

**AGREEMENT FOR SUBLEASE, OPTION TO PURCHASE  
AND RIGHT OF FIRST REFUSAL**

THIS AGREEMENT FOR SUBLEASE, OPTION TO PURCHASE AND RIGHT OF FIRST REFUSAL (this "Sublease"), dated for convenience as of September 27, 2002, by and between VACAVILLE RECREATION CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the Commonwealth of Pennsylvania, as sublessor (the "Corporation") and VACAVILLE REDEVELOPMENT AGENCY, a public body corporate and politic organized and existing under the laws of the State of California, as sublessee (the "Agency");

**RECITALS**

A. North American Ice Sports, Inc., a Delaware corporation ("NAIS"), holds fee title to certain real property situated in the City of Vacaville, County of Solano, State of California, described on Exhibit A (the "Property"), which is situated in the Community Redevelopment Area of the City of Vacaville.

B. NAIS, as lessor, entered into a Ground Lease and Operating Agreement (the "Site Lease") with the Corporation, as tenant, dated as of May 1, 1998, pursuant to which NAIS leased the Property to the Corporation.

C. The Corporation as lessor, entered into a Lease Agreement (the "Lease") dated May 1, 1998, with the Vacaville Public Finance Authority (the "Authority"), as lessee, a copy of which is attached hereto as Exhibit B, pursuant to which the Corporation leased the Property to the Authority.

D. The Authority, as sublessor, entered into a Sublease (the "Authority Sublease") with the Corporation, as sublessee, dated as of May 1, 1998, a copy of which is annexed hereto as Exhibit C, pursuant to which the Authority Subleased the Property to the Corporation.

E. The Agency made a loan to NAIS in the amount of \$350,000.00 evidenced by a promissory note (the "Agency Note") by NAIS in favor of the Agency dated as of May 29, 1998. The Agency Note is secured by a Deed of Trust and Security Agreement (the "Agency Deed of Trust") by NAIS, as trustor, for the benefit of the Agency, as beneficiary, dated as of May 1, 1998, and recorded in the Official Records of Solano County, California, on May 29, 1998, as Instrument No. 40284, encumbering NAIS's fee interest in the Property.

F. The Corporation and the Authority entered into a Trust Agreement (the "Trust Agreement") with U.S. Bank National Association, a national banking association (the "Original Trustee"), dated as of May 1, 1998, pursuant to which the Lease Revenue Certificates of Participation (Vacaville Recreation Corporation Project) Series 1998 (collectively, the "Certificates") in the aggregate amount of \$7,880,000 were issued.

G. The Corporation and the Original Trustee entered into that certain First Assignment Agreement dated as of May 1, 1998, and recorded in the Official Records of Solano County California, on May 29, 1998, as Instrument No. 1998-00040288, pursuant to which the

Corporation assigned to the Original Trustee, for the benefit of the holders of the Certificates (collectively, the "Certificate Holders") the right to collect lease payments from the Authority under the Lease.

H. The Authority and the Trustee entered into that certain Second Assignment Agreement dated as of May 1, 1998, and recorded in the Official Records of Solano County California, on May 29, 1998, as Instrument No. 1998-00040289, pursuant to which the Authority assigned to the Original Trustee, for the benefit of the holders of the Certificates, the right to collect lease payments from the Corporation under the Authority Sublease.

I. As security for the payment and performance of the obligations of the Corporation under the Authority Sublease, NAIS, as trustor, made a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases (Fee Interest) (the "Fee Deed of Trust") for the benefit of the Original Trustee, as beneficiary, dated as of May 1, 1998, and recorded in the Official Records of Solano County, California, on May 29, 1998, as Instrument No. 1998-00040290, encumbering NAIS's fee interest in the Property. Pursuant to that certain Subordination Agreement between the Original Trustee and the Agency dated as of May 18, 1998, and recorded in the Official Records of Solano County, California, on May 18, 1998, as Instrument No. 1998-00040292, the Agency subordinated the lien of the Agency Deed of Trust to the lien of the Fee Deed of Trust.

J. As security for the payment and performance of its obligations under the Authority Sublease, the Corporation, as trustor, made a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases (Leasehold Interest) (the "Leasehold Deed of Trust") for the benefit of the Original Trustee, as beneficiary, dated as of May 1, 1998, and recorded in the Official Records of Solano County, California, on May 29, 1998, as Instrument No. 1998-00040291, encumbering the Corporation's leasehold interest in the Property pursuant to the Lease and the Authority Sublease.

K. The Building (as hereinafter defined) and the other leasehold improvements on the Property were transferred to the Corporation pursuant to the Disposition and Development Agreement between the Agency and NAIS dated as of May 13, 1997, as amended by the First Amendment to Disposition and Development Agreement dated as of March 10, 1998, and the undated Second Amendment to Disposition and Development Agreement.

L. The Corporation filed a petition for relief under Chapter 11 of the Bankruptcy Code on June 15, 2001. The Corporation has submitted a proposed plan of reorganization (the "Proposed Plan") to resolve the debts owed its creditors on the date of filing of the petition. (As used herein, the term "Plan of Reorganization" means the plan of reorganization of the Corporation, if any, approved by the Bankruptcy Court.)

M. Pursuant to the request of the Corporation, the Agency has commenced foreclosure proceedings under the Agency Deed of Trust and has requested that NAIS execute and deliver to the Agency a deed-in-lieu of foreclosure under the Agency Deed of Trust. Pursuant to the Proposed Plan, following confirmation of the Plan of Reorganization, the Agency will acquire the Property through foreclosure or acceptance of a deed-in-lieu of foreclosure and

will substantially concurrently therewith quitclaim all of its right, title and interest therein and thereto to the Corporation.

N. The Agency desires to sublease from the Corporation the premises (the "Subleased Facility") described in Exhibit D hereto, which constitutes a portion of the Property subleased by the Authority to the Corporation under the Authority Sublease Agreement, together with certain appurtenant rights, as more specifically described herein (such Subleased Facility and appurtenant rights being hereinafter collectively referred to as the "Subleased Premises"), and the Corporation is willing to sublease the Subleased Premises to the Agency, all on the terms and conditions.

## ARTICLE I

### DEFINITIONS AND EXHIBITS

#### Section 1.1 Definitions.

(a) Unless the context otherwise requires or unless otherwise defined herein, the capitalized terms in this Sublease shall have the respective meanings specified in the Lease.

"Building" means the building situated on the Property in which the Subleased Premises are situated.

"Person" means natural person, association, partnership, limited liability company, corporation or any other entity or governmental authority.

"Rental Period" means each twelve-month period during the Term of this Sublease commencing on October 1 in any year and ending on September 30 in the next succeeding year; provided, however, that the first Rental Period shall commence on the Commencement Date (as hereinafter defined) and shall end on September 30, 2003.

"Sublease Payment Date" means the first Business Day of each month, commencing with the first calendar month after the Commencement Date; provided, however, that if the Commencement Date is a date other than the first Business Day of a calendar month, then the first Sublease Payment Date shall be the Commencement Date, and the Sublease Payment payable at that time shall be an amount prorated, with such proration being based on the number of days remaining in such month beginning with Commencement Date and the actual number of days in such month.

"Sublease Payments" means the aggregate amount of all the payments required to be paid by the Agency pursuant to Section 3.4 of this Sublease.

"Term of this Sublease" means the time during which this Sublease is in effect, as provided in Section 3.2 hereof.

"Third Assignment Agreement" means the Third Assignment Agreement substantially identical to the First and Second Assignment Agreements entered into by and between the

Corporation and the Trustee, if any, pursuant to which the Corporation assigns its right to collect Sublease Payments to the Trustee.

"Trustee" means Wilmington Trust FSB, successor to the Original Trustee under the Trust Agreement, or any successor thereof.

(b) If a Plan of Reorganization in all respects material to the Agency identical to the Proposed Plan is approved by the Bankruptcy Court and the parties thereto enter into a First Amendment to Lease, First Amendment to Authority Sublease, and Amended and Restated Trust Agreement, the terms and conditions of all of which shall have been approved by the Authority, in its reasonable discretion, then, as used herein, then the terms "Lease," "Authority Sublease," and "Trust Agreement" shall mean those agreements as so amended or amended and restated.

Section 1.2 References, Headings and Exhibits. Unless otherwise specifically provided, all references herein to Sections, Articles and Exhibits are to the Sections, Articles and Exhibits hereof or hereto. All section headings herein are for convenience of reference only and shall not be used in construing or interpreting this Sublease. The following exhibits are attached to, and by this reference made a part of, this Sublease:

- Exhibit A: Legal Description of the Property.
- Exhibit B: The Lease.
- Exhibit C: The Authority Sublease Agreement.
- Exhibit D: Description of the Subleased Premises.
- Exhibit E: Schedule of Sublease Payments to be paid by the Agency hereunder with respect to the Subleased Premises.
- Exhibit F: Terms of Options
- Exhibit G: Terms of Right of First Refusal

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the Agency as follows:

(a) Due Organization and Existence. The Corporation is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and is qualified to transact business as a foreign corporation in the State of California.

(b) Authorization. The laws of the States of Pennsylvania and California authorize the Corporation to enter into this Sublease, the Authority Sublease, the



(f) Litigation and Liabilities. At the Commencement Date, there is no litigation, legal, administrative or arbitral proceeding, investigation or other action of any nature pending or, to the knowledge of the Agency, threatened against or affecting the Agency which involves the possibility of any judgment or liability not fully covered by insurance, or in which an unfavorable decision, ruling or finding would result in a material adverse effect to this Sublease.

### ARTICLE III

#### AGREEMENT TO SUBLEASE; TERM OF THIS SUBLEASE; SUBLEASE PAYMENTS

Section 3.1 Sublease. The Corporation hereby subleases the Subleased Premises to the Agency, and the Agency hereby subleases the Subleased Premises from the Corporation, which shall include the following appurtenant rights: (a) full and unimpaired access to the Subleased Premises, (b) full and unimpaired access to the common areas (as hereinafter defined) and rights of ingress and egress over and through the Property outside the Building, and (c) all trade fixtures and personal property affixed to or located in the Subleased Premises as of the Commencement Date. In addition, the Corporation grants to the Agency and its representatives, licensees, guests and invitees the nonexclusive right to use the common areas (as hereinafter defined). The term "common areas" means all areas and facilities outside the Subleased Facility and within the exterior boundaries of the Property that are necessary or desirable for the general use and convenience of the Agency and its representatives, licensees, guests and invitees. Common areas include, without limitation, pedestrian walkways and patios, landscaped areas, sidewalks, service corridors, restrooms, stairways, decorative walls, plazas, the interior lobby of the Building, enclosed areas where climatic control is provided, throughways, loading areas, parking areas and roads, but do not include the party rooms, the community/coaches rooms, the music rooms. Notwithstanding the foregoing, any portions of the Building that constitute or are located within the Other Premises (as hereinafter defined), excluding the interior lobby area, shall not constitute common areas.

Section 3.2 Term of this Sublease. The Term of this Sublease shall commence as of the date (the "Commencement Date") of the satisfaction of the last to be satisfied of the conditions precedent set forth in Section 3.3 and shall end on November 14, 2025.

Section 3.3 Conditions Precedent to Commencement Date and Agency's Obligations. The following shall constitute conditions precedent to the Agency's obligations hereunder:

(a) The Bankruptcy Court in which the Corporation's case is pending shall have issued an order authorizing the Corporation to enter into this Sublease, which order is not subject to the ten (10) day stay contemplated in the Rules of Bankruptcy Procedure Section 6004(g) or such stay has expired.

(b) A memorandum of this Sublease, the Options and the Right of First Refusal (as both such capitalized terms are hereinafter defined), in form and substance satisfactory to the Agency, shall have been duly executed and delivered by the parties hereto and recorded in the Official Records of Solano County, California.

(c) Nondisturbance agreements relating to this Sublease, the Options and the Right of First Refusal and subordination agreements subordinating the lien and charge of the Fee Deed of Trust and the Leasehold Deed of Trust to the Options and the Right of First Refusal, in form and substance satisfactory to the Agency, in its sole discretion, shall have been duly executed and delivered by the Trustee, the Agency and the Corporation and recorded in the Official Records of Solano County, California.

(d) The City Council of the City of Vacaville shall have adopted such resolutions as may be necessary to duly authorize the Agency to execute and deliver this Sublease and perform its obligations hereunder.

(e) A title insurance company satisfactory to the Agency shall have issued a leasehold policy of title insurance and such endorsements thereto, at the Agency's sole cost and expense, as the Agency may request, subject only to such exceptions as may be satisfactory to the Agency, insuring the leasehold estate of the Agency hereunder.

(f) The Corporation shall have delivered possession of the Subleased Premises to the Agency.

(g) The Authority shall have consented in writing to this Sublease.

The Corporation shall cooperate fully in insuring the full satisfaction of all of these conditions precedent on or before September 27, 2002. If all of such conditions have not been satisfied, in the Agency's sole and absolute discretion, on or before September 27, 2002, or waived by the Agency in writing, then this Sublease shall automatically be terminate and be void and of no force or effect.

#### Section 3.4 Sublease Payments.

(a) Obligation to Pay. Subject to the provisions of Section 3.4(e) and Article VIII, the Agency agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Subleased Premises during each Rental Period, the Sublease Payments for the Subleased Premises in the respective amounts specified in Exhibit E. The Sublease Payments for the Subleased Premises payable in any Rental Period shall be for the use of the Subleased Premises for such Rental Period.

(b) Rate on Overdue Payments. In the event the Agency should fail to make any of the payments required in this Section 3.4, the payment in default shall continue as an obligation of the Agency until the amount in default shall have been fully paid, and the Agency agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of twelve percent (12%) per annum.

(c) Fair Rental Value. The Sublease Payments for the Subleased Premises for each Rental Period shall constitute the total rental for the Subleased Premises for each Rental Period and shall be paid by the Agency 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 Subleased Premises during each Rental Period. The parties hereto have agreed and determined that the total Sublease Payments for the Subleased Premises represent the fair

rental value of the Subleased Premises. In making such determination, consideration has been given to the obligations of the parties under this Sublease, the uses and purposes which may be served by the Subleased Premises and the benefits therefrom which will accrue to the Agency and the general public.

(d) Set-off; Waiver. Each Sublease Payment shall be paid by the Agency in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, to or upon the order of the Trustee at the Principal Office of the Trustee (as defined in the Trust Agreement) or at such other place as the Trustee shall designate to the Agency in writing. Notwithstanding any dispute between the Agency and the Corporation, the Agency shall make or cause to be made each and all Sublease Payments when due and shall not withhold or permit to be withheld any Sublease Payments pending the final resolution of such dispute nor shall the Agency assert nor permit to be asserted any right of set-off or counter-claim against the obligation to make Sublease Payments as set forth herein. The Agency hereby agrees to perform all of its obligations, covenants and agreements hereunder without notice or demand. Nothing in this Agreement shall be construed as a waiver by the Agency of any right or claim the Agency may have against the Corporation under this Agreement, or otherwise, but any recovery resulting from such right or claim shall be had from the Corporation separately, it being the intent of this Agreement that the Agency be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Agreement; provided, however, that the provisions of this Section 3.4(d) shall not limit any right of set-off or counterclaim the Agency may have against the Corporation (i) with respect to payment obligations of the Agency hereunder other than the Sublease Payments or (ii) if the Third Assignment Agreement has not been duly executed and delivered by the Corporation and the Trustee, or is not effective with respect to the Sublease Payments.

(e) Assignment. The Agency understands and agrees that the Corporation may assign or has assigned its right, title and interest in this Sublease to the Trustee pursuant to the Third Assignment Agreement for the equal and ratable benefit of the Certificate Holders in respect of the obligations represented by the Certificates, and the Agency consents to such assignment. The Corporation hereby directs the Agency and the Agency hereby agrees to pay directly to the Trustee all payments payable by the Agency pursuant to this Section 3.4 and all amounts payable by the Agency pursuant to this Sublease; provided, however, that the Agency shall have first received written notice from the Corporation and the Trustee that the Corporation has duly executed and delivered the Third Assignment Agreement to the Trustee and that the Third Assignment Agreement has been duly recorded in the Official Records of Solano County, California.

Section 3.5 Quiet Enjoyment. During the Term of this Sublease, the Corporation shall provide the Agency with quiet use and enjoyment of the Subleased Premises, and the Agency shall, during the Term of this Sublease, peaceably and quietly have and hold and enjoy the Subleased Premises without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Sublease. The Corporation will, at the request of the Agency and at the Agency's cost, join in any legal action in which the Agency 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 Subleased Premises as provided in Section 5.2.

Section 3.6 Title. During the Term of this Sublease, the Agency shall hold leasehold title to the Subleased Premises and shall own any and all additions which comprise fixtures, repairs, replacements or modifications to the Subleased Premises, except for those fixtures, repairs, replacements or modifications which are added to the Subleased Premises by the Corporation at its own expense and which may be removed without materially damaging the Subleased Premises.

Section 3.7 Use. The Agency may use the Subleased Premises for gymnasium and athletic events, including special events that it may sponsor or permit its invitees and licensees to undertake, and all other legal purposes. Without limiting the generality of the foregoing, the Agency shall be entitled to sell food and beverages in vending machines in the Subleased Premises, and its invitees and licensees shall be entitled to sell food and beverages at special events undertaken by them and held in the Subleased Premises, together with other items of merchandise associated with the invitees and licensees or the special events.

## ARTICLE IV

### COVENANTS

#### Section 4.1 Affirmative Covenants.

(a) Payment of Sublease Payments. The Agency shall duly and punctually pay or cause to be paid the Sublease Payments and any other payment obligations under this Sublease, on the dates, at the places and in the manner provided in this Sublease according to the true intent and meaning hereof and shall not directly or indirectly extend or assent to the extension of the Sublease Payment Dates with respect to any Sublease Payments.

(b) Compliance with Laws. Except for any matters contested by the Agency in good faith, (i) the Agency will comply in all material respects with all applicable laws relating to its leasehold interest in and operation of the Subleased Premises, its corporate structure, organization and qualification and its business, operations or asset, and (ii) the Agency will also comply in all material respects with all requirements imposed by any governmental authority with respect to the Subleased Premises.

(c) Maintenance of Subleased Premises. The Agency will maintain and preserve the Subleased Premises in good working order and condition, ordinary wear and tear excepted.

(d) Maintenance of Governmental Authorizations. The Agency will maintain in full force and effect all of its governmental and other authorizations, approvals, consents, permits, licenses, certifications and qualifications necessary for the conduct of its business as it is presently being conducted and operation of the Subleased Premises.

(e) Authority Sublease. The Corporation shall fully perform and observe all of its covenants and agreements set forth in the Authority Sublease in accordance with the terms thereof.

