
LEASE AGREEMENT

Dated as of March 1, 2015

by and between the

CORONADO UNIFIED SCHOOL DISTRICT

and

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

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This LEASE AGREEMENT (this "Lease"), dated as of March 1, 2015, is by and between PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a corporation duly organized and existing under the laws of the State of California, as lessor (together with its successors and assigns, the "Corporation"), and the CORONADO UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California (the "District");

WITNESSETH:

WHEREAS, the Coronado Unified School District (the "District") financed the construction of school facilities from the proceeds of Certificates of Participation (2005 Financing Project), dated July 13, 2005, and issued in the original aggregate principal amount of \$11,085,000 (the "2005 Certificates"), which were secured by lease payments (the "2005 Lease Payments") to be made by the District pursuant to a Lease Agreement dated June 1, 2005, and recorded in San Diego County on _____, 2005, as Instrument No. 2005- _____ (the "2005 Lease") by and between the District and California School Boards Association Financing Corporation (the "2005 Corporation"); and

WHEREAS, in order to take advantage of favorable interest rates and realize interest rate savings to the District, the District has determined at this time to prepay its obligations under the 2005 Lease and thereby provide for the prepayment and defeasance of the 2005 Certificates; and

WHEREAS, the Corporation has assigned its interests in the 2005 Lease to the 2005 Trustee (defined below), such that the 2005 Trustee can assist the District in the prepayment and defeasance of the 2005 Certificates; and

WHEREAS, to that end, the District and the Corporation have determined to enter into this Lease, all for the purpose of refinancing the District's 2005 Certificates, as herein described;

NOW, THEREFORE, for and in consideration of the promises and the material 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 shall for all purposes of this Lease have the meanings herein specified.

"Certificate Insurer" means _____, or any successor thereto or assignee thereof.

"Closing Date" means the date of execution and delivery of this Lease by the parties hereto, being March 25, 2015.

"Corporation" means Public Property Financing Corporation of California, a corporation duly organized and existing under the laws of the State of California.

"District" means the Coronado Unified School District, a school district duly organized and existing under the Constitution and the Laws of the State of California.

"Event of Default" means any of the events of default as defined in Section 7.1

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

"Fiscal Year" means each twelve-month period during the Term of this Lease commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

"Lease Payment" means all payments required to be paid by the District on any date pursuant to Section 3.5, including any prepayment thereof pursuant to Section 5.2 or 5.3.

"Lease Payment Date" means, with respect to any Interest Payment Date, the 15th Calendar Day of the month immediately preceding such Interest Payment Date, commencing May 1, 2015, and continuing to and including the date on which the Lease Payments have been paid in full.

"Leased Property" means the real property described more fully in Appendix A hereto plus all improvements located thereon, or any real property and improvements substituted thereto pursuant to Section 3.8 of this Agreement.

"Net Proceeds" means any insurance proceeds or condemnation awards paid with respect to the Leased Property remaining after payment therefrom of all expenses incurred in the collection thereof.

"2005 Certificates" means the Certificates of Participation (2005 Financing Project) dated as of [July 13], 2005 and issued in the original principal amount of \$11,085,000 under the 2005 Trust Agreement.

"2005 Corporation" means California School Boards Association Finance Corporation.

"2005 Lease" means that certain Lease Agreement dated as of June 1, 2005, by and between the 2005 Corporation and the District.

"2005 Trust Agreement" means that certain Trust Agreement dated as of June 1, 2005, by and among MUFG Union Bank, N.A. formerly known as Union Bank of California, N.A., as trustee, the District, and the 2005 Corporation.

"2005 Trustee" means MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., trustee for the 2005 Certificates.

"Rental Period" means the twelve-month period commencing on November 2 in each year during the Term of this Lease and extending to and including the succeeding November 1, except that the first Rental Period shall commence on the Closing Date and extend to and include November 1, 2015.

"Special Counsel" means Dannis Woliver Kelley, or 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 pursuant to Section 103 of the Tax Code.

"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" or "Term" means the time during which this Lease is in effect, as provided in Section 3.4.

Section 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to 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 shall not affect the meaning, construction or effect hereof.

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

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

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

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

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

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

(d) No Conflicts. The execution and delivery of this Lease, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not

conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the 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 this Lease or the financial condition, assets, properties or operations of the District.

