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RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF SUPERVISORS OF YOLO
COUNTY AUTHORIZING EXECUTION OF LEASE
FINANCING DOCUMENTS FOR YOLO COUNTY JUSTICE
CENTER SOLAR PROJECT, AND APPROVING RELATED
ACTIONS**

WHEREAS, Yolo County (the "County") has determined to acquire and construct the Yolo County Justice Center Solar Project located at 2420 East Gibson Road in Woodland, and more particularly described herein (the "Renewable Energy Project"); and

WHEREAS, the total costs of acquiring and constructing the Renewable Energy Project, including the costs of issuance associated with the financing of the Renewable Energy Project, are approximately \$7,284,759.38; and

WHEREAS, the County has received approval from the Internal Revenue Service for the issuance of Clean Renewable Energy Bonds under Section 54C of the Internal Revenue Code of 1986 (the "Tax Code"), in the aggregate principal amount of \$2,000,000, to finance a portion of the Renewable Energy Project; and

WHEREAS, the County has received approval from the California Debt Limit Allocation Committee for the issuance of Qualified Energy Conservation Bonds under Section 54D(e)(1) of the Tax Code, in the aggregate principal amount of \$2,019,214.38 for the Renewable Energy Project; and

WHEREAS, the County has received approval from the California Energy Commission ("CEC") for a loan (the "CEC Loan") in the aggregate principal amount of \$2,500,000, to finance a portion of the Renewable Energy Project; and

WHEREAS, the County has received approval from Banc of America Leasing & Capital, LLC and Bank of America. N.A. for a lease financing obligation to finance the costs of the Renewable Energy Project not funded with the proceeds of the CEC Loan; and

WHEREAS, the County intends to finance the costs of the Renewable Energy Project not funded with the CEC Loan through the issuance of: 1) New Clean Renewable Energy Bonds ("NCREBs") in the amount of \$2,000,000 (the "NCREB Lease Component"); 2) Qualified Energy Conservation Bonds ("QECBs") in the amount of \$2,019,214.38 (the "QECB Lease Component"); and 3) a tax-exempt lease financing in the amount of \$765,545.00 (the "Tax-Exempt Lease Component"); and

WHEREAS, in order to provide financing for the Renewable Energy Project, the County has proposed to lease certain real property, consisting generally of the Sheriff's Administration Building, located at 2500 East Gibson Road, Woodland, CA 95776, and the Sheriff's Evidence Building, located at 2700 East Gibson Road, Woodland, CA 95776

(the "Leased Property"), to the Yolo County Financing Corporation (the "Corporation") for an up-front rental payment (the "Site Lease Payment") which is sufficient for that purpose, under a Site Lease, dated as of March 1, 2010, between the County and the Corporation (the "Site Lease"), and the Corporation has proposed to lease the Leased Property back to the County in consideration of the payment by the County of annual lease payments as the rental for the Leased Property (the "Lease Payments") payable under the Lease Agreement; and

WHEREAS, the Lease Payments are comprised of three separate components - the NCREB Lease Payments, the QECB Lease Payments, and the Tax-Exempt Lease Payments; and

WHEREAS, in order to provide a source of financing to fund the Site Lease Payment, the Corporation proposes to enter in an Assignment of Lease Agreement (the "Assignment Agreement"), dated as of March 1, 2010, among the Corporation, Banc of America Leasing & Capital, LLC, ("Banc of America Leasing") and Bank of America, N.A., under which the Corporation assigns 1) the NCREB Lease Payments and the QECB Lease Payments to Banc of America Leasing, and 2) the Tax-Exempt Lease Payments to Bank of America, N.A.; and

WHEREAS, Banc of America Leasing & Capital, LLC, and Bank of America, N.A. are referred to herein collectively as the "Assignees"; and

WHEREAS, the Board of Supervisors approves the above-described transactions in furtherance of the public purposes of the County;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Supervisors of Yolo County as follows:

Section 1. Approval of Financing Plan and Specification of Renewable Energy Project. The Board hereby approves the financing plan outlined above for the Renewable Energy Project.

Section 2. Approval of Lease Agreement and Related Financing Documents. The Board hereby approves the lease transactions described above relating to the Leased Property. The Board hereby approves (a) the Site Lease, between the County and the Corporation, (b) the Lease Agreement, between the County and the Corporation, (c) the Project Fund Agreement, among the County, the Corporation and Deutsche Bank National Trust Company, and (d) a Purchase Agreement, among the County, the Corporation and the Assignees, under which the Corporation agrees to sell and the Assignees agree to purchase the Lease Payments due by the County under the Lease Agreement to fund the Renewable Energy Project, each in substantially the form on file with the Clerk of the Board (the "Clerk"), together with any changes therein or additions thereto deemed advisable by the County Administrator, Director of General Services and President of the Board (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer will be conclusive evidence of such approval. Each Authorized Officer is hereby authorized and directed for and in the name and on behalf of the

County to execute and the Clerk of the Board is hereby authorized and directed to attest the final form of the documents herein approved.

Section 3. Material Terms of Lease Agreement. The Lease Agreement will be for a term which will not extend beyond March 16, 2026 (except in the case of default or abatement). The aggregate principal components of the Lease Payments payable under the Lease Agreement will not exceed \$4,784,759.38. In addition to the principal amount of the Lease Payments, the principal amount of the Lease Payments may bear interest at a weighted average rate of interest of not to exceed 4.5% per annum.

Section 4. Assignment to Assignees. The Board hereby approves the assignment of the respective Lease Payments and the rights of the Corporation under the Lease Agreement to the respective Assignees, pursuant to the Assignment Agreement, in substantially the form on file with the Clerk of the Board together with any changes therein or additions thereto deemed advisable by the an Authorized Officer. Each Authorized Officer is hereby authorized and directed for and in the name and on behalf of the County to execute a Purchase Agreement with the Corporation and the Assignees which commits the Corporation to sell and the Assignees to purchase the Lease Payments. The Purchase Agreement is hereby approved in substantially the form on file with the Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer, and the execution thereof by an Authorized Officer shall be conclusive evidence of such approval.

Section 5. Official Actions. The County Administrator, the Director of General Services, the Clerk of the Board and all other officers of the County are each authorized and directed in the name and on behalf of the County to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this resolution any officer of the County is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution will take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of Yolo County on February 23, 2010, by the following called vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Clerk of the Board
Yolo County

TO BE RECORDED AND WHEN RECORDED
RETURN TO:

Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108
Attention: William Madison, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THE TERM OF THIS LEASE IS LESS THAN 35 YEARS. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), dated as of March 1, 2010, is between YOLO COUNTY FINANCING CORPORATION, a California nonprofit public benefit corporation (the "Corporation"), as sublessor, and YOLO COUNTY, a county duly organized and existing under the laws of the State of California (the "County"), as sublessee.

BACKGROUND:

1. The County has determined to acquire and construct the Yolo County Justice Center Solar Project located at 2420 East Gibson Road in Woodland, and more particularly described herein (the "Renewable Energy Project").
2. The total costs of acquiring and constructing the Renewable Energy Project, including the costs of issuance associated with the financing of the Renewable Energy Project, are approximately \$7,284,759.38.
3. The County has received approval from the Internal Revenue Service for the issuance of New Clean Renewable Energy Bonds under Section 54C of the Internal Revenue Code of 1986 (the "Tax Code"), in the aggregate principal amount of \$2,000,000, to finance a portion of the Renewable Energy Project.
4. The County has received approval from the California Debt Limit Allocation Committee for the issuance of Qualified Energy Conservation Bonds under Section

540(e)(1) of the Tax Code, in the aggregate principal amount of \$2,019,214.38 for the Renewable Energy Project.

5. The County has received approval from the California Energy Commission (“CEC”) for a loan (the “CEC Loan”) in the aggregate principal amount of \$2,500,000, to finance a portion of the Renewable Energy Project.

6. The County has received approval from Banc of America Leasing & Capital, LLC and Bank of America, N.A. for a lease financing obligation to finance the costs of the Renewable Energy Project not funded with the proceeds of the CEC Loan.

7. The County intends to finance the costs of the Renewable Energy Project not funded with the CEC Loan through the issuance of: 1) New Clean Renewable Energy Bonds (“NCREBs”) in the amount of \$2,000,000 (the “NCREB Lease Component”); 2) Qualified Energy Conservation Bonds (“QECCBs”) in the amount of \$2,019,214.38 (the “QECCB Lease Component”); and 3) a tax-exempt lease financing in the amount of \$765,545 (the “Tax-Exempt Lease Component”).

8. In order to provide financing for the Renewable Energy Project, the County has proposed to lease certain real property which is more particularly described in Appendix A attached hereto and by this reference incorporated herein (the “Leased Property”), to the Corporation for an up-front rental payment (the “Site Lease Payment”) which is sufficient for that purpose, under a Site Lease, dated as of the date hereof, and recorded concurrently herewith, between the County and the Corporation (the “Site Lease”), and the Corporation has proposed to lease the Leased Property back to the County in consideration of the payment by the County of annual lease payments as the rental for the Leased Property (the “Lease Payments”) payable hereunder.

9. The Lease Payments are comprised of three separate components - those Lease Payments (the “NCREB Lease Payments”), which will be sufficient to repay the NCREB Lease Component as the same becomes due and payable, as shown on Appendix B-1, those Lease Payments (the “QECCB Lease Payments”), which will be sufficient to repay the QECCB Lease Component as the same becomes due and payable, as shown on Appendix B-2, and those Lease Payments (the “Tax-Exempt Lease Payments”), which will be sufficient to repay the Tax-Exempt Lease Component as the same becomes due and payable, as shown on Appendix B-3.

10. In order to provide a source of financing to fund the Site Lease Payment, the Corporation has entered in an Assignment of Lease Agreement (the “Assignment of Lease”), dated as of the date hereof, among the Corporation, Banc of America Leasing & Capital, LLC (“Banc of America Leasing”) and Bank of America, N.A. (“Bank of America, N.A.”), under which the Corporation assigns: 1) the NCREB Lease Payments and the QECCB Lease Payments to Banc of America Leasing; and 2) the Tax-Exempt Lease Payments to Bank of America, N.A.

11. The County is authorized to enter into this Lease under the laws of the State of California.

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the County and the Corporation formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Lease.

"Additional Flood Plain Buildings" means the real property and buildings, facilities and other improvements consisting of (i) the Morgue, located at 2500 E. Gibson Rd., Woodland, CA 95776, (ii) the Probation Admin Office, located at 2780 E. Gibson Rd., Woodland, CA 95776, (iii) the Juvenile Detention Facility, located at 2880 E. Gibson Rd., Woodland, CA 95776, (iv) the Animal Shelter, located at 2640 E. Gibson Rd., Woodland, CA 95776 and (v) the CAT Annex, located at 2640 E. Gibson Rd., Woodland, CA 95776; provided that neither the Livestock Barn, located south of the Animal Shelter and Cat Annex located at 2640 East Gibson Road, Woodland, CA 95776 or the public works building containing a sewer waste grinding device located east of the Leinberger Center located at 2420 East Gibson Road, Woodland, CA 95776 shall constitute "Additional Flood Plain Buildings."

"Available Project Proceeds" means, when used with respect to the proceeds of the sale of the NCEB Component and the QECB Component (i) the proceeds from the sale of such Component, (ii) less costs of issuing such Component paid from proceeds of the sale of such Component (not exceeding 2% of the proceeds of the sale of such Component), plus (iii) investment earnings on the difference between (i) - (ii).

"Assignees" means Banc of America Leasing and Bank of America, N.A.

"Banc of America Leasing" means Banc of America Leasing & Capital, LLC, a limited liability corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

"Bank of America, N.A." means Bank of America, N.A., a national banking association organized under the laws of the United States of America, and its successors and assigns..

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to municipal bonds and relating to qualified tax credit bonds issued under Section 54A of the Tax Code.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State of California.

“Closing Date” means the date of execution and delivery of this Lease by the parties hereto, being March 16, 2010.

“Corporation” means Yolo County Financing Corporation, a public benefit corporation duly organized and existing under the laws of the State of California.

“County” means Yolo County, a county duly organized and existing under the laws of the State of California.

“Credit Allowance Date” means: (i) September 15, December 15, March 15 and June 15 of each year while the this Agreement is outstanding, commencing March 15, 2010; and (ii) the final maturity date of this Agreement.

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

“Expenditure Period” means the “expenditure period” defined in Section 54A(d)(2)(B)(ii) of the Tax Code and consists of the period beginning on the Closing Date and ending on the later of the date 3 years after the Closing Date or such later date, if any, as permitted by the Internal Revenue Service in response to a request to extend the Expenditure Period.

“Federal Securities” means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

“Fiscal Year” means each twelve-month period during the Term of this Lease commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the County as its fiscal year period, with prior written notice to the Assignees.

“Lease” means this Lease Agreement, dated as of March 1, 2010, between the Corporation and the County.

“Lease Payments” means all payments required to be paid by the County under Section 4.4, including any prepayment thereof under Section 9.2, and includes the NCREB Lease Payments, the QECB Lease Payments, and the Tax-Exempt Lease Payments.

“Lease Payment Date” means March 16 and September 16 in each year, commencing March 16, 2011, and continuing to and including March 16, 2026.