#### Section 4.2 Negative Covenants.

(a) Waiver of Laws: The Agency shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force which may adversely affect its obligation to pay Sublease Payments, and the covenants contained in this Agreement and the benefit and advantage of any such law is hereby expressly waived by the Agency to the extent that the Agency may legally make such waiver.

(b) No Waste or Nuisance. The Agency shall not permit, commit or suffer any waste of the Subleased Premises, or any such other property in the Subleased Premises, and not use or permit the use of the Subleased Premises or any such other property for any unlawful purpose or permit any nuisance to exist thereon.

(c) No Liens. The Agency will not create, incur, assume or permit to exist any lien upon its leasehold interest in the Subleased Premises.

#### Section 4.3 Insurance and Condemnation.

(a) Insurance Coverage and Amounts. Subject to the further provisions of this Article, the Agency shall provide or cause to be provided and maintain continuously or cause to be maintained continuously during the term of this Agreement, the following types and amounts of insurance, subject to the provisions in Section 4.3(b), and shall, upon the written request of the Corporation, provide the Corporation with evidence of such insurance:

(i) Liability Insurance. The City of Vacaville is a member of the California Joint Powers Risk Management Authority ("CJPRMA"), and through the CJPRMA, the Agency is self-insured for the first \$500,000 of commercial general liability coverage. CJPRMA provides excess general liability coverage to the Agency in excess of the amount. Throughout the term of this Sublease, the Agency shall maintain general liability coverage in the minimum amount of \$1,000,000 per occurrence (i.e., \$500,000 of self-insurance and \$500,000 of excess coverage through CJPRMA) and \$2,000,000 in the general aggregate and \$2,000,000 for products and completed operations aggregate. In addition, the Agency will maintain additional \$5,000,000 per occurrence excess commercial general liability insurance, with the Trustee, the Corporation and the Authority named as additional insureds.

(ii) Worker's Compensation. Worker's compensation and employer's liability insurance in a minimum amount of \$1,000,000.

(iii) Liquor Liability. Liquor liability coverage of not less than \$2,000,000 per occurrence, with such policy or an endorsement thereto naming the Corporation and the Trustee as additional insureds.

(iv) Leasehold Improvements and Fixtures. Hazard insurance covering the leasehold improvements and fixtures owned by the Agency or an agreement or waiver in favor of the Corporation's hazard insurance carrier pursuant to which the Agency agrees that it shall not seek coverage under the Corporation's hazard insurance policy for any damage to or destruction of such leasehold improvements and fixtures owned by the Agency.

(b) Insurance Consultant. The Corporation shall employ each year during the term of this Agreement an insurance consultant (the "Insurance Consultant"). All policies of insurance and bonds required by this Section shall be in such amounts and shall contain such provisions as comply with the requirements of this Article, or, if an Insurance Consultant recommends a higher amount or additional coverage, in such higher amount or such additional coverage, and in every applicable case shall contain standard mortgagee and loss payee clauses; provided, that the Corporation shall not be required to provide insurance coverage which, in the written opinion of the Insurance Consultant, is for risks not normally covered or is in excess of standard requirements, if any, for facilities similar in size, location and nature to the Subleased Premises. All policies and bonds shall provide that coverage shall not be canceled without thirty (30) days' prior written notice to the Corporation.

(c) Insurers. All policies of insurance and bonds shall be issued by responsible insurance, bonding companies, or risk management authorities reasonably acceptable to the Agency, the Insurance Consultant and the Corporation qualified to do business in the State of California, and qualified under the laws of the State of California to assume risks covered by such policy or policies or bond or bonds and shall be nonassessable.

(d) Terms. All policies of insurance required under Section 4.3(a) shall be for the benefit of the Corporation, Agency and the Trustee as their respective interests may appear, and shall be made payable to the Trustee. The Trustee shall have the exclusive right after obtaining the advice and consent of the Agency, which shall not be unreasonably withheld or delayed (and after the occurrence of an Event of Default, without notice to or consent of the Agency), to receive the proceeds from such insurance and settle and receipt for claims thereunder. Policies evidencing the insurance required by Sections 4.3(a)(ii) and (iii) shall be for the benefit of the Agency. The Agency shall have the right to receive payments due and to receipt for claims under policies of insurance and fidelity bonds.

(e) Commercial Unavailability. In the event that any insurance required by this Section is commercially unavailable at a reasonable cost or has been otherwise provided, as evidenced by a certificate of the Insurance Consultant, the Corporation shall accept such substitute coverage, if any, as is recommended in writing by the Insurance Consultant following consultation with the Agency.

(f) Condemnation; Loss of Title. If the Subleased Premises shall be wholly or partially condemned, taken or injured by any Person, including any Person possessing the right to exercise the power of (or a power in the nature of) eminent domain or transferred to such a Person, by way of a conveyance in lieu of the exercise of such a power by such Person, or if any part of the Subleased Premises shall be lost because of failure of title, the Agency covenants that it will promptly notify the Trustee of such event and will take all actions and will do all things which may be necessary to enable recovery to be made on account of such taking, condemnation, conveyance, damage, injury or loss of title in order that moneys due on account of losses suffered may be collected and paid to the Trustee and applied as provided herein. Any adjustment of loss or damage and any settlement or payment therefor, which may be agreed upon by the Agency and the appropriate condemnor or other Person, shall be evidenced to the Trustee by a certificate signed by an authorized Agency Representative (as hereinafter defined).

(g) Eminent Domain.

(i) Notification of Proceedings. Immediately after the commencement of any condemnation or similar proceedings by a third party in the exercise of a power of eminent domain, or a power in the nature of eminent domain affecting the Subleased Premises or any portion thereof, the Agency shall notify the Corporation and the Trustee in writing.

(ii) Initial Deposit of Proceeds. All Net Proceeds shall be delivered directly to the Trustee and deposited by the Trustee into the Insurance and Condemnation Fund, pending application in accordance herewith.

(iii) Condemnation of All or Substantially all of the Subleased Premises. The Net Proceeds received from the condemnation or purchase in lieu of exercise of such power or all or substantially all of the Subleased Premises shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the redemption of Certificates in accordance with the Trust Agreement.

(iv) Terms of Replacement or Restoration of a Portion of the Subleased Premises. Within thirty (30) days after receipt of proceeds of any condemnation award or other compensation paid by reason of a conveyance in lieu of the exercise of such power, with respect to less than all or substantially all of a Subleased Premises, the Agency shall engage an architect (the "Architect") and shall advise the Trustee and Corporation within twenty (20) days after such engagement. The Architect shall advise the Agency, the Corporation and the Trustee, in writing within sixty (60) days of engagement, whether it is practicable to replace or restore the portion of a Subleased Premises affected by such taking or conveyance and if so, the estimated time and funds required for such replacement or restoration.

If the Architect shall advise that the replacement or restoration of the portion of the Subleased Premises is practicable, and (i) if, within ninety (90) days from the Trustee's receipt of the Architect's report, the Agency deliver to the Trustee (A) a Management Consultant's report stating that, in the signer's opinion, the Agency will have sufficient funds from the Net Proceeds, and from the proceeds of business interruption insurance and other available funds, to make the payments required of the Agency under this Agreement, to pay the cost of replacing or restoring the portion of the Subleased Premises affected by such taking or conveyance and to pay all operating expenses until completion of the replacement or restoration of such portion of the Subleased Premises which is affected by such taking or conveyance, for the first full fiscal year of the Agency after such completion, (B) an executed construction contract for such work at a guaranteed maximum price not greater than the amount stated in the Architect's report, (C) cash or an irrevocable letter of credit in an amount equal to the funds, if any required by the Architect's report in excess of the Net Proceeds, (D) performance and payment bonds and other construction-related insurance, and (E) the Agency's written notice of their election to replace or restore the affected portion of the Subleased Premises, and (ii) if, within thirty (30) days if its receipt of the foregoing, the Trustee acknowledges the proposed replacement or restoration; then, the Agency shall promptly proceed to replace or restore the portion of the Subleased Premises affected by such taking or conveyance, including any fixtures, furniture, equipment, and effects, to its original usefulness and condition insofar as possible.

Notwithstanding the foregoing, if the estimated cost of replacing or restoring the portion of the Subleased Premises affected by such taking or conveyance is less than \$100,000, the Agency shall not be required to deliver the items referred to in clauses (A) through (D) above, and provided that the Trustee acknowledges receipt of (i) the Architect's estimated cost of replacing or restoring the portion of the Subleased Premises affected by such taking or conveyance, if timely delivered, together with (ii) the Agency's written notice of their election to replace or restore the affected portion of the Subleased Premises, then the Agency's shall promptly proceed to replace or restore such portion of the Subleased Premises.

If replacement or restoration is undertaken as provided in this subsection (iv), the Trustee may disburse funds from the Insurance and Condemnation Fund for such purpose in accordance with the procedures requirements established under the Trust Agreement. To the extent that such Net Proceeds are not sufficient, moneys shall be provided by the Agency. Any Net Proceeds remaining after the completion of replacement or reconstruction shall, without notice, request or demand, promptly be transferred to the appropriate account of the Lease Payment Fund and applied to the pro rata prepayment of Certificates in accordance with the Trust Agreement.

(v) Non Replacement or Restoration. Notwithstanding anything contained in this Section to the contrary, if (A) the Architect advises that replacement or restoration of the Subleased Premises is not practicable or (B) any report or other document required by this Section is not delivered by or on behalf of the Agency within the required time period, then, the Trustee shall, transfer all Net Proceeds held in the Insurance and Condemnation Fund to the Certificate Principal Account of the Lease Payment Fund for the pro rata prepayment of Certificates in accordance with the Trust Agreement.

(vi) Abatement of Rent. Rent shall be abated or reduced during the period from the date of any taking or casualty until the completion of restoration. The abatement or reduction of rent shall be based on the extent to which the taking or casualty and restoration interferes with the Agency's use of the Subleased Premises.

Section 4.4 Indemnification Due to Corporation and Trustee. The Agency shall and hereby agrees to indemnify and save the Corporation and the Trustee and their officers, employees and agents harmless from and against all claims, losses and damages, including reasonable legal fees and expenses incurred by them in any action or proceeding brought by reason of any such claim arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on, the Subleased Premises by the Agency, (b) any act of negligence or willful misconduct of the Agency or of any of its agents, contractors, servants, employees, licensees guests or invitees with respect to the Subleased Premises, or (c) any act of negligence or willful misconduct of any agents, contractors, servants, employees, licensees, guests or invitees of the Agency with respect to the Subleased Premises.

In the event that any action or proceeding is brought against the Corporation or the Trustee or their officers, employees or agents by reason of any such claim, the Agency, upon notice from the Corporation or the Trustee, covenants to defend such action or proceeding on demand of the Corporation or the Trustee or their officers, employees or agents.

Indemnification as set forth in this Section 4.4 shall be limited to the extent and in the amounts provided for by applicable law. Notwithstanding the foregoing, no indemnification will be made by the Agency for willful misconduct, negligence, bad faith or breach of duty under this Agreement by the Corporation or the Trustee, as its assignee, or by the Trustee under the Trust Agreement or their officers, agents, employees, successors or assigns. The obligations of the Agency hereunder shall be and remain valid and binding obligations of the Agency notwithstanding payment in full of the Sublease Payments, or the removal, resignation or replacement of the Trustee, for a period of not to exceed the applicable statute of limitations period.

Section 4.5 Furnishing Additional Information. The Agency shall from time to time upon reasonable notice in writing, furnish to the Corporation and the Trustee such reasonable information and data regarding the Subleased Premises as may be requested by the Trustee for the purpose of carrying out its duties under the Trust Agreement.

Section 4.6 Environmental Matters. The Agency shall not engage in any activity in any part of the Subleased Premises, and shall use best efforts to prevent others from engaging in any activity therein, which will result in the Subleased Premises, or any part thereof, containing any of the following in concentrations or under conditions in material violation of Hazardous Materials Laws (as hereinafter defined): (a) any oil, or Hazardous Materials (as hereinafter defined) (excepting only minor quantities of household, educational and cleaning materials customarily used in the ordinary course of prudent household, educational or business purposes, as applicable, including without limitation materials customarily used in biology and chemistry laboratories, and maintained in accordance with all applicable Hazardous Materials Laws); (b) asbestos in any form which is or could be friable; (c) urea formaldehyde foam insulation; (d) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million. Notwithstanding the foregoing, the possession by the Agency of minor quantities of a Hazardous Material, the presence of which does not materially violate any Hazardous Materials Laws and the removal of which is not mandated by such Hazardous Materials Laws shall not be a violation of this Section 4.6. If at any time it is determined that the provisions of this Section 4.6 have been violated, the Agency shall be solely responsible for and shall pay for all costs incurred in connection with the remediation or removal of the Hazardous Materials, if such remediation or removal is required by any regulatory authority implementing the Hazardous Materials Laws. Any liability of the Agency arising out of this Section 4.6 shall, to the extent provided under any Hazardous Materials Laws, survive the Agency's satisfaction of its obligations hereunder, including, without limitation, a transfer of the premises or any portion thereof, by foreclosure, by deed in lieu of foreclosure or otherwise.

As used herein, "Hazardous Materjals" means (a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials or pollutants which (i) post a hazard to the Subleased Premises or to persons on or about the premises or (ii) cause the Subleased Premises to be in violation of any Hazardous Materials Laws; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) any chemical, materials or substance defined as or included in the definition of "hazardous substances," "hazardous

wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental Corporation or may or could pose a hazard to the health and safety of the occupants of the Subleased Premises or the owners and/or occupants of property adjacent to or surrounding the Subleased Premises.

As used herein, "Hazardous Materials Laws" means any federal, state or local laws, ordinances, regulations, or policies relating to the environment, health and safety, or to Hazardous Materials (including, without limitation, the use, handling, transportation, production, disposal, discharge or storage thereof) including, without limitation, soil or ground water conditions.

Section 4.7 Landscaping and Parking Area Maintenance. Promptly following the Commencement Date, the Agency shall provide landscaping under the landscaping plan to be reasonably approved by the Corporation and the Agency. Thereafter, during the Term of this Sublease, the Agency shall provide landscaping maintenance and cleaning and litter removal for the parking lot on the Property.

Section 4.8 Maintenance, Capital Improvements, Utilities and Other Costs.

(a) The Agency shall, at the Agency's sole expense and in accordance with the terms of this Sublease, repair and maintain in good order and condition the nonstructural portions of the Subleased Premises (including all tenant improvements, alterations and furnishings).

(b) The Corporation shall repair and maintain in good order and condition: (i) the structural portions of the Subleased Premises and the Building (including interior and exterior walls) and all capital improvements, (ii) all systems and equipment (including plumbing, HVAC, electrical, fire/life-safety, and security systems) that serve the Building ("Building Systems"), (iii) the exterior portions of the Building and Property, excluding the landscaping, (iv) all floors, (v) all windows and doors, and (vi) all other portions of the Building not specifically required to be maintained by the Agency. Repairs shall be made promptly when appropriate to keep the applicable portion of the Building and Property and other items in the condition described in this Section.

(c) Subject to applicable government rules, regulations and guidelines, the rules or actions of the public utility furnishing the service and required maintenance down time, the Corporation shall provide the following utilities and services in adequate amounts as needed, except to the extent that such matters are provided by systems that relate exclusively to the Subleased Facility, on all days during the Term of this Sublease, unless otherwise stated in this Sublease: (i) heating, ventilation and air conditioning, (ii) electricity for lighting and power in the Subleased Premises, (iii) gas, as required by the Agency, (iv) city water from the regular Building outlets for drinking, lavatory and toilet purposes and sewer services, and (v) trash disposal services. In addition, the Corporation shall pay all real property taxes assessed against the Property.

Section 4.9 Agency's Share of Maintenance Costs and Utilities. During the Term of the Sublease, the Agency shall pay to the Corporation one-third (1/3) of the Shared Costs (as hereinafter defined), on the Commencement Date and on the first (1st) day of each calendar month thereafter. In addition, within ten (10) Business Days after the Agency receives proof of the Corporation's payment of any installment of a premium for reasonable loss of rents and insurable expenses insurance that the Corporation carries with respect to the Sublease Payments and the payments by the Agency toward the Shared Costs under this Sublease, the Agency shall pay the Corporation the amount thereof; provided, however, that the Corporation shall pay the loss of rents and insurable expenses insurance premiums over the longest period payment plan allowed by the party billing the Corporation therefor. Shared Costs that cover a period not within the Term of this Sublease shall be prorated and the Agency shall pay its proportionate share of such prorated amount. The Corporation shall furnish to the Agency a statement showing the total Shared Costs, the Agency's share of the Shared Costs for the accounting period (as hereinafter defined) and the payments made by the Agency with respect to each accounting period, within thirty (30) days after the end of each accounting period, covering the accounting period just ended. Each statement shall be prepared, signed and certified to be correct by the Corporation, and the statement shall be signed and certified to be correct by an officer of the Corporation. If the Agency's share of Shared Costs for the accounting period exceeds the payments made by the Agency, the Agency shall pay the Corporation the deficiency within thirty (30) days after receipt of the statement. If the Agency's payments made during the accounting period exceed the Agency's share of Shared Costs, the Corporation shall pay the Agency the excess at the time the Corporation furnishes the statement to the Agency. (As used herein, the term "accounting period" means a Rental Period, except that the first accounting period shall commence on the Commencement Date and the last accounting period shall end on the date the Term of this Sublease expires or terminates. As used herein, "Shared Costs" means (a) all costs reasonably incurred by the Corporation under Section 4.8(b) and (c), (b) premiums for property insurance required to be carried by the Corporation pursuant to the Section 4.5(a)(i) of the Authority Sublease, and (c) security systems for the Building, unless the Subleased Facility is covered pursuant to a separate security system. "Shared Costs" shall not include (a) costs for janitorial services to be provided by the Corporation hereunder, (b) costs that relate to the operation, maintenance, or repair of the interior lobby of the Building, (c) charges for any utilities which are separately metered to the Subleased Facility or services that are separately provided and billed to the Agency, (d) costs relating solely to the ice rink in the Building; (e) costs relating to the nonstructural portions of the interior of the Building that constitute a part of the Other Premises (as hereinafter defined), other than Building Systems, (f) costs relating to damages to the Subleased Premises or other portions of the Building resulting from activities or operations undertaken in the interior lobby of the Building or the Other Premises, (g) costs associated with the Corporation's manager or the manager's or the Corporation's employees, (h) costs to repair damage resulting from insured casualties or casualties resulting from risks against which insurance is actually maintained by the Corporation or is to be obtained and maintained by the Corporation pursuant to the Authority Sublease, (i) costs arising from acts or omissions of the Corporation, or its agents, contractors, servants, employees, licensees, guests or invitees, (j) costs resulting from the Corporation's failure to perform its obligations under Section 4.8(b) or 4.8(c), or (j) the cost of any services the Corporation is obligated to provide pursuant to Section 4.11 or goods or materials purchased by the Corporation in connection with such services. The Corporation shall keep at a location disclosed to the Agency full and accurate books of account

covering the Shared Costs, and the statement to the Agency shall accurately reflect the total Shared Costs and the Agency's share thereof. Copies of such books of account shall be retained by the Corporation at the Building or at another location reasonably acceptable to the Agency for at least thirty-six (36) months after the expiration of each accounting period, and the Corporation shall make such books of account available to the Agency at the location where they are maintained or shall provide true and correct copies thereof to the Agency and evidence of the Shared Costs and the payment thereof in form and detail acceptable to the Agency promptly upon the Agency's request. The Agency shall have the right at all reasonable times during the term to inspect such books of account.

