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2014-1545

\$5,000,000
LEASE AGREEMENT
dated as of November 1, 2014,
by and between the Pittsburg Unified
School District Financing Authority, as Sublessor, and
the Pittsburg Unified School District, as Sublessee,
assigned to Compass Mortgage Corporation, as Assignee

CERTIFICATE REGARDING AUTHORITY RESOLUTION

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Secretary of Pittsburg Unified School District Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and as such, is familiar with the facts herein certified and is authorized to certify the same on behalf of the Authority; and

(ii) that attached hereto is a true, correct and complete copy of Resolution No. 14-01, entitled "RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE ACQUISITION AND IMPROVEMENT BY THE PITTSBURG UNIFIED SCHOOL DISTRICT OF LAND FOR USE AS A CORPORATION YARD AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO," adopted by the Board of Directors of the Authority on October 22, 2014 (the "Resolution"), which Resolution has not been amended, modified, supplemented, rescinded or repealed and is in full force and effect as of the date hereof.

Dated: November 5, 2014

PITTSBURG UNIFIED SCHOOL
DISTRICT FINANCING AUTHORITY

By 
Janet Schulze,
Secretary

PITTSBURG UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

RESOLUTION NO. FA/#14-01

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE
EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN
CONNECTION WITH THE ACQUISITION AND IMPROVEMENT BY
THE PITTSBURG UNIFIED SCHOOL DISTRICT OF LAND FOR USE AS
A CORPORATION YARD AND AUTHORIZING AND DIRECTING
CERTAIN ACTIONS WITH RESPECT THERETO

RESOLVED, by the Board of Directors (the "Board") of the Pittsburgh Unified School District Financing Authority (the "Authority"), as follows:

WHEREAS, the Pittsburgh Unified School District (the "District") has determined at this time, due to prevailing interest rates in the municipal bond market and for other reasons, to acquire and improve land for use by the District as a corporation yard, to implement a lease financing for such purposes and has requested the assistance of the Authority in connection therewith;

WHEREAS, it is in the public interest and for the public benefit that the Authority authorize and direct execution of certain financing documents in connection therewith; and

WHEREAS, the documents below specified shall be filed with the Authority and the members of the Board, with the aid of its staff, shall review said documents;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The below-enumerated documents, substantially in the forms on file with the Secretary, be and are hereby approved, and the Chair, the Executive Director or the Treasurer, or any designee thereof, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, the execution thereof to be conclusive evidence of such approval, and the Secretary is hereby authorized and directed to attest to such official's signature:

(a) a letter agreement for purchase and rate lock, by and among Compass Mortgage Corporation (the "Purchaser"), the District and the Authority, whereby the Purchaser agree to acquire certain rights of the Authority, including but limited to the lease payments to be made by the District under the Lease Agreement (hereinafter defined) and the rights of the Authority under the Site and Facility Lease (hereinafter defined);

(b) a site and facility lease, by and between the District, as lessor, and the Authority, as lessee (the "Site and Facility Lease"), pursuant to which the District will lease certain existing real property and the improvements thereon (the "Property") to the Authority;

(c) a lease agreement, by and between the Authority, as lessor, and the District, as lessee (the "Lease Agreement"), pursuant to which the Authority will lease the Property back to the District and pursuant to which the District will agree to make semi-annual lease payments (the "Lease Payments"); and

(d) an assignment agreement, by and between the Authority and the Purchaser, as assignee, pursuant to which the Authority will assign to the Purchaser certain of its rights under the Site and Facility Lease and the Lease Agreement, including its right to receive a portion of the Lease Payments thereunder.

Section 2. The Chair, the Executive Director, the Treasurer, the Secretary and other officials of the Authority are hereby authorized and directed to execute such other agreements, documents and certificates and to take such other actions as may be necessary to effect the purposes of this resolution and the lease financing herein authorized.

Section 3. This Resolution shall take effect upon its adoption by the Board.

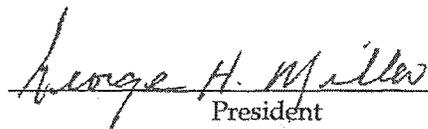
I, the undersigned hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Board of Directors of the Pittsburg Unified School District Financing Authority in a regular meeting assembled on the 22nd day of October, 2014, by the following vote to wit:

AYES: 5

NOES: 0

ABSENT: 0

ABSTAIN: 0



President

ATTEST:



Secretary

2014-1545

LEASE AGREEMENT

Dated as of November 1, 2014

by and between the

**PITTSBURG UNIFIED SCHOOL DISTRICT
FINANCING AUTHORITY, as Sublessor**

and the

PITTSBURG UNIFIED SCHOOL DISTRICT, as Sublessee

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease Agreement"), dated as of November 1, 2014, is by and between the PITTSBURG UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as lessor (the "Authority"), and the PITTSBURG UNIFIED SCHOOL DISTRICT, a unified school district organized and existing under and by virtue of the laws of the State of California, as lessee (the "District");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of November 1, 2014 (the "Site and Facility Lease"), the District has leased those certain parcels of real property situated in Contra Costa County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Authority, all for the purpose of enabling the District to finance the costs of the acquisition and improvement of land for use by the District as a corporation yard;

WHEREAS, the Authority proposes to lease the Property back to the District pursuant to this Lease Agreement and to assign all of its rights, title and interest in, to and under this Lease Agreement, including its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the District and its rights under the Site and Facility Lease, to Compass Mortgage Corporation, an Alabama corporation (the "Assignee"), pursuant to that certain assignment agreement, dated as of November 1, 2014, by and between the Authority and the Assignee; and

WHEREAS, the District and the Authority have agreed to enter into this Lease Agreement providing for Lease Payments with an aggregate principal component in the amount of \$5,000,000 for the purpose of implementing the financing transactions described above.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the covenants hereinafter contained, the parties hereto hereby 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 Agreement.

"Additional Payments" means the amounts specified as such in Section 4.3(b) of this Lease Agreement.

"Applicable Environmental Laws" means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 *et seq.*; the Federal Water Pollution Control Act, 33 USC Sections 1251 *et seq.*; the Clean Air Act, 42 USC Sections 7401 *et seq.*; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 *et seq.*; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 *et seq.*; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code Sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

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

"Applicable Law" means (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) constitutions, statutes, rules, regulations and orders of all Governmental Authorities, (ii) Applicable Environmental Laws, (iii) applicable seismic building code requirements at the time of construction, and (iv) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators.

"Assignee" means initially, Compass Mortgage Corporation, an Alabama corporation, as assignees of all rights, title and interests of the Authority hereunder, and (b) any other entity to whom the rights of the Authority hereunder are assigned, including subsequent assignees of the Assignee.

"Assignment Agreement" means the Assignment Agreement, dated as of November 1, 2014, by and between the Authority, as assignor, and the Assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

"Authority" means the Pittsburg Unified School District Financing Authority, a joint exercise of powers authority, organized and existing under the laws of the State.

"Authority Representative" means the President, the Vice President, the Executive Director or the Treasurer or the designee of any such official, or any other person authorized by

resolution of the Authority delivered to the Assignee to act on behalf of the Authority under or with respect to the Site and Facility Lease, this Lease Agreement and the Assignment Agreement.

"Bond Counsel" means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 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.

"Closing Date" means the date this Lease Agreement or a memorandum thereof is recorded in the office of the County Recorder of the County of Contra Costa.

"Contract" means any indenture, trust agreement, contract, agreement (other than this Lease Agreement), other contractual restriction, lease, mortgage or instrument.

"District" means the Pittsburg Unified School District, a unified school district organized and existing under the laws of the State.

"District Representative" means the President of the Board, the Superintendent, the Deputy Superintendent or the designee of any such official, or any other person authorized by resolution delivered to the Authority and the Assignee to act on behalf of the District under or with respect to the Site and Facility Lease and this Lease Agreement.

