and casualty insurance may be approved in writing by the Insurer on an exception basis provided that the following minimum conditions are met:

- (a) The self insurance program must be approved by an independent insurance consultant;
- (b) The self-insurance program must be maintained on an actuarially sound basis and the Insurer shall annually receive a certified actuarial statement attesting to the sufficiency of such program's assets;
- (c) The self-insurance fund must be held in a separate trust fund by an independent trustee; and
- (d) In the event the self-insurance program is discontinued, the actuarial soundness of the claim reserve fund must be maintained.

Section 5.9. *Installation of Personal Property.* The City may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Leased Premises. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Leased Premises resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall

prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.8 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Premises.

Section 5.10. *Liens.* Neither the City 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 Leased Premises, other than the respective rights of the Authority and the City as provided herein and other than Permitted Encumbrances. Except as expressly provided in this Article V, the City and the Authority shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. *Tax Covenants.*

(a) Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

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

(c) No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(d) Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

Section 5.12. *Payment of Rebatable Amounts.* The City agrees to furnish all information to, and cooperate fully with, the Authority and their respective officers, employees, agents and attorneys, in order to assure compliance with the provisions of Section 6.07(e) of the Indenture. In the event that the Authority shall determine, pursuant to Section 6.07(e) of the Indenture, that any amounts are due and payable to the United States of America thereunder and that neither the Authority nor the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the funds and accounts established for the payment of the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the Authority shall promptly notify the City of such fact. Upon receipt of any such notice, the City shall promptly pay the amounts determined by the Authority to be due and payable to the United States of America

under such Section 6.07(e), such payments to be made in accordance with the applicable provisions of the Tax Code.

Section 5.13. *Continuing Disclosure.* The City hereby covenants and agrees that it will comply with and carry out all of the provisions of its Undertaking to Provide Continuing Disclosure with respect to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with such Undertaking to Provide Continuing Disclosure shall not be considered an Event of Default; however, any Bondholder may take such actions, as provided in such Undertaking to Provide Continuing Disclosure, as may be necessary and appropriate to cause the City to comply with its obligations under such Undertaking to Provide Continuing Disclosure.

Section 5.14. *Condemnation.* The City hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the leased property shall not be less than the greater of the amount necessary to defease such Bonds to the first available redemption date in accordance with the Indenture.

ARTICLE VI DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. *Eminent Domain.* If all of the Leased Premises shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Leased Premises shall be taken permanently, or if all of the Leased Premises or any part thereof shall be taken temporarily under the power of eminent domain, (a) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Lease Payments for the Leased Premises, represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Premises.

Section 6.2. *Application of Net Proceeds.*

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of any of the Facilities on the Leased Premises by fire or other casualty shall be deposited in its Insurance and Condemnation Fund or the Redemption fund, as applicable, by the Trustee and applied in accordance with Section 5.08 of the Indenture.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 shall be deposited in the Insurance and

Condemnation Fund or the Redemption Fund, as applicable, by the Trustee and applied in accordance with Section 5.08 of the Indenture.

Section 6.3. *Abatement of Lease Payments in the Event of Damage or Destruction.* The Lease Payments allocable to the Leased Premises shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof. The amounts of the Lease Payments under such circumstances may not be less than the amounts of the unpaid Lease Payments, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Premises not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there may be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance, are available to pay Lease Payments, or (b) amounts in the Bond Fund are available to pay Debt Service payable from Lease Payments which would otherwise be abated.

ARTICLE VII DISCLAIMER OF WARRANTIES; ACCESS

Section 7.1. *Disclaimer of Warranties.* Neither the Authority nor the Trustee makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Leased Premises, or any other representation or warranty with respect to the Leased Premises. In no event shall the Authority, the Trustee, and their respective assigns be liable for incidental, indirect, special or consequential damages in connection with or arising out of this Lease Agreement or the Indenture for the existence, furnishing, functioning or the City's use of the Leased Premises.

Section 7.2. *Rights of Access.* The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Premises. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns shall have such rights of access to the Leased Premises as may be reasonably necessary to cause the proper maintenance of the Leased Premises in the event of failure by the City to perform its obligations hereunder.