“Leased Property” means the real property which is more particularly described in Appendix A, consisting generally of the Sheriff’s Administration Building, located at

2500 East Gibson Road, Woodland, CA 95776, and the Sheriff's Evidence Building, located at 2700 East Gibson Road, Woodland, CA 95776. In the event of the substitution or release of any property under Sections 4.9 or 4.10, respectively, the description of the Leased Property shall be modified to reflect such substitution or release.

"NCREB Lease Component" means the principal amount of the Lease Payments equal to \$2,000,000 on the Closing Date.

"NCREB Lease Payments" means that portion of the Lease Payments sufficient to repay the NCREB Lease Component, on the dates and in the amounts set forth in Appendix B-1.

"NCREB Project Account" means the account of that name established and held under the Project Fund Agreement.

"Net Proceeds" means any eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), and any proceeds of insurance maintained under Section 5.4, paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may permit to remain unpaid under Article V of this Lease; (b) the Site Lease, this Lease and the Assignment of Lease; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the County certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

"Project Costs" means, with respect to the Renewable Energy Project, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the Renewable Energy Project;
- (b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Renewable Energy Project;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Renewable Energy Project;

- (d) all costs of engineering, architectural services and other preliminary investigation expenses, including the actual out-of-pocket costs for site investigations, surveys, hazardous materials investigations, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Renewable Energy Project; and
- (e) any sums required to reimburse the County for advances made for any of the above items or for any other costs incurred and for work done, including but not limited to administrative costs of the County, which are properly chargeable to the acquisition, construction and installation of the Renewable Energy Project.

“Project Fund” means the fund by that name established and held by the Project Fund Custodian for the benefit of the County under Section 3.3.

“Project Fund Agreement” means Project Fund Agreement dated as of March 1, 2010, among the County, the Corporation and the Project Fund Custodian, relating to the administration of the Project Fund.

“Project Fund Custodian” or “Custodian” means DEUTSCHE BANK NATIONAL TRUST COMPANY, a national trust company its successors and assigns, as holder of the Project Fund under the Project Fund Agreement.

“QECB Lease Component” means the principal amount of the Lease Payments equal to \$2,019,214.38 on the Closing Date.

“QECB Lease Payments” means that portion of the Lease Payments sufficient to repay the QECB Lease Component, on the dates and in the amounts set forth in Appendix B-2.

“QECB Project Account” means the account of that name established and held under the Project Fund Agreement.

“Qualified Energy Conservation Project” means the cost of acquiring and installing the qualified energy conservation project which qualifies as a “qualified conservation purpose” under Section 54D(f) of the Tax Code, and has been approved for financing pursuant to the notifications to the County from the California Debt Limit Allocation Committee dated July 22, 2009.

“Qualified New Clean Renewable Energy Project” means capital expenditures incurred by the County within the meaning of Section 54C(d)(1) of the Tax Code for any qualified renewable energy facility determined under Section 45(d) of Tax Code (without regard to paragraphs (8) and (10) thereof) relating to certain wind facilities,

closed-loop biomass facilities, open-loop biomass facilities, geothermal or solar energy facilities, small irrigation power facilities, landfill gas facilities, trash combustion facilities, qualified hydropower facilities and marine and hydrokinetic renewable energy facilities.

“Renewable Energy Project” means the cost of acquiring and installing the Yolo County Justice Center Solar Project located at 2420 East Gibson Road in Woodland, CA, as more particularly described in the County’s application for Clean Renewable Energy Bond Allocation, dated July 28, 2009, a copy of which is attached hereto as Appendix C.

“Rental Period” means each period during the Term of the Lease commencing on and including March 16 in each year and extending to and including the next succeeding March 15.

“Sheriff's Buildings” means the real property and buildings, facilities and other improvements consisting of (i) the Sheriff’s Administration Building, located at 2500 East Gibson Road, Woodland, CA 95776, and (ii) the Boat & Sheriff's Evidence Building, located at 2700 East Gibson Road, Woodland, CA 95776.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Tax-Exempt Lease Component” means the principal amount of the Lease Payments equal to \$765,545.00 on the Closing Date.

“Tax-Exempt Lease Payments” means that portion of the Lease Payments sufficient to repay the Tax-Exempt Lease Component, on the dates and in the amounts set forth in Appendix B-3.

“Tax-Exempt Project Account” means the account of that name established and held under the Project Fund Agreement.

“Term of this Lease” or “Term” means the time during which this Lease is in effect, as provided in Section 4.3.

SECTION 1.2. *Interpretation*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the County.* The County makes the following covenants, representations and warranties to the Corporation as of the date of the execution and delivery of this Lease:

- (a) Due Organization and Existence. The County is a municipal corporation duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into the Site Lease, the Project Fund Agreement, and this Lease, and to carry out and consummate all transactions contemplated hereby, and by proper action the County has duly authorized the execution and delivery of this Lease.
- (b) Due Execution. The representatives of the County executing the Site Lease, this Lease and the Project Fund Agreement have been fully authorized to execute the same under a resolution duly adopted by the Board of Supervisors of the County.
- (c) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease and the Project Fund Agreement have been duly authorized, executed and delivered by the County and constitute the legal, valid and binding agreements of the County enforceable against the County in accordance with their respective terms.
- (d) No Conflicts. The execution and delivery of this Lease, the Site Lease and the Project Fund 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 County 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 County, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease and the Project Fund Agreement or the financial condition, assets, properties or operations of the County.

- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the County or of the voters of the County, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease and the Project Fund Agreement, or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.
- (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 County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease or the Project Fund Agreement, or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease or the Project Fund Agreement, or the financial condition, assets, properties or operations of the County.
- (g) Allocations of National Limitation. The County has received allocations of a portion of the national new clean renewable energy bond limitation in the aggregate amount of \$2,000,000 and documentation with respect to said allocations has been provided for inclusion in the transcript for this Lease.
- (h) Allocations of National Limitation. The County has received allocations of a portion of the national qualified energy conservation bond limitation in the aggregate amount of \$2,019,214.38 and documentation with respect to said allocations has been provided for inclusion in the transcript for this Lease.

- (i) The County represents that the Renewable Energy Project qualifies as a Qualified New Clean Renewable Energy Project, as a Qualified Energy Conservation Project, and as a project which qualifies for tax-exempt financing under Section 103 of the Tax Code.

SECTION 2.2. *Covenants, Representations and Warranties of the Corporation.* The Corporation makes the following covenants, representations and warranties to the County as of the date of the execution and delivery of this Lease:

- (a) Due Organization and Existence. The Corporation is a corporation duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into the Site Lease, this Lease, the Project Fund Agreement, and the Assignment of Lease and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery of this Lease, the Site Lease, the Project Fund Agreement, and the Assignment of Lease.
- (b) Due Execution. The representatives of the Corporation executing the Site Lease, this Lease, the Project Fund Agreement and the Assignment of Lease are fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.
- (c) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease, the Project Fund Agreement, and the Assignment of Lease have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.
- (d) No Conflicts. The execution and delivery of this Lease, the Site Lease, the Project Fund Agreement, and the Assignment of Lease, 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 Corporation 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 Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the

consummation of the transactions contemplated by this Lease, the Site Lease, the Project Fund Agreement, and the Assignment of Lease or the financial condition, assets, properties or operations of the Corporation.

- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Project Fund Agreement, or the Assignment of Lease, 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 Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease, the Project Fund Agreement, or the Assignment of Lease, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Project Fund Agreement, or the Assignment of Lease or the financial conditions, assets, properties or operations of the Corporation.

ARTICLE III

CONSTRUCTION OF THE RENEWABLE ENERGY PROJECTS; DEPOSIT AND APPLICATION OF FUNDS

SECTION 3.1. *Deposit of Moneys.* As provided in the Assignment of Lease, the proceeds therefrom shall be applied on the Closing Date as follows: (a) the amount of \$78,000.38 shall be deposited in the Costs of Issuance Account, applied to pay the costs of the financing; and (b) \$4,706,759 shall be deposited with the Project Fund Custodian for deposit in the Project Fund, to be held, administered and invested for the purpose of financing the acquisition and installation of the Renewable Energy Project as provided herein and in the Project Fund Agreement.

SECTION 3.2. *Acquisition and Installation of the Renewable Energy Project.* The County has entered into a contract which provides for the complete construction, acquisition and installation of the Renewable Energy Project. The County hereby agrees that it will cause the construction, acquisition and installation of the Renewable Energy Project to be diligently performed, and that it will use its best efforts to cause the construction, acquisition and installation of the Renewable Energy Project to be completed within 18 months of the Closing Date, unforeseeable delays beyond the reasonable control of the County only excepted.

It is hereby expressly understood and agreed that the Corporation is under no liability of any kind or character whatsoever for the payment of any Project Costs and that all Project Costs shall be paid by the County, regardless of whether the funds deposited with the Project Fund Custodian for that purpose are sufficient to cover all such costs and expenses.

SECTION 3.3. *Payment of Project Costs.* In order to ensure that moneys sufficient to pay the Project Costs will be available when required, the Corporation shall deposit the sum of \$4,706,759 in a special account (the "Project Fund") to be established by the Project Fund Custodian as custodian for the benefit of the County. The Project Fund Custodian shall disburse moneys in the Project Fund from time to time to pay the Project Costs (or to reimburse the County for payment of Project Costs) upon delivery to the Project Fund Custodian of written requests from the County which have been approved and countersigned by the Corporation, each of which conforms to the requirements of the Project Fund Agreement and is in substantially the form set forth as Schedule 1 to the Project Fund Agreement.

Notwithstanding anything in this Article III to the contrary, the County shall assure that amounts in the Project Fund are expended solely in accordance with the requirements of Section 7.7 relating to the observance of all requirements applicable to new clean renewable energy bonds under Section 54A and 54C of the Tax Code, qualified energy conservation bonds under Section 54A and 54D of the Tax Code and tax-exempt obligations under Section 103 of the Tax Code, as applicable.

SECTION 3.4. *Disposition of Excess Project Funds.*

(i) Amounts on deposit in the NCREB Project Account may be expended for the payment of Project Costs for the Qualified New Clean Renewable Energy Project under Section 3.3 to and including the later of (a) March 16, 2013, or (b) if the County has obtained an extension for the expenditure of such amounts in accordance with Section 54A(d)(2) of the Tax Code, by the close of the extended period. All amounts remaining on deposit in the NCREB Project Account as of the later of such dates will be applied to prepay the NCREB Lease Component under Section 9.2.

(ii) Amounts on deposit in the QECB Project Account may be expended for the payment of Project Costs for the Qualified Energy Conservation Project under Section 3.3 to and including the later of (a) March 16, 2013, or (b) if the County has obtained an extension for the expenditure of such amounts in accordance with Section 54A(d)(2) of the Tax Code, by the close of the extended period. All amounts remaining on deposit in the QECB Project Account as of the later of such dates will be applied to prepay the QECB Lease Component under Section 9.2.

SECTION 3.5. *Investment of Project Fund.* Amounts on deposit in the Project Fund may be invested in interest-bearing instruments as set forth in written directions given to the Project Fund Custodian by the County from time to time in accordance with the Project Fund Agreement. Such amounts may be invested solely in investments authorized for the investment of County funds under Government Code Sections 53601 and 53635. Principal and interest earnings from each investment will be deposited directly into the Project Fund for disbursement under Section 3.3. The Corporation has no liability or responsibility for any loss of moneys resulting from any investment or the sale of any investment authorized by the County.

ARTICLE IV

LEASE OF LEASED PROPERTY; LEASE PAYMENTS

SECTION 4.1. *Lease of Leased Property by County to Corporation.* The County hereby represents and warrants to the Corporation that it owns fee simple merchantable title to the Leased Property, free and clear of all recorded liens, encumbrances, easements, public rights-of-way, assessments, leases, taxes and any or all other interests, excepting only Permitted Encumbrances. For and in consideration of the application by the Corporation of funds in accordance with Article III, the County has leased the Leased Property to the Corporation pursuant to the Site Lease, and the Corporation has leased the Leased Property from the County, for a term which is coterminous with the Term of this Lease. No merger shall be effected by the County's lease of the Leased Property to the Corporation under the Site Lease, and the Corporation's sublease of the Leased Property back to the County under Section 4.2.

SECTION 4.2. *Sublease of Leased Property by Corporation Back to County.* The Corporation hereby subleases the Leased Property back to the County, and the County hereby subleases the Leased Property from the Corporation. The Leased Property shall be subleased to the County under this Lease upon the terms and provisions hereof.

SECTION 4.3. *Term.* The Term of this Lease commences on the date of recordation of this Lease and ends on the earlier of March 16, 2026 (the “Stated Term”), or the date on which all of the Lease Payments and amounts due hereunder have been paid in full, unless all Lease Payments have not been paid by March 16, 2026, in which event the term of this Lease shall extend until all Lease Payments have been paid, but in no event beyond March 16, 2036. The provisions of this Section 4.3 are subject to the provisions of Section 6.2 relating to the taking in eminent domain of the Leased Property or any portion thereof, and the provisions of Section 6.3, relating to damage or destruction to the Leased Property. The Stated Term of the Lease does not exceed the maximum term established by the Secretary of the Treasury for the Lease.