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

"Facility" means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to this Lease Agreement.

"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 Agreement 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 District as its fiscal year period.

"Governmental Authority" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, city or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

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

wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 *et seq.*).

"Lease Agreement " means this Lease Agreement, dated as of November 1, 2014, between the Authority and the District.

"Lease Payment Date" means May 1 and November 1 in each year, commencing May 1, 2015, and continuing to and including the date on which the Lease Payments are paid in full.

"Lease Payments" means all payments required to be paid by the District under Section 4.3, including any prepayment thereof under Sections 9.2 or 9.3.

"Material Adverse Effect" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Lease Agreement or to meet or perform its obligations under this Lease Agreement on a timely basis, (c) the validity or enforceability of this Lease Agreement, or (d) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

"Material Litigation" means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, (a) if determined adversely to the District, may have a Material Adverse Effect, (b) seek to restrain or enjoin any of the transactions contemplated by this Lease Agreement, or (c) may adversely affect (i) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (ii) the ability of the District to perform its obligations under this Lease Agreement.

"Net Proceeds" means any insurance or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the 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 District may permit to remain unpaid under Article VI of this Lease Agreement; (b) the Site and Facility Lease, this Lease Agreement and the Assignment Agreement; (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 issued with respect to the 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 District certifies in writing will not materially impair the use of the Property for its intended purposes.

"Property" means, collectively, the Site and the Facility.

"Rental Period" means each period during the Term of the Lease commencing on and including November 2 in each year and extending to and including the next succeeding November 1. The first Rental Period begins on the Closing Date and ends on November 1, 2015.

"Site" means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to this Lease Agreement.

"Site and Facility Lease" means the Site and Facility Lease, dated as of November 1, 2014, by and between the District, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments thereto.

"State" means the State of California.

"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.

"Term of this Lease Agreement" or *"Term"* means the time during which this Lease Agreement is in effect, as provided in Section 4.2.

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 Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Lease Agreement 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 District. The District makes the following covenants, representations and warranties to the Authority as of the date of the execution and delivery of this Lease Agreement:

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

(b) *Due Execution*. The representative of the District executing the Site and Facility Lease and this Lease Agreement has been fully authorized to execute the same by a resolution duly adopted by the District Board of the District.

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

(d) *No Conflicts*. The execution and delivery of the Site and Facility Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and 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 District 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 District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the the Site and Facility Lease or this Lease Agreement or the financial condition, assets, properties or operations of the District.

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

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the District or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a Material Adverse Effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease and this Lease Agreement or upon the financial condition, assets, properties or operations of the District, and the District 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 have a Material Adverse Effect on the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the District.

(g) *Sufficient Funds.* The District reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) *No Defaults.* The District has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations.

(i) *Fee Title.* The District is the owner in fee of title to the Property. No lien or encumbrance on the Property materially impairs the District's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

(j) *Use of the Property.* During the term of this Lease Agreement, the Property will be used by the District only for the purpose of performing one or more governmental or proprietary functions of the District consistent with the permissible scope of the District's authority.

(k) *Hazardous Substances.* The Property is free of all Hazardous Substances, and the District is in full compliance with all Applicable Environmental Laws.

(l) *Flooding Risk.* The Property is not located in a 100-year flood zone and has never been subject to material damage from flooding.

(m) *Value of Property.* The value of the Property (real property replacement cost) is not less than \$5,000,000.

(n) *Essential to District Operations.* The Property is essential to the District's efficient and economic operations and the lease thereof for use by the District is in the best interest of the District.

(o) *Financial Statements.* The statement of financial position of the District as of June 30, 2013, and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Assignee, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the District at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the District. The District has experienced no material change in its financial condition since June 30, 2013.

(p) *No Material Adverse Change.* Since the most current date of the information, financial or otherwise, supplied by the District to the Assignee:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect.

(ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.

(iii) The District has not (A) incurred any material indebtedness, other than the Lease Payments, and trade accounts payable arising in the ordinary course of the District's business and not past due, or (B) guaranteed the indebtedness of any other person.

(q) *Accuracy of Information.* All information, reports and other papers and data furnished by the District to the Assignee were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon in entering into the transactions contemplated by this Lease Agreement. No fact is known to the District which has had or, so far as the District can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee by the District or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the District's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(r) *Facility.* The Facility complies with all applicable restrictive covenants, zoning ordinances, building laws and other Applicable Laws (including without limitation, the Americans with Disabilities Act, as amended).

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

(a) *Due Organization and Existence.* The Authority is a joint exercise of powers authority, duly organized and existing under the laws of the State, has full legal right, power and authority to enter into the Site and Facility Lease, this Lease Agreement and the Assignment Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the Authority has duly authorized the execution and delivery by the Authority of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement.

(b) *Due Execution.* The representative of the Authority executing the Site and Facility Lease, this Lease Agreement and the Assignment Agreement is fully authorized to execute the same under official action taken by the Board of Directors of the Authority.

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

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease, this Lease Agreement and the Assignment 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 Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Authority.

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

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

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS

Section 3.1. Deposit of and Application of Funds. On the Closing Date, from the amounts paid by the Assignee, the Authority shall cause the amount of \$4,937,000.00 shall be paid to the District to finance the Project. In addition, a portion of the amounts paid by the Assignee under the Assignment Agreement shall be applied to pay financing costs of the transaction in the amount of \$63,000.00.

ARTICLE IV

LEASE OF PROPERTY; LEASE PAYMENTS

Section 4.1. Sublease of Property by the Authority Back to the District.

(a) The Authority hereby subleases the Property to the District, and the District hereby subleases the Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the District to the Authority pursuant to the Site and Facility Lease shall not affect or result in a merger of the District's subleasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Section 4.2. Term. The Term of this Lease Agreement commences on the date of recordation of this Lease Agreement or a memorandum hereof and ends on November 1, 2024, or the date on which all of the Lease Payments have been paid in full pursuant to the terms of this Lease Agreement. If on November 1, 2024, the Lease Payments payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the District shall have defaulted in its payment of Lease Payments hereunder or any Event of Default has occurred and continues without cure by the District, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder, not to exceed ten (10) years. The provisions of this Section 4.2 are subject to the provisions of Section 6.1 relating to the taking in eminent domain of the Property or any portion thereof.

Section 4.3. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of Sections 6.1 and 6.3 and the provisions of Article IX, the District agrees to pay to the Authority, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit C attached hereto (including any supplements thereto) 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 Exhibit C; *provided, however,* that if any Lease Payment Date is not a Business Day, such Lease Payment shall be due on the next succeeding Business Day with the same force and effect. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period.

The interest component of the Lease Payments shall be calculated based on an interest rate of 3.00% per annum. The interest component of Lease Payments shall be calculated on the basis of a 360-day year of twelve 30-day months.

If, for any reason, the interest component of the Lease Payments becomes includable in the gross income of the Assignee for federal income tax purposes under the Code based upon a final determination thereof by the Internal Revenue Service, the District, at the option of the Assignee, shall pay to the Assignee within thirty days of such determination, the amount which, with respect to Lease Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of the Lease Payments due through the date of such determination) that are imposed on the Assignee as a result of the loss of the exclusion, will restore the Assignee to the same after-tax yield on the transaction evidenced by this Lease Agreement (assuming tax at the actual marginal corporate rate) that it would have realized had the tax exemption not

been lost. Furthermore, the District agrees that upon the occurrence of such an event, it shall pay additional amounts to the Assignee on each succeeding Lease Payment Date as will maintain such after-tax yield to the Assignee.