Section 4.10 Alterations to Subleased Premises. The Agency, at its cost, shall have the right to make, without the Corporation's consent, nonstructural alterations to the interior of the Subleased Premises that the Agency requires in order to conduct its business on the Subleased Premises.

Section 4.11 Janitorial Services. The Corporation, at its cost, shall provide the following janitorial services for the Subleased Facility: (a) Daily Service: (i) sanitize restrooms, restock dispensers in restrooms, wet mop or floor wash tile floors, clean all sinks and mirrors, (ii) vacuum, mop and dust offices, (iii) vacuum and mop locker rooms, (iv) empty all waste baskets and garbage cans, (v) mop the floor in the traffic areas and adjacent to the bleachers, and (vi) sweep and dry mop floor in basketball area, and (b) Weekly Service: (i) mop floors where mats are located, (ii) vacuum spring floor, (iii) damp mop floor in basketball area. In addition, if there are accidents, spills, or special events involving high use of any portion of the Subleased Facility, the Corporation will undertake appropriate cleaning and maintenance. In addition, the Corporation shall, in accordance with a schedule to be established by the Agency and the Corporation from time to time (i) wax and polish all floors, and (ii) dust and clean all furniture, fixtures and equipment. The Corporation shall replace fluorescent lighting tubes, electric light bulbs, ballasts and starters when required. The Corporation shall provide not less than twenty-five (25) hours of janitorial service per week. The Agency shall pay the Corporation an annual fee in the amount of \$17,500.00 for such janitorial services and all goods and materials used by the Corporation in connection therewith, which fee shall be paid in equal installments on the first day of each calendar month. The fee for the services provided for under this Section 4.11 shall not duplicate any portion of the Shared Costs the Agency is obligated to pay pursuant to Section 4.9. Notwithstanding the foregoing, the annual fee for the janitorial services contemplated in Section may be increased on the each one year anniversary of the Commencement Date if the Consumer Price Index for All Urban Consumers for the San Francisco-Oakland-San Jose Metropolitan Statistical Area (base year 1982-1984=100), published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), increases over the Base Period Index (as hereinafter defined). As used herein, "Base Period Index" shall be the Index for the calendar month in which the Commencement Date occurs; provided, however, that if the Index was not published in such month, the Index shall be that for the previous month for which the Index was published. The Base Period Index shall be compared with the Index for the same calendar month ("Comparison Month") for each subsequent year during the Term of this Sublease. If the Index for any Comparison Month is higher than the Base Period Index, then the annual fee for the janitorial services for the next year shall be increased by the identical percentage commencing on the applicable anniversary of the Commencement Date. If the Corporation fails to notify the Agency of the amount of the janitorial services fee adjustment

pursuant to this Section within ninety (90) days after an anniversary of the Commencement Date, then the Agency's liability for the amount of the increase for such year shall be extinguished.

Section 4.12 Signage. The Agency and its invitees and licensees, at their sole cost, shall have the right to place, construct and maintain on the Subleased Premises and on the common areas (including the exterior of the Building) such signage as they deem reasonably necessary and appropriate in connection with its operations and the activities undertaken or sponsored in the Subleased Premises; provided, however, that (a) if the signs proposed to be placed thereon are not temporary in nature, the Agency shall first obtain the consent of the Corporation, which consent shall not be unreasonably withheld, delayed or conditioned, (b) if the signs to be placed thereon are temporary in nature, the Agency shall require that the invitees and licensees posting same shall not post signs that are, in the Agency's reasonable judgment, unreasonable in size, location, content, appearance or number, and (c) the Agency shall require guests and invitees posting any such signs to remove them promptly after the conclusion of the event for which they are posted.

## ARTICLE V

### DISCLAIMER OF WARRANTIES, ACCESS

Section 5.1 Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE AGENCY OF THE SUBLEASED PREMISES, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE SUBLEASED PREMISES IN NO EVENT SHALL THE CORPORATION BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS SUBLEASE OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE AGENCY'S USE OF THE SUBLEASED PREMISES.

Section 5.2 Access to the Subleased Premises. The Agency agrees that any Corporation Representative (as hereinafter defined) shall have the right at all reasonable times to enter upon and to examine and inspect the Subleased Premises. The Agency further agrees that any Corporation Representative shall have such rights of access to the Subleased Premises as may be reasonably necessary to cause the proper maintenance of the Subleased Premises resulting from the failure by the Agency to perform its obligations hereunder.

## ARTICLE VI

### ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 6.1 Assignment and Subleasing by the Agency. This Sublease may not be assigned by the Agency. The Agency may not sublease the Subleased Premises or any portion thereof.

Section 6.2 Supplement and Amendment. This Agreement may be amended in writing by the parties hereto, for the purpose of (a) curing any ambiguity or of curing, correcting, or supplementing any defective provision contained herein, (b) in regard to questions arising under this Agreement which the Corporation and the Agency may deem necessary or desirable and which shall not materially adversely affect the Certificate Holders, or (c) making such additions, deletions or modifications as may be necessary to assure compliance with section 145 of the Code relating to qualified 501(c)(3) obligations, section 148(f) of the Code relating to required rebate of Excess Investment Earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for purposes of federal income taxes of the interest component of Lease Payments; provided, however, that no such amendment pursuant to this Section 6.2 shall adversely affect the interests of the Certificate Holders or the Trustee. This Agreement may also be amended upon approval of the Certificate Holders holding a majority in aggregate principal amount of the Certificates then outstanding; provided, however, that no such amendment shall impair the right of any Certificate Holder to receive its fractional share of any Lease payment in accordance with its Certificate nor shall any amendment impair the rights or adversely affect the duties of the Trustee without its written consent.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

#### Section 7.1 Events of Default.

Section 7.1.1 The Agency. The following shall be "Events of Default" under this Agreement and the term "Events of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Agency to pay any Sublease Payment or other payment required to be paid hereunder at the time specified herein and the continuation of said failure for a period of five (5) days; or

(b) Failure by the Agency to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, other than as referred to in subsection (a) of this Section 7.1.1, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the Corporation (including such notice at the direction of the Trustee), unless the Corporation shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Agency within the applicable period and diligently pursued until the default is corrected; or

(c) An Event of Bankruptcy wherein the Agency is the debtor.

Section 7.1.2 The Corporation. The Corporation shall be in default of this Sublease if it fails or refuses to perform any provision of this Sublease that it is obligated to perform if the failure to perform is not cured within thirty (30) days after notice of the default has

been given by the Agency to the Corporation. The Agency, at any time after the Corporation commits a default, can cure the default at the Corporation's cost. If the Agency at any time, by reason of the Corporation's default, pays any sum or does any act that requires the payment of any sum, the sum paid by the Agency shall be due immediately from the Corporation to the Agency at the time the sum is paid, and if paid at a late date shall bear interest at the rate of twelve percent (12%) per annum from the date the sum is paid by the Agency until the Agency is reimbursed by the Corporation.

Section 7.2 Notice of Default and Opportunity to Cure. Anything herein to the contrary notwithstanding, no event except an event described in subsection (a) of Section 7.1.1 of this Agreement shall constitute an Event of Default under this Agreement until written notice of such default is provided to the Agency and the Agency is given a thirty-day period within which to cure such event after receipt of such notice (or such longer period as shall reasonably be required to cure such default, provided the Agency has commenced such cure within said thirty-day period and diligently prosecutes such cure to completion).

Section 7.3 Remedies on Sublease Payment Default. Upon the occurrence of an Event of Default under Section 7.1.1(a), the Trustee, as assignee of the Corporation, may, declare all principal components of the unpaid Sublease Payments, together with accrued interest at the rate or rates specified in the respective outstanding Certificates from the immediately preceding Sublease Payment Date on which payment was made, to be immediately due and payable.

Section 7.4 Suits at Law or in Equity and Mandamus. In addition to the remedies set forth in Section 7.3 on the express terms set forth therein, in case one or more of the Events of Default shall happen, then and in every such case, the Corporation shall be entitled to proceed to protect and enforce the rights vested in the Corporation by this Sublease by such appropriate judicial proceeding as the Corporation shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Agreement, or in aid of the exercise of any power granted in this Sublease, or to enforce any other legal or equitable right vested in the Corporation by this Sublease, by the First Assignment Agreement, by the Second Assignment Agreement and Third Assignment Agreement, if any, by the Trust Agreement or by law. The provisions of this Agreement and the duties of the Agency and of the officers and employees thereof shall be enforceable by the Corporation by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Without limiting the generality of the foregoing, the Corporation shall have the right to seek the following remedies:

(a) Accounting. By action or suit in equity to require the Agency and its officers, agents and employees and its assigns to account as the trustee of an express trust.

(b) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation.

(c) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce its or their rights against the Agency and any of its officers, agents,

and employees, and to compel it or them to perform and carry out its and their duties and obligations under the law and its and their covenants and agreements with the Corporation as provided herein.

Section 7.5 Non-Waiver. Nothing in this Article VII or in any other provision of this Agreement shall affect or impair the obligation of the Agency, which, except as otherwise provided herein, is absolute and unconditional, to pay the Sublease Payments. No delay or omission of the Corporation to exercise any right or power arising upon the happening of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power and remedy given by this Article VII to the Corporation may be exercised from time to time and as often as shall be deemed expedient by the Corporation.

Section 7.6 Remedies Not Exclusive. No remedy herein or by law conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred by any law.

Section 7.7 Status Quo Ante. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, then, and in every such case, the Corporation and the Agency, shall be restored to its and their former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

Section 7.8 Agreement to Pay Attorneys' Fees and Expenses. Upon an Event of Default under this Agreement, if the Corporation or the Trustee employ attorneys or incur other expenses for the collection of Sublease Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Agency herein contained (and such Event of Default is not the result of or does not arise from the negligence or willful misconduct of the Corporation or the Trustee), the Agency agrees that it will on demand therefor pay to the Corporation or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys and such other reasonable expenses so incurred by the Corporation or the Trustee. The obligations hereunder shall be and remain valid and binding obligations of the Agency notwithstanding payment of the Sublease Payments in full for a period of not to exceed the applicable statute of limitations period.

## ARTICLE VIII

### PREPAYMENT OF SUBLEASE PAYMENTS

Section 8.1 Mandatory Prepayment. The Agency shall be obligated to prepay the Sublease Payments in whole on any date or in part on any Sublease Payment Date, from and to the extent of any Net Proceeds of an insurance or condemnation award with respect to the Subleased Premises theretofore deposited in the Lease Payment Fund for such purpose pursuant to Section 4.3 of this Sublease and Article III of the Trust Agreement. The Corporation and the Agency hereby agree that such Net Proceeds shall be applied first to the payment of any

delinquent Sublease Payments, and thereafter shall be credited towards the Agency's obligations under this Section 8.1. Sublease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Sublease Payment schedule which shall be provided by, or caused to be provided by, the Agency to the Trustee and the Corporation and which shall represent an adjustment to the schedule set forth in Exhibit E attached hereto taking into account said partial prepayment. The Corporation shall give the Agency prompt written notice of each prepayment of Sublease Payments contemplated under this Section 8.1.

## ARTICLE IX

### ADDITIONAL COVENANTS

Section 9.1 Additional Covenants by Agency. As part of the consideration for the Corporation's entering into this Sublease and granting the Options (as hereinafter defined), the Agency shall:

(a) Pay to the Corporation a reorganization fee in the amount of \$210,136, within five (5) Business Days after written request by the Corporation following confirmation of the Plan of Reorganization, if the Plan of Reorganization that is confirmed is, in all respects material to the Agency, identical to the Proposed Plan;

(b) Explore in good faith the possibility of providing water, sewer and refuse removal service to the Corporation at no cost to the Corporation;

(c) Erect a sign acceptable to the Agency in its sole discretion, visible from Interstate 80, to be used by the Corporation to advertise its facility at a capital cost to the Agency currently estimated to be \$175,000, for which no rental payment shall be charged;

(d) Work with the Corporation to minimize energy costs at the Property by, among other things, periodically investigating and implementing, if economically viable, on-site electricity generation and the purchase of energy through the Agency thereby lowering costs of operation; and

(e) Include the ice rink in promotional and advertising materials of the parks and recreations program of the City of Vacaville which are, in the sole judgment of the Agency appropriate for such purpose, at no cost to the Corporation.

Section 9.2 Grant of Options. On the terms and conditions set forth below in this Section 9.2 and in Exhibit F, the Corporation grants to the Agency the following options (collectively, the "Options") to purchase the Subleased Premises, the Property other than the Subleased Premises (the "Other Premises") and the Property:

(a) An option to purchase the Subleased Premises, free and clear of any liens and encumbrances other than items 1 through 15 of Schedule B-1 of the policy of title insurance dated May 29, 1998, issued by Frontier Title Company to the Agency (Amended Policy No. FTC 519610), with all real property taxes paid current (collectively, the "Permitted Exceptions"), upon (i) the expiration of the Term of this Sublease or (ii) prepayment in full of the Sublease Payments pursuant to Article VIII, for \$1.00.

(b) An option to purchase the Other Premises, free and clear of any liens and encumbrances other than the Permitted Exceptions, and all personal property owned by the Corporation upon the expiration of the Term of this Sublease for an amount equal to the lesser of:

(i) \$3,400,000, and

(ii) Any outstanding principal balance plus accrued but unpaid interest of the Certificates and any promissory notes held by the Trustee pursuant to the Plan of Reorganization.

(c) An option to purchase the Property, free and clear of any liens and encumbrances other than the Permitted Exceptions, (i) on or after May 1, 2008, for the redemption price set forth in Section 3.01(a) of the Trust Agreement, and (ii) upon any redemption of all the outstanding Certificates for the redemption price paid therefor, plus, in either case, the outstanding principal balance and accrued but unpaid interest of any promissory notes held by the Trustee pursuant to the Plan of Reorganization.

Section 9.3 Right of First Refusal. On the terms and conditions set forth in Exhibit G, the Corporation grants to the Agency a right of first refusal (the "Right of First Refusal") to purchase any or all assets of the Corporation in the event the assets of the Corporation are liquidated and sold in a subsequent Chapter 7 or liquidating Chapter 11 proceeding under The Bankruptcy Code.

## ARTICLE X

### MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon receipt after deposit in the United States mail in first class form with postage fully prepaid:

If to the Agency:	Vacaville Redevelopment Agency 650 Merchant Street Vacaville, CA 95688 Attn: City Manager
If to the Corporation:	Vacaville Recreation Corporation 551 Davis Street Vacaville, CA 95688 Attn: President
If to the Trustee:	Wilmington Trust, FSB 1100 North Market Street Wilmington, DE 19890 Attn: Corporate Capital Market Services

The Corporation and the Agency, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.2 Binding Effect. This Sublease shall inure to the benefit of and shall be binding upon the Corporation and the Agency and their respective successors and assigns.

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

Section 10.4 Further Assurances and Corrective Instruments. The Corporation and the Agency 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 Subleased Premises hereby leased or intended so to be or for carrying out the expressed intention of this Sublease as agreed upon by the parties hereto.

Section 10.5 Execution in Counterparts. This Sublease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.6 Applicable Law. This Sublease shall be governed by and construed in accordance with the laws of the State of California.

Section 10.7 Authorized Representatives. Whenever under the provisions of this Sublease the approval of the Corporation or the Agency is required, or the Corporation or the Agency is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a duly authorized representative of the Corporation (the "Corporation Representative") and for the Agency by a duly authorized representative of the Agency (the "Agency Representative"), and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.8 Minimization of Interference. The Corporation shall exercise its rights and perform its obligations under this Sublease, and otherwise operate the Building, in such a way as to reasonably minimize any resulting interference with the Agency's use of the Premises. The Agency shall exercise its rights and perform its obligations under this Sublease, and otherwise operate the Subleased Facility, in such a way as to reasonably minimize any resulting interference with the operation of the Building, except as otherwise provided under this Sublease.

Section 10.9 Brokers. The Corporation and the Agency each represents to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Sublease, and that it knows of no real estate broker or agent who is entitled to a commission or finder's fee in connection with this Sublease. Each party shall indemnify, protect, defend and hold harmless the other party against all claims, demands, losses, liabilities, lawsuits, judgments and costs and expenses (including reasonable attorney fees) for any leasing commission, finder's fee or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent. The terms of this Section shall survive the expiration or earlier termination of the Term of this Sublease.

[Signatures appear on following page]

IN WITNESS WHEREOF, the Corporation has caused this Sublease to be executed in its corporate name by its duly authorized officers and sealed with its corporate seal; and the Agency has caused this Sublease to be executed in its name by its duly authorized officers and sealed with its corporate seal, as of the date first above written.

Corporation:

VACAVILLE RECREATION CORPORATION,  
a nonprofit, public benefit corporation organized  
and existing under the laws of the Commonwealth  
of Pennsylvania

By:   
President

Attest:

\_\_\_\_\_  
Secretary

Agency:

VACAVILLE REDEVELOPMENT AGENCY,  
a public body corporate and politic organized and  
existing under the laws of the State of California

By: 

Attest:

  
Secretary

EXHIBIT "A"

All of that portion of the land in the State of California, County of Solano, City of Vacaville, described as follows:

PARCEL ONE:

Parcel 5 as shown on that certain Map entitled: "PARCEL MAP NO. 96-175" filed September 4, 1997, in Book 40, of Parcel Maps, Page 66, Solano County Records.

RESERVING THEREFROM:

A non-exclusive easement, to be appurtenant to Parcel 6 (40 PM 66) and any subdivision or subdivisions thereof, for use as a roadway for vehicles of all kinds, pedestrians and animals, for water, gas, oil, and sewer pipelines, and for telephone, television services, electric light and power lines, over, under and upon those portions thereof designated as "30' PRIVATE RECIPROCAL INGRESS AND EGRESS EASEMENT" and "45' PUBLIC UTILITY EASEMENT" on the filed Map.

PARCEL TWO:

A non-exclusive easement, as an appurtenance to Parcel One above and any subdivision or subdivisions thereof, for use as a roadway for vehicles of all kinds, pedestrians and animals, for water, gas, oil, and sewer pipelines, and for telephone, television services, electric light and power lines, over, under and upon those portions of Parcels 1 thru 4, inclusive, (40PM66) designated as "30' PRIVATE RECIPROCAL INGRESS AND EGRESS EASEMENT" and "45' PUBLIC UTILITY EASEMENT" on the filed Map.