SECTION 4.4. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Section 6.2 and 6.3, and the provisions of Article IX, the County agrees to pay to the Assignees, their successors and assigns, the Lease Payments in the respective amounts specified in Appendix B attached hereto and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Appendix B; provided, that the NCREB Lease Payments and QECB Payments shall be payable to Banc of America Leasing, and its successors and assigns, and the Tax-Exempt Lease Payments shall be payable to Bank of America, N.A., and its successors and assigns. The Lease Payments payable in any Rental Period with respect to the Leased Property shall be for the use of the Leased Property during such Rental Period. The interest rate on the NCREB Lease Component is 3.9% per annum. The interest rate on the QECB Lease Component is 3.9%. The interest rate on the Tax-Exempt Lease Component is 4.75% per annum. Interest shall be calculated on a 30/360 basis. Upon a (i) Loss of NCREB Status as defined in Section 4.6 hereof or (ii) Loss of QECB Status as described in Section 4.7 hereof, the County shall pay to the respective Assignee the applicable amounts described in Section 4.6 or 4.7 and such additional amounts shall constitute Lease Payments hereunder. Upon a Loss of NCREB Status or Loss of QECB Status, the applicable Schedule of Lease Payments in Appendix B shall be revised to reflect the County’s obligation to pay such amounts on the applicable dates to the respective Assignee. The County will cause a revised schedule of Lease Payments to be prepared and will file such revised schedule with the Corporation and the respective Assignee.

(b) Rate on Overdue Payments. If the County fails to make any of the payments required in this Section 4.4, the payment in default will continue as an obligation of the County until the amount in default has been fully paid, and the County agrees to pay the same with interest thereon, from the date of default to the date of payment at the rate of 8% per annum (unless there is a Loss of NCREB Status or a Loss of QECB Status, in which case the default rate shall be 12% per annum).

(c) Effect of Prepayment. If the County prepays all Lease Payments in full under Section 9.2, the County's obligations under this Section will thereupon cease and terminate. If the County prepays the Lease Payments in part but not in whole under Section 9.2, the related Lease Payments will be reduced in inverse order of maturity and due date, or if the Lease Payments are abated in part under Sections 6.2 or 6.3, the remaining Lease Payments will be reduced, in inverse order of maturity and due dates.

In that event, the County will cause a revised schedule of Lease Payments to be prepared and will file such revised schedule with the Corporation and the Assignees.

(d) Fair Rental Value. The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and will be paid by the County in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making this determination, consideration has been given to the estimated fair market value of the Leased Property, the costs of financing the deposits required to be made under Section 3.1, other obligations of the County and the Corporation under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the County and the general public.

(e) Source of Payments; Budget and Appropriation. The Lease Payments are payable from any source of legally available funds of the County, subject to the provisions of Sections 6.2, 6.3 and 9.1. The County covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the County herein contained constitute duties imposed by law and it is the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the County.

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

SECTION 4.6. *Loss of New Clean Renewable Energy Bond Status.* (i) Upon a final determination of the Internal Revenue Service (after County has exhausted all administrative appeal remedies) or a court of competent jurisdiction over the matter, or (ii) if the Assignee of the NCREB Lease Payments (the "NCREB Eligible Owner") reasonably determines, based on an opinion of an independent tax counsel selected by such NCREB Eligible Owner and approved by the County (which approval the County shall not unreasonably withhold), that the NCREB Lease Component or a NCREB Lease Payment is not a "new clean renewable energy bond" as defined in section 54C(a) of the Tax Code or a "qualified tax credit bond" as defined in Section 54A of the Tax Code (each, a "Loss of NCREB Status"), then County shall pay to the NCREB Eligible Owner, within thirty (30) days after the NCREB Eligible Owner notifies County of such determination or opinion, the amount which, taking into account all penalties, fines,

interest and additions to tax that are imposed on the NCREB Eligible Owner as a result of the loss of “new clean renewable energy bond” status and/or “qualified tax credit bond” status for the NCREB Lease Component or NCREB Lease Payment owned by such NCREB Eligible Owner, will restore to the NCREB Eligible Owner the same after-tax yield on the NCREB Lease Component or NCREB Lease Payment, as applicable, that the NCREB Eligible Owner would have realized from the date of execution and delivery of this Agreement to the date of such determination, had the loss of “new clean renewable energy bond” status and/or “qualified tax credit bond” status not occurred. In addition, County agrees that upon the occurrence of such an event, it will pay an additional amount, on each Credit Allowance Date occurring after the date on which the first additional payment was made by the County pursuant to the preceding sentence, as will maintain such after-tax yield to the NCREB Eligible Owner as long as the NCREB Eligible Owner owns a NCREB Lease Payment. The NCREB Eligible Owner shall calculate an amount to be paid on each Credit Allowance Date (as described in this paragraph) to restore the same after-tax yield, which calculation shall be conclusive (absent manifest error) and provide written notice thereof promptly to the County. In the event that County makes any payment to an NCREB Eligible Owner pursuant to this Section 4.6, and it is subsequently determined, pursuant to a final, conclusive and non-appealable decision of the Internal Revenue Service or a court of competent jurisdiction that the NCREB Lease Component constitutes a “new clean renewable energy bond”, the County shall be entitled to reimbursement for all amounts so paid to such NCREB Eligible Owner under this Section 4.6.

SECTION 4.7. *Loss of Qualified Energy Conservation Bond Status.* (i) Upon a final determination of the Internal Revenue Service (after the County has exhausted all administrative appeal remedies) or a court of competent jurisdiction over the matter, or (ii) if the Assignee of the QECB Lease Payments (the “QECB Eligible Owner”) reasonably determines, based on an opinion of an independent tax counsel selected by such QECB Eligible Owner and approved by the County (which approval the County shall not unreasonably withhold), that the QECB Lease Component or a QECB Lease Payment is not a “qualified energy conservation bond” as defined in section 54D(a)(1) of the Tax Code or a “qualified tax credit bond” as defined in Section 54A of the Tax Code (each, a Loss of QECB Status”), then the County shall pay to the QECB Eligible Owner, within thirty (30) days after the QECB Eligible Owner notifies the County of such determination or opinion, the amount which, taking into account all penalties, fines, interest and additions to tax that are imposed on the QECB Eligible Owner as a result of the loss of “qualified energy conservation bond” status and/or “qualified tax credit bond” status for the QECB Lease Component or QECB Lease Payment owned by such QECB Eligible Owner, will restore to the QECB Eligible Owner the same after-tax yield on the QECB Lease Component or QECB Lease Payment, as applicable, that the QECB Eligible Owner would have realized from the date of execution and delivery of this Agreement to the date of such determination, had the loss of “qualified energy conservation bond” status and/or “qualified tax credit bond” status not occurred. In addition, the County agrees that upon the occurrence of such an event, it will pay an additional amount, on each Credit Allowance Date occurring after the date on which the first additional payment was made by the County pursuant to the preceding sentence, as will maintain such after-tax yield to the QECB Eligible Owner as long as the QECB Eligible Owner owns a QECB Lease Payment. The QECB Eligible Owner shall calculate

an amount to be paid on each Credit Allowance Date (as described in this paragraph) to restore the same after-tax yield, which calculation shall be conclusive (absent manifest error) and provide written notice thereof promptly to the County. In the event that the County makes any payment to an QECB Eligible Owner pursuant to this Section 4.7, and it is subsequently determined, pursuant to a final, conclusive and non-appealable decision of the Internal Revenue Service or a court of competent jurisdiction that the QECB Lease Component constitutes a “qualified energy conservation bond”, the County shall be entitled to reimbursement for all amounts so paid to such QECB Eligible Owner under this Section 4.7.

SECTION 4.8. *Title.* At all times during the Term of this Lease, the County shall hold title to the Leased Property, including any substitutions thereof permitted by Section 4.9, all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease (other than under Section 8.2(b) hereof), the Corporation’s leasehold estate in the Leased Property shall automatically terminate. Upon the payment in full of all Lease Payments allocable to the Leased Property, or upon the deposit by the County of security for such Lease Payments subject to the terms of Section 9.1, the Corporation’s leasehold estate in the Leased Property shall automatically terminate. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the County to consummate any such termination of its leasehold estate.

SECTION 4.9. *Substitution of Property.* With the prior written consent of the Assignees, in their sole and absolute discretion, and upon the prior receipt of an opinion of nationally recognized bond counsel that the requested substitution of real property will not constitute a reissuance of the Lease or any Lease Payments for federal tax purposes, the County may at any time and from time to time, substitute other real property (the “Substitute Property”) for the Leased Property or any portion thereof (the “Former Property”), provided that the County must satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

- (a) The County shall certify to the Corporation that no Event of Default has occurred and is continuing;
- (b) The County has filed with the Corporation, and caused to be recorded in the office of the Yolo County Recorder sufficient memorialization of, an amendment hereof which adds to Appendix A hereto a description of such Substitute Property and deletes therefrom the description of such Former Property.
- (c) The County has obtained a CLTA policy of title insurance which insures the County’s leasehold estate hereunder in such Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate amount of outstanding Lease Payments;

- (d) The County has certified in writing to the Corporation that such Substitute Property (i) has an estimated value at least equal to the aggregate amount of outstanding Lease Payments, (ii) serves the municipal purposes of the County and constitutes property which the County is permitted to lease under the laws of the State of California, and (iii) has been determined to be essential to the proper, efficient and economic operation of the County and to serve an essential governmental function of the County.
- (e) The Substitute Property does not cause the County to violate any of its covenants, representations and warranties made herein.
- (f) The Assignees have received an opinion of Bond Counsel that the substitution of the Leased Property will not constitute reissuance of any of the Lease Payments or the Lease Components for federal tax purposes.
- (g) The Assignees have received environmental survey or surveys with respect to the Substitute Property, and other documents that the Assignees may reasonably require; provided, however, if the environmental studies have recommended that remedial action be taken with respect to the Substitute Property so that it will be in compliance with applicable environmental laws, the Corporation, at the direction of the Assignees, does not have an obligation or duty to accept the Substitute Property as Leased Property until such time as the remedial action has been completed and the Assignees have received assurances to their satisfaction that the Substitute Property is in compliance with applicable environmental laws.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The County is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution. The Corporation and the County will execute, deliver and cause to be recorded all documents required to discharge this Lease, the Site Lease and the Assignment of Lease against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of this Lease, the Site Lease and the Assignment of Lease.

SECTION 4.10. *Release of Excess Property.* With the prior written consent of the Assignees, in their sole and absolute discretion, and upon the prior receipt of an opinion of nationally recognized bond counsel that the requested release of real property will not constitute a reissuance of the Lease or any Lease Payments for federal tax purposes, the County may any time and from time to time, release any portion the Leased Property (the "Released Property") from the Lease, with the prior written consent of the Corporation (which may not unreasonably be withheld) and upon satisfaction of all of the following requirements which are conditions precedent to such release:

- (a) The County shall certify to the Corporation that no Event of Default has occurred and is continuing;
- (b) The County shall file with the Corporation, and cause to be recorded in the office of the Yolo County Recorder an amendment to this Lease which deletes the Released Property from the description of the Leased Property; and
- (c) The County shall file with the Corporation a written certificate of the County stating the County's determination that the estimated value of the real property which will remain leased under this Lease following such release is at least equal to the aggregate amount of outstanding Lease Payments.
- (d) The Assignees shall have received an opinion of Bond Counsel that the release of the Leased Property will not constitute a reissuance of any of the Lease Payments or the Lease Components for federal tax purposes.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The County is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the County shall execute, deliver and cause to be recorded all documents required to discharge this Lease of record against the Released Property.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property shall be the responsibility of the County, and the County will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Property, as hereinbefore more specifically set forth with only such substitutions and changes as permitted by the terms of this Lease. The County waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the County under the terms of this Lease.

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

The County may, at the County'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 Corporation shall notify the County that, in its reasonable opinion, by nonpayment of any such items the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the County will promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

SECTION 5.2. *Modification of Leased Property.* The County has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not less than the value thereof immediately prior to the making of such additions, modifications and improvements.

SECTION 5.3. *Public Liability Insurance.* The County shall maintain or cause to be maintained throughout the Term of this Lease a standard comprehensive general insurance policy or policies in protection of the Corporation, the County and their respective members, officers, agents, employees and assigns and that names each Assignee and its respective assigns as additional insureds (as their respective interests appear) and protects each Assignee from liability with limits of at least \$1,000,000 per occurrence/\$3,000,000 in the aggregate for bodily injury and property damage coverage, and excess liability umbrella coverage of at least \$5,000,000, and in all events in form and amount satisfactory to the Assignees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. With the prior written consent of the Assignees, such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and with the prior written consent of the Assignees, may be maintained in whole or in part in the form of the participation by the County in a joint powers authority or other program providing pooled insurance. The County will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

SECTION 5.4. *Casualty Insurance; Flood Insurance.* (a) The County will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance naming each Assignee and its respective assigns as loss payee and additional insured (as their respective interests appear) against loss or damage to all buildings situated on the Leased Property and owned by the County, in an amount at least equal to the greater of (1) all outstanding Lease Payments and amounts due hereunder or (2) the replacement value of the insured buildings. Such insurance must, as nearly as practicable, cover loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and all "special form" perils and any other risks reasonably required by the Assignees. Such insurance shall be subject to a deductible of not to exceed \$250,000 or as otherwise required by the Assignees. With the prior written consent of the Assignees, such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and with the prior written consent of the Assignees, may be maintained in whole or in part in the form of the participation by the County in a joint powers authority or other program providing pooled insurance. The County will apply the Net Proceeds of such insurance as provided in Section 6.1.