(e) Essentiality. The Leased Property is essential to the governmental functions of the District.

Section 2.2. *Covenants, Representations and Warranties of the Corporation*. The Corporation makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

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

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

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

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

ARTICLE III

DEPOSIT OF FUNDS; LEASE OF LEASED PROPERTY; LEASE PAYMENTS

Section 3.1. *Deposit of Moneys.* The proceeds from the 2015 Refunding Certificates in the amount of \$_____ shall be applied on the Closing Date as follows: (a) the amount of \$_____ shall be deposited with the Trustee for transfer to the 2005 Trustee for deposit in the Prepayment Fund established under the 2005 Trust Agreement, to be applied, together with other funds on deposit with the 2005 Trustee, to the prepayment in full of the 2005 Lease Payments and the prepayment in full of the 2005 Certificates, and (b) \$_____ shall be retained by the Trustee and deemed expended on the Closing Date for the purpose of paying costs of the transaction.

The foregoing amounts deposited with the 2005 Trustee shall be applied, together with other amounts on deposit in funds maintained for the District in connection with the 2005 Certificates for the purpose of paying in full all of the District's lease payment obligations under the 2005 Lease Agreement and thereby prepaying the 2005 Certificates. On the Closing Date, the District's obligations under the 2005 Lease Agreement shall be prepaid and discharged in full, in accordance with the provisions of the 2005 Lease Agreement.

Section 3.2. *Lease of Leased Property by District to Corporation.* The District hereby covenants that it has fee title to the Leased Property. For and in consideration of the deposits to be made pursuant to Section 3.1 hereof on the Closing Date by the Corporation to and on behalf of the District as rental, the District hereby leases the Leased Property to the Corporation for a term which is coterminous with the Term of this Lease, provided that the Corporation shall use the Leased Property as so leased solely for the purpose of subleasing the Leased Property back to the District pursuant to the provisions of this Lease; and provided further, that upon the occurrence of an Event of Default, the Corporation or any successor or assignee of the Corporation may use the Leased Property in its discretion in order to exercise fully the remedies provided in this Lease. No merger shall be effected by the District's lease of the Leased Property to the Corporation, and the Corporation's sublease of the Leased Property back to the District.

Section 3.3. *Lease of Leased Property by Corporation Back to District.* The Corporation hereby subleases the Leased Property to the District, and the District hereby subleases the Leased Property from the Corporation. The Leased Property shall be subleased to the District pursuant to this Lease upon the terms and provisions hereof.

Section 3.4. *Term.* The Term of this Lease shall commence on the Closing Date and shall end no earlier than the date on which all of the Lease Payments and Additional Rental Payments, as defined in Section 3.9, below (including amounts owed to the Certificate Insurer), have been paid in full or ten (10) years from the final stated maturity of the Certificates. The provisions of this Section 3.4 are subject to the provisions of Section 5.2 relating to the taking in eminent domain of the Leased Property or any portion thereof.

Section 3.5. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Sections 5.2 and 5.3 and the provisions of Article VIII, the District agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit B attached hereto and by this reference incorporated herein, to be due and payable in immediately available funds on the 15th day of the month

immediately preceding each of the respective Dates specified in Exhibit B. The Lease Payments payable in any Rental Period with respect to the Leased Property shall be for the use of the Leased Property during such Rental Period. Monies on deposit in the Lease Payment Fund are credited against Lease Payments due.

(b) Effect of Prepayment. In the event that the District prepays all Lease Payments in full pursuant to Sections 8.2 or 8.3, the District's obligations under this Section shall thereupon cease and terminate. In the event that the District prepays the Lease Payments in part but not in whole pursuant to Section 8.3, the principal components of the remaining Lease Payments shall be reduced on a pro rata basis; and the interest component of each remaining Lease Payment shall be reduced on a pro rata basis.

(c) Fair Rental Value. The Lease Payments and Additional Rental Payments coming due and payable during each Rental Period shall constitute the total rental for the Leased Property for such Rental Period, and shall 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 Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments and Additional Rental Payments represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the estimated fair market value of the Leased Property, the costs of financing the deposit required for the purposes set forth in Section 3.1, other obligations of the District and the Corporation under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the District and the general public.