PARCEL THREE:

Rights appurtenant to Parcel One above as contained in the DECLARATION OF RECIPROCAL EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS executed by the Vacaville Redevelopment Agency, a public body corporate and politic, recorded September 4, 1997, Series No. 1997-00057528, Solano County Records.

APN: 130-250-250

**EXHIBIT "B"**

**The Lease**

**LEASE AGREEMENT**

**Dated as of May 1, 1998**

**by and between the**

**VACAVILLE RECREATION CORPORATION, as Lessor**

**and the**

**VACAVILLE PUBLIC FINANCING AUTHORITY, as Lessee**

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## LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of May 1, 1998, by and between the VACAVILLE RECREATION CORPORATION a nonprofit, public benefit corporation organized and existing under the laws of the Commonwealth of Pennsylvania, as lessor (the "Corporation"), and the VACAVILLE PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency organized and existing under the laws of the State of California, as lessee (the "Authority");

### WITNESSETH:

WHEREAS, pursuant to that certain Ground Lease and Operating Agreement, dated as of May 1, 1998 by and between North American Ice Sports, Inc., as lessor, and the Corporation, as lessee (the "Site Lease"), the Corporation has obtained a leasehold interest upon certain property situated in the City of Vacaville, State of California, for the purpose of enabling the Authority to finance the acquisition, construction, installation, improvement and equipping of facilities for use as ice skating recreational facilities (the "Project");

WHEREAS, the Corporation proposes to lease the Project to the Authority pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the Authority, to U.S. Bank Trust National Association, as trustee (the "Trustee"), pursuant to that certain First Assignment Agreement, dated as of May 1, 1998, by and between the Corporation and the Trustee;

WHEREAS, pursuant to that certain Trust Agreement, dated as of May 1, 1998, by and among the Authority, the Corporation and the Trustee, the Trustee will execute and deliver certificates of participation (the "Certificates") in the Lease Payments; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the Authority to finance the acquisition, construction, rehabilitation, equipping and improvement of the Project, to fund a reserve fund, to fund capitalized interest and to pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates;

## ARTICLE I

### DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. The terms defined as used and capitalized herein, shall, for all purposes of this Lease Agreement, have the meanings ascribed to them in the Trust Agreement, dated as of May 1, 1998, by and among the Authority, the Corporation and U.S. Bank Trust National Association, as Trustee, unless the context clearly requires some other meaning.

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

Exhibit A: The description of the Project.

Exhibit B: The schedule of Lease Payments to be paid by the Authority hereunder with respect to the Project, showing the Lease Payment Date and amount of each such Lease Payment.

Section 1.3. Related Agreements. The parties hereto acknowledge the following:

(a) the Site Lease pursuant to which the Corporation has obtained an interest in the real property and improvements thereon which shall become the Project;

(b) the Sublease Agreement pursuant to which the Authority subleases the Project to the Corporation;

(c) the First Assignment Agreement pursuant to which the Corporation assigns to the Trustee all of the Lease Payments due and payable under this Lease Agreement;

(d) the Second Assignment Agreement pursuant to which the Authority assigns to the Trustee all of the sublease payments due and payable under the Sublease Agreement;

(e) the Trust Agreement pursuant to which the Trustee, the Corporation and the Authority agree to implement this Lease Agreement and the Sublease Agreement by providing for the delivery of the Certificates, for the administration of funds and for the exercise of rights and remedies;

(f) the Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases (Leasehold Interest) dated as of May 1, 1998, by the Corporation for the benefit of the Trustee; and

(g) the Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases (Fee Interest) dated as of May 1, 1998 by North American Ice Sports, Inc. for the benefit of the Trustee.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants to the Corporation as follows:

(a) Due Organization and Existence. The Authority is a joint exercise of powers agency, organized and existing under the laws of the State.

(b) Authorization. The laws of the State authorize the Authority to enter into the Sublease Agreement, this Lease Agreement, the Second Assignment Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid agreements, and the Authority has duly authorized and executed all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(c) No Violations. Neither the execution and delivery of the Sublease Agreement, this Lease Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction, agreement or instrument to which the Authority is now a party or by which the Authority is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the Authority, or upon the Project, except Permitted Encumbrances.

(d) Execution and Delivery. The Authority has duly authorized and executed this Lease Agreement in accordance with all applicable laws.

Section 2.2. Representations, Covenants and Warranties of Corporation. The Corporation represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The Corporation is a nonprofit, public benefit corporation, organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania; has power to enter into the Sublease Agreement, this Lease Agreement, the First Assignment Agreement and the Trust Agreement; is possessed of full power to own and hold, improve and equip real and personal property and to lease and sell the same; has duly authorized the execution and delivery of all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(b) No Encumbrances. The Corporation will not pledge the Lease Payments or other amounts derived from the Project and from its other rights under this Lease Agreement and will not mortgage or encumber the Project, except as provided under the terms of this Lease Agreement and the Trust Agreement.

(c) No Violations. Neither the execution and delivery of the Sublease Agreement, this Lease Agreement, the First Assignment Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any

restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation, or upon the Project, except Permitted Encumbrances.

(d) No Assignments. Except as provided herein, the Corporation will not assign this Lease Agreement, its right to receive Lease Payments from the Authority or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(e) Execution and Delivery. The Corporation has duly authorized and executed this Lease Agreement in accordance with all applicable laws.

### ARTICLE III

#### DEPOSIT OF MONEYS; ACQUISITION, CONSTRUCTION AND INSTALLATION, IMPROVEMENT AND EQUIPPING OF THE PROJECT

Section 3.1. Deposit of Moneys. On the Closing Date, the Corporation shall cause to be deposited with the Trustee the proceeds of sale of the Certificates, together with a contribution of the Corporation in the amount of \$335,000. Pursuant to Section 4.01 of the Trust Agreement from the Certificate proceeds, (a) an amount equal to the Reserve Requirement shall be deposited in the Reserve Fund, (b) a portion of the Lease Payments attributable to interest and payable by the Authority hereunder from June 1, 1998, to and including May 1, 1999, shall be deposited in the Lease Payment Fund, (c) amounts estimated to be required to pay a portion of Delivery Costs shall be deposited in the Delivery Costs Fund, and (d) amounts estimated to be required to pay Acquisition and Construction Costs shall be deposited in the Acquisition and Construction Fund. In addition, pursuant to Section 4.01 of the Trust Agreement, a portion of the amount contributed by the Corporation shall be deposited in the Delivery Costs Fund to pay the remaining estimated Delivery Costs and the remaining amount of such contribution shall be deposited in the Acquisition and Construction Fund to pay costs associated with the acquisition and construction of the Reserved Premises.

'Section 3.2. Acquisition, Construction; Installation, Improvement and Equipping of the Project. The Corporation agrees to acquire, construct, install, improve and equip the Project pursuant to the plans and specifications submitted to and approved by the Authority. The Authority hereby appoints the Corporation as its agent for the purposes of acquisition, construction, installation, improvement and equipping of the Project. The Corporation, as agent of the Authority, shall cause the acquisition, construction, installation and equipping to be performed diligently to the end that the Project will be substantially completed in accordance with the aforesaid plans and specifications on or prior to June 1, 1999. The Corporation may change the specifications of the Project so long as such change does not: reduce the value of the Project or substantially alter the nature or use of the Project; result in any increase in Acquisition and Construction Costs; or delay the Corporation in taking possession of the Project prior to June 1, 1999, unless the Corporation deposits in the Acquisition and Construction Fund an amount sufficient to pay such increase and in the Lease Payment Fund an amount sufficient to pay Lease Payments through the revised completion date. In addition, in the event that the costs of constructing, acquiring, installing, improving and equipping the Project or any portion thereof are greater than the amount of money deposited in or transferred to the Acquisition and Construction Fund, together with investment earnings thereon, the Corporation agrees if, under such circumstances, it nonetheless desires to construct, acquire, install, improve and equip such portion of the Project, to deposit into the Acquisition and Construction Fund an amount of money necessary to pay such increased Acquisition and Construction Costs. The Authority agrees that, upon substantial completion of any portion of the Project, it will take possession of that portion of the Project under the terms and provisions of this Lease Agreement.

Upon completion of acquisition, construction, installation, improvement and equipping of the Project, the Corporation shall deliver to the Trustee, as assignee of the Corporation, a Certificate of Completion thereof executed by a Corporation Representative.

Section 3.3. Payment of Acquisition and Construction Costs. Payment for the acquisition, construction, installation, improvement and equipping of the Project, as well as all other Acquisition and Construction Costs, shall be made from the moneys deposited in the Acquisition and Construction Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 4.02 of the Trust Agreement.

**Section 3.4. Payment of Delivery Costs.** Payment of Delivery Costs shall be made from the moneys deposited in the Delivery Costs Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 4.03 of the Trust Agreement.

## ARTICLE IV

### AGREEMENT TO LEASE; TERM OF THIS LEASE AGREEMENT; LEASE PAYMENTS

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

Section 4.2. Term of Agreement. The Term of the Lease Agreement shall commence on the date hereof, and shall end on May 1, 2020.

Section 4.3. Possession. The Project will be acquired from amounts on deposit in the Acquisition and Construction Fund pursuant to Section 3.2 hereof, and the parties hereby declare their expectation that acquisition, installation, improvement and equipping of the Project will be substantially completed on or before June 1, 1999. The Authority hereby agrees that upon such substantial completion of acquisition and construction of the Project, the Authority will take possession thereof. The first Lease Payment shall be due on the fourth Business Day prior to June 1, 1998; *provided, however*, that amounts representing capitalized interest have been set aside in the Lease Payment Fund as a prepayment of interest and to serve as a credit against a portion of the Lease Payments due through May 1, 1999.

#### Section 4.4. Lease Payments.

(a) Obligation to Pay. Subject to the provisions of Articles VI and X hereof, the Authority agrees to pay, but only from Sublease Payments, to the Corporation, its successors and assigns, as rental for the use and occupancy of the Project during each Rental Period, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit B hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit B hereto. Any amount held in the Lease Payment Fund, including the accounts therein, on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof and other than amounts required for payment of Certificates not yet surrendered) shall be credited towards the Lease Payment then due and payable; and no Lease Payment need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund, including the accounts therein, are at least equal to the Lease Payment then required to be on deposit in the Lease Payment Fund, including the accounts therein. The Lease Payments for the Project payable in any Rental Period shall be for the use of the Project for such Rental Period.

(b) Effect of Prepayment. In the event that the Authority prepays all remaining Lease Payments in full pursuant to Article X hereof, the Authority's obligations under this Lease Agreement shall thereupon cease and terminate, including, but not limited to, the Authority's obligation to pay Lease Payments under this Section 4.4; subject however, to the provisions of Section 10.1 hereof in the case of prepayment by application of a security deposit. In the event that the Authority optionally prepays the Lease Payments in part but not in whole pursuant to Section 10.2 hereof or pursuant to Section 10.3 hereof as a result of any insurance or condemnation award with respect to any portion of the Project, such prepayment shall be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal components of each remaining such Lease Payments shall be reduced in integral multiples of \$5,000 as determined by the Corporation such that Certificates shall be paid and prepaid pursuant to the provisions of the Trust Agreement and shall remain outstanding in Authorized Denominations; and (ii) the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable

with respect to the Certificates thereby redeemed pursuant to Sections 3.01, as the case may be, of the Trust Agreement.

(c) Rate on Overdue Payments. In the event the Authority should fail to make any of the payments required in this Section 4.4, the payment in default shall continue as an obligation of the Authority until the amount in default shall have been fully paid, and the Authority agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of twelve percent (12%) per annum. Such interest, if received, shall be deposited in the Certificate Interest Account of the Lease Payment Fund.

(d) Fair Rental Value. The Lease Payments for the Project for each Rental Period shall constitute the total rental for the Project for each such Rental Period and shall be paid by the Authority in each Rental Period for and in consideration of the right of the use and occupancy and the continued quiet use and enjoyment of the Project during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments for the Project represent the fair rental value of the Project. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the Authority and the general public.

(e) Source of Payments. Lease Payments payable hereunder shall be payable from Revenues. The Authority shall not be required to make any payments hereunder, subject to the provisions of Articles VI and X hereof.

(f) Assignment. The Authority understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the First Assignment Agreement, for the benefit of the Owners of the Certificates, and the Authority hereby assents to such assignment. The Corporation hereby directs the Authority, and the Authority hereby agrees to pay to the Trustee at the Principal Corporate Trust Office of the Trustee, all payments payable by the Authority pursuant to this Section 4.4 and all amounts payable by the Authority pursuant to Article X hereof.

Section 4.5. Quiet Enjoyment. During the Term of this Lease Agreement, the Corporation shall provide the Authority with quiet use and enjoyment of the Project and the Authority shall, during such Term, peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease Agreement. The Corporation will, at the request of the Authority and at the Authority's cost, join in any legal action in which the Authority 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 Project as provided in Section 7.2. hereof.

Section 4.6. Title. During the Term of this Lease Agreement, the Corporation shall hold leasehold title to the Project and any and all additions which comprise fixtures, repairs, replacements or modifications to the Project, except for those fixtures, repairs, replacements or modifications which are added to the Project by the Authority at its own expense and which may be removed without damaging the Project.

#### Section 4.7. Pledge of Sublease Payments.

(a) The Authority hereby transfers, assigns and sets over and grants a security interest in all of the Sublease Payments due and payable under the Sublease Agreement for the benefit of the Owners of the Certificates, and all of the Sublease Payments are hereby irrevocably pledged to the punctual payment of the Lease Payments due and payable hereunder, and the Sublease Payments shall not be used for any other purpose while any

portion of such Lease Payments which is due remains unpaid. Said pledge shall constitute a first, direct and exclusive charge and lien on the Sublease Payments for the payment of the Lease Payments in accordance with the terms hereof.

(b) The parties hereto acknowledge that the obligation of the Authority to make Lease Payments shall not constitute an indebtedness or liability of the Authority or an obligation against the general funds or other assets or revenues of the Authority and does not constitute an obligation for which the Authority is obligated to levy any form of taxation or for which the Authority has pledged any form of taxation or other moneys. The Authority shall not be legally, morally or otherwise obligated to make Lease Payments, except from available Sublease Payments.

Section 4.8. Further Security for Lease Payments; Second Assignment Agreement. To secure payment by the Authority of Lease Payments due hereunder, the Authority shall execute the Second Assignment Agreement by which it shall assign to the Trustee all of the Authority's rights and interests under the Sublease Agreement.

## ARTICLE V

### MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. The Corporation covenants and agrees to operate, maintain and preserve the Project in good repair and working order all as set forth in the Sublease Agreement. Throughout the Term of the Lease Agreement, all improvement, repair and maintenance of the Project shall be the responsibility of the Corporation and the Corporation shall pay, or otherwise arrange, for the payment of all utility services supplied to the Project which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, refrigeration, 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 Project resulting from ordinary wear and tear or want of care on the part of the Corporation or any assignee or sublessee thereof all as set forth in the Sublease Agreement. The Authority waives the benefits of subsections 1 and 2 of section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the Authority under the terms of this Lease Agreement.

The Corporation 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 Authority affecting the Project or the respective interests or estates therein all as set forth in the Sublease Agreement.

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

Section 5.2. Public Liability and Property Damage Insurance. The Corporation shall maintain, or cause to be maintained, throughout the Term of this Lease Agreement insurance policies for the purposes, in the amounts, with the terms and provisions as set forth in the Sublease Agreement. The Authority, as lessee hereunder, shall have no obligation to provide any insurance policies with respect to the Project.

Section 5.3. Liens. The Authority 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 Project, other than the respective rights of the Corporation and the Authority as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the Authority shall promptly, at the Corporation's 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.

#### Section 5.4. Tax Covenants.

(a) The Authority covenants to the Owners of the Certificates that, notwithstanding any other provisions hereof or of any other instrument, to the extent it exercises any control, it will neither make nor cause to be made any investment or other use of the Gross Proceeds, which would cause this Agreement to be an "arbitrage bond," under Section 148 of the Code and

the Regulations thereunder or otherwise cause the interest represented by the Certificates to be included in gross income for federal income tax purposes.

(b) The Authority (to the extent it exercises control) covenants to the Owners of the Certificates that it shall not use or invest or permit the use or investment of any Gross Proceeds or any other Revenues, directly or indirectly, in any manner, which would cause this Lease Agreement to be an obligation that is "federally guaranteed" within the meaning of Section 149(b) of the Code. To that end, so long as any of the Certificates are Outstanding, the Authority (to the extent it exercises control), with respect to such proceeds and other Revenues, shall comply with all requirements of said Section 149(b) and any Regulations thereunder, as the same exist on this date or may from time to time hereafter be amended, supplemented or revised.

(c) The Authority covenants that it shall not use or cause the use of any proceeds of Certificates or any other funds of the Authority, directly or indirectly, in any manner, and shall not take or cause to be taken any other action or actions, or knowingly fail to take any action or actions, which would result in interest represented by any of the Certificates becoming includable in gross income of any Owner thereof. The Authority further covenants that it shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest represented by the Certificates shall be excluded from the gross income of the recipients thereof for federal income tax purposes.

(d) The Authority shall assure that, from the proceeds of the Certificates received from the Original Purchaser thereof on the Closing Date and investment earnings thereon, an amount not in excess of two percent (2%) of the face amount of the Certificates shall be used to pay for, or provide for the payment of Delivery Costs. For this purpose, if the fees of the Original Purchaser are retained as a discount on the purchase of the Certificates, such retention shall be deemed to be an expenditure of proceeds of the Certificates for said fees.

(e) No portion of the proceeds of the Certificates shall be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Certificates shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 5.5. Non-Compete. During the term of this Lease, the Authority shall not directly or indirectly acquire, rehabilitate, construct or develop or assist in the financing of the acquisition, rehabilitation, construction or development of, an ice skating or roller skating recreation facility within twenty (20) miles of the Project without the prior written consent of the Corporation and 100% of Owners of the Certificates.

## ARTICLE VI

### DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Project shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Project shall be taken permanently, or if all of the Project or any part thereof shall be taken temporarily under the power of eminent domain, 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 as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount and under the circumstances set forth in Section 4.5 of the Sublease Agreement, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Project.

Section 6.2. Application of Net Proceeds. The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Project by fire or other casualty or any eminent domain award resulting from any event described in Section 6.1 hereof shall be subject to the provisions of Section 4.5 of the Sublease Agreement.