(b) With respect to the Sheriff's Buildings located on the Leased Property, the County shall provide proof of adequate flood insurance coverage (as determined by the Assignees) and carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for such flood insurance for the Sheriff's Buildings during the Term of this Lease. Such flood insurance for the Sheriff's Buildings shall be in an amount equal to the greater of: (1) the unpaid aggregate principal amount of the Lease Payments; or (2) the full insurable value of each building and its contents.

(c) With respect to the Additional Flood Plain Buildings located on the Leased Property, the County shall provide proof of adequate flood insurance coverage (as determined by the Assignees) and carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for such flood insurance for such Additional Flood Plain Buildings during the Term of this Lease. Such flood insurance shall be in an amount equal to the lesser of: (1) the maximum (\$500,000 per building) available under the National Flood Insurance Program for each Additional Flood Plain Building on the Leased Property; or (2) the full insurable value of each Additional Flood Plain Building on the Leased Property and its contents.

(d) If it is ever determined that any structure within the Leased Property (other than the Sheriff's Buildings for which flood insurance is required by subparagraph (b) above), is located in a "Special Flood Hazard Area" as defined by the Federal Emergency Management Agency or in any federally designated flood hazard area, the County shall provide proof of adequate flood insurance coverage (as determined by the Assignees) and carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for such flood insurance for such structures on the Leased Property during the Term of this Lease. Such flood insurance shall be in an amount equal to the lesser of: (1) the maximum (\$500,000 per building) available under the National Flood Insurance Program for each such building on the Leased Property; or (2) the full insurable value of each such building on the Leased Property and its contents.

SECTION 5.5. *Rental Interruption Insurance.* The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance naming the Assignees as loss payees (as their respective interests appear) to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements 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 payable for any consecutive 24 month period following the date such insurance is procured and insuring against abatement of Lease Payments payable by the County resulting from the County's loss of beneficial use or enjoyment of the Leased Property or any substantial portion thereof and caused by any and all other perils either insured or uninsured. With the prior written consent of the Assignees such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and with the prior written consent of the Assignees, may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the County in the form of self-insurance. The proceeds of such insurance, if any, shall be applied by the County to pay the Lease Payments allocable as the same become due and payable.

SECTION 5.6. *Worker's Compensation Insurance.* If required by applicable California law, the County shall carry worker's compensation insurance covering all employees on, in, near or about the Leased Property and, upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease.

SECTION 5.7. *Recordation Hereof; Title Insurance.* On or before the Closing Date, the County shall, at its expense, (a) cause the Site Lease, this Lease, or a memorandum hereof or thereof in form and substance approved by Bond Counsel and the Assignment of Lease, to be recorded in the office of the Yolo County Recorder with respect to the Leased Property, and (b) obtain a CLTA title insurance policy insuring the Corporation's interests in the leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount equal to the original aggregate amount of the Lease Payments.

SECTION 5.8. *Insurance Net Proceeds; Form of Policies.* All insurance policies (or riders) required by this Article V shall be taken out and maintained with responsible insurance companies acceptable to the Assignees and organized under the laws of one of the states of the United States and qualified to do business in the State of California, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties, additional insureds or loss payees, as applicable, at least 30 days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 shall name the County and the Corporation as insured parties and the Assignees as loss payee or additional insured, as applicable (with respect to their respective interests), and shall include a lender's loss payable endorsement for the benefit of the Assignees. Prior to the Closing Date, the County will deposit with the Corporation policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full

force and effect. The County shall furnish the Corporation and the Assignees evidence of such insurance coverage throughout the Term. Before the expiration of any such policy (or rider), the County will furnish to the Corporation and the Assignees evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless the Assignees determine that such insurance is no longer obtainable, in which event the County shall notify the Corporation of such fact.

SECTION 5.9. *Installation of County's Personal Property.* The County may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the County, in which the Corporation has no interest, and may be modified or removed by the County at any time. The County must promptly repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the County from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Leased Property.

SECTION 5.10. *Liens.* The County will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated. Except as expressly provided in this Article V, the County will promptly, at its 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 County will reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.11. *Advances.* If the County fails to perform any of its obligations under this Article V, the Corporation may take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.4(c).

SECTION 5.12. *Financial Statements.* The County has kept, and throughout the Term shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied, and shall deliver to the Assignees (i) annual audited financial statements (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows, and (4) footnotes, schedules and attachments to the financial statements) within 180 days of its fiscal year end, (ii) such other financial statements and information as the Assignees may reasonably request, and (iii) its annual budget for the following fiscal year when approved but not later than 30 days prior to its current fiscal year end. The financial statements shall be accompanied by an unqualified opinion of County's auditor. Credit information relating to the County may be disseminated among the

Assignees and any of their respective affiliates and any of their respective successors and assigns.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Net Proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings, and the Net Proceeds of any insurance award with respect to the Leased Property under Section 5.4, shall be paid to the Corporation to be applied as hereinafter set forth in this Section 6.1.

If the Leased Property is taken in eminent domain proceedings at any time during the Term of this Lease, or if the Leased Property is damaged or destroyed, the County shall as soon as practicable after such event, with the prior written consent of the Corporation, apply the Net Proceeds resulting therefrom either to: (a) repair the Leased Property to full use; or (b) replace the Leased Property, at the County's sole cost and expense, with property of equal or greater value to the Leased Property immediately prior to the time of the such destruction or damage, such replacement Leased Property to be subject to the Corporation's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement, upon receipt by the Assignees of an opinion of Bond Counsel that such replacement shall not constitute a reissuance for federal tax purposes. The County will notify the Corporation and the Assignees of which course of action it desires to take within 15 days after the occurrence of such destruction or damage. The Corporation may (but is not required to) in its own name or in the County's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy, and the County hereby grants to the Corporation a power of attorney coupled with an interest to accomplish all or any of the foregoing. The Net Proceeds of all insurance payable with respect to the Leased Property shall be available to the County and shall be used to discharge the County's obligations under this Section.

SECTION 6.2. *Termination or Abatement Due to Eminent Domain.* If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain and the Net Proceeds resulting therefrom are not applied pursuant to Section 6.1(b) the Term of this Lease shall cease with respect thereto as of the day possession shall be so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) this Lease will continue in full force and effect with respect thereto 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 will be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the County with the prior written approval of the Corporation, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

SECTION 6.3. *Abatement Due to Damage or Destruction.* The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the County of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the County, which determination must be acceptable to the Assignees, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed following replacement or repair of the Leased Property with Net Proceeds pursuant to Section 6.1. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease continues in full force and effect and the County waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any right to terminate this Lease by virtue of any such damage and destruction any interference with the use and possession of the Leased Property.

ARTICLE VII

OTHER COVENANTS OF THE COUNTY

SECTION 7.1. *Disclaimer of Warranties.* THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE County OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE County ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE County LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE County. In no event is the Corporation liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the County.

SECTION 7.2. *Access to the Leased Property.* The County agrees that the Corporation, and the Corporation's successors or assigns, has the right at all reasonable times to enter upon and to examine and inspect the Leased Property or any part thereof. The County further agrees that the Corporation, and the Corporation's successors or assigns shall have such rights of access to the Leased Property or any component thereof as may be reasonably necessary to cause the proper maintenance of the Leased Property if the County fails to perform its obligations hereunder. Neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.* The County hereby indemnifies the Corporation, the Assignees and their respective officers, agents, successors and assigns harmless from all claims, losses and damages, including legal fees and expenses, arising out of any of the following:

- (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the County,
- (b) any breach or default on the part of the County in the performance of any of its obligations under this Lease,
- (c) any negligence or willful misconduct of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property,
- (d) any intentional misconduct or negligence of any sublessee of the County with respect to the Leased Property,
- (e) the acquisition, construction, improvement and equipping of the Leased Property, or
- (f) the clean-up of any hazardous materials or toxic wastes from the Leased Property, or the authorization of payment of the costs thereof.

No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or gross negligence under this Lease by the Corporation, the Assignees, or their respective officers, agents, employees, successors or assigns.

SECTION 7.4. *Assignment by the Corporation.* The Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments to be made by the County hereunder, have been assigned to the Assignees. The County hereby consents to such assignment. Whenever in this Lease any reference is made to the Corporation and such reference concerns rights which the Corporation has assigned to the Assignees, such reference shall be deemed to refer to the Assignees.

The Corporation may make additional assignments of their interests herein, but no such assignment will be effective as against the County unless and until the Corporation, with the prior written consent of the respective Assignee has filed with the County written notice thereof. The County shall pay all Lease Payments hereunder under the written direction of the Corporation or the assignee named in the most recent assignment or notice of assignment filed with the County. During the Term of this Lease, the County will keep a complete and accurate record of all such notices of assignment pursuant to Section 149 of the Tax Code.

SECTION 7.5. *Assignment and Subleasing by the County.* This Lease may not be assigned by the County. With the prior written consent of the Assignees, in their sole

and absolute discretion, the County may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

- (a) This Lease and the obligation of the County to make Lease Payments hereunder shall remain obligations of the County.
- (b) The County shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation a true and complete copy of such sublease.
- (c) No such sublease by the County may cause the Leased Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State of California.
- (d) The Assignees receive an opinion of Bond Counsel that no such sublease by the County will have any adverse effect to the tax status of the Lease Payments or Lease Components.

SECTION 7.6. *Amendment of Lease Agreement.* This Lease may be amended by the County and the Corporation, but only with the prior written consent of the Corporation. Prior to the effective date of any such amendment, and as a condition precedent to the effectiveness thereof, the County at its expense shall obtain an opinion of Bond Counsel stating that (a) such amendment will not adversely affect the status of: (i) the NCREB Lease Payments as new clean renewable energy bonds under Section 54C(a) of the Tax Code; (ii) the QECB Lease Payments as qualified energy conservation bonds under Section 54D(a)(1) of the Tax Code; or (iii) the Tax-Exempt Lease Payments as tax-exempt obligations under Section 103 of the Tax Code, and (b) such amendment shall not trigger a reissuance of any Lease Payments or Lease Components for federal tax purposes.

SECTION 7.7. *Tax Covenants.*

(a) NCREB Tax Covenants.

At all times during the Term of this Lease, the County shall comply with the following covenants as required to ensure that the NCREB Lease Component constitutes a “new clean renewable energy bond” under and as defined in Sections 54A and 54C of the Tax Code:

- (i) Qualified Issuer. The County shall maintain its status as a governmental body which constitutes a “Qualified Issuer” under and as required by Section 54C(a)(2) and as defined in Section 54C(d)(6) of the Tax Code.
- (ii) Qualified New Clean Renewable Energy Project Requirement, Capital Expenditures. Not less than 100% of the Available Project Proceeds of the NCREB Lease Component will be used for a Qualified New Clean Renewable Energy Project, as required by Section 54C(a)(1) of the Tax Code. The County shall design,

construct and operate the Renewable Energy Project in such a manner that the Renewable Energy Project will be a Qualified New Clean Renewable Energy Project. The County does not reasonably expect to use any of the proceeds of the NCREB Lease Component for other than governmental or public use purposes.

- (iii) Three Year Expenditure of Proceeds. The District reasonably expects to expend at least 100% of the Available Project Proceeds of the NCREB Lease Component on the Renewable Energy Projects within the Expenditure Period. To the extent that less than 100% of the Available Project Proceeds of the NCREB Lease Component are expended for a Qualified New Clean Renewable Energy Project by the end of the Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Tax Code) shall be prepaid within 90 days of the end of the Expenditure Period, all in accordance with the requirements of Section 54A(d)(2)(B) of the Tax Code in the time and manner prescribed by the Tax Code.
- (iv) Arbitrage Rebate. The County will take any and all actions necessary to assure compliance with Section 148(f) of the Tax 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 NCREB Lease Component.
- (v) No Arbitrage. The County will not take, or permit or suffer to be taken, any action with respect to the proceeds of the NCREB Lease Component 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 NCREB Lease Component to be an “arbitrage bond” within the meaning of Section 148(a) of the Tax Code, as modified by Section 54A(d)(4) of the Tax Code.
- (vi) Maintenance of Qualification for Credit. The County shall take all actions necessary to assure that the NCREB Lease Component remains eligible for the tax credit under Sections 54A(b) and 54C(b) of the Tax Code.
- (vii) Designation of NCREB Lease Component. The County designates the NCREB Lease Component for purposes of Section 54C(a)(3) of the Tax Code as a New Clean Renewable Energy Bond.
- (viii) Binding Commitment to Spend Available Project Proceeds. The County reasonably expects that, within 6 months of the Closing Date it will enter into a binding commitment with a third party to spend at least ten percent (10%) of the Available Project Proceeds of the NCREB Lease Component with respect to a Qualified Renewable Energy Facility.