(b) *Additional Payments.* In addition to the Lease Payments set forth herein, the District agrees to pay as Additional Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Property or upon any interest of the Authority therein or in this Lease Agreement; provided, however, the District may, at the District's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Authority shall notify the District that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any portion thereof, will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes and assessments or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority;

(ii) insurance premiums, if any, on all insurance required under the provisions of Article V hereof;

(iii) any other reasonable fees, costs or expenses incurred by the Authority in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the District shall not be responsible for any costs incurred by the Authority associated with any assignment made by the Assignee; and

(iv) any amounts required to be paid as rebate to the United States pursuant to the Tax Certificate.

Amounts constituting Additional Payments payable hereunder shall be paid by the District directly to the person or persons to whom such amounts shall be payable. The District shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Authority to the District stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the District prepays the Lease Payments in part but not in whole under Section 9.3, the principal components of the remaining Lease Payments will be reduced on a pro rata basis; and the interest component of each remaining Lease Payment will be reduced on a pro rata basis.

(d) *Rate on Upon Event of Default.* If the District fails to make any of the payments required in this Section 4.3 for more than ten days after the due date for payment, the payment in default will continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay a rate equal to the rates specified in paragraph (a) above, plus 5% from the date of default to the date of payment.

(e) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by

the District 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 Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the District and the general public.

(f) *Source of Payments; Budget and Appropriation.* The Lease Payments are payable from any source of legally available funds of the District, subject to the provisions of Sections 6.1, 6.3 and 9.1. The District 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 Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the District herein contained constitute duties imposed by law and it is the duty of each and every public official of the District 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 District to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the District.

(g) *Allocation of Lease Payments.* All Lease Payments received shall be applied first to the interest components of the Lease Payments due hereunder, then to the principal components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(h) *No Offsets.* Notwithstanding any dispute between the Authority, or Assignee as the Authority's assignee, and the District, the District shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(i) *Assignment Agreement.* The District understands and agrees that all Lease Payments have been assigned by the Authority to the Assignee under the Assignment Agreement executed concurrently herewith, and the District hereby assents to such assignment. The Authority hereby directs the District, and the District hereby agrees, to pay to the Assignee, all payments payable by the District under this Section 4.3 and all amounts payable by the District under Article IX. Lease Payments shall be paid to the Assignee pursuant to an invoice to be transmitted to the District by the Assignee not less than thirty (30) days prior to each Lease Payment Date.

Section 4.4. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Authority will provide the District with quiet use and enjoyment of the Property and the District will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority and the Assignee have the right to inspect the Property as provided in Sections 5.12(c) and 7.2.

Section 4.5. Title. At all times during the Term of this Lease Agreement, the District shall hold title to the Property, including 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 Agreement (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the District of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the District. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer.

Section 4.6. Release of Excess Property. The District may, at any time and from time to time, release any portion of the Property (the "Released Property") from the Lease, with the prior written consent of the Assignee, which consent shall be at the Assignee's sole discretion, and upon satisfaction of all of the following requirements which are conditions precedent to such release:

(a) The District shall certify to the Authority and the Assignee that no Event of Default has occurred and is continuing, and no event giving rise to an abatement of Lease Payments under Section 6.3 has occurred or is continuing with respect to the Property to be remaining following release of the Released Property;

(b) The District shall file with the Authority and the Assignee, and cause to be recorded in the office of the Contra Costa County Recorder, an amendment to this Lease Agreement which deletes the Released Property from the description of the Property;

(c) The District shall file with the Authority and the Assignee a written certificate of the District stating the District's determination that the estimated value of the real property which will remain leased under this Lease Agreement following such release is at least equal to the original principal components of the Lease Payments and upon request of the Assignee, the District shall provide to the Assignee additional information and documents to evidence the value of the remaining portion of the Property;

(d) The District shall file with the Authority and the Assignee a written certificate of the District stating the District's determination that the estimated fair rental value, for each remaining Rental Period and in the aggregate, of the Property remaining after release of the Released Property is at least equal to the remaining Lease Payments for each remaining Rental Period and in the aggregate; and

(e) The District shall file with the Authority and the Assignee such other information, documents and instruments as the Authority or the Assignee shall reasonably request, including (if requested by the Assignee) evidence of the insurable value of the Property to be remaining following release of the Released Property, indicating that such value is in excess of the then unpaid principal component of the Lease Payments and such endorsements to the title policy delivered on the Closing Date.

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

Section 4.7. Substitution of Property. (a) In the event of damage or destruction of the Property due to earthquake or other uninsured casualty for which rental interruption insurance is not available or in the event that following the condemnation of all or a portion of the

Property the fair rental value of the Property remaining after such condemnation is less than the remaining Lease Payments due under this Lease Agreement, the District shall substitute under the Site and Facility Lease and this Lease Agreement one or more parcels of unimpaired and unencumbered real property, the fair rental value of which, for each remaining Rental Period and in the aggregate, shall be at least equal to the remaining Lease Payments hereunder.

(b) If for any reason the District is unable to so substitute real property for the Property with a fair rental value at least equal to the remaining Lease Payments hereunder, the District shall use its best efforts to obtain other financing in an amount necessary to prepay the principal component of the Lease Payments not supported by the fair rental value of the substituted property, if any.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the District, and the District will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The District 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 District under the terms of this Lease Agreement.

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

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

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

Section 5.3. Public Liability Insurance. The District shall maintain or cause to be maintained throughout the Term of this Lease Agreement a standard comprehensive general liability insurance policy or policies in protection of the District, the Assignee and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage 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 (including any deductibles) satisfactory to the Assignee. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including, with Assignee's prior written consent, a self insurance program), and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District 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. The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Property and owned by the District, in an amount at least equal to the greater of the replacement value of the insured buildings and the aggregate principal amount of the Lease Payments outstanding, with a lender's loss payable endorsement in favor of the Assignee. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed \$250,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including, with the Assignee's prior written consent, a self insurance program), and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.5. Rental Interruption Insurance. The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such rental interruption insurance shall not be self-insured by the District. The District will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6. Worker's Compensation Insurance. If required by applicable California law, the District shall carry worker's compensation insurance covering all employees on, in, near or about the Property and, upon request, shall furnish to the Authority certificates evidencing such coverage throughout the Term of this Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including a self insurance program), and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance.

Section 5.7. Recordation Hereof; Title Insurance. On or before the Closing Date, the District shall, at its expense, (a) cause this Lease Agreement, the Site and Facility Lease and the Assignment Agreement, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Contra Costa County Recorder with respect to the Property, and (b) obtain a CLTA title insurance policy insuring the Assignee's interests in the leasehold estate established under the Site and Facility Lease and hereunder in the Property, subject only to Permitted Encumbrances, in an amount equal to the

original principal components of the Lease Payments. The District will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.8. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this Article V and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 and provided by third party insurance carriers shall name the District and the Assignee as insured parties and the Assignee as loss payees and shall include a lender's loss payable endorsement for the benefit of the Assignee. In the case of coverage pursuant to Section 5.3, the Authority and the Assignee shall be added as an additional insureds. Prior to the Closing Date, the District will deposit with the Assignee 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. Before the expiration of any such policy (or rider), the District will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the District shall notify the Assignee of such fact.

Section 5.9. Installation of District's Personal Property. The District 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 Property. All such items shall remain the sole property of the District, in which the Authority has no interest, and may be modified or removed by the District at any time. The District must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the District 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 Property.

Section 5.10. Liens. The District 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 Property, other than as herein contemplated and except for such encumbrances as the District certifies in writing to the Assignee do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Assignee provides its prior written approval, which approval shall be at Assignee's sole discretion. Except as expressly provided in this Article V, the District 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 District will reimburse the Assignee 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 District fails to perform any of its obligations under this Article V, the Authority may take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.3(c).

Section 5.12. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances.* The District will comply with all Applicable Environmental Laws with respect to the Property and will not use, store, generate,

treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Property.