Section 7.3. *Release and Indemnification Covenants.* The City shall and hereby agrees to indemnify and save the Authority, the Trustee and the Insurer, and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Premises by the City, (b) any

breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Premises, (d) the use, presence, storage, disposal of any Hazardous Substances, Substance on or about the Leased Premises, or (e) any act or negligence of any sublessee of the City with respect to the Leased Premises. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct, negligence under this Lease Agreement by the Authority, the Trustee or the Insurer or any of their respective officers, agents, employees, successors or assigns.

ARTICLE VIII ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1. *Assignment by the Authority.* The Authority's rights under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this Lease Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.2. *Assignment and Subleasing by the City.* This Lease Agreement may not be assigned by the City. The City may sublease the Leased Premises or any portion thereof, but only with the written consent of the Authority and subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(b) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) No such sublease by the City shall cause the Leased Premises to be used for a purpose other than as may be authorized under the provisions of the laws of the State;

(d) Such sublease shall require the prior written consent of the Insurer if such sublease would (i) cause the portion of the Leased Premises to be subject to such sublease and all other subleases to exceed 10% of the Leased Premises or (ii) such other percentage as is necessary to preserve the tax exempt status of the Bonds;

(e) The City shall furnish the Authority, the Insurer and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the Indenture, and will not cause the interest on the Bonds to become included in gross income for federal income tax purposes.

Section 8.3. *Amendment Hereof.* The Authority and the City may at any time amend or modify any of the provisions of this Lease Agreement, but only (a) with the prior written consent

of the Insurer and of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, or (b) with the prior written consent of the Insurer but without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds;

(c) to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Tax Code, in the opinion of Bond Counsel;

(d) to amend the description of the Leased Premises set forth in Exhibit A hereto to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release pursuant to Section 4.7; or

(e) to obligate the City to pay additional amounts of rental hereunder for the use and occupancy of the Leased Premises, provided that (A) no Event of Default has occurred and is continuing under this Lease, (B) such additional amounts of rental do not cause the total rental payments made by the City hereunder to exceed the fair rental value of the Leased Premises, as set forth in a certificate of an Authorized Representative of the City filed with the Trustee and the Authority, (C) the City shall have obtained and filed with the Trustee and the Authority a Written Certificate of an Authorized Representative of the City showing that the fair rental value of the Leased Premises is not less than the sum of the aggregate unpaid principal components of the Lease Payments and the aggregate principal components of such additional amounts of rental, and (D) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized pursuant to the laws of the State.

ARTICLE IX EVENTS OF DEFAULT; REMEDIES

Section 9.1. *Events of Default Defined.* The following shall be “Events of Default” under this Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Miscellaneous Rent payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority, the Insurer or the Trustee; provided, however, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such thirty (30) day period and thereafter diligently and in good faith shall cure such failure within a period that, except with the consent of the Insurer, does not exceed a total of ninety (90) days.

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

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; including the right to terminate this Lease; provided, however, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights of entry and re-entry upon the Leased Premises. In the event of such default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained, and in any event such rent and damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Premises, or, in the event the Authority is unable to re-lease the Leased Premises, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or

obtaining possession of the Leased Premises or the exercise of any other remedy by the Authority.

(b) The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Premises following an Event of Default by the City hereunder and to remove all personal property whatsoever situated upon the Leased Premises to place such property in storage or other suitable place in the County of San Joaquin, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Premises and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(c) The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Premises as herein provided and all claims for damages that may result from the destruction of or injury to any of the Facilities on the Leased Premises and all claims for damages to or loss of any property belonging to the City that may be in or upon the Leased Premises.

(d) The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Leased Premises in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

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

(f) The City shall have no right to terminate this Lease as a remedy for default by the Authority in the performance of its obligations hereunder.

Section 9.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX, it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.4. *Agreement to Pay Attorneys' Fees and Expenses.* In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting

party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6. *Trustee and Bondholder to Exercise Rights.* Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee, the Insurer and the Owners of the Bonds as provided in the Indenture.

ARTICLE X MISCELLANEOUS

Section 10.1. *Notices.* All written notices to be given under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) otherwise, upon actual receipt. The Authority, the City, the Insurer or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Stockton Public Financing Authority
425 North El Dorado Street
Stockton, CA 95202-1997
Attention: Executive Director
Fax: (209) 937-7149

If to the City: City of Stockton
425 North El Dorado Street
Stockton, CA 95202-1997
Attention: City Manager
Fax: (209) 937-7149

If to the Trustee: Wells Fargo Bank, National Association
333 Market Street, 18th Floor
MAC #:A0119-181
San Francisco, CA 94105
Attention: Corporate Trust Services
Fax: (415) 371-3400

If to Insurer: MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management

Section 10.2. *Binding Effect.* This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 10.3. *Severability.* In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. *Net-net-net Lease.* This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

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

Section 10.6. *Execution in Counterparts.* This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.