(d) Source of Payments; Budget and Appropriation. The Lease Payments and Additional Rental Payments shall be payable from any source of available funds of the District, subject to the provisions of Sections 5.2, 5.3 and 8.1. The District covenants to take such action as may be necessary to include all Lease Payments and Additional Rental Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental Payments. The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the 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 agreed to be carried out and performed by the District.

(e) Assignment. The District understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee, and the District hereby assents to such assignment. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Trustee all payments payable by the District pursuant to this Section 3.5 and all amounts payable by the District pursuant to Article VIII.

Section 3.6. *Quiet Enjoyment.* Throughout the Term of this Lease, the Corporation shall provide the District with quiet use and enjoyment of the Leased Property and the District shall peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease. The Corporation will, at the request of the 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 Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Leased Property as provided in Section 6.2.

Section 3.7. *Title*. At all times during the Term of this Lease, the District shall hold title to the Leased Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to the assignment to the Trustee, and subject to the provisions of Section 6.2.

Upon the termination of this Lease (other than pursuant to Section 7.2(b) hereof), all right, title and interest of the Corporation in and to the Leased Property shall be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Leased Property, or upon the deposit by the District of security for such Lease Payments as provided in Section 8.1, all right, title and interest of the Corporation in and to the Leased Property shall be transferred to and vested in the District. The Corporation 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 of title.

Section 3.8. *Substitution of Leased Property*. The District shall have, upon the prior written consent of the Certificate Insurer, and is hereby granted, the option at any time and from time to time during the Term of this Lease, to substitute other land, facilities, improvements or other property ("Substitute Leased Property") for the Leased Property or any portion thereof ("Former Leased Property"), provided that the District shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) The District shall take all actions and shall execute all documents required to subject such Substitute Leased Property to the terms and provisions of this Lease, including the filing with the Corporation and the Trustee an amended Exhibit "A", which adds thereto a description of such Substitute Leased Property and deletes therefrom the description of such Former Leased Property;

(b) The District shall deliver to the Corporation, the Certificate Insurer and the Trustee evidence that the value of the Substitute Leased Property following such substitution is equal to or greater than the outstanding principal amount of the Certificates and shall confirm in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Leased Property;

(c) The District shall certify in writing to the Corporation, the Certificate Insurer and the Trustee that such Substitute Leased Property serves the public purposes of the District and constitutes property which the District is permitted to lease under the laws of the State of California;

(d) The District shall certify in writing to the Corporation, the Certificate Insurer and the Trustee that the estimated useful life of such Substitute Leased Property at least extends to the date on which the final Lease Payment becomes due and payable hereunder;

(e) The District shall obtain a policy of title insurance meeting the requirements of this Lease with respect to such Substitute Leased Property;

(f) The District shall certify in writing to the Corporation and the Trustee that the Substitute Leased Property shall not cause the District to violate any of its covenants, representations and warranties made herein or in the Trust Agreement; and

From and after the date on which all of the foregoing conditions precedent to such substitution are satisfied, the Term of this Lease shall cease with respect to the Former Leased Property and shall be continued with respect to the Substitute Leased Property, and all references herein to the Former Leased Property shall apply with full force and effect to

the Substitute Leased Property. The District shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Section 3.9 *Additional Rental Payments*. In addition to the Lease Payments, the District shall pay the following amounts (herein called "Additional Rental Payments") in each year as shall be required.

(a) **Costs and Expenses of the Corporation:** All costs and expenses incurred by the Corporation to comply with the provisions of the Lease and the Trust Agreement, including without limitation all costs of issuance (to the extent not paid from amounts on deposit in the Cost of Issuance Fund), annual compensation due to the Trustee, all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement and all other amounts due to the Trustee pursuant to the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accounts. Such costs and expenses shall be payable as additional amounts of rental hereunder in consideration of the right of the District to the use and occupancy of the Leased Property.

(b) **Reserve Fund Deficiencies:** for the restoration of the amount on deposit in the Reserve Fund to the Reserve Requirement in accordance with the Trust Agreement;

(c) **Reserve Fund Surety Bond Reimbursement:** for the reimbursement to the issuer of a Reserve Fund Surety Bond delivered to the District to satisfy the Reserve Requirement as described in the Trust Agreement, of amounts drawn under such Reserve Fund Surety Bonds, and any additional costs owed to the provider of such Reserve Fund Surety Bond; and

(d) **Certificate Insurer Costs and Expenses** for the payment of other amounts owed by the District to the Certificate Insurer hereunder or under the Trust Agreement.