(b) *Notification of Assignee.* The District will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Property and any operations conducted thereon or any conditions existing thereon to the Assignee, and the District will notify the Assignee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Assignee.

(c) *Access for Inspection.* The District will permit the Assignee, its agents, or any experts designated by the Assignee to have full access to the Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Assignee has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

Section 5.13. District Consent to Assignment Agreement. The Authority's rights under this Lease Agreement (excluding the right to receive notices, the right to reimbursement of costs and to indemnification), including the right to receive and enforce payment of the Lease Payments, and the Site and Facility Lease, are being assigned to the Assignee pursuant to the Assignment Agreement. The District hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees. The District agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Assignee or its assignees to protect their interests in the Property and in this Lease Agreement.

ARTICLE VI

EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the District and the Assignee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Section 6.2. Application of Net Proceeds.

(a) *From Insurance Award*.

(i) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the District in the event of any such damage or destruction shall be deposited by the District promptly upon receipt thereof in a special fund with the Assignee designated as the "Insurance and Condemnation Fund."

(ii) Within ninety (90) days following the date of such deposit, the District shall determine and notify the Authority and the Assignee in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the District and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 9.3 hereof, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the unpaid principal component of the Lease Payments.

(iii) In the event the District's determination is as set forth in clause (A) of subparagraph (ii) above, such Net Proceeds shall be promptly applied to the prepayment of Lease Payments and other amounts pursuant to Section 9.3 of this Lease Agreement; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be so applied only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments, all accrued and unpaid interest, Prepayment Premiums described in Section 9.2, and all other costs related to such prepayments pursuant to Section 9.3 of this Lease Agreement and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be applied to the prepayment of Lease Payments only if the resulting Lease Payments following such prepayment from Net Proceeds represent fair consideration for the remaining portions of the Property and otherwise such Net Proceeds shall be applied to the prompt replacement, repair,

restoration, modification or improvement of the Property, evidenced by a certificate signed by a District Representative.

(iv) In the event the District's determination is as set forth in clause (B) of subparagraph (ii) above and the District certifies to the Assignee that such repair or replacement can be completed within 24 months, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the District, and until the Property has been restored to its prior condition, the District shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Assignee, at its sole discretion.

(b) *From Eminent Domain Award.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited by the District in the Insurance and Condemnation Fund and shall be applied and disbursed as follows:

(i) If the District has given written notice to the Authority and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are not needed for repair or rehabilitation of the Property, the District shall so certify to the Authority and the Assignee, and the District shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(ii) If the District has given written notice to the Authority and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Property, the District shall so certify to the Authority and the Assignee, and the District shall apply such amounts for such repair or rehabilitation.

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Authority and the Assignee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the District shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(iv) In making any determination under this Section 6.2(b), the District may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Authority and the Assignee. Any such determination by the District shall be final.

(c) *From Title Insurance.* The Net Proceeds from a title insurance award shall be deposited by the District in the Insurance and Condemnation Fund and credited towards the prepayment of Lease Payments required to be paid pursuant to Section 9.3 of this Lease Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction.

Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the District of the Property or any portion thereof to the extent to be agreed upon by the District and the Assignee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit C, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of a District Representative to the Authority and the Assignee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the District waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VII

OTHER COVENANTS OF THE DISTRICT

Section 7.1. Disclaimer of Warranties. THE AUTHORITY 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 DISTRICT OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE DISTRICT LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event is the Authority liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the District.

Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry. The District agrees that the Authority, and the Authority's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the District, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The District further agrees that the Authority, and the Authority's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours written notice provided to the District, as may be reasonably necessary to cause the proper maintenance of the Property if the District fails to perform its obligations hereunder. Neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

The District further grants, conveys and confirms to the Authority, for the use, benefit and enjoyment of the Authority, its successors and assigns in interest to the Property, including the Assignee, and its sublessees, and their respective employees, invitees, agents, independent contractors, patrons, customers, guests and members of the public visiting the Property, a right of entry which shall be irrevocable for the Term of this Lease Agreement over, across and under the property of the District adjacent to the Property to and from the Property for the purpose of: (a) ingress, egress, passage or access to and from the Property by pedestrian or vehicular traffic; (b) installation, maintenance and replacement of utility wires, cables, conduits and pipes; and (c) other purposes and uses necessary or desirable for access to and from and for operation and maintenance of the Property.

Section 7.3. Release and Indemnification Covenants. The District hereby indemnifies the Authority, the Assignee and their respective directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the District or the District's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Property, (e) the acquisition, construction, improvement and equipping of the Property, (f) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (g) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Authority, the Assignee, or their respective officers, agents, employees, successors or

assigns. The indemnification hereunder shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease Agreement or the termination of the Term of this Lease Agreement for any reason. The District and the Authority each agree to promptly give notice to each other and the Assignee of any claim or liability hereby indemnified against following learning thereof.

Section 7.4. Assignment by the Authority. The Authority's rights, title and interests under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the District hereunder, have been assigned to the Assignee; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses hereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee. The District hereby consents to such assignment. Whenever in this Lease Agreement any reference is made to the Authority, such reference shall be deemed to refer to the Assignee (including its assignees).

The Assignee may make additional assignments of its rights, title and interests herein, but no such assignment will be effective as against the District unless and until the Assignee has filed with the District at least five (5) Business Days' prior written notice thereof and an executed copy of an investor's letter addressed to the District and the Authority substantially in the form of the letter delivered by the Assignee on the Closing Date. The District shall pay all Lease Payments hereunder to the Assignee, as provided in Section 4.3(h) hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Lease Agreement, the District will keep a complete and accurate record of all such notices of assignment.

Section 7.5. Assignment and Subleasing by the District. This Lease Agreement may not be assigned, mortgaged, pledged or transferred by the District. The District may sublease the Property, or any portion thereof, with the prior written consent of the Assignee, at the Assignee's sole discretion, subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District, and any sublease shall be subject and subordinate to this Lease Agreement.

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

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

(d) The District shall furnish the Authority and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State.

(e) Any such sublease shall be subject and subordinate in all respects to the Site and Facility Lease and this Lease Agreement.

Notwithstanding the foregoing, in connection with any sublease entered into for financing purposes, the principal component of the then remaining Lease Payments plus the principal component of the sublease payments shall not exceed the fair market value of the Property.

Section 7.6. Amendment of Lease Agreement. This Lease Agreement may be amended with the prior written consent of the Authority and the Assignee (at the Assignee's sole discretion) provided such amendment does not, in the Assignee's sole judgment, adversely affect the Assignee.

Section 7.7. Tax Covenants.

(a) *Generally.* The District will not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Lease Payments to become includable in gross income of the Assignee for federal income tax purposes and will deliver a tax certificate on the Closing Date.

(b) *Private Activity Bond Limitation.* The District will ensure that the proceeds of the Lease Payments are not so used as to cause the District's obligations hereunder 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.

(c) *Federal Guarantee Prohibition.* The District will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) *No Arbitrage.* The District will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Lease Payments 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 Lease Payments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) *Arbitrage Rebate.* The District 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 Lease Payments.

Section 7.8. Financial Statements; Budgets; Other Information. Within two hundred ten (210) days following the end of each Fiscal Year of the District during the Term of this Lease Agreement, the District will provide the Authority and the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include the District's Comprehensive Annual Financial Report ("CAFR"), including such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law. Within thirty (30) days of the end of each fiscal year, the District will provide the Assignee with a copy of its annual budget. The District hereby agrees to provide the Assignee with such other information as may be reasonably requested by the Assignee.

Section 7.9. Records and Accounts. The District covenants and agrees that it shall keep proper books of record and accounts of its operations in accordance with GASB, in which complete and correct entries shall be made of all transactions relating to the District. Said books and records shall at all reasonable times be subject to the inspection of the Assignee upon 72 hours' prior notice.