- (ix) Financing Capital Expenditures, No Working Capital. All Available Project Proceeds of the NCREB Lease Component will be spent on capital expenditures with a reasonably expected economic life of one year or more.
- (x) Limitation on Issuance Costs. No proceeds of the NCREB Lease Component and investment earnings thereon, in an amount in excess of two percent (2%) of the proceeds of the sale of the NCREB Lease Component, will be used to pay costs of issuing of the NCREB Lease Component. If the fees of the original purchaser are retained as a discount on the purchase of the Bonds, such retention shall be deemed to be an expenditure of proceeds of the NCREB Lease Component for said fees.
- (xi) Allocation of New Clean Renewable Energy Bond Limitation. The County has received an allocation of a portion of the national new clean renewable energy bond limitation in the aggregate amount of \$2,000,000, included in the transcript for the Lease.
- (xii) Limitation on Reserve Funds. No fund the proceeds of which are pledged to, or are reasonably expected to be used directly or indirectly to pay, NCREB Lease Payments are reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay NCREB Lease Payments will be funded with respect to the NCREB Lease Component except as follows: (i) the fund is funded at a rate not more rapid than equal annual installments, (ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the NCREB Lease Component, and (iii) the yield on the fund is not greater than the rate determined under 54A(d)(5)(B) of the Tax Code.
- (xiii) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in following sentence, the County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Lease, or otherwise containing proceeds of the NCREB Lease Component shall be acquired, disposed of, and valued (as of the date that valuation is required by this Lease or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code (unless valuation is undertaken at least annually) shall be valued at their present value (within the meaning of section 148 of the Tax Code).
- (xiv) Prohibition on Financial Conflicts of Interest. The County hereby covenants and agrees to comply with all State and local law requirements governing conflicts of interest as such requirements

may relate, directly or indirectly, to the NCREB Lease Component. The County hereby covenants and agrees to comply with any conflict of interest rules prescribed by the IRS or United States Department of Treasury governing the appropriate Member of Congress, Federal, State, and local officials, and their spouses as such rules may apply to the NCREB Lease Component.

- (xv) Davis-Bacon Act Requirements. The County hereby covenants and agrees to comply with the wage rate requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the proceeds of the NCREB Lease Component.

(b) QECB Tax Covenants.

At all times during the Term of this Lease, the County shall comply with the following covenants as required to ensure that the QECB Lease Component constitutes a “qualified energy conservation bond” under and as defined in Sections 54D(a) of the Tax Code:

- (i) Qualified Issuer. The County shall maintain its status as a governmental body.
- (ii) Qualified Energy Conservation Project Requirement, Capital Expenditures. Not less than 100% of the Available Project Proceeds of the QECB Lease Component will be used for a Qualified Energy Conservation Project, as required by Section 54D(f) of the Tax Code. The County shall design, construct and operate the Renewable Energy Project in such a manner that the Renewable Energy Project will be a Qualified Energy Conservation Project.
- (iii) Three Year Expenditure of Proceeds. The District reasonably expects to expend at least 100% of the Available Project Proceeds of the QECB Lease Component on a Qualified Energy Conservation Project within the Expenditure Period. To the extent that less than 100% of the Available Project Proceeds of the QECB Lease Component are expended for a Qualified Energy Conservation Project by the end of the Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Tax Code) shall be prepaid within 90 days of the end of the Expenditure Period all in accordance with the requirements of Section 54A(d)(2) of the Tax Code in the time and manner prescribed by the Tax Code.
- (iv) Arbitrage Rebate. The County will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, as modified by Section 54A(d)(4) of the Tax 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 QECB Lease Component.

- (v) No Arbitrage. The County will not take, or permit or suffer to be taken, any action with respect to the proceeds of the QECB Lease Component 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 QECB Lease Component to be an “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.
- (vi) Maintenance of Qualification for Credit. The County shall take all actions necessary to assure that the QECB Lease Component remain eligible for the tax credit under Sections 54A(b) and 54D(b) of the Tax Code.
- (vii) Designation of QECB Lease Component. The County designates the QECB Lease Component for purposes of Section 54D(a)(3) of the Tax Code as a Qualified Energy Conservation Bond.
- (viii) Private Business Use Limitation. The County shall assure that the proceeds of the QECB Lease Component are not used in a manner which would cause the QECB Lease Component 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. The County does not reasonably expect to use any of the proceeds of the QECB Lease Component for other than governmental or public use purposes.
- (ix) Binding Commitment to Spend Available Project Proceeds. The County reasonably expects that, within 6 months of the Closing Date it will enter into a binding commitment with a third party to spend at least ten percent (10%) of the Available Project Proceeds of the QECB Lease Component with respect to a Qualified Renewable Energy Project.
- (x) Limitation on Issuance Costs. No proceeds of the QECB Lease Component and investment earnings thereon, in an amount in excess of two percent (2%) of the proceeds of the sale of the QECB Lease Component, will be used to pay costs of issuing of the QECB Lease Component. If the fees of the original purchaser are retained as a discount on the purchase of the QECB Lease Component., such retention shall be deemed to be an expenditure of proceeds of the QECB Lease Component for said fees.
- (xi) Allocation of New Clean Renewable Energy Bond Limitation. The County has received an allocation of a portion of the national new clean renewable energy bond limitation in the aggregate amount of \$2,019,214.38, included in the transcript for the Lease.

- (xii) Limitation on Reserve Funds. No fund the proceeds of which are pledged to, or are reasonably expected to be used directly or indirectly to pay, QECB Lease Payments are reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay QECB Lease Payments will be funded with respect to the QECB Lease Component except as follows: (i) the fund is funded at a rate not more rapidly than equal annual installments, (ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the QECB Lease Component, and (iii) the yield on the fund is not greater than the rate determined under 54A(d)(5)(B) of the Tax Code.
- (xiii) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in following sentence, the County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Lease, or otherwise containing proceeds of the QECB Lease Component shall be acquired, disposed of, and valued (as of the date that valuation is required by this Lease or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) shall be valued at their present value (within the meaning of section 148 of the Tax Code).
- (xiv) Prohibition on Financial Conflicts of Interest. The County hereby covenants and agrees to comply with all State and local law requirements governing conflicts of interest as such requirements may relate, directly or indirectly, to the QECB Lease Component. The County hereby covenants and agrees to comply with any conflict of interest rules prescribed by the IRS or United States Department of Treasury governing the appropriate Member of Congress, Federal, State, and local officials, and their spouses as such rules may apply to the QECB Lease Component.
- (xv) Davis-Bacon Act Requirements. The County hereby covenants and agrees to comply with the wage rate requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the proceeds of the QECB Lease Component.

(c) Tax-Exempt-Tax Covenants.

At all times during the Term of this Lease, the County shall comply with the following covenants with respect to the Tax-Exempt Lease Component:

- (i) Private Business Use Limitation. The County shall assure that the proceeds of the Tax-Exempt Lease Component are not used in a manner which would cause the Tax-Exempt Lease Component 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. The County does not reasonably expect to use any of the proceeds of the Tax-Exempt Lease Component for other than governmental or public use purposes.

- (ii) Federal Guarantee Prohibition. The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Lease Component to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.
- (iii) No Arbitrage. The County shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Lease Component or of any other obligations 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 Tax-Exempt Lease Component to be an “arbitrage bond” within the meaning of Section 148(a) of the Tax Code.
- (iv) Maintenance of Tax-Exemption. The County shall take all actions necessary to assure the exclusion of interest on the Tax-Exempt Lease Component from the gross income of the Assignees of the Tax-Exempt Lease Payments 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.
- (v) Rebate of Excess Investment Earnings to United States. The County shall calculate or cause to be calculated the excess investment earnings in all respects at the times and in the manner required pursuant to the Tax Code. The County shall pay the full amount of excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required pursuant to the Tax Code. Such payments shall be made by the County from any source of legally available funds of the County, and shall constitute Additional Payments hereunder.

The County shall keep or cause to be kept, and retain or cause to be retained for a period of six (6) years following the retirement of the Tax-Exempt Lease Component, records of the determinations made pursuant to this subsection (e). In order to provide for the administration of this subsection (e), the County may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the County may deem appropriate.

- (vi) Bank Qualification. The County hereby designates the Tax-Exempt Lease Component as a “qualified tax-exempt obligation” within the meaning of section 265(b)(3) of the Tax Code. The County represents, covenants and warrants that it has not and will not issue, or have issued on its behalf or agree to an allocation for, tax-exempt obligations (including the Tax-

Exempt Lease Component) in the aggregate face amount of more than Thirty Million Dollars (\$30,000,000.00) during the 2010 calendar year.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Any one or more of the following events constitutes an Event of Default hereunder:

- (a) Failure by the County to (i) pay any Lease Payment or other payment required to be paid hereunder at the time specified herein or (ii) maintain insurance as required herein.
- (b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Corporation or the Assignees. However, if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such 30 day period, the Corporation shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the County within such 30 day period and diligently pursued until the default is corrected.
- (c) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.
- (d) Any statement, representation or warranty made by the County in or pursuant to this Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading, or breached in any material respect on the date when made.
- (e) Any default occurs under any other agreement for borrowed money, lease financing of property or otherwise receiving credit under which the County is an obligor, if such default (i) arises under any other agreement for borrowed money, lease financing of property or provision of credit provided by either Assignee or any

affiliate of either Assignee, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregate amount in excess of \$500,000.

- (f) (i) The County shall apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of County, or of all or a substantial part of the assets of County or be unable, fail or admit in writing its inability generally to pay its debts as they become due or (ii) an order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the County or of all or a substantial part of the assets of County, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under this Lease; *provided, however,* that notwithstanding anything herein to the contrary, 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 County is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; *provided,* that no termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise any one or more of the following remedies:

- (a) Enforcement of Payments Without Termination. If the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the County agrees to and shall remain liable for the payment of all Lease Payments and other amounts due hereunder and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Property, or, if the Corporation is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation. The County hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to enter upon and re-lease the Leased Property upon the occurrence and

continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place in the County of Yolo for the account of and at the expense of the County, and the County hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The County agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling the Leased Property to be re-let under this paragraph, and the County further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-leasing the Leased Property.

- (b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Corporation terminates this Lease at its option and in the manner hereinafter provided due to a default by the County (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the County nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re-leasing shall be applied by the Corporation to Lease Payments due under this Lease. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the County shall be or become effective by operation of law, or otherwise, unless and until the

Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate this Lease. The County covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

- (c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder or in the Leased Property.
- (d) The Corporation may terminate the Project Fund Agreement and apply any proceeds in the Project Fund to the Lease Payments due hereunder.
- (e) By action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, obtain the issuance of a writ of mandamus enforcing, for each fiscal year *seriatim* during the entire balance of the remaining Term of this Lease, subject to Section 6.3, the duty of the County to appropriate and take all other administrative steps necessary for the payment of Lease Payments and other amounts due hereunder.

SECTION 8.3. *No Remedy Exclusive*. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of 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 Corporation to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses*. If either party to this Lease defaults under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) 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 (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

SECTION 8.5. *No Additional Waiver Implied by One Waiver*. If any agreement contained in this Lease is breached by either party and thereafter waived by the other

party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

SECTION 8.6. *Assignees to Exercise Rights.* Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to each Assignee, in relation to its respective interest in the Lease Payments, to which assignment the County hereby consents. Such rights and remedies shall be exercised solely by the Assignees, in relation to their respective interests in the Lease Payments. All consent and approval rights of the Corporation under this Lease have been assigned by the Corporation to the Assignees, to which assignment the County hereby consents. Any consent and approval rights of the Corporation shall be exercised by the Assignees at their discretion, in relation to their respective interests in the Lease Payments.

ARTICLE IX

SECURITY DEPOSIT; PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, upon the prior receipt by the Assignees of an opinion of Bond Counsel that such event shall not (A) adversely affect the tax status of any Lease Payments or Lease Components and (B) in and of itself constitute a reissuance for federal tax purposes, the County may on any date secure the payment of the Lease Payments and all other amounts due hereunder in whole or in part by depositing with a fiduciary, in trust, an amount of cash which is either (i) sufficient to pay such Lease Payments and all other amounts due hereunder in accordance with the Lease Payment schedules set forth in Appendix B, or (ii) invested in whole in non-callable Federal Securities in an amount which is sufficient, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, to pay such Lease Payments and all other amounts due hereunder when due under Section 4.4(a), as the County instructs at the time of said deposit. In the event of a security deposit permitted under this Section with respect to all unpaid Lease Payments and all other amounts due hereunder, (a) the Term of this Lease shall continue, (b) all obligations of the County under this Lease, and all security provided by this Lease for said obligations, shall thereupon cease and terminate, excepting only the obligation of the County to make, or cause to be made all of the Lease Payments and all other amounts due hereunder from such security deposit, and (c) as provided in Section 4.8, the Corporation's leasehold estate in the Leased Property will terminate on the date of said deposit automatically and without further action by the County or the Corporation. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments, and all other amounts due hereunder, in accordance with the provisions of this Lease.

SECTION 9.2. *Prepayment from Unspent Project Funds.* The County will be obligated to prepay the portions of the applicable Lease Payments in whole, or in part in inverse chronological order among the remaining applicable Lease Payments, on the 90th

day following the date set forth in Section 3.4, from amounts remaining on deposit in the related account of the Project Fund, by paying a prepayment price equal to the portion of the NCREB Lease Payments or QECB Lease Payments, as applicable, to be prepaid. The County will give the Corporation notice of such prepayment not less than 60 days in advance of the prepayment date.

SECTION 9.3. *No Optional Prepayment.* The Lease Payments are not subject to optional prepayment by the County, except as provided in Section 9.2. The Lease Payments may be prepaid only under the circumstances and from the sources of funds as set forth in Section 9.2.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective upon (a) transmission by facsimile transmission or other form of telecommunication (with electronic confirmation), (b) delivery by overnight courier, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the County 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 County:	Yolo County 625 Court Street, #202 Woodland, California 95695 Attention: Director of General Services Fax: (530) 666-8117
If to the Corporation:	Yolo County Financing Corporation 625 Court Street, #202 Woodland, California 95695 Attention: Director of General Services Fax: (530) 666-8117
If to the Assignees:	Banc of America Leasing and Capital Corp., LLC or Bank of America, N.A. 11333 McCormick Road Hunt Valley II M/C MD5-032-07-05 Hunt Valley, MD 21031 Attention: Contract Administration Fax: (443) 556-6977

SECTION 10.2. *Binding Effect.* This Lease inures to the benefit of and is binding upon the Corporation, the County and their respective successors and assigns.