Section 3.10. *Release of Property*

The District may release any portion of the Leased Property (the "Released Property") from the Lease and the Site Lease (the "Site Lease") provided that the District has satisfied all of the requirements contained in the Lease, including the following:

(a) The Certificate Insurer has given its prior written consent to such release.

(b) No event of default has occurred and is continuing under the Lease.

(c) The District has certified in writing to the Corporation, the Certificate Insurer and the Trustee that the fair market value of the property, which remains subject to the Lease and the Site Lease following such removal is at least equal to the aggregate original principal amount of the Certificates, and the fair rental value of the property which remains subject to the Lease and the Site Lease following such removal is at least equal to the Lease Payments thereafter coming due and payable thereunder.

(d) The District has mailed written notice of such removal to each rating agency which then maintains a rating on the Certificates.

(e) The District delivers an opinion of counsel stating that the release of property will not affect the tax-exempt status of the Certificates.

Upon the satisfaction of all such conditions precedent, the Term of the Lease 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

Section 3.11. *No Offsets.* Notwithstanding any dispute between the Corporation and the District, the District shall make all Lease Payments and Additional Rental Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments or Additional Rental Payments pending the final resolution of such dispute. In the event of a determination that the District was not liable for the Lease Payments or Additional Rental Payments or any portion thereof, the payments or excess of payments, as the case may be, shall, at the option of the District, be credited against subsequent Lease Payments or Additional Rental Payments, as the case may be, due hereunder or be refunded at the time of such determination.

ARTICLE IV

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 4.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property shall be the responsibility of the District, and the District shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Property, as hereinbefore more specifically set forth. 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 shall not limit any of the rights of the District under the terms of this Lease.

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

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

Section 4.2. *Modification of Leased Property.* The District shall, at its own expense, have the right to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property shall not comprise part of the Leased Property and shall not become subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section, shall 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 4.3. *Public Liability and Property Damage Insurance.* The District shall maintain or cause to be maintained throughout the Term of this Lease a standard comprehensive general insurance policy or policies in protection of the Corporation, the District, 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 Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the District shall deem adequate and prudent. 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. The proceeds of such liability insurance shall be applied by the District toward extinguishment or satisfaction of the liability with respect to which paid.

Section 4.4. *Casualty Insurance.* The District shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to any part of the Leased Property covering such hazards as are customarily covered with respect to works and property of like character, in an amount at least equal to the replacement value of the Leased Property or the principal amount of outstanding Lease Payments relating to the Leased Property, whichever is greater. Such insurance shall be subject to a deductible not to exceed \$50,000. 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. The Net Proceeds of such insurance shall be applied as provided in Section 5.1.

Section 4.5. *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 Leased Property and, upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease.

Section 4.6. *Rental Interruption Insurance.* The District shall procure and maintain, or cause to be procured and maintained, throughout the term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Leased Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 4.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the 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. The Net Proceeds of such insurance, if any, shall be applied by

the District towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 4.7. *Recordation Hereof; Title Insurance.* On or before the Closing Date, the District shall, at its expense (a) cause the Site Lease, this Lease or a memorandum thereof in form and substance approved by Special Counsel, and the Assignment Agreement to be recorded in the office of the San Diego County Recorder with respect to the Leased Property; and (b) obtain a CLTA policy of title insurance insuring the District's fee estate and the Corporation's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Certificates. A copy of such policy shall be delivered to the Certificate Insurer. All Net Proceeds received under any such title insurance policy shall be deposited with the Trustee in the Lease Payment Fund and shall be credited towards the prepayment of the remaining Lease Payments pursuant to Section 8.3.

Section 4.8. *Insurance Net Proceeds; Form of Policies.* All insurance policies (or riders) required by this Article IV 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 of California, and either be rated 'A' or better by A.M. Best Co., or be rated in the highest two rating categories by S&P and Moodys without gradation. All policies shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least thirty (30) days before the cancellation or revision becomes effective. Each insurance policy or rider required by this Article IV shall name the District, the Trustee and the Corporation as insured parties and the Trustee as loss payee and shall include a lender's loss payable endorsement for the benefit of the Trustee. Prior to the Closing Date, the District shall deposit with the Trustee certificates of insurance (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 shall furnish to the Trustee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article IV unless such insurance is no longer obtainable, in which event the District shall notify the Trustee of such fact. Copies of all certificates of insurance shall be delivered annually to the Certificate Insurer, if requested by the Certificate Insurer.