Section 7.10. Observance of Laws and Regulations. The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations, regulations or Applicable Laws now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board, commission or Governmental Authority having jurisdiction or control, as a condition of the

continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District's right to exist and carry on business as a unified school district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.11. Notices. During the Term of this Lease Agreement, the District shall provide to the Assignee:

(a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Lease Agreement, together with a detailed statement by a District Representative of the steps being taken by the District to cure the effect of such Event of Default.

(b) prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority.

(c) with reasonable promptness, such other information respecting the District, and the operations, affairs and financial condition of the District as the Assignee may from time to time reasonably request.

(d) Notices of filings with the Municipal Securities Regulatory Board's EMMA system, other than regular annual filings.

(e) Notice of an event that could cause a Material Adverse Effect.

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 District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the District 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 District by the Assignee. However, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, the Authority and the Assignee 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 District within such 30-day period and diligently pursued until the default is corrected.

(c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar federal or State act now existing or which may hereafter be enacted.

(d) Any statement, representation or warranty made by the District in or pursuant to this Lease Agreement or its execution, delivery or performance shall 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 borrowing money, lease financing of property or otherwise receiving credit under which the District is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by the Assignee or any affiliate of the Assignee, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$500,000.

(f) Any default by the District to observe any covenant, condition or agreement on its part to be observed or performed under the Site and Facility Lease.

(g) Any court of competent jurisdiction shall find or rule that the Site and Facility Lease or this Lease Agreement is not valid or binding against the District.

(h) The District abandons any part of the Property.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease Agreement; 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 District is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights granted

hereunder; provided, that no termination of this Lease Agreement 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 Authority may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the Authority does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, if the Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority. The District hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the District to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in Contra Costa County for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The District agrees to surrender and quit possession of the Property upon demand of the Authority for the purpose of enabling the Property to be re-let under this paragraph. Any rental obtained by the Authority in excess of the sum of Lease Payments plus costs and expenses incurred by the Authority for its services in re-leasing the Property shall be paid to the District.

(b) *Termination of Lease.* If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site and Facility Lease. If the Authority terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the District (and notwithstanding any re-entry upon the Property by the Authority in any manner whatsoever or the re-leasing of the Property), the District nevertheless agrees to pay to the Authority 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 Authority from such re-leasing shall be applied by the Authority to Lease Payments due under this Lease Agreement. 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 Authority shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the District of the election on the part of the Authority to terminate this Lease Agreement. The District covenants and agrees that no surrender of the

Property, or of the remainder of the Term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) *Proceedings at Law or In Equity.* If an Event of Default occurs and continues hereunder, the Authority 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.

(d) *Remedies under the Site and Facility Lease.* If an Event of Default occurs and continues hereunder, the Authority may exercise its rights under the Site and Facility Lease.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon 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 Authority 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 Agreement 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 (including the Assignee) 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 Agreement 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. Assignee to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Assignee, to which assignment the District hereby consents.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the District may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Assignee or a fiduciary reasonably satisfactory to the Assignee, in trust, an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Assignee, which cash so held is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit C, or (b) invested in whole in non-callable Federal Securities maturing not later than the dates such funds will be required to make Lease Payments or any prepayment in an amount which is sufficient, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Assignee and addressed and delivered to the Assignee), together with interest to accrue thereon and without reinvestment and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.3(a) or when due on any optional prepayment date under Section 9.2, as the District instructs at the time of said deposit; *provided, however*, that at or prior to the date on which any such security deposit is established, the District shall deliver to the Assignee an opinion of Bond Counsel (in form and substance acceptable to the Assignee) to the effect that any such security deposit will not adversely affect the excludability of the interest component of Lease Payments from gross income of the Assignee for federal income tax purposes. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (i) the Term of this Lease Agreement shall continue, (ii) all obligations of the District under this Lease Agreement, and all security provided by this Lease Agreement for said obligations, shall thereupon cease and terminate, excepting only (A) the obligation of the District to make, or cause to be made, all of the Lease Payments from such security deposit and, to the extent of any deficiency, as rent payable from other legally available funds of the District, and (B) the release and indemnification obligations of the District under subparagraphs (f) and (g) of Section 7.3, and (iii) under Section 4.5, the Authority's leasehold interest in the Property will vest in the District on the date of said deposit automatically and without further action by the District or the Authority. The District hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Assignee. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement and, notwithstanding anything to the contrary herein, Lease Payments therefrom shall not be subject to abatement under Section 6.3 hereof to the extent payable from the funds held by the Assignee or the fiduciary as described in the first sentence of this Section 9.1.

Section 9.2. Optional Prepayment. The District may prepay the principal component of the Lease Payments in full or in part, on any date on and after November 1, 2019, upon at least 30 days' notice to the Assignee, at a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Section 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The District shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the District on any date, together with any accrued and unpaid interest, and any other costs related to such prepayment, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.2. The District and the Authority hereby agree that such proceeds, to the extent remaining

after payment of any delinquent Lease Payments, shall be credited towards the District's obligations under this Section 9.3.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the District and the Assignee 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 District: Pittsburg Unified School District
2000 Railroad Avenue
Pittsburg, CA 94565
Attention: Deputy Superintendent
Phone: (925) 473-2302

If to the Authority: Pittsburg Unified School District Financing Authority
c/o Pittsburg Unified School District
2000 Railroad Avenue
Pittsburg, CA 94565
Attention: Deputy Superintendent
Phone: (925) 473-2302

If to the Assignee: BBVA Compass
Government & Institutional Banking
2850 E. Camelback Road, Suite 140
Phoenix AZ 85016
Attention: Mr. James Manning, Senior Vice President
Phone (602) 778-0795

and

JoAnna Le-Gutmann
Vice President
BBVA Compass
Walnut Creek Commercial Banking Group
1333 California Blvd Suite #315
Walnut Creek, CA 94597
Attention: Ms. JoAnna Le-Gutmann, Vice President
Phone (925) 951-1482

Section 10.2. Binding Effect. This Lease Agreement inures to the benefit of and is binding upon the Authority, the District and their respective successors and assigns.

Section 10.3. Severability. If any provision of this Lease Agreement 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 Agreement is a "net-net-net lease" and the District hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

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

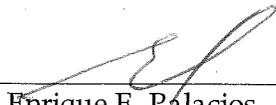
Section 10.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.7. Applicable Law. This Lease Agreement is governed by and construed in accordance with the laws of the State.

Section 10.8. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Lease Agreement.

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

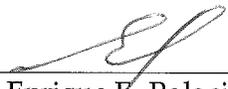
PITTSBURG UNIFIED SCHOOL
DISTRICT FINANCING AUTHORITY

By 
Enrique E. Palacios
Treasurer

Attest:


Janet Schulze, Ed.D.
Secretary

PITTSBURG UNIFIED SCHOOL
DISTRICT

By 
Enrique E. Palacios
Deputy Superintendent

Attest:

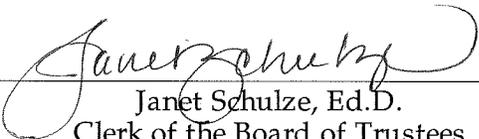

Janet Schulze, Ed.D.
Clerk of the Board of Trustees

EXHIBIT A

DESCRIPTION OF THE SITE

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

PARCEL ONE:

All that real property situated in the City of Pittsburg, County of Contra Costa, State of California, and being Block 67 as shown on the Official Map of City of Pittsburg, filed March 3, 1914 at Rack 5, and more particularly described as follows:

Beginning at a point on the west line of the land of the Southport Land and Commercial Company, distant thereon southerly sixty (60) feet from the point of intersection of the center line of the right of way of the Oakland, Antioch and Eastern Railway with the west line of the land of the Southport Land and Commercial Company and running thence southerly along said west line of the lands of the Southport Land and Commercial Company a distance of two hundred (200) feet to a point; thence at right angles westerly a distance of two hundred and fifty (250) feet to a point; thence at right angles northerly and parallel with the west line of the lands of the Southport Land and Commercial Company a distance of two hundred (200) feet to a point; thence at right angles Easterly and parallel with, said center line of the right of way of the Oakland, Antioch and Eastern Railway, a distance of two hundred and fifty (250) feet to the point of beginning; being Block Sixty Seven (67) of the City of Pittsburg.