## ARTICLE VII

### DISCLAIMER OF WARRANTIES; ACCESS; INDEMNIFICATION

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

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

Section 7.3. Indemnification Due to the Authority and Trustee. The Authority represents that pursuant to the Sublease Agreement, the Corporation shall pay reasonable fees and compensation due to the Trustee under the Trust Agreement upon periodic billing therefor by the Trustee to the Corporation. In addition, the Authority represents that pursuant to the Sublease Agreement, the Corporation shall indemnify and save the Trustee and the Authority and their respective councils, boards, commissions, officers, employees, directors and agents harmless from and against all claims, liabilities, losses and damages (whether in contract, tort, strict liability or statute, including without limitation personal injury, death at any time or property damage), including reasonable attorneys' fees and legal expenses incurred by them in any action or proceeding brought by reason of or arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project by the Corporation or any officers, servants, employees, contractors, agents, licensees, lessees or invitees of the Corporation, (ii) any breach or default on the part of the Corporation in the performance of any of its obligations under the Sublease Agreement, (iii) any negligent act or omission of the Corporation or of any of its officers, agents, contractors, servants, employees, licensees, lessees or invitees with respect to the Project, (iv) any negligent act or omission of any lessee of the Corporation or of any of its agents, contractors, servants, employees or licensees with respect to the Project, (v) the acquisition, construction and installation of the Project or the authorization of payment of the Project Costs and Delivery Costs, all to the extent permitted by law; (vi) any untrue statement of a material fact or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Certificates; or (vii) any of the transactions contemplated hereby or by the related documents listed in Section 1.3 hereof, the Certificate Purchase Contract or any official statement utilized in connection therewith.

The Authority represents that pursuant to the Sublease Agreement, in the event that any action or proceeding is brought against the Authority or the Trustee or their officers, employees or agents by reason of any such claim, liability, loss or damage the Corporation, upon notice from the Authority or the Trustee, shall resist and defend such action or proceeding on demand of the Authority or the Trustee or their officers, employees or agents and that the Corporation

also shall, at its expense, pay and indemnify the Authority and the Trustee from and against all costs, expenses and charges, including reasonable attorneys' fees and expenses, incurred in enforcing any covenant or agreement of the Corporation contained in the Sublease Agreement. The Authority acknowledges that, pursuant to the Sublease Agreement, the Corporation will indemnify, hold harmless and defend the Authority and the Trustee from and against any claim, loss, liability, expense, damage or advance arising in connection with the Trustee's administration of the trust created by the Trust Agreement and to pay to the Trustee all moneys to which the Trustee is entitled pursuant to the Trust Agreement.

Indemnification for any tort mentioned in this Section 7.3 shall be limited to the extent and in the amounts provided for by State law. Notwithstanding the foregoing, no indemnification will be made by the Corporation for any claim, loss, liability, damage caused solely by the willful misconduct, active negligence, bad faith or breach of duty under the Sublease Agreement by the Authority or the Trustee under the Trust Agreement or their officers, agents, employees, directors, successors or assigns acting within the scope of their authority for the Authority or the Trustee. The Corporation agrees that, pursuant to the Sublease Agreement, the obligations of the Corporation thereunder shall be and remain valid and binding obligations of the Corporation notwithstanding payment in full of the Sublease Payments, or the removal, resignation or replacement of the Trustee for a period of not to exceed the applicable statute of limitations period.

## ARTICLE VIII

### ASSIGNMENT AND AMENDMENT

Section 8.1. Assignment. The Corporation's rights under this Lease Agreement, including the right to receive, and enforce the payment of, the Lease Payments to be made by the Authority under this Lease Agreement, may be assigned, in conformance with the terms and conditions of this Lease Agreement and the Trust Agreement, in whole or in part to one or more assigns by the Corporation at any time, without the consent of the Authority. The Corporation may assign its rights hereunder to the Trustee only pursuant to the First Assignment Agreement.

Section 8.2. Supplement and Amendment. (a) This Agreement may be amended in writing by the parties hereto, for the purpose of (i) curing any ambiguity or of curing, correcting, or supplementing any defective provision contained herein, (ii) in regard to questions arising under this Lease Agreement which the Authority or the Corporation may deem necessary or desirable and which shall not materially adversely affect the Owners of the Certificates, or (iii) making such additions, deletions or modifications as may be necessary to assure compliance with section 145 of the Code relating to qualified 501(c)(3) obligations, section 148(f) of the Code relating to required rebate of Excess Investment Earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for purposes of federal income taxes of the interest component of Lease Payments; provided, however, that no such amendment pursuant to this Section 8.2 shall adversely affect the interests of the Certificate Owners or the Trustee. This Lease Agreement may also be amended upon approval of the owners of a majority in aggregate principal amount of the Certificates then Outstanding; provided, however, that no such amendment shall impair the right of any Owner to receive its fractional share of any Lease Payment in accordance with its Certificate nor shall any amendment impair the rights or adversely affect the duties of the Trustee without its written consent.

(b) This Lease Agreement also may be amended by the parties hereto by the execution of a supplement hereto, without the prior written consent of the Trustee or the Owners of the Certificates, in connection with the execution and delivery of an Additional Series of Certificates pursuant to the provisions of Section 2.14 of the Trust Agreement for the purpose of providing for the acquisition, construction, installation, rehabilitation installation of improvements or additions to the Project or the refinancing thereof, provided that the Authority shall satisfy the following requirements which are hereby declared to be conditions precedent to such amendment:

- (i) No Event of Default shall have occurred and be continuing;
- (ii) The Authority, the Trustee and the Corporation shall have complied with all of the provisions of Section 2.14 of the Trust Agreement;
- (iii) An Additional Series of Certificates meeting the requirements of Section 2.14 of the Trust Agreement shall be executed and delivered evidencing the direct, undivided fractional in the owners thereof in additional Lease Payments, pursuant to an amendment to or supplement of this Lease Agreement, an executed copy of which shall be filed with the Trustee following the execution and delivery thereof by the parties thereto;
- (iv) An executed copy of any such amendment or supplement shall be filed with the Trustee following the execution and delivery thereof by the Authority and the Corporation which shall (A) set forth a Lease Payment schedule relating to such Additional Series of Certificates sufficient to pay the principal and interest with respect to such Additional Series of Certificates when due (B) set forth the necessary deposits

of the proceeds of such Additional Series of Certificates as required by this Lease Agreement, (C) set forth any special prepayment provisions relating to such additional Lease Payments, and (D) set forth any other particulars of such additional Lease Payments.

## ARTICLE IX

### EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement and the term "Events of Default" shall mean, whenever it is used in this Lease Agreement, any one or more of the following events:

(a) Failure by the Authority to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein; or

(b) Failure by the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) of this Section 9.1, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Authority by the Corporation, unless the Corporation shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected; or

(c) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Authority in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Authority or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) days; or

(d) The Authority shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Authority or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing; or

(e) An event of default shall occur under the Sublease Agreement.

Section 9.2. Notice of Default and Opportunity to Cure. Anything herein to the contrary notwithstanding, no event except an event described in subsection (a) of Section 9.1 of this Agreement or an event described in subsection (e) of Section 9.1 of this Agreement arising by reason of an Event of Default under subsection (a) or subsection (d) of Section 7.1 of the Sublease Agreement, shall constitute an Event of Default under this Lease Agreement until written notice of such default is provided to the Authority and to the Corporation and the Authority and the Corporation are given a thirty-day period within which to cure such event after receipt of such notice (or such longer period as shall reasonably be required to cure such default, provided the Authority or the Corporation has commenced such cure within said thirty-day period and diligently prosecutes such cure to completion).

Section 9.3. Remedies on Default. Upon the occurrence and continuance of any happening of any Event of Default specified in Section 9.1 of this Lease Agreement, the Trustee as assignee of the Corporation, may or, upon written request of the Owners of not less than twenty-five percent (25%) in aggregate Outstanding principal amount of Certificates, shall

declare all principal components of the unpaid Lease Payments, together with accrued interest at the rate or rates specified in the respective Outstanding Certificates from the immediately preceding Lease Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable.

Section 9.4. Suits at Law or in Equity and Mandamus. In addition to the remedies set forth in Section 9.4 hereof, in case one or more of the Events of Default shall happen, then and in every such case, the Corporation shall be entitled to proceed to protect and enforce the rights vested in the Corporation by this Lease Agreement by such appropriate judicial proceeding as the Corporation shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Lease Agreement, or in aid of the exercise of any power granted in this Lease Agreement, or to enforce any other legal or equitable right vested in the Corporation by this Lease Agreement, by the First Assignment Agreement, by the Second Assignment Agreement, by the Trust Agreement or by law. The provisions of this Lease Agreement and the duties of the Authority and of the officers and employees thereof shall be enforceable by the Corporation by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Without limiting the generality of the foregoing, the Corporation shall have the right to seek the following remedies:

(a) Accounting. By action or suit in equity to require the Authority and its officers, agents and employees and its assigns to account as the trustee of an express trust.

(b) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation.

(c) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce its or their rights against the Authority and any of its officers, agents, and employees and its assigns, and to compel it or them to perform and carry out its and their duties and obligations under the law and its and their covenants and agreements with the Corporation as provided herein.

Section 9.5. Non-Waiver. Nothing in this Article IX or in any other provision of this Lease Agreement shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the Lease Payments, as herein provided, out of the Revenues herein pledged. No delay or omission of the Corporation to exercise any right or power arising upon the happening of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power and remedy given by this Article IX to the Corporation may be exercised from time to time and as often as shall be deemed expedient by the Corporation.

Section 9.6. Remedies Not Exclusive. No remedy herein or by law conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred by any law.

Section 9.7. Status Quo Ante. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, then, and in every such case, the Corporation and the Authority shall be restored to its and their former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

## ARTICLE X

### PREPAYMENT OF LEASE PAYMENTS

Section 10.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the Authority may, on any date, secure the payment of all or a portion of the Lease Payments remaining due by an irrevocable deposit with the Trustee or an escrow holder under an escrow deposit and trust agreement of: (a) in the case of a security deposit relating to all Lease Payments, either (i) cash in an amount which, together with amounts on deposit in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit B, or (ii) Defeasance Obligations in such amount as will, in the written opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Federal Securities or cash then on deposit and interest earnings thereon in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, be fully sufficient to pay all unpaid Lease Payments on their respective Lease Payment Dates; or (b) in the case of a security deposit relating to a portion of the Lease Payments, a certificate executed by a Authority Representative designating the portion of the Lease Payments to which the deposit pertains, and either (i) cash in an amount which is sufficient to pay the portion of the Lease Payments designated in such Authority Representative's certificate, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, together with interest to be received thereon, if any, in the written opinion of an independent certified public accountant, be fully sufficient to pay the portion of the Lease Payments designated in the aforesaid Authority Representative's certificate.

In the event of a deposit pursuant to this Section 10.1 as to all Lease Payments and the payment of all Additional Payments, all obligations of the Authority under this Lease Agreement shall cease and terminate, excepting only the obligation of the Authority to make, or cause to be made, all payments from the deposit made by the Authority pursuant to this Section 10.1. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments provided for by this Section 10.1 and said obligation shall thereafter be deemed to be and shall constitute the lease payment obligation of the Authority for the Project.

Section 10.2. Prepayment Option. The Corporation hereby grants an option to the Authority to prepay the principal component of the Lease Payments in full, or in part, at a prepayment price represented by a percentage of the portion of such principal component of Lease Payments prepaid equal to the percentages set forth below:

<u>Prepayment Dates</u>	<u>Prepayment Price</u>
April 26, 2008 through April 25, 2009	102%
April 26, 2009 through April 25, 2010	101
April 26, 2010 and thereafter	100

Said option may be exercised with respect to Lease Payments due on and after April 26, 2009, in whole at any time or in part on any Lease Payment Date commencing April 26, 2008. Said option shall be exercised by the Authority by giving written notice to the Corporation and the Trustee of the exercise of such option at least sixty (60) days prior to said Lease Payment Date. Such option shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Reserve Fund,

the Insurance and Condemnation Fund and the Lease Payment Fund, will be sufficient to pay the aggregate unpaid component of the Lease Payments on said Lease Payment Date as set forth in Exhibit B hereto, together with any Lease Payments then due but unpaid, or, in the event of prepayment in part, by depositing with said notice cash in an amount divisible by \$5,000 equal to the amount desired to be prepaid together with any Lease Payments then due but unpaid. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in pro rata among their payment dates. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the Authority to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit B attached hereto taking into account said partial prepayment.

Section 10.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain or Upon Determination of Taxability. The Authority shall be obligated to prepay the Lease Payments (a) in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance or condemnation award with respect to the Project theretofore deposited in the Lease Payment Fund for such purpose pursuant to Section 4.5 of the Sublease Agreement and Article III of the Trust Agreement, or (b) upon the occurrence of a Determination of Taxability. The Authority and the Corporation hereby agree that such Net Proceeds shall be applied first to the payment of any delinquent Lease Payments, and thereafter shall be credited towards the Authority's obligations under this Section 10.3. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the Corporation to the Trustee and the Authority and which shall represent an adjustment to the schedule set forth in Exhibit B attached hereto taking into account said partial prepayment.

Section 10.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Lease Payments in full under this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, remaining amounts on deposit in the Lease Payment Fund, the Acquisition and Construction Fund, if any, or the Reserve Fund shall be credited towards the amounts then required to be so prepaid.

## ARTICLE XI

### MISCELLANEOUS

Section 11.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon receipt after deposit in the United States mail in first-class form with postage fully prepaid:

If to the Authority:	Vacaville Public Financing Authority c/o City of Vacaville 650 Merchant Street Vacaville, CA 95688 Attn: City Manager
If to the Corporation:	Vacaville Recreation Corporation 18 Aiken Avenue Hudson, NY 12532 Attn: President
If to the Trustee:	U.S. Bank Trust National Association One California Street, Suite 400 San Francisco, CA 94111 Attn: Corporate Trust Department

The Corporation, the Authority and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the Authority and their respective successors and assigns.

Section 11.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the Authority 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 11.5. Further Assurances and Corrective Instruments. The Corporation and the Authority 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 Project hereby leased or intended so to be or for carrying out the expressed intentions of this Lease Agreement.

Section 11.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

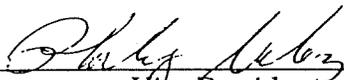
Section 11.7. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.8. Corporation and Authority Representatives. Whenever under the provisions of this Lease Agreement the approval of the Corporation or the Authority is required, or the Corporation or the Authority is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a Corporation Representative and for the Authority by a Authority Representative, and each party hereto shall be authorized to rely upon any such approval or request.

Section 11.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Lease Agreement.

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

VACAVILLE RECREATION  
CORPORATION, as Lessor

By   
Vice President

VACAVILLE PUBLIC FINANCING  
AUTHORITY, as Lessee

By \_\_\_\_\_  
Assistant Executive Director

Attest:

\_\_\_\_\_  
Secretary

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

VACAVILLE RECREATION  
CORPORATION, as Lessor

By \_\_\_\_\_

VACAVILLE PUBLIC FINANCING  
AUTHORITY, as Lessee

By *Neal Van Kirk*  
Assistant Executive Director

Attest:

*Kathleen M. Andronico*  
Secretary

## EXHIBIT B

### Schedule of Lease Payments

(Page 1 of 6)

Date	Principal	Interest	Period Total
06/20/98		\$46,579.56	\$46,579.56
07/20/98		46,579.56	46,579.56
08/20/98		46,579.56	46,579.56
09/20/98		46,579.56	46,579.56
10/20/98		46,579.56	46,579.56
11/20/98		45,966.67	45,966.67
12/20/98		45,966.67	45,966.67
01/20/99		45,966.67	45,966.67
02/20/99		45,966.67	45,966.67
03/20/99		45,966.67	45,966.67
04/20/99		45,966.67	45,966.67
05/20/99	\$8,333.33	45,966.67	54,300.00
06/20/99	8,333.33	45,966.67	54,300.00
07/20/99	8,333.33	45,966.67	54,300.00
08/20/99	8,333.33	45,966.67	54,300.00
09/20/99	8,333.33	45,966.67	54,300.00
10/20/99	8,333.33	45,966.67	54,300.00
11/20/99	8,333.33	45,966.67	54,300.00
12/20/99	8,333.33	45,966.67	54,300.00
01/20/00	8,333.33	45,966.67	54,300.00
02/20/00	8,333.33	45,966.67	54,300.00
03/20/00	8,333.33	45,966.67	54,300.00
04/20/00	8,333.33	45,966.67	54,300.00
05/20/00	15,416.67	45,383.33	60,800.00
06/20/00	15,416.67	45,383.33	60,800.00
07/20/00	15,416.67	45,383.33	60,800.00
08/20/00	15,416.67	45,383.33	60,800.00
09/20/00	15,416.67	45,383.33	60,800.00
10/20/00	15,416.67	45,383.33	60,800.00
11/20/00	15,416.67	45,383.33	60,800.00
12/20/00	15,416.67	45,383.33	60,800.00
01/20/01	15,416.67	45,383.33	60,800.00
02/20/01	15,416.67	45,383.33	60,800.00
03/20/01	15,416.67	45,383.33	60,800.00
04/20/01	15,416.67	45,383.33	60,800.00
05/20/01	16,666.67	44,304.17	60,970.83
06/20/01	16,666.67	44,304.17	60,970.83
07/20/01	16,666.67	44,304.17	60,970.83
08/20/01	16,666.67	44,304.17	60,970.83
09/20/01	16,666.67	44,304.17	60,970.83
10/20/01	16,666.67	44,304.17	60,970.83
11/20/01	16,666.67	44,304.17	60,970.83

**Schedule of Lease Payments**  
(Page 2 of 6)

Date	Principal	Interest	Period Total
12/20/01	\$16,666.67	\$44,304.17	\$60,970.83
01/20/02	16,666.67	44,304.17	60,970.83
02/20/02	16,666.67	44,304.17	60,970.83
03/20/02	16,666.67	44,304.17	60,970.83
04/20/02	16,666.67	44,304.17	60,970.83
05/20/02	17,500.00	43,137.50	60,637.50
06/20/02	17,500.00	43,137.50	60,637.50
07/20/02	17,500.00	43,137.50	60,637.50
08/20/02	17,500.00	43,137.50	60,637.50
09/20/02	17,500.00	43,137.50	60,637.50
10/20/02	17,500.00	43,137.50	60,637.50
11/20/02	17,500.00	43,137.50	60,637.50
12/20/02	17,500.00	43,137.50	60,637.50
01/20/03	17,500.00	43,137.50	60,637.50
02/20/03	17,500.00	43,137.50	60,637.50
03/20/03	17,500.00	43,137.50	60,637.50
04/20/03	17,500.00	43,137.50	60,637.50
05/20/03	19,166.67	41,912.50	61,079.17
06/20/03	19,166.67	41,912.50	61,079.17
07/20/03	19,166.67	41,912.50	61,079.17
08/20/03	19,166.67	41,912.50	61,079.17
09/20/03	19,166.67	41,912.50	61,079.17
10/20/03	19,166.67	41,912.50	61,079.17
11/20/03	19,166.67	41,912.50	61,079.17
12/20/03	19,166.67	41,912.50	61,079.17
01/20/04	19,166.67	41,912.50	61,079.17
02/20/04	19,166.67	41,912.50	61,079.17
03/20/04	19,166.67	41,912.50	61,079.17
04/20/04	19,166.67	41,912.50	61,079.17
05/20/04	20,416.67	40,570.83	60,987.50
06/20/04	20,416.67	40,570.83	60,987.50
07/20/04	20,416.67	40,570.83	60,987.50
08/20/04	20,416.67	40,570.83	60,987.50
09/20/04	20,416.67	40,570.83	60,987.50
10/20/04	20,416.67	40,570.83	60,987.50
11/20/04	20,416.67	40,570.83	60,987.50
12/20/04	20,416.67	40,570.83	60,987.50
01/20/05	20,416.67	40,570.83	60,987.50
02/20/05	20,416.67	40,570.83	60,987.50
03/20/05	20,416.67	40,570.83	60,987.50
04/20/05	20,416.67	40,570.83	60,987.50
05/20/05	21,666.67	39,141.67	60,808.33
06/20/05	21,666.67	39,141.67	60,808.33
07/20/05	21,666.67	39,141.67	60,808.33
08/20/05	21,666.67	39,141.67	60,808.33
09/20/05	21,666.67	39,141.67	60,808.33
10/20/05	21,666.67	39,141.67	60,808.33
11/20/05	21,666.67	39,141.67	60,808.33