Section 4.9. *Self-Insurance.* In no event may the District provide the insurance required by Section 4.6 or Section 4.7 in the form of self-insurance. Notwithstanding Section 4.8, any other insurance required by this Lease and maintained by the District in the form of self-insurance shall be maintained on a basis which is actuarially sound as established by the District's risk manager or an independent insurance consultant which determination shall be reviewed annually and certified to the Trustee. Any deficiency shall be corrected within 60 days of the District's becoming aware of such deficiency.

Section 4.10. *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 Leased Property. All such items shall remain the sole property of the District, in which the Corporation shall have no interest, and may be modified or removed by the District at any time, provided that the District shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent the District from purchasing or leasing items to be installed pursuant to 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 shall attach to any part of the Leased Property.

Section 4.11. *Liens.* The District shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the District shall certify in writing to the Corporation do not materially and adversely affect the leasehold estate in the Leased Property hereunder and for which the Trustee approves in writing, which approval shall not be unreasonably withheld. Except as expressly provided in this Article IV, the District shall 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 shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. In no

event shall the Leased Property be pledged to a future debt issuance of any kind without the consent of the Certificate Insurer.

Section 4.12. *Advances.* If the District shall fail to perform any of its obligations under this Article IV, the Corporation 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 then payable with respect to the Certificates.

ARTICLE V

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 5.1. *Application of Net Proceeds.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Property by fire or other casualty, and the Net Proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings, shall be paid to the Corporation to be applied as hereinafter set forth in this Section 5.1.

In the event that the Leased Property becomes destroyed or damaged beyond repair at any time during the Term of this Lease, or in the event the Leased Property or any portion thereof is taken in eminent domain proceedings at any time during the Term of this Lease, the District shall as soon as practicable after such event, with the prior written consent of the Corporation, apply the Net Proceeds resulting therefrom either to: (a) repair the Leased Property to full use; (b) replace the Leased Property, at the District's sole cost and expense, with property of equal or greater value to the Leased Property immediately prior to the time of the such destruction or damage, such replacement Leased Property to be subject to the Corporation's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement; or (c) prepay the Lease Payments in accordance with Section 8.3. The District shall notify the Corporation of which course of action it desires to take within thirty (30) days after the occurrence of such destruction or damage. The Corporation may (but is not required to) in its own name or in the District's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy, and the District hereby grants to the Corporation a power of attorney coupled with an interest to accomplish all or any of the foregoing. The Net Proceeds of all insurance payable with respect to the Leased Property shall be available to the District and shall be used to discharge the District's obligations under this Section.

Section 5.2. *Termination or Abatement Due to Eminent Domain.* If the Leased Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease shall cease with respect thereto as of the day possession shall be so taken. If less than all of the Leased Property shall be taken permanently, or if the Leased Property shall be taken temporarily, under the power of eminent domain, (a) this Lease shall continue in full force and effect with respect thereto and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the District with the prior written consent of the Corporation and the Certificate Insurer, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Section 5.3. *Abatement Due to Damage or Destruction.* The amount of Lease Payments shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof. The amount of such abatement shall be determined by the District, with the prior written consent of the Corporation and the Certificate Insurer, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed. Such abatement shall continue

for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease shall continue in full force and effect and the District waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 5.3 to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments which would otherwise be abated under this Section 5.3, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

ARTICLE VI

OTHER COVENANTS OF THE DISTRICT

Section 6.1. *Disclaimer of Warranties.* THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE DISTRICT LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event shall the Corporation be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or District's use of the Leased Property.

Section 6.2. *Access to the Leased Property.* The District agrees that the Corporation, and the Corporation's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Property or any part thereof. The District further agrees that the Corporation, and the Corporation's successors or assigns shall have such rights of access to the Leased Property or any component thereof as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the District to perform its obligations hereunder; *provided, however,* that neither the Corporation nor any of its assigns shall have any obligation to cause such proper maintenance.