SECTION 10.3. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 10.4. *Net-net-net Lease.* This Lease is a “net-net-net lease” and the County hereby agrees that the Lease Payments are an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.5. *No Merger* It is the express intention of the Corporation and the County that no merger of title or interest created by the leasehold estate and the sub-leasehold estate created under Section 4.1 and 4.2, respectively, shall occur or be deemed to occur as a result of the respective positions of the Corporation and the County hereunder.

SECTION 10.6. *Further Assurances and Corrective Instruments.* The County and the Corporation 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 Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 10.7. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

SECTION 10.8. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

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

IN WITNESS WHEREOF, the Corporation and the County have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

YOLO COUNTY,
as Sublessee

By _____
Raymond A. Groom
Director of General Services

Attest:

Julie Dachtler
Deputy Clerk of the Board

**YOLO COUNTY FINANCING
CORPORATION,**
as Sublessor

By _____
Helen MacLeod Thomson
Chairwoman

Attest:

Patrick Blacklock
Secretary

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the following described land located in the County of Yolo, State of California, together with all buildings, facilities and other improvements which constitute real property and which are located thereon at any time during the Term of this Lease:

PARCEL ONE:

A PARCEL OF LAND SITUATE IN THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 9 NORTH, RANGE 2 EAST, M.B.B.&M., YOLO COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 3, AS SAID CORNER APPEARS OF RECORD ON THAT RECORD OF SURVEY FILED IN BOOK 9 OF MAPS AND SURVEYS, PAGES 25 AND 26 YOLO COUNTY RECORDS; THENCE NORTH 89 DEGREES 53'44" WEST, 1024.54 FEET ALONG THE NORTH LINE OF SAID SECTION 3; THENCE SOUTH 00 DEGREES 06'16" WEST, 55.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 00 DEGREES 06'16" WEST, 486.69 FEET; THENCE SOUTH 89 DEGREES 53'44" EAST, 466.69 FEET; THENCE NORTH 00 DEGREES 06'16" EAST, 486.69 FEET; THENCE NORTH 89 DEGREES 53'44" WEST, 466.69 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTH 20 FEET DEEDED TO THE CITY OF WOODLAND ON NOVEMBER 29, 1972, IN BOOK 1042 OF OFFICIAL RECORDS AT PAGE 150, YOLO COUNTY RECORDS.

A.P.N. 042-010-24

PARCEL TWO:

A PARCEL OF LAND BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 9 NORTH, RANGE 2 EAST, M.D.B.&M., YOLO COUNTY, CALIFORNIA, ALSO BEING A PORTION OF PARCEL 1 OF PARCEL MAP NO. 3153, FILED IN BOOK 7 OF PARCEL MAPS, PAGE 7, YOLO COUNTY RECORDS, SAID PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE CORNER SHOWN ON SAID PARCEL MAP COMMON TO THE NORTHWEST CORNER OF THE COUNTY OF YOLO PROPERTY AND SAID PARCEL 1; THENCE ALONG THE BOUNDARY OF SAID PARCEL 1 THE FOLLOWING FIVE (5) COURSES: (1) SOUTH 00 DEGREES 06'16" WEST, 466.69 FEET TO THE SOUTHWEST CORNER OF SAID COUNTY OF YOLO PROPERTY; (2) SOUTH 89 DEGREES 53'44" EAST, 451.08 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARCEL MAP; (3) SOUTH 00 DEGREES 06'16" WEST 629.52 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 2; (4) SOUTH 89 DEGREES 53'44" EAST,

500.72 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 2 AND THE WESTERLY RIGHT OF WAY LINE OF COUNTY ROAD NO. 102; (5) SOUTH 00 'D 14'02" WEST, 383.90 FEET ALONG SAID WESTERLY RIGHT OF WAY LINE; THENCE NORTH 89 DEGREES 53'44" WEST 1100.93 FEET; THENCE NORTH 00 DEGREES 06'16" EAST 1480.11 FEET TO THE NORTH LINE OF PARCEL 1 AND THE SOUTHERLY RIGHT OF WAY LINE OF COUNTY ROAD NO. 24; THENCE SOUTH 89 DEGREES 53'44" EAST 150.00 FEET ALONG SAID NORTH LINE OF PARCEL 1 TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM AN UNDIVIDED 25% INTEREST IN ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE

AND WITHOUT A RIGHT OF SURFACE ENTRY AS CONVEYED TO JOHN M. STREET AND FUYU STREET BY DEED RECORDED AUGUST 11, 1983, IN BOOK 1597 OF OFFICIAL RECORDSRDS AT PAGE 38, YOLO COUNTY RECORDS.

FURTHER EXCEPTING THEREFROM AN UNDIVIDED 1/3 INTEREST IN THE REMAINING 75% INTEREST IN ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500' FEET FROM THE SURFACE AND WITHOUT A RIGHT OF SURFACE ENTRY AS CONVEYED TO ROBERT J. HINDS, AN UNMARRIED MAN, BY DEED RECORDED AUGUST 11, 1983, IN BOOK 1597 OF OFFICIAL RECORDS AT PAGE 39 YOLO COUNTY RECORDS.

FURTHER EXCEPTING THEREFROM THE REMAINING 50% INTEREST IN ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE AND WITHOUT A RIGHT OF SURFACE ENTRY EXCEPT AS PROVIDED, UNDER THE ABOVE PROPERTY AS RESERVED BY C. DON HUFF, JR., AND MARY K. HUFF, HUSBAND AND WIFE BY DEED RECORDED AUGUST 11, 1983, IN BOOK 1597 OF OFFICIAL RECORDS AT PAGE 47.

A.P.N. 042-010-35

APPENDIX B-1

SCHEDULE OF NCREB LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total NCREB Lease Payment</u>
3/16/11	\$ 78,000.00	\$ 217,000.00	\$ 295,000.00
9/16/11	34,768.50	20,231.50	55,000.00
3/16/12	34,373.98	20,626.02	55,000.00
9/16/12	33,971.78	51,028.22	85,000.00
3/16/13	32,976.73	52,023.27	85,000.00
9/16/13	31,962.27	53,037.73	85,000.00
3/16/14	30,928.04	54,071.96	85,000.00
9/16/14	29,873.63	55,126.37	85,000.00
3/16/15	28,798.67	56,201.33	85,000.00
9/16/15	27,702.74	37,297.26	65,000.00
3/16/16	26,975.45	38,024.55	65,000.00
9/16/16	26,233.97	48,766.03	75,000.00
3/16/17	25,283.03	49,716.97	75,000.00
9/16/17	24,313.55	50,686.45	75,000.00
3/16/18	23,325.17	51,674.83	75,000.00
9/16/18	22,317.51	57,682.49	80,000.00
3/16/19	21,192.70	58,807.30	80,000.00
9/16/19	20,045.96	59,954.04	80,000.00
3/16/20	18,876.85	61,123.15	80,000.00
9/16/20	17,684.95	67,315.05	85,000.00
3/16/21	16,372.31	68,627.69	85,000.00
9/16/21	15,034.07	69,965.93	85,000.00
3/16/22	13,669.73	71,330.27	85,000.00
9/16/22	12,278.79	72,721.21	85,000.00
3/16/23	10,860.73	74,139.27	85,000.00
9/16/23	9,415.01	75,584.99	85,000.00
3/16/24	7,941.10	77,058.90	85,000.00
9/16/24	6,438.46	78,561.54	85,000.00
3/16/25	4,906.51	80,093.49	85,000.00
9/16/25	3,344.68	84,933.00	88,277.68
3/16/26	<u>1,688.49</u>	<u>86,589.19</u>	<u>88,277.68</u>
Totals	\$691,555.36	\$2,000,000.00	\$2,691,555.36

**APPENDIX B-2
SCHEDULE OF QECB LEASE PAYMENTS**

<u>Lease Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total QECB Lease Payment</u>
3/16/11	\$ 78,749.36	\$ 216,250.64	\$ 295,000.00
9/16/11	35,157.79	26,842.21	62,000.00
3/16/12	34,634.37	27,365.63	62,000.00
9/16/12	34,100.74	142,899.26	177,000.00
3/16/13	31,314.21	145,685.79	177,000.00
9/16/13	28,473.33	154,526.67	183,000.00
3/16/14	25,460.06	157,539.94	183,000.00
9/16/14	22,388.03	165,611.97	188,000.00
3/16/15	19,158.60	168,841.40	188,000.00
9/16/15	15,866.19	11,133.81	27,000.00
3/16/16	15,649.08	11,350.92	27,000.00
9/16/16	15,427.74	16,572.26	32,000.00
3/16/17	15,104.58	16,895.42	32,000.00
9/16/17	14,775.12	25,224.88	40,000.00
3/16/18	14,283.24	25,716.76	40,000.00
9/16/18	13,781.76	28,218.24	42,000.00
3/16/19	13,231.50	28,768.50	42,000.00
9/16/19	12,670.52	37,329.48	50,000.00
3/16/20	11,942.59	38,057.41	50,000.00
9/16/20	11,200.47	23,799.53	35,000.00
3/16/21	10,736.38	24,263.62	35,000.00
9/16/21	10,263.24	33,736.76	44,000.00
3/16/22	9,605.37	34,394.63	44,000.00
9/16/22	8,934.68	43,065.32	52,000.00
3/16/23	8,094.91	43,905.09	52,000.00
9/16/23	7,238.76	52,761.24	60,000.00
3/16/24	6,209.91	53,790.09	60,000.00
9/16/24	5,161.00	64,839.00	70,000.00
3/16/25	3,896.64	66,103.36	70,000.00
9/16/25	2,607.63	66,216.66	68,824.29
3/16/26	<u>1,316.40</u>	<u>67,507.89</u>	<u>68,824.29</u>
Totals	\$537,434.20	\$2,019,214.38	\$2,556,648.58

APPENDIX B-3

SCHEDULE OF TAX-EXEMPT LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total Tax-Exempt Lease Payment</u>
3/16/11	\$ 36,363.38	\$128,636.62	\$ 165,000.00
9/16/11	15,126.57	79,873.43	95,000.00
3/16/12	13,229.58	64,045.09	77,274.67
9/16/12	11,708.51	65,566.16	77,274.67
3/16/13	10,151.31	67,123.36	77,274.67
9/16/13	8,557.13	68,717.54	77,274.67
3/16/14	6,925.09	70,349.58	77,274.67
9/16/14	5,254.29	72,020.38	77,274.67
3/16/15	3,543.80	73,730.87	77,274.67
9/16/15	<u>1,792.70</u>	<u>75,481.97</u>	<u>77,274.67</u>
Totals	\$112,652.36	\$765,545.00	\$878,197.36

APPENDIX B-4

SCHEDULE OF AGGREGATE LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Total Lease Payment</u>
3/16/11	\$ 755,000.00
9/16/11	212,000.00
3/16/12	194,274.67
9/16/12	339,274.67
3/16/13	339,274.67
9/16/13	345,274.67
3/16/14	345,274.67
9/16/14	350,274.67
3/16/15	350,274.67
9/16/15	169,274.67
3/16/16	92,000.00
9/16/16	107,000.00
3/16/17	107,000.00
9/16/17	115,000.00
3/16/18	115,000.00
9/16/18	122,000.00
3/16/19	122,000.00
9/16/19	130,000.00
3/16/20	130,000.00
9/16/20	120,000.00
3/16/21	120,000.00
9/16/21	129,000.00
3/16/22	129,000.00
9/16/22	137,000.00
3/16/23	137,000.00
9/16/23	145,000.00
3/16/24	145,000.00
9/16/24	155,000.00
3/16/25	155,000.00
9/16/25	157,101.97
3/16/26	<u>157,101.97</u>
Totals	\$6,126,401.30

APPENDIX C

SCHEDULE OF AGGREGATE LEASE PAYMENTS

Description of Renewal Energy Project

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "Agreement") is entered into on February 26, 2010, among Yolo County, a county duly organized and existing under the laws of the State of California (the "County"), YOLO COUNTY FINANCING CORPORATION, a non-profit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), Banc of America Leasing & Capital, LLC, a limited liability corporation organized under the laws of the State of Delaware ("Banc of America Leasing"), and Bank of America, N.A. a national banking association organized and existing under the laws of the United States of America ("Bank of America, N.A.", and together with Banc of America Leasing, the "Purchasers").

B A C K G R O U N D :

1. The County has determined to acquire and construct the Yolo County Justice Center Solar Project located at 2420 East Gibson Road in Woodland, and more particularly described herein (the "Renewable Energy Project").

2. The total costs of acquiring and constructing the Renewable Energy Project, including the costs of issuance associated with the financing of the Renewable Energy Project, are approximately \$7,284,759.38.

3. The County has received approval from the Internal Revenue Service for the issuance of New Clean Renewable Energy Bonds under Section 54C of the Internal Revenue Code of 1986 (the "Tax Code"), in the aggregate principal amount of \$2,000,000, to finance a portion of the Renewable Energy Project.