Section 10.7. *Applicable Law.* This Lease Agreement shall be governed by and constructed in accordance with the laws of the State.

Section 10.8. *Authorized Representatives.* Whenever under the provisions of this Lease Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

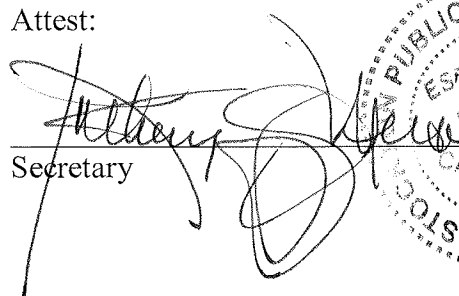
Section 10.9. *Captions.* The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

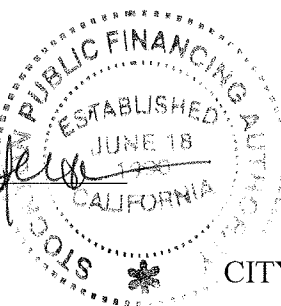
IN WITNESS WHEREOF, the Authority has caused this Lease Agreement to be executed; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officers, and attested to by its Secretary and City Clerk, respectively, as of the date first above written.

STOCKTON PUBLIC FINANCING AUTHORITY


By 
Treasurer

Attest:

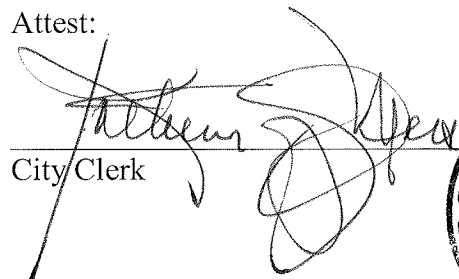

Secretary



CITY OF STOCKTON

By 
Director of Administrative Services

Attest:


City Clerk



APPROVED AS TO FORM AND CONTENT

By 
Assistant City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Joaquin

} ss.

On April 4, 2006

Date

before me, PAULA CAZALE, Notary Public

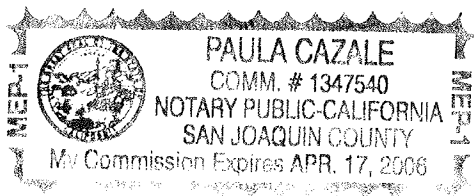
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared MARK MOSES

Name(s) of Signer(s)

☒ personally known to me☐ 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.



WITNESS my hand and official seal.

Signature of Notary Public

My Commission expires 4/17/06

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached DocumentTitle or Type of Document: Lease AgreementDocument Date: March 1, 2006 Number of Pages: 25

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by SignerSigner's Name: Mark Moses

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☒ Other: Director of Administrative Services

Signer Is Representing: City of Stockton**RIGHT THUMBPRINT
OF SIGNER**

Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Joaquin

} ss.

On April 4, 2006 before me, PAULA CAZALE, Notary Public,

Date

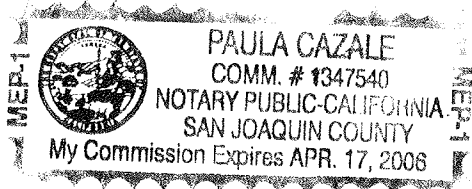
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared MARK MOSES _____,

Name(s) of Signer(s)

☒ personally known to me☐ 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.



WITNESS my hand and official seal.

Signature of Notary Public

My Commission expires 4/17/06

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Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by SignerSigner's Name: Mark Moses

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☒ Other: Treasurer

Signer Is Representing: Stockton Public Financing Authority**RIGHT THUMBPRINT
OF SIGNER**

Top of thumb here

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel One:

A portion of Block 1, East of Center Street, in the City of Stockton, San Joaquin County, California, according to the Official Map or Plat thereof and described as follows:

All of Lots 1, 3, 5, 7, 9, 11, 13, 14, 15 and 16 and a portion of Lots 2, 4, 6, 8, 10, and 12, in Block 1, East of Center Street, in the City of Stockton, according to the Official Map or Plat thereof, and described as follows:

Beginning at the Northwest corner of said Block 1; thence Southerly along the West line thereof, a distance of 204.00 feet; thence Easterly parallel with the North line of said Block 303.00 feet to the East line of said Block; thence Northerly along the East line of said Block, 204.00 feet to the Northeast corner of said Block; thence Westerly along the North line of said Block 303.00 feet to the true point of beginning.