**Schedule of Lease Payments**  
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Date	Principal	Interest	Period Total
12/20/05	\$21,666.67	\$39,141.67	\$60,808.33
01/20/06	21,666.67	39,141.67	60,808.33
02/20/06	21,666.67	39,141.67	60,808.33
03/20/06	21,666.67	39,141.67	60,808.33
04/20/06	21,666.67	39,141.67	60,808.33
05/20/06	23,333.33	37,625.00	60,958.33
06/20/06	23,333.33	37,625.00	60,958.33
07/20/06	23,333.33	37,625.00	60,958.33
08/20/06	23,333.33	37,625.00	60,958.33
09/20/06	23,333.33	37,625.00	60,958.33
10/20/06	23,333.33	37,625.00	60,958.33
11/20/06	23,333.33	37,625.00	60,958.33
12/20/06	23,333.33	37,625.00	60,958.33
01/20/07	23,333.33	37,625.00	60,958.33
02/20/07	23,333.33	37,625.00	60,958.33
03/20/07	23,333.33	37,625.00	60,958.33
04/20/07	23,333.33	37,625.00	60,958.33
05/20/07	25,000.00	35,991.67	60,991.67
06/20/07	25,000.00	35,991.67	60,991.67
07/20/07	25,000.00	35,991.67	60,991.67
08/20/07	25,000.00	35,991.67	60,991.67
09/20/07	25,000.00	35,991.67	60,991.67
10/20/07	25,000.00	35,991.67	60,991.67
11/20/07	25,000.00	35,991.67	60,991.67
12/20/07	25,000.00	35,991.67	60,991.67
01/20/08	25,000.00	35,991.67	60,991.67
02/20/08	25,000.00	35,991.67	60,991.67
03/20/08	25,000.00	35,991.67	60,991.67
04/20/08	25,000.00	35,991.67	60,991.67
05/20/08	27,083.33	34,241.67	61,325.00
06/20/08	27,083.33	34,241.67	61,325.00
07/20/08	27,083.33	34,241.67	61,325.00
08/20/08	27,083.33	34,241.67	61,325.00
09/20/08	27,083.33	34,241.67	61,325.00
10/20/08	27,083.33	34,241.67	61,325.00
11/20/08	27,083.33	34,241.67	61,325.00
12/20/08	27,083.33	34,241.67	61,325.00
01/20/09	27,083.33	34,241.67	61,325.00
02/20/09	27,083.33	34,241.67	61,325.00
03/20/09	27,083.33	34,241.67	61,325.00
04/20/09	27,083.33	34,241.67	61,325.00
05/20/09	28,750.00	32,345.83	61,095.83
06/20/09	28,750.00	32,345.83	61,095.83
07/20/09	28,750.00	32,345.83	61,095.83
08/20/09	28,750.00	32,345.83	61,095.83
09/20/09	28,750.00	32,345.83	61,095.83
10/20/09	28,750.00	32,345.83	61,095.83
11/20/09	28,750.00	32,345.83	61,095.83

**Schedule of Lease Payments**  
(Page 4 of 6)

Date	Principal	Interest	Period Total
12/20/09	\$28,750.00	\$32,345.83	\$61,095.83
01/20/10	28,750.00	32,345.83	61,095.83
02/20/10	28,750.00	32,345.83	61,095.83
03/20/10	28,750.00	32,345.83	61,095.83
04/20/10	28,750.00	32,345.83	61,095.83
05/20/10	30,833.33	30,333.33	61,166.67
06/20/10	30,833.33	30,333.33	61,166.67
07/20/10	30,833.33	30,333.33	61,166.67
08/20/10	30,833.33	30,333.33	61,166.67
09/20/10	30,833.33	30,333.33	61,166.67
10/20/10	30,833.33	30,333.33	61,166.67
11/20/10	30,833.33	30,333.33	61,166.67
12/20/10	30,833.33	30,333.33	61,166.67
01/20/11	30,833.33	30,333.33	61,166.67
02/20/11	30,833.33	30,333.33	61,166.67
03/20/11	30,833.33	30,333.33	61,166.67
04/20/11	30,833.33	30,333.33	61,166.67
05/20/11	33,333.33	28,175.00	61,508.33
06/20/11	33,333.33	28,175.00	61,508.33
07/20/11	33,333.33	28,175.00	61,508.33
08/20/11	33,333.33	28,175.00	61,508.33
09/20/11	33,333.33	28,175.00	61,508.33
10/20/11	33,333.33	28,175.00	61,508.33
11/20/11	33,333.33	28,175.00	61,508.33
12/20/11	33,333.33	28,175.00	61,508.33
01/20/12	33,333.33	28,175.00	61,508.33
02/20/12	33,333.33	28,175.00	61,508.33
03/20/12	33,333.33	28,175.00	61,508.33
04/20/12	33,333.33	28,175.00	61,508.33
05/20/12	35,833.33	25,841.67	61,675.00
06/20/12	35,833.33	25,841.67	61,675.00
07/20/12	35,833.33	25,841.67	61,675.00
08/20/12	35,833.33	25,841.67	61,675.00
09/20/12	35,833.33	25,841.67	61,675.00
10/20/12	35,833.33	25,841.67	61,675.00
11/20/12	35,833.33	25,841.67	61,675.00
12/20/12	35,833.33	25,841.67	61,675.00
01/20/13	35,833.33	25,841.67	61,675.00
02/20/13	35,833.33	25,841.67	61,675.00
03/20/13	35,833.33	25,841.67	61,675.00
04/20/13	35,833.33	25,841.67	61,675.00
05/20/13	38,333.33	23,333.33	61,666.67
06/20/13	38,333.33	23,333.33	61,666.67
07/20/13	38,333.33	23,333.33	61,666.67
08/20/13	38,333.33	23,333.33	61,666.67
09/20/13	38,333.33	23,333.33	61,666.67
10/20/13	38,333.33	23,333.33	61,666.67
11/20/13	38,333.33	23,333.33	61,666.67
12/20/13	38,333.33	23,333.33	61,666.67

**Schedule of Lease Payments**  
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Date	Principal	Interest	Period Total
01/20/14	\$38,333.33	\$23,333.33	\$61,666.67
02/20/14	38,333.33	23,333.33	61,666.67
03/20/14	38,333.33	23,333.33	61,666.67
04/20/14	38,333.33	23,333.33	61,666.67
05/20/14	40,833.33	20,650.00	61,483.33
06/20/14	40,833.33	20,650.00	61,483.33
07/20/14	40,833.33	20,650.00	61,483.33
08/20/14	40,833.33	20,650.00	61,483.33
09/20/14	40,833.33	20,650.00	61,483.33
10/20/14	40,833.33	20,650.00	61,483.33
11/20/14	40,833.33	20,650.00	61,483.33
12/20/14	40,833.33	20,650.00	61,483.33
01/20/15	40,833.33	20,650.00	61,483.33
02/20/15	40,833.33	20,650.00	61,483.33
03/20/15	40,833.33	20,650.00	61,483.33
04/20/15	40,833.33	20,650.00	61,483.33
05/20/15	44,166.67	17,791.67	61,958.33
06/20/15	44,166.67	17,791.67	61,958.33
07/20/15	44,166.67	17,791.67	61,958.33
08/20/15	44,166.67	17,791.67	61,958.33
09/20/15	44,166.67	17,791.67	61,958.33
10/20/15	44,166.67	17,791.67	61,958.33
11/20/15	44,166.67	17,791.67	61,958.33
12/20/15	44,166.67	17,791.67	61,958.33
01/20/16	44,166.67	17,791.67	61,958.33
02/20/16	44,166.67	17,791.67	61,958.33
03/20/16	44,166.67	17,791.67	61,958.33
04/20/16	44,166.67	17,791.67	61,958.33
05/20/16	47,083.33	14,700.00	61,783.33
06/20/16	47,083.33	14,700.00	61,783.33
07/20/16	47,083.33	14,700.00	61,783.33
08/20/16	47,083.33	14,700.00	61,783.33
09/20/16	47,083.33	14,700.00	61,783.33
10/20/16	47,083.33	14,700.00	61,783.33
11/20/16	47,083.33	14,700.00	61,783.33
12/20/16	47,083.33	14,700.00	61,783.33
01/20/17	47,083.33	14,700.00	61,783.33
02/20/17	47,083.33	14,700.00	61,783.33
03/20/17	47,083.33	14,700.00	61,783.33
04/20/17	47,083.33	14,700.00	61,783.33
05/20/17	50,416.67	11,404.17	61,820.83
06/20/17	50,416.67	11,404.17	61,820.83
07/20/17	50,416.67	11,404.17	61,820.83
08/20/17	50,416.67	11,404.17	61,820.83
09/20/17	50,416.67	11,404.17	61,820.83
10/20/17	50,416.67	11,404.17	61,820.83
11/20/17	50,416.67	11,404.17	61,820.83
12/20/17	50,416.67	11,404.17	61,820.83
01/20/18	50,416.67	11,404.17	61,820.83

**Schedule of Lease Payments**  
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Date	Principal	Interest	Period Total
02/20/18	\$50,416.67	\$11,404.17	\$61,820.83
03/20/18	50,416.67	11,404.17	61,820.83
04/20/18	50,416.67	11,404.17	61,820.83
05/20/18	54,166.67	7,875.00	62,041.67
06/20/18	54,166.67	7,875.00	62,041.67
07/20/18	54,166.67	7,875.00	62,041.67
08/20/18	54,166.67	7,875.00	62,041.67
09/20/18	54,166.67	7,875.00	62,041.67
10/20/18	54,166.67	7,875.00	62,041.67
11/20/18	54,166.67	7,875.00	62,041.67
12/20/18	54,166.67	7,875.00	62,041.67
01/20/19	54,166.67	7,875.00	62,041.67
02/20/19	54,166.67	7,875.00	62,041.67
03/20/19	54,166.67	7,875.00	62,041.67
04/20/19	54,166.67	7,875.00	62,041.67
05/20/19	58,333.33	4,083.33	62,416.67
06/20/19	58,333.33	4,083.33	62,416.67
07/20/19	58,333.33	4,083.33	62,416.67
08/20/19	58,333.33	4,083.33	62,416.67
09/20/19	58,333.33	4,083.33	62,416.67
10/20/19	58,333.33	4,083.33	62,416.67
11/20/19	58,333.33	4,083.33	62,416.67
12/20/19	58,333.33	4,083.33	62,416.67
01/20/20	58,333.33	4,083.33	62,416.67
02/20/20	58,333.33	4,083.33	62,416.67
03/20/20	58,333.33	4,083.33	62,416.67
04/20/20	58,333.33	4,083.33	62,416.67
	\$7,880,000.00	\$8,006,397.78	\$15,886,397.78

**EXHIBIT "C"**

**The Authority Sublease**

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SUBLEASE

Dated as of May 1, 1998

by and between the

VACAVILLE PUBLIC FINANCING AUTHORITY, as Sublessor

and the

VACAVILLE RECREATION CORPORATION, as Sublessee

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## SUBLEASE

THIS SUBLEASE, dated for convenience as of May 1, 1998, by and between the VACAVILLE PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency organized and existing under the laws of the State of California, as sublessor (the "Authority"), and the VACAVILLE RECREATION CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the Commonwealth of Pennsylvania, as sublessee (the "Corporation");

### WITNESSETH:

WHEREAS, the Corporation wishes to finance the acquisition, construction and installation of certain recreational facilities, more particularly described in Exhibit A attached hereto (the "Project"); and

WHEREAS, the Board of Directors of the Corporation has determined that in order to secure financing for such purpose it is necessary and desirable to lease the Project from the Authority pursuant to this Sublease; and

WHEREAS, for the purpose of providing financing for the acquisition, construction and installation of the Project, the Authority is proposing to proceed with a lease financing;

WHEREAS, in connection therewith, the Authority proposes to finance the Project pursuant to a lease agreement, dated as of May 1, 1998, by and between the Corporation and the Authority (the "Lease Agreement"); and

WHEREAS, the Authority has agreed to sublease the Project to the Corporation pursuant to this sublease, under which the Corporation will agree to pay certain sublease payments (the "Sublease Payments") to the Authority.

## ARTICLE I

### DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context otherwise requires or unless otherwise defined herein, the capitalized terms in this Sublease shall have the respective meanings specified in the Trust Agreement, dated as of May 1, 1998, by and among the Authority, the Corporation and U.S. Bank Trust National Association, as Trustee.

"Rental Period" means each twelve-month period during the Term of the Sublease commencing on May 1 in any year and ending on the final day of each April in the next succeeding year; provided, however, that the first Rental Period shall commence on the Closing Date and shall end on April 30, 1999.

"Sublease" means this Sublease Agreement, dated as of May 1, 1998, by and between the Authority and the Corporation, together with any duly authorized and executed amendments thereto.

"Sublease Payment Date" means the fourth Business Day prior to the last day of each month, commencing May 1999.

"Sublease Payments" means the aggregate amount of all the payments required to be paid by the Corporation pursuant to Section 3.4 of this Sublease.

"Term of the Sublease" means the time during which this Sublease is in effect, as provided in Section 3.2 hereof.

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

- Exhibit A: The description of the Project.
- Exhibit B: The schedule of Sublease Payments to be paid by the Corporation hereunder with respect to the Project, showing the Sublease Payment Date and amount of each such Sublease Payment.
- Exhibit C: Depository Account.

Section 1.3. Related Agreements. The parties hereto acknowledge the following:

- (a) the Site Lease pursuant to which the Corporation has obtained a leasehold interest in the real property and improvements thereon which shall become the Project;
- (b) the Lease Agreement pursuant to which the Corporation leases the Project to the Authority;
- (c) the First Assignment Agreement pursuant to which the Corporation assigns to the Trustee all of the Lease Payments due and payable under the Lease Agreement;
- (d) the Second Assignment Agreement pursuant to which the Authority assigns to the Trustee all of the Sublease Payments due and payable under this Sublease Agreement;
- (e) the Trust Agreement pursuant to which the Trustee, the Corporation and the Authority agree to implement the Lease Agreement and this Sublease Agreement by providing for the delivery of the Certificates, for the administration of funds and for the exercise of rights and remedies;
- (f) the Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases (Leasehold Interest) dated as of May 1, 1998, by the Corporation for the benefit of the Trustee; and
- (g) the Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases (Fee Interest) dated as of May 1, 1998 by North American Ice Sports, Inc. for the benefit of the Trustee.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The Authority is a joint exercise of powers agency organized and existing under the laws of the State.

(b) Authorization. The laws of the State authorize the Authority to enter into this Sublease Agreement, the Lease Agreement, the Second Assignment Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid agreement, and the Authority has duly authorized and executed all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(c) No Violations. Neither the execution and delivery of this Sublease Agreement, the Lease Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction, agreement or instrument to which the Authority is now a party or by which the Authority is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the Authority, or upon the Project, except Permitted Encumbrances.

(d) Execution and Delivery. The Authority has duly authorized and executed this Sublease Agreement in accordance with all applicable laws.

Section 2.2. Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the Authority as follows:

(a) The Corporation is a nonprofit public benefit corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

(b) Corporate Power and Authorization. The execution, delivery and performance by the Corporation of this Sublease Agreement and the other Financing Documents to which it is a party are within the Corporation's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Corporation's articles of incorporation or bylaws or (ii) any law or any contractual restriction binding on or affecting the Corporation, and do not result in or require the creation of any Lien (except as provided in or contemplated by this Agreement or the other Financing Documents) upon or with respect to any of its Property. The Corporation has all requisite corporate power necessary to own its property and carry on its business as now being or as proposed to be conducted, including the lease of the Sites and the lease and operation of the Facilities.

(c) Governmental Approvals - This Transaction. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Corporation of this Sublease Agreement or any other Financing Document.

(d) Governmental Approvals - Facilities and Business. All licenses, permits and authorizations which are required in order for the Corporation to lease and operate the Project

in the manner in which they are presently leased and operated and held by the Corporation, and no proceedings are pending or threatened in any way contesting or affecting any such licenses, permits or authorizations.

(e) Liabilities, Legal Actions. Except for the Corporation's obligations under the Financing Documents and liabilities incurred in the ordinary course of business, the Corporation has no material (individually or in the aggregate) liabilities, direct or contingent, that are reasonably likely to cause a Material Adverse Effect. At the Closing Date there is no litigation, legal, administrative or arbitral proceeding, investigation or other action of any nature pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation which involves the possibility of any judgment or liability not fully covered by insurance, or in which an unfavorable decision, ruling or finding would result in a Material Adverse Effect. No unusual or unduly burdensome restriction, restraint or hazard exists (to the extent that the same would result in a Material Adverse Effect) by contract, law or governmental regulation or otherwise relative to the Sites or the Facilities or the business or property of the Corporation.

(f) No Violations; No Defaults. The Corporation is not in any material way in noncompliance with, breach of or default under (a) any applicable law, rule or regulation of the United States of America, the State of California; the Commonwealth of Pennsylvania or any local government, including without limitation any such law, rule or regulation relating to occupational safety and health or employment or labor practices, or any applicable judgment, order or decree, or (b) any indenture, mortgage, agreement or other instrument or contract to which it is a party or to which it or the Project is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument. The Corporation has no knowledge of any material violation, nor is there any notice or other record of any material violation, of any zoning, subdivision, environmental, building, fire, safety, health or other statute, ordinance, regulation, restrictive covenant or other restriction applicable to the Project. No event has occurred, and no condition currently exists, which constitutes a default or an event of default hereunder.