4. The County has received approval from the California Debt Limit Allocation Committee for the issuance of Qualified Energy Conservation Bonds under Section 54D(e)(1) of the Tax Code, in the aggregate principal amount of \$2,019,214.38 for the Renewable Energy Project.

5. The County has received approval from the California Energy Commission ("CEC") for a loan (the "CEC Loan") in the aggregate principal amount of \$2,500,000, to finance a portion of the Renewable Energy Project.

6. The County has received approval from Banc of America Leasing & Capital, LLC, and Bank of America, N.A. for a lease financing obligation to finance the costs of the Renewable Energy Project not funded with the proceeds of the CEC Loan.

7. The County intends to finance the costs of the Renewable Energy Project not funded with the CEC Loan through the issuance of: 1) New Clean Renewable Energy Bonds ("NCREBs") in the amount of \$2,000,000 (the "NCREB Lease Component"); 2) Qualified Energy Conservation Bonds ("QECS") in the amount of \$2,019,214.38 (the

“QECCB Lease Component”); and 3) a tax-exempt lease financing in the amount of \$765,545 (the “Tax-Exempt Lease Component”).

8. In order to provide financing for the Renewable Energy Project, the County has proposed to lease certain real property consisting generally of the Sheriff’s Administration Building, located at 2500 East Gibson Road, Woodland, CA 95776, and the Sheriff’s Evidence Building, located at 2700 East Gibson Road, Woodland, CA 95776 (the “Leased Property”), under a Site Lease, between the County and the Corporation (the “Site Lease”), and the Corporation has proposed to lease the Leased Property back to the County under a Lease Agreement, dated as of March 1, 2010, under a Lease Agreement, between the County and the Corporation (the “Lease Agreement”), in consideration of the payment by the County of annual lease payments payable under the Lease Agreement as the rental for the Leased Property (the “Lease Payments”).

9. The Lease Payments are comprised of three separate components – the NCREB Lease Payments, the QECCB Lease Payments, and the Tax-Exempt Lease Payments, all as set forth in Section 2 herein.

10. In order to provide a source of financing to fund the Renewable Energy Project, the Corporation has entered into an Assignment of Lease Agreement (the “Lease Assignment”), dated as of March 1, 2010, among the Corporation and the Purchasers, under which the Corporation assigns: 1) the NCREB Lease Payments and the QECCB Lease Payments to Banc of America Leasing; and 2) the Tax-Exempt Lease Payments to Bank of America, N.A.

11. The parties wish to enter into this Agreement in order to create a binding, written contract for the sale, assignment and transfer of the: (1) NCREB Lease Payments and the QECCB Lease Payments to Banc of America Leasing; and (2) the Tax-Exempt Lease Payments to Bank of America, N.A.

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the County, the Purchasers and the Corporation formally covenant, agree and bind themselves as follows:

Section 1. Purchase of Lease Payments. The Purchasers hereby agree to provide financing for the Renewable Energy Project by purchasing the Lease Payments from the Corporation in accordance herewith. As the purchase price of the Lease Payments, the Purchasers hereby agree to pay the following:

(i) Banc of America Leasing agrees to pay the amount of \$2,000,000 (representing the principal amount of the NCREB Lease Component of \$2,000,000) (the “NCREB Purchase Price”), which will be deposited with the Custodian and applied to finance the NCREB Renewable Energy Project in accordance with the Lease Agreement.

(ii) Banc of America Leasing agrees to pay the amount of \$2,019,214.38 (representing the principal amount of the QECB Lease Component of \$2,019,214.38) (the "QECB Purchase Price"), which will be deposited with the Custodian and applied to finance the Qualified Energy Conservation Project in accordance with the Lease Agreement.

(iii) Bank of America, N.A. agrees to pay the amount of \$765,545.00 (representing the principal amount of the Tax-Exempt Lease Component of \$765,545.00) (the "Tax-Exempt Purchase Price"), which will be deposited with the Custodian and applied to finance the Renewable Energy Project in accordance with the Lease Agreement.

(iv) The Purchasers will purchase the Lease Payments from the Corporation by executing and delivering the Lease Assignment and paying the purchase price on March 16, 2010 (the "Closing Date"), subject to the satisfaction of the conditions to the closing as set forth in Section 10.

Section 2. Determination of Tax Credit Rates; Interest Rates.

(i) Banc of America Leasing shall receive a tax credit with respect to the NCREB Lease Component, which has been designated by the County as a "new clean renewable energy bond" as defined in Section 54C of the Tax Code, quarterly on each March 15, June 15, September 15 and December 15 over the term of the NCREB Lease Component of the Lease Agreement, and on the last day on which the final NCREB Lease Payment is due under the Lease Agreement.

In accordance with Section 54C of the Tax Code, the tax credit rate with respect to the NCREB Lease Payments is hereby determined to be 4.158% (calculated at 70% of 5.94%, the "Qualified Tax Credit Bond Rate" published on the United States Treasury's website on the date hereof).

(ii) Banc of America Leasing shall receive a tax credit with respect to the QECB Lease Component, which has been designated by the County as a "qualified energy conservation bond" as defined in Section 54D of the Tax Code, quarterly on each March 15, June 15, September 15 and December 15 over the term of the QECB Lease Component of the Lease Agreement, and on the last day on which the final QECB Lease Payment is due under the Lease Agreement.

In accordance with Section 54D of the Tax Code, the tax credit rate with respect to the QECB Lease Payments is hereby determined to be 4.158% (calculated at 70% of 5.94%, the "Qualified Tax Credit Bond Rate" published on the United States Treasury's website on the date hereof).

(iii) the interest component of the Lease Payments shall be calculated as follows:

(A) The interest rate for the NCREB Lease Component shall be 3.9% per annum (computed on a 30/360 basis) payable commencing March 16, 2011 and

semiannually on each September 16 and March 16 thereafter until all amounts due on the NCREB Lease Component are paid in full.

(B) The interest rate for the QECB Lease Component shall be 3.9% per annum (computed on a 30/360 basis) payable commencing March 16, 2011 and semiannually on each September 16 and March 16 thereafter until all amounts due on the QECB Lease Component are paid in full.

(C) The interest rate for the Tax-Exempt Lease Component shall be 4.75% per annum (computed on a 30/360 basis) payable commencing March 16, 2011 and semiannually on each September 16 and March 16 thereafter until all amounts due on the Tax-Exempt Lease Component are paid in full.

Section 3. Principal Payments.

The principal amount of the Lease Payments shall be payable over the term of the Lease Agreement, on the dates and in the amounts as set forth in Appendices A-1, A-2 and A-3 attached hereto.

Section 4. Security. The Purchasers shall have a security interest in the Project Fund, and all proceeds thereof, and all investments made with any amounts in the Project Fund. The County shall record the Lease Assignment and comply with all provisions of Sections 6 and 7 of the Project Fund Agreement dated as of March 1, 2010 among the County, the Corporation and Deutsche Bank National Trust Company as Custodian (the "Project Fund Agreement").

Section 5. Optional and Extraordinary Prepayment Provisions. The Lease Payments will not be subject to optional or extraordinary prepayment by the County prior to its final Lease Payment Date, except in the following circumstances:

(i) Amounts on deposit in the NCREB Project Account held by the Custodian under the Project Fund Agreement on the later of (a) the third anniversary of the Closing Date, or (b) if the County has obtained an extension for the expenditure of such amounts in accordance with Section 54A(d)(2) of the Tax Code, by the close of the extended period, must be applied to prepay the NCREB Lease Component.

(ii) Amounts on deposit in the QECB Project Account held by the Custodian under the Project Fund Agreement on the later of (a) the third anniversary of the Closing Date, or (b) if the County has obtained an extension for the expenditure of such amounts in accordance with Section 54A(d)(2) of the Tax Code, by the close of the extended period, must be applied to prepay the QECB Lease Component.

SECTION 6. Loss of New Clean Renewable Energy Bond Status. (i) Upon a final determination of the Internal Revenue Service (after the County has exhausted all administrative appeal remedies) or a court of competent jurisdiction over the matter, or (ii) if the assignee of the NCREB Lease Payments (the "NCREB Eligible Owner") reasonably determines, based on an opinion of an independent tax counsel selected by

such NCREB Eligible Owner and approved by the County (which approval the County shall not unreasonably withhold), that the NCREB Lease Component or a NCREB Lease Payment is not a “new clean renewable energy bond” as defined in section 54C(a) of the Code or a “qualified tax credit bond” as defined in Section 54A of the Code (each, a “Loss of NCREB Status”), then County shall pay to the NCREB Eligible Owner, within thirty (30) days after the NCREB Eligible Owner notifies County of such determination or opinion, the amount which, taking into account all penalties, fines, interest and additions to tax that are imposed on the NCREB Eligible Owner as a result of the loss of “new clean renewable energy bond” status and/or “qualified tax credit bond” status for the NCREB Lease Component or NCREB Lease Payment owned by such NCREB Eligible Owner, will restore to the NCREB Eligible Owner the same after-tax yield on the NCREB Lease Component or NCREB Lease Payment, as applicable, that the NCREB Eligible Owner would have realized from the date of execution and delivery of the Lease Agreement to the date of such determination, had the loss of “new clean renewable energy bond” status and/or “qualified tax credit bond” status not occurred. In addition, the County agrees that upon the occurrence of such an event, it will pay an additional amount, on each Credit Allowance Date (as defined in the Lease Agreement) occurring after the date on which the first additional payment was made by County pursuant to the preceding sentence, as will maintain such after-tax yield to the NCREB Eligible Owner as long as the NCREB Eligible Owner owns a NCREB Lease Payment. The NCREB Eligible Owner shall calculate an amount to be paid on each Credit Allowance Date (as described in this paragraph) to restore the same after-tax yield, which calculation shall be conclusive (absent manifest error) and provide written notice thereof promptly to the County. In the event that the County makes any payment to an NCREB Eligible Owner with respect to a Loss of NCREB Status, and it is subsequently determined, pursuant to a final, conclusive and non-appealable decision of the Internal Revenue Service or a court of competent jurisdiction that the NCREB Lease Component constitutes a “new clean renewable energy bond”, the County shall be entitled to reimbursement for all amounts so paid to such NCREB Eligible Owner with respect to the Loss of NCREB Status.

SECTION 7. Loss of Qualified Energy Conservation Bond Status. (i) Upon a final determination of the Internal Revenue Service (after the County has exhausted all administrative appeal remedies) or a court of competent jurisdiction over the matter, or (ii) if the assignee of the QECB Lease Payments (the “QECB Eligible Owner”) reasonably determines, based on an opinion of an independent tax counsel selected by such QECB Eligible Owner and approved by the County (which approval the County shall not unreasonably withhold), that the QECB Lease Component or a QECB Lease Payment is not a “qualified energy conservation bond” as defined in section 54D(a) of the Code or a “qualified tax credit bond” as defined in Section 54A of the Code (each a “Loss of QECB Status”), then the County shall pay to the QECB Eligible Owner, within thirty (30) days after the QECB Eligible Owner notifies County of such determination or opinion, the amount which, taking into account all penalties, fines, interest and additions to tax that are imposed on the QECB Eligible Owner as a result of the loss of “qualified energy conservation bond” status and/or “qualified tax credit bond” status for the QECB Lease Component or QECB Lease Payment owned by such QECB Eligible Owner, will restore to the QECB Eligible Owner the same after-tax yield on the QECB Lease Component or

QECB Lease Payment, as applicable, that the QECB Eligible Owner would have realized from the date of execution and delivery of the Lease Agreement to the date of such determination, had the loss of "qualified energy conservation bond" status and/or "qualified tax credit bond" status not occurred. In addition, the County agrees that upon the occurrence of such an event, it will pay an additional amount, on each Credit Allowance Date occurring after the date on which the first additional payment was made by the County pursuant to the preceding sentence, as will maintain such after-tax yield to the QECB Eligible Owner as along as the QECB Eligible Owner owns a QECB Lease Payment. The QECB Eligible Owner shall calculate an amount to be paid on each Credit Allowance Date (as described in this paragraph) to restore the same after-tax yield, which calculation shall be conclusive (absent manifest error) and provide written notice thereof promptly to the County. In the event that County makes any payment to an QECB Eligible Owner pursuant to a Loss of QECB Status, and it is subsequently determined, pursuant to a final, conclusive and non-appealable decision of the Internal Revenue Service or a court of competent jurisdiction that the QECB Lease Component constitutes a "qualified energy conservation bond", the County shall be entitled to reimbursement for all amounts so paid to such QECB Eligible Owner with respect to the Loss of QECB Status.

Section 8. Real Estate Related Documentation. With respect to any and all real property ("*Leased Property*") that will act as the Leased Property under the Lease Agreement, for which the County has agreed to pay Lease Payments pursuant to a leasehold estate created in the Leased Property under the Lease Agreement:

- (a) Prior to closing, the County shall provide the Purchasers with proof of flood insurance coverage on the Leased Property naming the Purchasers as loss payee in an amount equal to the lesser of: (1) the unpaid aggregate principal amount of the Lease Payments; (2) the maximum (\$500,000 per building) available under the National Flood Insurance Program for each building on the Leased Property; or (3) the full insurable value of each building on the Leased Property and its contents. The County shall purchase and maintain such other insurance, including property, casualty, rental interruption, and liability insurance for such risks, in such amounts and with such insurers as the Purchasers may reasonably require, including coverage with respect to the Leased Property in the amounts and upon the terms set forth in the Lease Agreement. The initial premium on all insurance is to be paid and receipt tendered prior to closing by the County. Original or certified true copies of the property insurance policies are to be submitted to Purchasers for approval.
- (b) The County shall represent and warrant that it currently holds free and clear marketable title to the Leased Property (subject only to such permitted encumbrances as are set forth in the Preliminary Title Report of Placer Title Company, dated January 12, 2010). The County shall provide the Purchasers with a leasehold owner's

CLTA Title Insurance Policy naming the Purchasers and the Corporation as the insured parties, and insuring the Corporation's interests in the leasehold estate under the Site Lease, with a CLTA endorsement No. 119.4, insuring the leasehold estate of the County under the Lease Agreement in the Leased Property, subject only to permitted encumbrances, in an amount equal to the original aggregate amount of the Lease Payments.