Section 6.3. *Release and Indemnification Covenants.* The District shall and hereby agrees to indemnify and save the Corporation and its officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the District, (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Leased Property, (e) the acquisition, construction, improvement and equipping of the Leased Property, or (f) the clean-up of any hazardous materials or toxic wastes from the Leased Property, or the authorization of payment of the costs thereof. No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence under this Lease by the Corporation, or its officers, agents, employees, successors or assigns. The indemnification provided by the District under this Section shall survive the termination of this Lease.

Section 6.4. *Assignment by the Corporation.* The Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments to be made by the District hereunder, have been assigned to the Trustee. The District hereby consents to such assignment and agrees that the Trustee shall not be liable for any of the covenants, agreements or obligations of the Corporation under this Lease except for those obligations specifically set forth in the Assignment of Lease. Whenever in this Lease any reference is made to the Corporation and such reference concerns rights which the Corporation has assigned to the Trustee, such reference shall be deemed to refer to the Trustee.

The Corporation or the Trustee shall have the right to make additional assignments of its interests herein, but no such assignment shall be effective as against the District unless and until the Corporation or the Trustee shall have filed with the District written notice thereof. The District shall pay all Lease Payments hereunder pursuant to the written direction of the Corporation or the assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Lease, the District shall keep a complete and accurate record of all such notices of assignment.

Section 6.5. *Assignment and Subleasing by the District.* This Lease may not be assigned by the District. The District may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

(a) This Lease and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District.

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

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

(d) The District shall furnish the Corporation 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 of California.

(e) The District has obtained the prior written consent of the Certificate Insurer.

Section 6.6. *Amendment of Lease.* This Lease may be amended by the District and the Corporation, but only with the prior written consent of the Corporation and the Certificate Insurer (which consent shall not be unreasonably withheld). Prior to the effective date of any such amendment, and as a condition precedent to the effectiveness thereof, the District at its expense shall obtain an opinion of Bond Counsel stating that such amendment will not adversely affect the exclusion from gross income of the interest component of the Lease Payments.

Section 6.7. *Tax Covenants.*

(a) Generally. The District shall 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 for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall assure 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 shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District shall 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 shall 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.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. *Events of Default Defined.* Any one or more of the following events shall constitute 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 thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Certificate Insurer; *provided, however,* if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Corporation shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such thirty (30) day period and diligently pursued until the default is corrected, provided further, that if the corrective action is not completed within sixty (60) days of the event, any extension beyond the sixty (60) days shall require the prior written consent of the Certificate Insurer.

(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 acts which may hereafter be enacted.

Section 7.2. *Remedies on Default.* Whenever any Event of Default shall have happened and be continuing, it shall be lawful for the Corporation, only with the consent of the Certificate Insurer, to exercise any and all remedies available pursuant to law or granted pursuant to this Lease; *provided, however,* that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; *provided,* that no termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation shall have and is granted each and every one of the following remedies.

(a) Enforcement of Payments Without Termination. In the event the Corporation does not elect to terminate this Lease 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 Corporation for any deficiency arising out of the re-leasing of the Leased Property, or, in the event the Corporation is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation.

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

The District agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The

District agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling the Leased Property to be re-let under this paragraph, and the District further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-leasing the Leased Property.

(b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Corporation at its option (with the prior written consent of the Certificate Insurer) may terminate this Lease and re-lease all or any portion of the Leased Property. In the event of the termination of this Lease by the Corporation at its option and in the manner hereinafter provided on account of default by the District (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re-leasing shall be applied by the Corporation to Lease Payments due under this Lease.

Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease. The District covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Section 7.3. *No Remedy Exclusive*. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article VII it shall not be necessary to give any notice, other than such notice as may be required in this Article VII or by law.

Section 7.4. *Agreement to Pay Attorneys' Fees and Expenses*. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

Section 7.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.6. *Trustee to Exercise Rights.* Such rights and remedies as are given to the Corporation under this Article VII have been assigned by the Corporation to the Trustee, to which assignment the District hereby consents. Such rights and remedies shall be exercised solely by the Trustee.