APN: 149 020 01

Parcel Two:

A portion of Block 1, East of Center Street, in the City of Stockton, San Joaquin County, California, according to the Official Map or Plat thereof, and described as follows:

A portion of Lots 2, 4, 6, 8, 10 and 12, in Block 1, East of Center Street, in the City of Stockton, according to the Official Map or Plat thereof, and described as follows:

Commencing at the Southwest corner of said Block 1; thence Northerly along the West line, thereof, a distance of 74.00 feet to the true point of beginning; thence Easterly parallel with the South line of said Block 1, a distance of 303.00 feet to the East line of said Block 1; thence Northerly along the East line of said Block 1, a distance of 25.00 feet; thence Westerly parallel with the North line of said Block 1, a distance of 303.00 feet to the West line of said Block 1; thence Southerly along the West line of said Block 1, a distance of 25 feet to the true point of beginning.

APN: 149 020 01

EXHIBIT B**SCHEDULE OF LEASE PAYMENTS**

Lease Payment Date	Principal Component	Interest Component	Lease Payment
7/15/2006	\$105,000.00	\$189,875.78	\$294,875.78
1/15/2007		295,096.88	295,096.88
7/15/2007	325,000.00	295,096.88	620,096.88
1/15/2008		288,596.88	288,596.88
7/15/2008	340,000.00	288,596.88	628,596.88
1/15/2009		281,796.88	281,796.88
7/15/2009	355,000.00	281,796.88	636,796.88
1/15/2010		274,696.88	274,696.88
7/15/2010	370,000.00	274,696.88	644,696.88
1/15/2011		265,446.88	265,446.88
7/15/2011	385,000.00	265,446.88	650,446.88
1/15/2012		257,746.88	257,746.88
7/15/2012	400,000.00	257,746.88	657,746.88
1/15/2013		249,746.88	249,746.88
7/15/2013	415,000.00	249,746.88	664,746.88
1/15/2014		241,446.88	241,446.88
7/15/2014	435,000.00	241,446.88	676,446.88
1/15/2015		232,746.88	232,746.88
7/15/2015	450,000.00	232,746.88	682,746.88
1/15/2016		223,746.88	223,746.88
7/15/2016	470,000.00	223,746.88	693,746.88
1/15/2017		214,346.88	214,346.88
7/15/2017	490,000.00	214,346.88	704,346.88
1/15/2018		204,546.88	204,546.88
7/15/2018	510,000.00	204,546.88	714,546.88
1/15/2019		194,346.88	194,346.88
7/15/2019	530,000.00	194,346.88	724,346.88
1/15/2020		183,746.88	183,746.88
7/15/2020	550,000.00	183,746.88	733,746.88
1/15/2021		172,471.88	172,471.88
7/15/2021	570,000.00	172,471.88	742,471.88
1/15/2022		160,715.63	160,715.63
7/15/2022	595,000.00	160,715.63	755,715.63
1/15/2023		148,071.88	148,071.88
7/15/2023	620,000.00	148,071.88	768,071.88
1/15/2024		134,896.88	134,896.88
7/15/2024	645,000.00	134,896.88	779,896.88
1/15/2025		121,190.63	121,190.63
7/15/2025	675,000.00	121,190.63	796,190.63
1/15/2026		106,425.00	106,425.00
7/15/2026	705,000.00	106,425.00	811,425.00

Lease Payment Date	Principal Component	Interest Component	Lease Payment
1/15/2027		\$90,562.50	\$ 90,562.50
7/15/2027	\$735,000.00	90,562.50	825,562.50
1/15/2028		74,025.00	74,025.00
7/15/2028	770,000.00	74,025.00	844,025.00
1/15/2029		56,700.00	56,700.00
7/15/2029	805,000.00	56,700.00	861,700.00
1/15/2030		38,587.50	38,587.50
7/15/2030	840,000.00	38,587.50	878,587.50
1/15/2031		19,687.50	19,687.50
7/15/2031	875,000.00	19,687.50	894,687.50
Total:	\$13,965,000.00	\$9,252,657.22	\$23,217,657.22