PARCEL TWO:

All that real property situated in the City of Pittsburg, County of Contra Costa, State of California, and being Block 76, as shown as the Official Map of the City of Pittsburg, filed March 3, 1914, at Rack 5, and more particularly described as follows:

Beginning at a point on the west line of the land of the Southport Land and Commercial Company, distant thereon southerly three hundred and twenty (320) feet from the point of intersection of said west line of the land of Southport Land and Commercial Company with the center line of the right of way of the Oakland, Antioch and Eastern Railway, and running thence southerly along said west of the land of the Southport Land and Commercial Company, a distance of two hundred and fifty (250) feet to a point; thence, at right angles westerly a distance of two hundred and fifty (250) feet to a point; thence at right angles northerly and parallel with the west line of the land of the South port Land and Commercial Company a distance of two hundred and fifty (250) feet to a point; thence at right angles easterly and parallel with said center line of the right of way of the Oakland, Antioch and Eastern Railway a distance of two hundred and fifty (250) feet to the point of beginning; being Block Seventy Six (76) of the City of Pittsburg.

PARCEL THREE:

An easement, not to be exclusive, as an appurtenance to Parcel One above, for use as a roadway, for vehicles of all kinds, pedestrians, and animals, and as a right of way for water, gas, oil and sewer pipe lines and for telephone, electric light and power lines, together with the necessary poles or conduits to carry said lines over the parcel of land described as follows:

Beginning on the south line of the parcel of land shown as "Lot B 1 Strip" on the map of Subdivision Number 3460 (Vista Del Rio - Unit One) filed April 6, 1966, in Book 110 of Maps at page 40, Contra Costa County Official Records, at the direct southerly prolongation of the center line of "Rochelle Ave." as shown on said map (110 M 40) thence from said point of beginning south 89° 55' 45" west along said south line 30 feet; thence south 0° 04' 15" east, 40.445 feet; thence southerly along the arc of a tangent curve to the left, having a radius of 360 feet; through a central angle of 6° 47' 00", an arc distance of 42.620 feet; thence south 6° 51' 15" east, 22.558 feet; thence southerly and westerly along the arc of a tangent curve to the right having a radius of 20 feet through a central angle of 90° an arc distance of 31.42 feet; thence south 6° 51' 15" east, 30 feet; thence north 83° 08' 45" east, 234.768 feet thence easterly along the arc of a tangent curve to the left, having a radius of 765 feet, through a central angle of 6° 07' 57", an arc distance of 81.880 feet thence; north

12° 59' 12" west, 30 feet; thence westerly along the arc of a non-tangent curve to the right the center of which bears north 12° 59' 12" west, having a radius of 78.662 feet; thence south 83° 08' 45" west, 134.768 feet; thence westerly and northerly along the arc of a tangent curve to the right, having a radius of 20 feet; through a central angle of 90° an arc distance of 31.42 feet; thence north 6° 51' 15" west, 22.558 feet; thence northerly along the arc of a tangent curve to the right, having a radius of 300 feet, through a central angle of 6° 47' 00". an arc distance of 35.514 feet; thence north 0° 04' 15" west, 40.443 feet to said south line of Lot B thence, south 89° 55' 45" west along said south line 30 feet to the point of beginning.

APN: 85-193-01

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the District's **Marina Vista School**, located on the Site at 50 East 8th Street, Pittsburg, California, 94565. The school opened for classes in the Fall, 2009, and consists of approximately 55,000 square feet of building space, including a two-story structure holding 29 classrooms, offices, a library, multi-purpose room, and a working kitchen. There is also one permanent portable classroom building. The Site houses basketball courts, a playground area and equipment, a synthetic grass soccer field with lights and underground parking for staff. The Site is approximately four acres and houses approximately 650 students.

EXHIBIT C

SCHEDULE OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component (1)	Total Lease Payment	Annual Lease Payment
5/1/15	—	\$73,333.33	\$ 73,333.33	—
11/1/15	\$363,000	75,000.00	438,000.00	\$511,333.33
5/1/16	—	69,555.00	69,555.00	—
11/1/16	389,000	69,550.00	458,550.00	528,105.00
5/1/17	—	63,720.00	63,720.00	—
11/1/17	418,000	63,720.00	481,720.00	545,440.00
5/1/18	—	57,450.00	57,450.00	—
11/1/18	447,000	57,450.00	504,450.00	561,900.00
5/1/19	—	50,745.00	50,745.00	—
11/1/19	478,000	50,745.00	528,745.00	579,490.00
5/1/20	—	43,575.00	43,575.00	—
11/1/20	510,000	43,575.00	553,575.00	597,150.00
5/1/21	—	35,925.00	35,925.00	—
11/1/21	544,000	35,925.00	579,925.00	615,850.00
5/1/22	—	27,765.00	27,765.00	—
11/1/22	579,000	27,765.00	606,765.00	634,530.00
5/1/23	—	19,080.00	19,080.00	—
11/1/23	617,000	19,080.00	636,080.00	655,160.00
5/1/24	—	9,825.00	9,825.00	—
11/1/24	655,000	9,825.00	664,825.00	674,650.00

(1) The interest component of the Lease Payments shall be calculated based on an interest rate of 3.00% per annum.

2014-1545

LETTER AGREEMENT FOR PURCHASE AND RATE LOCK

October 23, 2014

Pittsburg Unified School District
2000 Railroad Avenue
Pittsburg, CA 94565
Attention: Deputy Superintendent

Pittsburg Unified School District Financing Authority
2000 Railroad Avenue
Pittsburg, CA 94565
Attention: Treasurer

Re: \$5,000,000 Lease Agreement, dated as of November 1, 2014, by and between the Pittsburg Unified School District Financing Authority and the Pittsburg Unified School District, assigned to Compass Mortgage Corporation

Ladies and Gentlemen:

The undersigned, Compass Mortgage Corporation, an Alabama corporation (the "Purchaser"), offers, upon the following terms, to acquire (i) all rights, title and interest in and to the Lease Agreement, dated as of November 1, 2014, by and between the Pittsburg Unified School District Financing (the "Authority"), as sublessor, and the Pittsburg Unified School District (the "District"), as sublessee (said Lease Agreement and any supplements, amendments, annexations, extensions or renewals thereof are referred to hereinafter as the "Lease Agreement"), as well as its rights to enforce payment of Lease Payments (as defined in the Lease Agreement) when due or otherwise to protect its interests and exercise all remedies in the event of a default or termination by the District under the Lease Agreement; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses thereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee, (ii) except for the Authority's obligation under Section 4 thereof, all of its rights, title and interest in and to the Site and Facility Lease, dated as of November 1, 2014, by and between the District, as lessor, and the Authority, as lessee (the "Site and Facility Lease"), and (iii) all moneys, sums and amounts now due or hereinafter to become due under the Lease Agreement.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Lease Agreement.

1. *Purchase and Purchase Price; Terms of Corporation's Obligations.* The District and the Authority agree to execute and deliver the Site and Facility Lease and the Lease Agreement, and the Purchaser agrees to purchase the Authority's rights, title and interest under the Lease Agreement, as described more specifically above and in the Assignment Agreement, at an aggregate purchase price of \$5,000,000. The Lease Payments under the Lease Agreement and the interest rates applicable thereto shall be as shown in Exhibits A hereto.