ARTICLE VIII

PREPAYMENT OF LEASE PAYMENTS

Section 8.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the District may on any date secure the payment of the Lease Payments in whole by depositing with a fiduciary, in trust, an amount of cash which 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 B, or (b) invested in whole in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due pursuant to Section 3.5(a) or when due on any optional prepayment date pursuant to Section 8.2, as the District shall instruct at the time of said deposit. In the event of a security deposit pursuant to this Section with respect to all unpaid Lease Payments, (a) the Term of this Lease shall continue, (b) all obligations of the District under this Lease, and all security provided by this Lease for said obligations, shall thereupon cease and terminate, excepting only the obligation of the District to make, or cause to be made all of the Lease Payments from such security deposit, and (c) pursuant to Section 3.7, title to the Leased Property shall vest in the District on the date of said deposit automatically and without further action by the District or the Corporation. 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.

Section 8.2. *Optional Prepayment.* The Certificates maturing on or before November 1, 2024 are not subject to prepayment prior to their respective stated maturities. Certificates maturing on or after November 1, 2025 are subject to prepayment prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after November 1, 2024 at a prepayment price equal to the principal amount of the Certificates called for prepayment plus accrued interest to the date fixed for prepayment, without premium..

Section 8.3. *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 on any date or in part, on any Lease Payment Date, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Leased Property to be used for such purpose pursuant to Section 5.1. The District and the Corporation 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 8.3.

ARTICLE IX

MISCELLANEOUS

Section 9.1. *Notices.* All notices, consents, requests, instructions, approvals and other communications provided for in this Lease Agreement must be sent by: (i) personal delivery, overnight delivery by a recognized courier or delivery service, (ii) mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) electronic transmission, which includes fax machine, email with an imaged or scanned attachment (such as a .pdf) or other similar electronic transmission delivered to the addresses noted below or such other address as may be substituted therefor by written notification. Notice shall be effective either (a) upon transmission by electronic transmission, (b) 72 hours after deposit in the United States of America registered or certified mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the District and the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District: Coronado Unified School District
201 Sixth Street
Coronado, CA 92118
Attention: Superintendent
Fax: (619) 522-8900

If to the Corporation: Public Property Financing Corporation of California
2945 Townsgate Road
Westlake Village, CA 91361
Attention: Secretary/Treasurer
Fax: (____) _____

If to the Trustee: MUFG Union Bank, N.A.
120 S. San Pedro Street, Suite 400
Los Angeles, CA 90012
Attention: Corporate Trust Services
Fax: (614) 638-9628
Email: timothy.miller@unionbank.com
with a copy to:accountadministration-
corporatetrust@unionbank.com

If to the Certificate Insurer: _____

Attention: _____
Fax: _____

Section 9.2. *Binding Effect.* This Lease shall inure to the benefit of and shall be binding upon the Corporation, the District and their respective successors and assigns.

Section 9.3. *Third Party Beneficiary.* The Certificate Insurer is made a third party beneficiary of this Lease, with all rights of a third party beneficiary.

Section 9.4. *Severability.* In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.5. *Net-net-net Lease.* This Lease shall be deemed and construed to be a "net-net-net lease" and the District hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 9.6. *Further Assurances and Corrective Instruments.* The Corporation 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 Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

Section 9.7. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.8. *Applicable Law.* This Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 9.9. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

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

**PUBLIC PROPERTY FINANCING
CORPORATION OF CALIFORNIA**

By _____
William Morton, Secretary/Treasurer

CORONADO UNIFIED SCHOOL DISTRICT

By _____
Dr. Jeffrey P. Felix, Superintendent

EXHIBIT A

LEGAL DESCRIPTION OF THE LEASED PROPERTY

Real property in the City of Coronado, County of San Diego, State of California, described as follows:

Coronado Middle School facility and site, located at 550 F Street, Coronado, California

EXHIBIT B

SCHEDULE OF LEASE PAYMENTS

<u>Date*</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
May 1, 2015				
November 1, 2015				
May 1, 2016				
November 1, 2016				
May 1, 2017				
November 1, 2017				
May 1, 2018				
November 1, 2018				
May 1, 2019				
November 1, 2019				
May 1, 2020				
November 1, 2020				
May 1, 2021				
November 1, 2021				
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May 1, 2031				
November 1, 2031				
May 1, 2032				
November 1, 2032				
May 1, 2033				
November 1, 2033				
May 1, 2034				
November 1, 2034				
May 1, 2035				
November 1, 2035				
Total				

*Lease Payment Dates are the 15th day of the month preceding each May 1 and November 1.