(g) Tax-Exempt Status. There is no pending or threatened action, investigation, proceeding or litigation before any court, Governmental Authority or arbitrator against or affecting the Corporation in any way contesting or affecting status of the Corporation as an organization described in Section 501(c)(3) of the Code, or which would subject any income of the Corporation to federal income taxation, except for unrelated business income subject to taxation under the Code.

(h) No Encumbrances. The Corporation will not pledge the Gross Revenues or other amounts derived from the Project and from its other rights under this Sublease, and will not mortgage or encumber the Project, except as provided under the terms of this Sublease and the Lease Agreement.

(i) No Violations. Neither the execution and delivery of this Sublease or the Lease Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation, or upon the Project, except Permitted Encumbrances.

(j) No Assignments. Except as provided herein, the Corporation will not assign this Sublease, or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(k) Execution and Delivery. The Corporation has duly authorized and executed this Sublease in accordance with the laws of the State.

### ARTICLE III

#### AGREEMENT TO SUBLEASE; TERM OF THIS SUBLEASE; SUBLEASE PAYMENTS

Section 3.1. Sublease. The Authority hereby subleases the Project to the Corporation, and the Corporation hereby subleases the Project from the Authority.

Section 3.2. Term of Sublease. Subject to the provisions of Section 3.9 hereof, the Term of the Sublease shall commence as of the date hereof, and shall end on May 1, 2020.

Section 3.3. Possession. The Project will be acquired, constructed and installed from amounts on deposit in the Acquisition and Construction Fund and the parties hereby declare their expectation that acquisition, construction, installation, improvement and equipping of the Project will be substantially completed on or before June 1, 1999. The Corporation hereby agrees that upon such substantial completion of acquisition, construction and installation of the Project, the Corporation will take possession thereof.

#### Section 3.4. Sublease Payments.

(a) Obligation to Pay. Subject to the provisions of Section 3.8 and Article VIII hereof, the Corporation agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Project during each Rental Period, the Sublease Payments for the Project in the respective amounts specified in Exhibit B hereto, to be due and payable on the respective Sublease Payment Dates specified in Exhibit B hereto. Any amount held by the Trustee in the Lease Payment Fund, including the accounts therein, on any Sublease Payment Date (other than amounts resulting from the prepayment of the Sublease Payments in part but not in whole pursuant to Article VIII hereof and other amounts required for payment of Certificates not yet surrendered) shall be credited towards the Sublease Payments then due and payable; and no Sublease Payment need be made on any Sublease Payment Date if the amounts then held in the Lease Payment Fund, including the accounts therein, are at least equal to the Lease Payments then required to be on deposit in the Lease Payment Fund. The Sublease Payments for the Project payable in any Rental Period shall be for the use of the Project for such Rental Period.

(b) Effect of Prepayment. In the event that the Corporation prepays all remaining Sublease Payments in full pursuant to Article VIII hereof, the Corporation's obligations under this Sublease shall thereupon cease and terminate, including but not limited to the Corporation's obligation to pay Sublease Payments under this Section 3.4; subject, however, to the provisions of Section 8.1 hereof in the case of prepayment by application of a security deposit. In the event that the Corporation prepays the Sublease Payments in part but not in whole pursuant to Sections 8.1 or 8.2 hereof, such prepayment shall be credited entirely towards the prepayment of the Sublease Payments as determined by the Corporation such that Certificates shall be paid and redeemed pursuant to the provisions of the Trust Agreement.

(c) Rate on Overdue Payments. In the event the Corporation should fail to make any of the payments required in this Section 3.4, the payment in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of twelve percent (12%) per annum.

(d) Fair Rental Value. The Sublease Payments for the Project for each Rental Period shall constitute the total rental for the Project for each Rental Period and shall be paid by the Corporation 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 Project during each Rental Period. The parties hereto have agreed and determined that the total Sublease Payments for the Project represent the fair rental value of the Project. In making such determination, consideration has been given to the obligations of the parties under this Sublease, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the Corporation and the general public.

(e) Set-off; Waiver. Each Sublease Payment shall be paid by the Corporation in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, to or upon the order of the Participant at the Principal Office of the Trustee or at such other place as the Trustee shall designate. Notwithstanding any dispute between the Corporation and the Authority, the Corporation shall make or cause to be made each and all Sublease Payments when due and shall not withhold or permit to be withheld any Sublease Payments pending the final resolution of such dispute nor shall the Corporation assert nor permit to be asserted any right of set-off or counter-claim against the obligation to make Sublease Payments as set forth herein. The Corporation hereby agrees to perform all of its obligations, covenants and agreements hereunder without notice or demand. Nothing in this Agreement shall be construed as a waiver by the Corporation of any right or claim the Corporation may have against the Authority under this Agreement, or otherwise, but any recovery resulting from such right or claim shall be had from the Authority separately, it being the intent of this Agreement that the Corporation be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Agreement.

(f) Assignment. The Corporation understands and agrees that the Authority has assigned its right, title and interest in this Agreement to the Trustee pursuant to the Second Assignment Agreement for the equal and ratable benefit of the Owners (in respect of the obligations represented by the Certificates), and the Corporation assents to such assignment. The Authority hereby directs the Corporation, and the Corporation hereby agrees, to pay directly to the Trustee all payments payable by the Corporation pursuant to this Section 3.4 and all amounts payable by the Corporation pursuant to Section 4.04 hereof.

(g) Deficiency. In addition, the Corporation agrees to make such payments as are necessary to make up any deficiency in the Reserve Fund in accordance with the provisions of Section 4.05 of the Trust Agreement.

Section 3.5. Quiet Enjoyment. During the Term of the Sublease, the Authority shall provide the Corporation with quiet use and enjoyment of the Project, and the Corporation shall, during such Term, peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Authority, except as expressly set forth in this Sublease. The Authority will, at the request of the Corporation and at the Corporation's cost, join in any legal action in which the Corporation asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Project as provided in Section 5.2. hereof.

Section 3.6. Title. During the Term of the Sublease, the Authority shall hold leasehold title to the Project and any and all additions which comprise fixtures, repairs, replacements or modifications to the Project, except for those fixtures, repairs, replacements or modifications which are added to the Project by the Corporation at its own expense and which may be removed without damaging the Project and except for any items added to the Project by the Corporation pursuant hereto.

If the Corporation prepays the Sublease Payments in full pursuant to Article VIII hereof or pays all Sublease Payments during the Term of the Sublease as the same become due and payable, all right, title and interest of the Authority in and to the Project shall be transferred to

and vested in the Corporation, provided that such right, title and interest shall not vest so long any Certificates remain Outstanding. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the Corporation to consummate any such transfer of title.

Section 3.7. Additional Payments. In addition to the Sublease Payments, the Corporation shall pay when due all costs and expenses incurred by the Authority to comply with the provisions hereof and of the Lease Agreement and the Trust Agreement, or otherwise arising from the financing of the Project, including without limitation all Delivery Costs attributable to this Sublease (to the extent not paid from amounts on deposit in the Delivery Costs Fund), compensation and indemnification due to the Trustee and all costs and expenses (including legal fees) of auditors, engineers, attorneys and accountants and all amounts due and payable pursuant to Sections 4.09 and 4.11 of the Trust Agreement.

Section 3.8. Maintenance of Sublease Payments. Subject to the provisions of the First Assignment Agreement, the Second Assignment Agreement and applicable laws and regulations, the Authority shall promptly collect, or cause to be collected, all Sublease Payments as the same become due, and shall promptly and vigorously enforce, or cause to be enforced, its rights to collect such Sublease Payments as they become due; provided, however, that the Authority shall not be liable or responsible to the Trustee, the Owners of the Certificates or any other person for the Corporation's failure to pay Sublease Payments under this Sublease Agreement.

Section 3.9. Further Security for Sublease Payments; First Assignment Agreement. To secure payment by the Corporation of Sublease Payments due hereunder, the Corporation shall execute the First Assignment Agreement by which it shall assign to the Trustee all of the Corporation's rights and remedies under the Lease Agreement.

Section 3.10. Pledge of Gross Revenues. Subject only to the provisions of this Sublease Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and the provisions of the Trust Agreement, the Corporation hereby pledges to the Authority for the benefit of the Owners, and to the extent permitted by law grants a security interest to the Authority in all of the Gross Revenues to secure the payment of the Sublease Payments and Additional Payments, and the performance by the Corporation of its other obligations under this Sublease Agreement and the Trust Agreement. All Gross Revenues shall be deposited on a daily basis upon receipt in the Revenue Fund which shall be established and maintained with the Trustee under the Trust Agreement on behalf of the Authority. The Corporation shall execute and deliver such documents (including, but not limited to, continuation statements) as may be necessary or reasonably requested by the Authority or the Trustee in order to perfect or maintain as perfected such security interest or give public notice thereof.

ARTICLE IV  
COVENANTS

Section 4.1. Affirmative Covenants.

(a) Payment of Sublease Payments. The Corporation shall duly and punctually pay or cause to be paid the Sublease Payments and Additional Payments, on the dates, at the places and in the manner provided in this Agreement according to the true intent and meaning hereof and shall not directly or indirectly extend or assent to the extension of the Sublease Payment Dates with respect to any Sublease Payments.

(b) Compliance with this Agreement. The Corporation shall faithfully observe and perform or cause to be faithfully observed and performed all the covenants, conditions and requirements of this Agreement and the Trust Agreement, and shall not suffer or permit any Event of Default to occur hereunder, nor do or permit to be done in, upon or about the Project or any part thereof, anything that might in any way weaken, diminish or impair the operation or use of the Project. The Corporation shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of this Agreement.

(c) Recordation and Filing. The Corporation shall record and file all such documents as may be required by law (together with whatever else may be necessary or be reasonably required by the Authority), in such manner, at such times and in such places as may be required by law in order fully to preserve and protect the rights of the Authority under this Agreement.

(d) Compliance with Conditions Precedent. Upon the date of execution of this Agreement, all conditions, acts and things required by law or by this Agreement or by the Trust Agreement to have happened or to have been performed precedent to or in the execution of this Agreement shall exist, have happened and have been performed, and this Agreement shall be within every limit prescribed by the Trust Agreement and by law.

(e) Power to Enter Into Agreement. The Corporation represents that it is duly authorized to enter into this Agreement and to provide the security provided for herein. The Corporation represents that the provisions of this Agreement are and will be the valid and legally enforceable obligations of the Corporation in accordance with the terms of this Agreement and of the Trust Agreement.

(f) Further Assurances. Whenever and so often as requested so to do by the Authority, the Corporation shall promptly execute and deliver all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order further and more fully to vest in the Authority, all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon the Authority by this Agreement.

(g) Compliance with Laws. except for any Matters Contested in Good Faith the Corporation will comply in all material respects with all Applicable Laws relating to its leasehold interest in and operation of the Project, its corporate structure, organization and qualification and its business, operations or assets. The Corporation will also

comply in all material respects with all requirements imposed by any Governmental Authority with respect to the Project, except for any Matters Contested in Good Faith.

(h) Compliance with Contracts; Payment of Debt. The Corporation will comply with, or cause to be complied with, all of its covenants and agreements under, and all requirements and conditions of, the Financing Documents, all other Material Contracts, and all insurance policies which relate to the Project or the Corporation. The Corporation will make full and timely payment of the principal of and interest on all of its Debt, whether now existing or hereafter arising, and comply in all material respects with all covenants and agreements set forth in instruments evidencing, securing or governing such Debt.

(i) Maintenance of Governmental Authorizations. The Corporation will maintain in full force and effect all of its governmental and other authorizations, approvals, consents, permits, licenses, certifications and qualifications necessary for the conduct of its business as it is presently being conducted (in the case of the Corporation) and its leasehold interest in and operation of the Project.

(j) Maintenance of Project. The Corporation will maintain and preserve the Project and all of its other tangible Property necessary to the conduct of the business of the Corporation in good working order and condition, ordinary wear and tear excepted; not permit, commit or suffer any waste of the Project, or any such other Property; not use or permit the use of the Project or any such other Property for any unlawful purpose or permit any nuisance to exist thereon; and make such repairs or replacements as are required or convenient for the proper operation, repair and maintenance of the Project and such other Property necessary to the conduct of the Corporation's business, in an economical and efficient manner and consistent with standards of operation and administration for an ice skating recreational facility comparable to the Project. The Corporation shall establish, or cause the Manager to establish, the Operating Account into which shall be deposited all amounts received by the Corporation or by the Manager on behalf of the Corporation, from the Trustee pursuant to the provisions of Section 4.09(a)(1) and Section 4.10 of the Trust Agreement, such amounts to be applied to the day-to-day payment of Operation Expenses.

(k) Payment of Taxes. The Corporation will timely file all federal, state and local tax returns and other reports as the Corporation is required by law to file, will maintain adequate provision on its books (as reflected in its annual audited financial statements) for the payment of all impositions imposed upon it, its income or its profits, or upon any property belonging to it, and pay and discharge before delinquency, all such impositions levied or assessed against the Corporation or the Project whether any or all of such impositions currently exist or are in addition to or in lieu of presently prevailing methods of taxation, except where the same may be Matters Contested in Good Faith; provided, that nothing herein shall be construed to prohibit the Corporation from paying in installments impositions that can be paid in installments over a period of years.

(l) Management. The Corporation shall, at all times during the term of this Sublease Agreement, have entered into a Management Agreement with a Manager. The Corporation shall deliver to the Authority and the Trustee upon amendment of an existing Management Agreement or the execution and delivery of a new Management Agreement, an opinion of Bond Counsel to the effect that the execution and delivery of any such amendment of or new Management Agreement will not affect the exclusion of interest represented by the Certificates from gross income for Federal income tax purposes.

In the event a successor manager (or replacement manager) is retained by the Corporation subsequent to the date of execution of this Sublease Agreement, the successor or replacement management entity shall (i) have significant experience as the manager of skating facilities, (ii) have other skating rink facilities then under its management control, (iii) have principals who individually have at least 7 years of experience in the skating rink industry either as managers or consultants, (iv) be willing to subordinate the annual management fee, other than for on-site management employees, and any performance incentive allowed under an IRS qualified management agreement, to the payment of the principal and interest represented by the Certificates, and (v) demonstrate familiarity with skating facility construction and/or rehabilitation of facilities and shall have been involved with other projects as consultant, contractor or construction manager; provided, however, in the event that Net Income Available for Debt Service is in an amount less than 100% of the Maximum Annual Debt Service, the Corporation may, at the direction of a Majority of Owners, appoint a successor manager not meeting the requirements of this paragraph.

Section 4.2. Negative Covenants.

(a) Waiver of Laws: The Corporation shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force which may adversely affect its obligation to pay Sublease Payments, and the covenants contained in this Agreement and the benefit and advantage of any such law is hereby expressly waived by the Corporation to the extent that the Corporation may legally make such waiver.

(b) Merger, Etc. Subject to Section 4.2(d), the Corporation will not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person; provided, however, that (i) the Corporation may merge or consolidate with or into any of its Affiliates if (A) the Corporation is the surviving entity and (B) the merger or consolidation will not cause or result in any default or event of default hereunder, (ii) the Corporation or any of its Affiliates may merge or consolidate with or into any non-Affiliate if (A) the Corporation or such Affiliate is the surviving entity, (B) the merger or consolidation will not cause or result in any default or event of default hereunder and (C) the merger or consolidation will result in the Corporation continuing to qualify as an organization described in Section 501(c)(3) of the Code, (iii) the Corporation may merge or consolidate with or into any non-Affiliate with the non-Affiliate being the surviving entity if (A) the surviving entity executes and delivers to the Trustee and the Authority an appropriate instrument satisfactory to the Authority assuming all of the obligations and restrictions of the Corporation under the Financing Documents; (B) the merger or consolidation will not cause or result in any default of event of default hereunder, (C) the Trustee and the Authority shall receive an Opinion of Bond Counsel to the effect that such merger or consolidation shall not adversely affect the exclusion of interest represented by the Certificates, if any, from the gross income of Owners of such Certificates under the Code, (D) the fund balances of the surviving entity is not diluted from that which the Corporation experienced immediately preceding such merger or consolidation and (E) for the Fiscal Year of the Corporation next preceding such merger or consolidation for which audited financial statements are available, Net Income Available for Debt Service related to the operations of the Corporation together with Net Income Available for Debt Service related to the operations of such non-Affiliate was not less than 120% of the Maximum Annual Debt Service for all outstanding Long-Term Debt of such surviving entity, and (iv) the Corporation may reincorporate under the laws of the State of California.

(c) Transfer of Property. Except with respect to the Lease Agreement, the Corporation will not, except in the ordinary course of business, sell, lease or otherwise transfer (including, without limitation, by gift or donation) any of its Property; provided, that the foregoing shall not prohibit the sale or other disposition for fair market value of (A) worn-out and obsolete equipment for the purpose of replacement with similar items of the same quality and value, performing the same function, or (B) property received by the Corporation by gift, grant, bequest or contribution.

(d) Corporation's Business; Operation of Project. The Corporation is engaged exclusively in the ownership of a leasehold interest in and operation of the Project, and will not engage in any other business or enterprise which is not related to the ownership of a leasehold interest in, and the operation, management or maintenance of, the Project. During the term of this Sublease Agreement, the Corporation shall not directly or indirectly acquire, rehabilitate, construct, or develop or assist in the financing of the acquisition, rehabilitation, construction or development of an ice or roller skating recreational facility within twenty (20) miles of the Project.

(e) No Material Adverse Contracts. The Corporation will not enter into any Material Contract which would be likely to have a Material Adverse Effect.

#### Section 4.3. Tax Covenants.

(a) No Arbitrage. The Authority and the Corporation covenant that neither the Authority nor the Corporation shall take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Gross Proceeds 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 Agreement to be an "arbitrage bond" within the meaning of section 148 of the Code and applicable Regulations.

(b) Federal Guarantee Prohibition. The Authority and the Corporation covenant that neither the Authority nor the Corporation shall take, 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 Code and applicable Regulations.

(c) Limitation on Delivery Costs. The Corporation covenants that, from the proceeds of the Certificates received from the Original Purchaser on the Closing Date and investment earnings thereon, an amount not in excess of two percent (2%) of the face amount of the Certificates less original issue discount, shall be used to pay for, or provide for the payment of, Delivery Costs. For this purpose, if the fees of the Original Purchaser are retained as a discount on the purchase of the Certificates, such retention shall be deemed to be an expenditure of proceeds of the Certificates for said fees.

(d) Limitation of Expenditure of Proceeds. The Corporation covenants that not less than 95 percent of the face amount of the Certificates, plus premium (if any) paid on the purchase of the Certificates by the Original Purchaser, less original issue discount and less amounts deposited in the Reserve Fund, will be paid to the payment of costs associated with the acquisition, construction and installation of the Project.

(e) Maintenance of 501(c)(3) Status. The Corporation covenants and agrees that it will maintain its status as an organization described in section 501(c)(3) of the Code, and its exemption from federal income taxation under section 501(a) of the Code.