The District acknowledges that:

(a) The Purchaser is acting in this transaction solely for its own loan account and not as a fiduciary for the District or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor;

(b) The Purchaser has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the District (including to any financial advisor or placement agent engaged by the District) with respect to the structuring of the financing or the execution and delivery of the Lease Agreement;

(c) The Purchaser has no fiduciary duty pursuant to section 15B of the Securities Exchange Act of 1934, as amended, to the District with respect to the transactions relating to the structuring of the financing or the execution and delivery of the Lease Agreement and the discussions, undertakings, and procedures leading thereto;

(d) Each of the District, its financial advisor and its placement agent (if any) has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the lease financing transaction from its financial, legal, and other advisors (and not the Purchaser or its affiliates) to the extent that the District, its financial advisor or its placement agent (if any) desires to, should, or needs to obtain such advice;

(e) The Purchaser has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the District's financial advisor or placement agent (if any), or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the District's financial advisor or placement agent, with respect to any such matters; and

(f) the transactions between the District and the Purchaser are arm's length, commercial transactions in which the Purchaser is acting and has acted solely as a principal and for its own interest, and the Purchaser has not made recommendations to the District with respect to the transactions relating to the Lease Agreement.

2. *Use of Funds.* The purchase price paid by the Purchaser shall be used by the Authority to pay the District an advance rental of \$5,000,000, pursuant to Section 4 of the Site and Facility Lease. The District shall use such advance rental payment received from the Authority to finance the acquisition and improvement of land for use by the District as a corporation yard (the "Project").

3. *Disposition of Proceeds.*

(a) On the Closing Date, the Purchaser shall transfer, via wire transfer, to the following recipients, the following amounts:

(i) to Quint & Thimmig LLP, as bond counsel, \$25,000.00 (invoice with wire information to be provided prior to the Closing Date);

(ii) to Public Financial Management, Inc., as financial advisor, \$10,000.00 (invoice with wire information to be provided prior to the Closing Date);

(ii) to George K. Baum & Co., as placement agent, \$10,000.00 (invoice with wire information to be provided prior to the Closing Date);

(iii) to Stradling Yocca Carlson & Rauth, P.C., as a counsel to the Purchaser, \$12,500.00 (invoice with wire information to be provided prior to the Closing Date);

(iv) to Stewart Title Guaranty Company, as title insurer, \$5,225.00 (invoice with wire information to be provided prior to the Closing Date); and

(vi) to the District, \$4,937,275.00, to be applied to the costs of the Project, to the District's costs of the transaction (including the CDIAAC fee) or applied to make Lease Payments. Wire instructions to be provided prior to the Closing Date.

4. *Closing.* At 8:00 a.m. California Time, on November 5, 2014, or at such other time or on such earlier or later date as the Purchaser, the Authority and the District mutually agree upon (the "Closing Date"), the District will deliver (or cause to be delivered) the Site and Facility Lease and the Lease Agreement executed by the District and the Authority, and the Assignment Agreement executed by the Authority and the Purchaser, and the Purchaser will pay the purchase price for the Authority's rights, title and interest in the Site and Facility Lease and the Lease Agreement as set forth in Section 1 hereof in federal or other immediately available funds.

5. *Representations and Warranties of the District.* The District represents and warrants to the Purchaser that:

(a) The District is a unified school district organized and existing under the Constitution and the laws of the State of California (the "State"), and has all necessary power and authority to enter into and perform its duties under this Agreement and the Site and Facility Lease and the Lease Agreement (collectively, the "District Documents").

(b) To the best knowledge of the District, neither the execution and delivery of the District Documents, or the execution of this Agreement, and compliance with the provisions on the District's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the District Documents.

(c) The District Documents have been duly authorized by the District, and, assuming due authorization, execution and delivery by the other parties thereto, will constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against cities in the State of California.

(d) There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the District required for the execution and delivery of the District Documents or the consummation by the District of the other transactions contemplated by the District Documents.

(e) To the best knowledge of the District, there is, and on the Closing Date (as hereinafter defined) there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the payments to be made pursuant to the Lease Agreement, or in any way contesting or affecting the validity of the District Documents or the authority of the District to approve this Agreement, or enter into the District Documents or contesting the powers of the District to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the District in connection with any action contemplated by this Agreement or to restrain or enjoin the payment of Lease Payments, nor is there any basis for any such action, suit, proceeding or investigation.

(f) By official action of the District prior to or concurrently with the execution hereof, the District has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by this Agreement.

(g) The District is not in breach of or default under any material applicable law or administrative regulation of the State of California or the United States or any material applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject and in connection with which the District is obligated to make payments from its own funds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument the consequence of which could be to materially and adversely affect the performance of the District under the District Documents.

(h) The District will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Purchaser and this Agreement.

(i) Any certificate of the District delivered to the Purchaser shall be deemed a representation and warranty by the District to the Purchaser as to the statements made therein.

(j) As of the time of acceptance hereof and as of the Closing Date the District does not and will not have outstanding any indebtedness which is secured by a lien on the District's general fund except as disclosed to the Purchaser.

(k) The financial statements of, and other financial information regarding the District delivered to the Purchaser fairly present the financial position and results of the operations of the District as of the dates and for the periods therein set forth and the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(l) Between the date of this Agreement and the date of Closing Date, the District will not, without the prior written consent of the Purchaser, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on the District's general fund.

(m) The District acknowledges that Purchaser will treat the acquisition of the Authority's rights in the Lease Agreement as a loan and not a security.

6. *Conditions Precedent to the Closing.* Other conditions precedent to the Closing are:

(a) The delivery by the District of a certified copy of (i) the resolution of the District Council authorizing the execution and delivery by the District of the Site and Facility Lease

and the Lease Agreement, together with an incumbency certificate of the District, and (ii) the resolution of the Board of Directors of the Authority authorizing the execution and delivery by the Authority of the Site and Facility Lease, the Lease Agreement and the Assignment Agreement, together with an incumbency certificate of the Authority;

(b) The delivery by the District of the fully executed Site and Facility Lease, Lease Agreement and Assignment Agreement in form and substance acceptable to the Purchaser;

(c) The execution and delivery by the District of an Internal Revenue Service Form 8038-G in a form acceptable to Special Counsel and the Purchaser;

(d) Delivery of a legal opinion addressed to the District, with a reliance letter to the Purchaser, dated the Closing Date, of Quint & Thimmig LLP, as Special Counsel, with respect to (i) the validity and enforceability of the Lease Agreement, the Site and Facility Lease, and the Assignment Agreement by and against the District and the Authority (as applicable), (ii) the tax-exempt status of the interest component of the Lease Payments, and (iii) such other matters as may be requested by the Purchaser in form and substance acceptable to the Purchaser;

(e) The delivery of a certificate dated the Closing Date and signed by the District Manager, or such other officer of the District as the District Council may approve, to the effect that:

(i) to the best knowledge of the District, there are no actions or proceedings against the District pending and notice of which has been served on the District or threatened that materially adversely affect the District's ability to pay the Lease Payments or to perform its obligations under the Site and Facility Lease and Lease Agreement;

(ii) the representations and warranties of the District contained in this agreement and the Lease Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and

(iii) the District acknowledges receipt from the Purchaser, on behalf of the Authority, of the advance rental payment specified in Section 4 of the Site and Facility Lease;

(f) The delivery by the District of a title policy for the property that is the subject of the Site and Facility Lease and Lease Agreement in form acceptable to the Purchaser;

(g) The execution and delivery by the District of a certificate as to arbitrage; and

(h) The delivery by the Purchaser of an investor letter in form and substance as attached hereto as Exhibit B.