- (c) The County shall represent and warrant that the Leased Property comprises an essential administrative facility and is estimated to have a fair market value at least equal to \$5,161,130. The County shall provide the Purchasers with evidence of the value of the Leased Property in the form of an appraisal, evidence of insured value, cost of construction or other form of documentation satisfactory to the Purchasers.
- (d) The County shall complete an Environmental Questionnaire provided by the Purchasers relating to the environmental condition of the Leased Property and shall represent and warrant that no adverse environmental conditions exist on the Leased Property. If any environmental issues are revealed in connection with the questionnaire, at the Purchasers' request the County shall provide a Phase I Environmental Site Audit on the Leased Property based on the results of the Environmental Questionnaire and remediation shall be undertaken at the County's expense to the satisfaction of the Purchasers prior to closing.
- (e) The County shall lease the Leased Property to the Corporation pursuant to a site lease (the "Site Lease"), and the Corporation shall have a leasehold estate in the Leased Property with a term extending ten years beyond the scheduled term of the Lease Payments, if necessary to ensure payment of all of the Lease Payments.

Section 9. Annual Financial Statements & Reporting. Until all amounts owed to the Purchasers with respect to the Lease Payments are paid in full, the County shall deliver to the Purchasers (i) annual audited financial statements (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows, and (4) footnotes, schedules and attachments to the financial statements) within 180 days of its fiscal year end, (ii) such other financial statements and information as the Purchasers may reasonably request, and (iii) its annual budget for the following fiscal year when approved but not later than 30 days prior to its current fiscal year end. The financial statements shall be accompanied by an unqualified opinion of County's auditor. Credit information relating to the County may be disseminated among the Purchasers and any of their respective affiliates and any of their respective successors and assigns.

Section 10. Conditions to Closing. The obligation of the Purchasers to purchase the Lease Payments and pay the Purchase Price thereof on the Closing Date, as set forth in Section 1, is subject to the following conditions:

- (a) The Purchasers have received an opinion of Jones Hall, A Professional Law Corporation, as bond counsel to the County (“Bond Counsel”), stating that the Site Lease, Lease Agreement, and the Project Fund Agreement are each the valid, binding and legal obligation of the County and the Corporation, enforceable in accordance with its respective terms and that the Lease Assignment is the valid, binding and legal obligation of the Corporation enforceable in accordance with its terms.
- (b) Banc of America Leasing has received an opinion of Bond Counsel stating that the NCREB Lease Component constitutes a “new clean renewable energy bond”, as that term is defined in Section 54C of the Tax Code, and the Banc of America Leasing is eligible to receive a quarterly federal income tax credit on each September 15, December 15, March 15, June 15, and on the date the final NCREB Lease Payment is scheduled to be paid, so long as the Lease Agreement is outstanding, at the tax credit rate set forth in Section 2.
- (c) Banc of America Leasing has received an opinion of Bond Counsel stating that the QECB Lease Component constitutes a “new clean renewable energy bond”, as that term is defined in Section 54D of the Tax Code, and the Banc of America Leasing is eligible to receive a quarterly federal income tax credit on each September 15, December 15, March 15, June 15, and on the date the final QECB Lease Payment is scheduled to be paid, so long as the Lease Agreement is outstanding, at the tax credit rate set forth in Section 2.
- (d) Bank of America, N.A. has received an opinion of Bond Counsel stating that the interest component of the Tax-Exempt Lease Payments is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations, and that the Tax-Exempt Lease Component is a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Tax Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest

expense allocable to interest payable with respect to the Tax-Exempt Lease Component.

- (e) The Site Lease, Lease Agreement, the Project Fund Agreement and the Lease Assignment have been fully executed, delivered and recorded by the parties thereto.
- (f) Completion of documentation satisfactory to the Purchasers, and the Purchasers have received such other opinions, certifications and representations as it reasonably deems necessary in order to evidence the transactions described in the Site Lease, the Lease Agreement, the Lease Assignment, the Project Fund Agreement and in this Agreement.
- (g) The County shall represent and agree on the Closing Date that all financial statements and other information delivered to the Purchasers are correct and complete, and that no material adverse changes in the financial condition or general affairs of the County have occurred since the delivery of such financial statements.
- (h) From the date hereof to the Closing Date, there shall not have occurred any (i) material adverse change in the financial condition or general affairs of the County, (ii) event, court decision, proposed law or rule or any pronouncement of the Internal Revenue Service that may have the effect of changing the federal income tax incidents of the Lease Payments or the contemplated transaction, (iii) international or national crisis or banking moratorium materially affecting, in the reasonable opinion of the Purchasers, the market value of the Lease Payments or (iv) new restrictions on the extension of credit by banks or other lending institutions by any federal or state agency.
- (i) Satisfaction of all terms and conditions of this Purchase Agreement.

Section 11. Investor Letters.

(i) Banc of America Leasing will sign an investment letter to the effect that it (a) is an “accredited investor” within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended; (b) has conducted its own investigation of the financial condition of the County, the purpose for which the Lease Agreement is being executed and delivered and of the security for the payment of the principal and interest components of lease payments under the Lease Agreement, and has obtained such information regarding the Lease Payments and the County and its operations, financial condition and financial prospects as Banc of America Leasing deems necessary to make an informed investment decision with respect to its purchase of the NCREB Lease Payments and QECB Lease Payments; and (c) is purchasing the NCREB Lease Payments and QECB Lease Payments for its own account without a present intention to sell any

portion thereof to any other person, *provided* that Banc of America Leasing retains the right at any time to dispose of the NCREB Lease Payments and QECCB Lease Payments or any interest therein as it may determine to be in its best interests, and that any subsequent resale shall be made only in accordance with applicable securities laws.

(ii) Bank of America, N.A. will sign an investment letter to the effect that it (a) is an “accredited investor” within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended; (b) has conducted its own investigation of the financial condition of the County, the purpose for which the Lease Agreement is being executed and delivered and of the security for the payment of the principal and interest components of lease payments under the Lease Agreement, and has obtained such information regarding the Lease Payments and the County and its operations, financial condition and financial prospects as Bank of America, N.A. deems necessary to make an informed investment decision with respect to its purchase of the Tax-Exempt Lease Payments; and (c) is purchasing the Tax-Exempt Lease Payments for its own account without a present intention to sell any portion thereof to any other person, *provided* that Bank of America, N.A. retains the right at any time to dispose of the Tax-Exempt Lease Payments or any interest therein as it may determine to be in its best interests, and that any subsequent resale shall be made only in accordance with applicable securities laws.

Section 12. Fees and Expenses. On the Closing Date, the County shall reimburse the Purchasers for reasonable fees and expenses of the Purchasers related to the execution and delivery of the Lease Agreement, including fees for counsel to the Purchasers. The County shall be responsible to pay its fees and expenses related to this transaction, including Bond Counsel fees and expenses. Such fees and expenses for which the County is responsible (other than those expenses to be paid from amounts held in the Costs of Issuance Account, which is held and maintained by the Custodian under the Project Fund Agreement), will be withheld from proceeds of the Purchase Price and wired by the Purchasers, on behalf of the County, to the parties entitled thereto at closing.

Section 13. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which will together constitute but one and the same instrument.

Section 14. Governing Law. This Agreement will be construed and governed in accordance with the laws of the State of California.

YOLO COUNTY

By _____
Patrick Blacklock
County Administrator

**YOLO COUNTY FINANCING
CORPORATION**

By _____
Helen MacLeod Thomson
Chairwoman

**BANC OF AMERICA LEASING &
CAPITAL, LLC**

By _____
Terri Preston
Vice President

BANC OF AMERICA, N.A.

By _____
Terri Preston
Vice President

APPENDIX A-1

SCHEDULE OF NCREB LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total NCREB Lease Payment</u>
3/16/11	\$ 78,000.00	\$ 217,000.00	\$ 295,000.00
9/16/11	34,768.50	20,231.50	55,000.00
3/16/12	34,373.98	20,626.02	55,000.00
9/16/12	33,971.78	51,028.22	85,000.00
3/16/13	32,976.73	52,023.27	85,000.00
9/16/13	31,962.27	53,037.73	85,000.00
3/16/14	30,928.04	54,071.96	85,000.00
9/16/14	29,873.63	55,126.37	85,000.00
3/16/15	28,798.67	56,201.33	85,000.00
9/16/15	27,702.74	37,297.26	65,000.00
3/16/16	26,975.45	38,024.55	65,000.00
9/16/16	26,233.97	48,766.03	75,000.00
3/16/17	25,283.03	49,716.97	75,000.00
9/16/17	24,313.55	50,686.45	75,000.00
3/16/18	23,325.17	51,674.83	75,000.00
9/16/18	22,317.51	57,682.49	80,000.00
3/16/19	21,192.70	58,807.30	80,000.00
9/16/19	20,045.96	59,954.04	80,000.00
3/16/20	18,876.85	61,123.15	80,000.00
9/16/20	17,684.95	67,315.05	85,000.00
3/16/21	16,372.31	68,627.69	85,000.00
9/16/21	15,034.07	69,965.93	85,000.00
3/16/22	13,669.73	71,330.27	85,000.00
9/16/22	12,278.79	72,721.21	85,000.00
3/16/23	10,860.73	74,139.27	85,000.00
9/16/23	9,415.01	75,584.99	85,000.00
3/16/24	7,941.10	77,058.90	85,000.00
9/16/24	6,438.46	78,561.54	85,000.00
3/16/25	4,906.51	80,093.49	85,000.00
9/16/25	3,344.68	84,933.00	88,277.68
3/16/26	<u>1,688.49</u>	<u>86,589.19</u>	<u>88,277.68</u>
Totals	\$691,555.36	\$2,000,000.00	\$2,691,555.36

APPENDIX A-2

SCHEDULE OF QECB LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total QECB Lease Payment</u>
3/16/11	\$ 78,749.36	\$ 216,250.64	\$ 295,000.00
9/16/11	35,157.79	26,842.21	62,000.00
3/16/12	34,634.37	27,365.63	62,000.00
9/16/12	34,100.74	142,899.26	177,000.00
3/16/13	31,314.21	145,685.79	177,000.00
9/16/13	28,473.33	154,526.67	183,000.00
3/16/14	25,460.06	157,539.94	183,000.00
9/16/14	22,388.03	165,611.97	188,000.00
3/16/15	19,158.60	168,841.40	188,000.00
9/16/15	15,866.19	11,133.81	27,000.00
3/16/16	15,649.08	11,350.92	27,000.00
9/16/16	15,427.74	16,572.26	32,000.00
3/16/17	15,104.58	16,895.42	32,000.00
9/16/17	14,775.12	25,224.88	40,000.00
3/16/18	14,283.24	25,716.76	40,000.00
9/16/18	13,781.76	28,218.24	42,000.00
3/16/19	13,231.50	28,768.50	42,000.00
9/16/19	12,670.52	37,329.48	50,000.00
3/16/20	11,942.59	38,057.41	50,000.00
9/16/20	11,200.47	23,799.53	35,000.00
3/16/21	10,736.38	24,263.62	35,000.00
9/16/21	10,263.24	33,736.76	44,000.00
3/16/22	9,605.37	34,394.63	44,000.00
9/16/22	8,934.68	43,065.32	52,000.00
3/16/23	8,094.91	43,905.09	52,000.00
9/16/23	7,238.76	52,761.24	60,000.00
3/16/24	6,209.91	53,790.09	60,000.00
9/16/24	5,161.00	64,839.00	70,000.00
3/16/25	3,896.64	66,103.36	70,000.00
9/16/25	2,607.63	66,216.66	68,824.29
3/16/26	<u>1,316.40</u>	<u>67,507.89</u>	<u>68,824.29</u>
Totals	\$537,434.20	\$2,019,214.38	\$2,556,648.58

APPENDIX A-3

SCHEDULE OF TAX-EXEMPT LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total Tax-Exempt Lease Payment</u>
3/16/11	\$ 36,363.38	\$128,636.62	\$ 165,000.00
9/16/11	15,126.57	79,873.43	95,000.00
3/16/12	13,229.58	64,045.09	77,274.67
9/16/12	11,708.51	65,566.16	77,274.67
3/16/13	10,151.31	67,123.36	77,274.67
9/16/13	8,557.13	68,717.54	77,274.67
3/16/14	6,925.09	70,349.58	77,274.67
9/16/14	5,254.29	72,020.38	77,274.67
3/16/15	3,543.80	73,730.87	77,274.67
9/16/15	<u>1,792.70</u>	<u>75,481.97</u>	<u>77,274.67</u>
Totals	\$112,652.36	\$765,545.00	\$878,197.36