(i) Such other documents as may be reasonably requested by the Purchaser.

7. *Events Permitting the Purchaser to Terminate.* The Purchaser may terminate its obligation to purchase the Authority's rights, title and interest under the Site and Facility Lease and the Lease Agreement before the Closing Date if any of the following occurs:

(a) any legislative, executive or regulatory action (including the introduction of legislation) or any court decision that, in the judgment of the Purchaser, casts sufficient doubt on the legality of or the tax-exempt status of the interest component of obligations such as

those represented by the Lease Agreement and the Lease Payments so as to materially impair the marketability or to materially reduce the market price of such obligations, in the reasonable opinion of the Purchaser;

(b) any action by the Securities and Exchange Commission or a court that would require registration of the Lease Agreement under the Securities Act of 1933, as amended;

(c) any event occurs or becomes known that has a material adverse effect on the financial condition of the District or on the ability of the District or the Authority to perform under the Site and Facility Lease, the Lease Agreement or the Assignment Agreement; or

(d) any of the representations or warranties of the District made in this Letter Agreement for Purchase are determined by the Purchaser to be untrue or materially inaccurate.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Letter Agreement for Purchase by their officers thereunto duly authorized as of the day and year first above written.

COMPASS MORTGAGE CORPORATION,
an Alabama corporation

By 
JoAnna Le-Gutmann
Vice President

The foregoing is hereby agreed to and
accepted as of the date first above written:

PITTSBURG UNIFIED SCHOOL
DISTRICT FINANCING AUTHORITY

By _____
Janet Schulze, Ed.D.
Executive Director

PITTSBURG UNIFIED SCHOOL
DISTRICT

By _____
Janet Schulze, Ed.D.
Superintendent

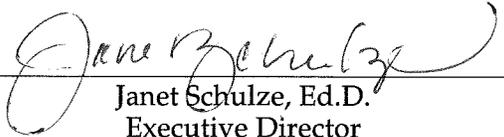
IN WITNESS WHEREOF, the parties hereto have executed and entered into this Letter Agreement for Purchase by their officers thereunto duly authorized as of the day and year first above written.

COMPASS MORTGAGE CORPORATION,
an Alabama corporation

By _____
JoAnna Le-Gutmann
Vice President

The foregoing is hereby agreed to and accepted as of the date first above written:

PITTSBURG UNIFIED SCHOOL DISTRICT
FINANCING AUTHORITY

By  _____
Janet Schulze, Ed.D.
Executive Director

PITTSBURG UNIFIED SCHOOL DISTRICT

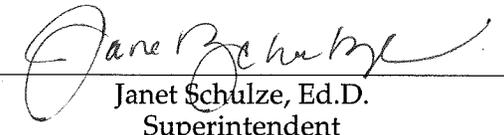
By  _____
Janet Schulze, Ed.D.
Superintendent

EXHIBIT A
SCHEDULE OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component (1)	Total Lease Payment	Annual Lease Payment
5/1/15	—	\$73,333.33	\$ 73,333.33	—
11/1/15	\$363,000	75,000.00	438,000.00	\$511,333.33
5/1/16	—	69,555.00	69,555.00	—
11/1/16	389,000	69,550.00	458,550.00	528,105.00
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11/1/23	617,000	19,080.00	636,080.00	655,160.00
5/1/24	—	9,825.00	9,825.00	—
11/1/24	655,000	9,825.00	664,825.00	674,650.00

(1) The interest component of the Lease Payments shall be calculated based on an interest rate of 3.00% per annum.

EXHIBIT B

FORM OF PURCHASER LETTER

Pittsburg Unified School District
2000 Railroad Avenue
Pittsburg, CA 94565
Attention: Deputy Superintendent

Pittsburg Unified School District Financing Authority
2000 Railroad Avenue
Pittsburg, CA 94565
Attention: Treasurer

Re: \$5,000,000 Lease Agreement, dated as of November 1, 2014, by and between the Pittsburg Unified School District Financing Authority and the Pittsburg Unified School District, assigned to Compass Mortgage Corporation, an Alabama corporation

Ladies and Gentlemen:

The undersigned, Compass Mortgage Corporation, an Alabama corporation (the "Purchaser"), has agreed to acquire (i) the rights, title and interest of Pittsburg Unified School District Financing Authority (the "Authority") under the Lease Agreement, dated as of November 1, 2014 (the "Lease Agreement"), by and between the Pittsburg Unified School District (the "District") and the Authority, including its rights to receive lease payments to be made by the District under the Lease Agreement. In connection with such purchase, the Purchaser hereby agrees and certifies to the Authority and the District that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Lease Agreement to be able to evaluate the risks and merits of the investment represented by the purchase of the rights, title and interest of the Authority under the Lease Agreement.

(b) The Purchaser is acquiring the rights, title and interest of the Authority under the Lease Agreement for its own account as evidence of a loan or for the account of institutions which meet the representations set forth herein and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the rights, title and interest of the Authority under the Lease Agreement or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of such rights, title and interest under the Lease Agreement *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the rights, title and interest under the Lease Agreement in accordance with the Lease Agreement. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the rights, title and interest of the Authority under the Lease Agreement.

(c) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the District and the Lease Agreement and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the District set forth in the Lease Agreement and in the information set forth in any materials submitted to the Purchaser by the

District. The District has furnished to the Purchaser all the information which the Purchaser, as a reasonable investor, has requested of the District as a result of the Purchaser having attached significance thereto in making its investment decision with respect to the Lease Agreement, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the District and the Lease Agreement. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the rights, title and interest of the Authority under the Lease Agreement.

(d) The Purchaser understands that the Lease Agreement has not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Lease Agreement by it, and further acknowledges that any current exemption from registration of the Lease Agreement does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the rights, title and interest of the Authority under the Lease Agreement and to execute any instruments and documents required to be executed by the Purchaser in connection with the purchase of the rights, title and interest of the Authority under the Lease Agreement. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein on behalf of the Purchaser.

(f) The Purchaser acknowledges that rights, title and interest of the Authority under the Lease Agreement are transferable with certain requirements, as described in the Lease Agreement.

(g) The Purchaser acknowledges that the Lease Agreement is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the District has not undertaken to provide any continuing disclosure with respect to the Lease Agreement but that the District has agreed to provide other ongoing information to the Purchaser.

(h) The Purchaser intends to treat the acquisition of the Authority's rights in the Lease Agreement as a loan.

COMPASS MORTGAGE CORPORATION,
an Alabama corporation

By _____
Name _____
Title _____

**PITTSBURG UNIFIED SCHOOL DISTRICT
SCHEDULE OF LEASE PAYMENTS**

Lease Payment Date	Principal Component	Interest Component (1)	Total Lease Payment	Annual Lease Payment
5/1/15	—	\$73,333.33	\$ 73,333.33	—
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5/1/18	—	57,450.00	57,450.00	—
11/1/18	447,000	57,450.00	504,450.00	561,900.00
5/1/19	—	50,745.00	50,745.00	—
11/1/19	478,000	50,745.00	528,745.00	579,490.00
5/1/20	—	43,575.00	43,575.00	—
11/1/20	510,000	43,575.00	553,575.00	597,150.00
5/1/21	—	35,925.00	35,925.00	—
11/1/21	544,000	35,925.00	579,925.00	615,850.00
5/1/22	—	27,765.00	27,765.00	—
11/1/22	579,000	27,765.00	606,765.00	634,530.00
5/1/23	—	19,080.00	19,080.00	—
11/1/23	617,000	19,080.00	636,080.00	655,160.00
5/1/24	—	9,825.00	9,825.00	—
11/1/24	655,000	9,825.00	664,825.00	674,650.00

(1) The interest component of the Lease Payments shall be calculated based on an interest rate of 3.00% per annum.