(f) No Impairment of Exclusion from Gross Income. Neither the Corporation nor the Authority shall take any other action or suffer or permit any other action to be taken or condition to exist if the Corporation or the Authority knows or has reason to know that such action may cause the interest component of any Lease Payments which are excluded from gross income for purposes of federal income taxes and State of California personal income taxes to be or become included in gross income for purposes of federal income taxes or to be or become subject to State of California personal income taxes, including but not limited to, entering into any Management Agreement with respect to the Project which does not meet the requirements of the Code.

(g) Expenditure of Proceeds to Assure Qualified 501(c)(3). The Corporation shall assure that the proceeds of the Certificates are expended so as to cause the Certificates to constitute "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code.

(h) Ownership of Financed Property. The Corporation covenants that all property financed with the proceeds of the Certificates will be owned (as ownership is determined for purposes of federal income taxation) by the Corporation, by an organization described in section 501(c)(3) of the Code or by a governmental unit.

(i) Prohibited Facilities. The Corporation covenants that no portion of the proceeds of the Certificates will be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, all within the meaning of section 147(e) of the Code.

(j) No Unrelated Activities. The Corporation covenants that no part in excess of five percent (5%) of the portion of the Project financed with the Certificates will be used for (i) activities constituting unrelated trades or businesses, determined by applying section 513(a) of the Code, or (ii) activities constituting any trade or business of an entity other than a organization described in section 501(c)(3) of the Code or a governmental unit, if such use adversely affects the exclusion from gross income for federal income tax purposes of interest payable with respect to the Certificates.

(k) Tax-Exempt Bond Limitation. The Corporation covenants to comply with the provisions of section 145(b) of the Code so as to assure that the aggregate amount of tax-exempt bonds allocated to the Corporation does not exceed the limits specified in that section.

#### Section 4.4. Financial Covenants.

(a) No Liens. The Corporation will not create, incur, assume or permit to exist any Lien upon the Project or its interest in the Project created under the Lease Agreement, this Sublease or the Site Lease or the Gross Revenues or any other Property of the Corporation, now owned or hereafter acquired, other than Permitted Liens; provided, that the Liens of the Financing Documents shall not be extended to any Debt other than Debt corresponding to the Certificates and this Sublease.

(b) Additional Indebtedness. (i) Long Term Debt. The Corporation will not incur, assume or guarantee any indebtedness or liability which is required by GAAP in effect at the time to be shown or noted on the liability side of a balance sheet, senior to its obligations to make Sublease Payments and Additional Payments hereunder; provided, however, the Corporation may incur any indebtedness on a parity basis with (in addition to Parity Long-Term Debt as set forth below) its obligations to make Sublease Payments and Additional Payments under this Sublease in a principal amount

not to exceed five percent (5%) of the Gross Revenues for the immediately preceding Fiscal Year as follows:

(A) obligations under this Sublease in connection with the Certificates;

(B) indebtedness for borrowed money related solely to the operations of the Project;

(C) liabilities of the Corporation (other than for borrowed money) incurred in the regular course of the operations of the Project, including, without limitation, bank overdrafts incurred in the ordinary course of operations, contributions to self-insurance plans and liabilities as lessee under leases or real or personal property which are not required to be capitalized on the balance sheet of the Corporation in accordance with GAAP;

(D) indebtedness incurred for working capital related solely to the operations of the Project; provided that at the time of the issuance thereof and after giving effect thereto and the application of the proceeds thereof, the aggregate unpaid principal amount of all such indebtedness incurred pursuant to this paragraph (D) then outstanding shall not exceed 30 days' expenses of operating the Project other than depreciation and amortization as calculated from the most recently available audited financial statements of the Corporation;

(ii) Parity Debt. The Corporation may incur Parity Long-Term Debt for one or more of the following purposes:

(a) refunding (on an advance or current basis) and prepaying any Outstanding Certificates; and

(b) obtaining funds to acquire or construct additional recreational facilities at the Project or to renovate or replace existing recreational facilities located at the Project, including funds to capitalize interest during construction, to establish reserves for debt service and to pay expenses of the issuance of such Parity Debt.

Prior to incurring any Parity Debt, there shall be filed with the Trustee and the Authority a report or opinion of an independent certified public accountant acceptable to the Authority to the effect that (i) for the Fiscal Year of the Corporation next preceding the incurrence of such Parity Debt for which audited financial statements are available, Net Income Available for Debt Service was not less than 135% of Maximum Annual Debt Service for all outstanding Certificates and all outstanding Parity Debt issued prior to the issuance of such proposed Parity Debt, and the Parity Debt then proposed to be issued, or (ii) for the Fiscal Year of the Corporation next succeeding the incurrence of such Parity Debt, a projection of Net Income Available for Debt Service, taking into account the operation of such additional recreational facilities or renovation or replacement of such existing recreation facilities, of not less than 150% of Maximum Annual Debt Service for all outstanding Certificates and all outstanding Parity Debt issued prior to the issuance of such proposed Parity Debt and the Parity Debt then proposed to be issued; provided, however, that the report or opinion need not be delivered if the Parity Debt then proposed to be issued is incurred for refunding purposes and after giving effect to the issuance of the Parity Debt then proposed to be issued and to the application of the proceeds thereof, the Maximum Annual Debt Service on all Certificates outstanding and all Parity Debt outstanding does not exceed 125% of the Maximum Annual Debt Service on all Certificates outstanding and all Parity Debt outstanding immediately prior to such issuance, as

evidenced by a report of an independent certified public accountant delivered to the Authority and the Trustee concurrently with such issuance.

(c) Operating Budget. On or prior to the Closing Date and on or before each December 1 thereafter, the Corporation shall prepare and file, or cause the Manager to prepare and file, an Operating Budget adopted by the Corporation for the next Fiscal Year with the Trustee, the Authority and each Interested Certificate Owner, provided, however, the initial Operating Budget shall be for the period from the Closing Date through December 31, 1998. Within 45 days after the end of each Fiscal Year, the Corporation or the Manager shall provide to each Interest Certificate Owner a report reconciling the actual Operating Expenses incurred during such Fiscal Year to the Operating Expenses shown on the Operating Budget for such Fiscal Year.

(d) Debt Service Coverage Ratio.

(i) The Corporation agrees to prescribe and charge such fees, rates and other charges relating to the Project so as to maintain a Debt Service Coverage Ratio of not less than 1.50. The Debt Service Coverage Ratio will be calculated annually based on the Corporation's audited combined financial statements for the applicable Fiscal Year (the "Annual Calculation"), with respect to the Project.

(ii) In the event the annual audited financial statements of the Corporation for any Fiscal Year, beginning with the Fiscal Year ending December 31, 1999, shall disclose that such ratio is not being maintained, the Corporation agrees, within 45 days following the issuance of such statements, to employ a Management Consultant with a view to obtaining a report of such firm containing recommendations as to changes in the operating policies of the Corporation, including, but not limited to, revenues, fees, rates and other charges relating to the Project and with respect to improvements or changes in the operations and management of or services rendered by the Corporation, designed to maintain such ratio. Such report shall state the extent to which prior recommendations (if any) of the Management Consultant may not have been complied with by the Corporation. A copy of such report shall be submitted to the Corporation, the Issuer, the Trustee and all Interested Certificate Owners, as soon as practicable but in no event later than 60 days after the Annual Calculation. Within seven (7) months after the submission of its initial report, the Management Consultant shall submit to the Corporation, the Issuer, the Trustee and all Interested Certificate Owners, a follow-up report indicating whether or not the recommendations contained in its initial report are being complied with. The Corporation shall revise or cause to be revised such fees, rates and other charges in conformity with any recommendation of the Management Consultant and shall otherwise follow the recommendations of the Management Consultant, including the removal and/or replacement of the Manager, to the extent deemed feasible by the Board of Directors of the Corporation; provided that if the Corporation is deemed to be in default under this Section 4.4(d) and a Majority of Owners direct that a replacement Manager be hired, the Corporation shall hire a replacement Manager. No default shall be deemed to occur under this Section, provided that such recommendations are followed, and notwithstanding that a ratio of 150% is not subsequently reattained. The Corporation shall continue to be obligated to employ such a firm and obtain such a report in any year which such annual audited financial statements disclose that a ratio of 150% is not being maintained. Notwithstanding any provision in this Section to the contrary, if at any time the Net Income Available for Debt Service is an amount less than 100% of Maximum Annual Debt Service, the Corporation shall be deemed to be in default under this Section.

Section 4.5. Insurance and Condemnation.

(a) Insurance Coverage and Amounts. Subject to the further provisions of this Article, the Corporation shall provide or cause to be provided and maintain continuously or cause to be maintained continuously during the term of this Agreement, the following types and amounts of insurance, subject to the provisions in Section 4.5(b):

(i) Property Insurance. "Special Form" insurance on the Project in an amount equal to 100% of the replacement cost of the Project.

(ii) Business Interruption Insurance. Business interruption insurance covering the Corporation's payments due under this Agreement and the other Financing Documents, the salaries and expenses of key personnel and other minimum operating expenses required for the operation of the Project and the conduct of the Corporation's business during such period or periods as some or all of the Project may not be able to operate, in whole or in part, following damage or destruction of some or all of the Project by one of the hazards insured against by the insurance provided for herein or for any other reason. Such business interruption insurance shall cover such period as may be determined by the Corporation and as is acceptable to the Insurance Consultant, but in any event not less than 12 months.

(iii) Liability Insurance. (A) Commercial general liability insurance (insuring the interests of the Corporation), in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the general aggregate and \$2,000,000 for products and completed operation aggregate.

(iv) Fidelity Insurance. Fidelity bonds or employee dishonesty coverage on all officers and employees of the Corporation who collect or have custody of or access to Gross Revenues, receipts or income from the Project, or any funds of the Corporation in a minimum amount of \$25,000; such bonds to be in such amounts as are customarily carried by like organizations engaged in like activities of comparable size and having comparable income and assets, and as are deemed satisfactory to the Insurance Consultant.

(v) Worker's Compensation. Worker's compensation and employer's liability insurance in a minimum amount of \$1,000,000.

(vi) Boiler and Machinery Insurance. Boiler and machinery coverage (direct damage and use and occupancy) on a replacement cost basis.

(vii) Excess Liability Coverage. Excess liability coverage in the amount at least equal to \$1,000,000, covering excess of subsection (iii) to be maintained in force so that the total coverage available under each of the aforementioned subsections, including this subsection, is not less than \$2,000,000 per occurrence straight excess and \$3,000,000 in the aggregate.

(b) Insurance Consultant. The Corporation shall employ each year during the term of this Agreement an Insurance Consultant. All policies of insurance and bonds required by this Section shall be in such amounts and shall contain such provisions as comply with the requirements of this Article and of applicable provisions of the Deed of Trust and any other Financing Document, or, if an Insurance Consultant recommends a higher amount or additional coverage, in such higher amount or such additional coverage, and in every applicable case shall contain standard mortgagee and loss payee

clauses; provided, that the Corporation shall not be required to provide insurance coverage which, in the written opinion of the Insurance Consultant, is for risks not normally covered or is in excess of standard requirements, if any, for facilities similar in size, location and nature to the Project. All policies and bonds shall provide that coverage shall not be canceled without 30 days prior written notice to the Authority.

(c) Insurers. All policies of insurance and bonds shall be issued by responsible insurance or bonding companies, acceptable to the Corporation, the Insurance Consultant and the Authority qualified to do business in the State of California, and qualified under the laws of the State of California to assume risks covered by such policy or policies or bond or bonds and shall be nonassessable.

(d) Terms. All policies of insurance required under subsections 4.5 (a)(i), (ii), (iv) and (vi) shall be for the benefit of the Corporation, the Trustee and the Ground Lessor, as their respective interests may appear, and shall be made payable to the Trustee. The Trustee shall have the exclusive right after obtaining the advice and consent of the Corporation, which shall not be unreasonably withheld or delayed (and after the occurrence of an Event of Default, without notice to or consent of the Corporation), to receive the proceeds from such insurance and settle and receipt for claims thereunder. Policies evidencing the insurance required by Subsections 4.5(a)(iii), (v) and (vii) shall be for the benefit of the Corporation. The Corporation shall have the right to receive payments due and to receipt for claims under policies of insurance and fidelity bonds.

(e) Commercial Unavailability. In the event that any insurance required by this Section is commercially unavailable at a reasonable cost or has been otherwise provided, as evidenced by a certificate of the Insurance Consultant, the Authority shall accept such substitute coverage, if any, as is recommended in writing by the Insurance Consultant following consultation with the Corporation.

(f) Casualty; Condemnation; Loss of Title. If the Project shall be wholly or partially destroyed or damaged by fire or other casualty covered by insurance required under Section 4.5(a)(i), (ii) or (vi), or if the Project shall be wholly or partially condemned, taken or injured by any Person, including any Person possessing the right to exercise the power of (or a power in the nature of) eminent domain or transferred to such a Person, by way of a conveyance in lieu of the exercise of such a power by such Person, or if any part of the Project shall be lost because of failure of title, the Corporation covenants that they will promptly notify the Trustee of such event and will take all actions and will do all things which may be necessary to enable recovery to be made upon such policies of insurance (including title insurance) or on account of such taking, condemnation, conveyance, damage, injury or loss of title in order that moneys due on account of losses suffered may be collected and paid to the Trustee and applied as provided herein. Any adjustment of loss or damage and any settlement or payment therefor, which may be agreed upon by the Corporation and the appropriate insurer or condemnor or other Person, shall be evidenced to the Trustee by a certificate signed by an Authorized Corporate Representative.

(g) Proceeds of Hazard Insurance.

(i) Notification of Loss; Estimate; Architect. Immediately after occurrence of loss or damage to all or a portion of the Project covered by the insurance required under Section 4.5, the Corporation shall notify the Authority and the Trustee. Within 30 days of such occurrence, the Corporation shall engage an Architect which shall determine and advise the Authority, the Trustee and the Corporation, in writing within 60 days of engagement (unless a longer period is

agreed upon by the Authority), whether it is practicable to repair, reconstruct or replace such damaged or destroyed or lost property and, if so, the estimated time and funds required for such repair, reconstruction or replacement of the portion of the Project affected by such loss or damage (a "Reconstruction Project"); provided, that the advice of the Architect shall not be required if the estimated total cost of repair, reconstruction or replacement, as set forth in reasonable detail in a certificate of an Authorized Corporate Representative delivered to the Trustee within 30 days of such occurrence is less than \$100,000.

(ii) Initial Deposit of Proceeds. All proceeds of insurance required by Section 4.5(a)(i), (ii), (iv) and (vi) (to the extent said proceeds reimburse the Corporation for loss with respect to the Project), less expenses of recovery of the same incurred by the Authority, the Trustee or the Corporation (hereafter, "Net Insurance Proceeds"), shall be delivered directly to the Trustee and deposited by the Trustee into the Insurance and Condemnation Fund, pending application in accordance with this Section and the Trust Agreement. All proceeds of insurance required by Section 4.5(a)(ii), to the extent necessary to pay principal and interest represented by Certificates shall be deposited into the Lease Payment Fund, and applied to payment of the principal of and interest on Certificates as such payments come due.

(iii) Terms of Reconstruction. If the Architect shall advise that the proposed Reconstruction Project is practicable, and if, within 90 days from the Trustee's receipt of the Architect's report, the Corporation deliver to the Trustee (1) a written report of a Management Consultant stating that, based upon information provided by the Insurance Consultant, or, if unavailable, based upon the Corporation's best judgment of the anticipated Net Proceeds, the Corporation will have sufficient funds from the Net Proceeds and all other available funds to make the payments required of the Corporation under this Agreement and the Financing Documents, to pay the cost of the proposed Reconstruction Project, and to pay all operating expenses until completion of such Reconstruction Project and for the first full Fiscal Year after completion, (2) an executed construction contract for the work at a guaranteed maximum price or fixed price not exceeding the amount stated in the Architect's report delivered pursuant hereto, (3) cash or an irrevocable letter of credit in an amount at least equal to the excess, if any, of the funds necessary for payment of the amounts due under such construction contract, over the Net Proceeds, and (4) performance and payment bonds and construction-related insurance, and (5) the Corporation's written notice of its election to undertake the proposed Reconstruction Project; then the Corporation shall promptly proceed to undertake the Reconstruction Project, as applicable, including all fixtures, furniture, equipment and effects, to restore the Project to its original condition insofar as possible.

Notwithstanding the foregoing, if the amount of Net Proceeds with respect to such an occurrence exceeds \$100,000, then the Management Consultant's report described above shall include additional statements to the effect that (i) the portion of costs of the proposed Reconstruction Project, if any, in excess of the estimated Net Insurance Proceeds can be paid by the Corporation without the incurring of additional Debt and (ii) the Debt Service Coverage Ratio for the first full Fiscal Year following completion of the Reconstruction Project will be at least equal to 100% of the Debt Service Coverage Ratio as of the most recent calculation prior to the occurrence of the loss or damage to the Project.

Without limitation to any of the foregoing, if a Reconstruction Project is undertaken in accordance with the preceding requirements, the Trustee shall disburse Net Proceeds held in the Insurance and Condemnation Fund in accordance with the procedures and requirements established under the Trust Agreement. To the extent that such Net Proceeds are not sufficient, moneys shall be provided by the Corporation. All Net Proceeds remaining after the completion of the Reconstruction Project and payment of all related expenses of the Authority and the Trustee, if any, shall, without notice, request or demand, promptly be transferred to the Certificate Principal Account of the Lease Payment Fund and applied to the prorata prepayment of Certificates in accordance with the Trust Agreement.

(iv) No Reconstruction. Notwithstanding anything contained in this Section, (A) if the Architect advises that the proposed Reconstruction Project with a certified estimated total cost in excess of \$100,000 is not practicable, or (B) if any report, certificate or other document required by Subsection (i) or (ii) above with respect to any proposed Reconstruction Project is not delivered by or on behalf of Corporation within the required time period, then, the Trustee shall, transfer all Net Proceeds held in the Insurance and Condemnation Fund to the Lease Payment Fund and applied to the pro rata prepayment of Certificates in accordance with the Trust Agreement.

(v) Business Interruption Insurance. The proceeds of business interruption insurance required by this Article shall be paid to the Corporation (or, if an Event of Default has occurred and is continuing, to the Trustee); provided, that if the Project is not to be repaired, reconstructed or replaced as provided in this Section, then the proceeds of such business interruption insurance shall be applied to the prepayment of the Certificates pursuant to the Trust Agreement.

(h) Eminent Domain.

(i) Notification of Proceedings. Immediately after the commencement of any condemnation or similar proceedings by a third party in the exercise of a power of eminent domain, or a power in the nature of eminent domain affecting the Project or any portion thereof, the Corporation shall notify the Authority and the Trustee in writing.

(ii) Initial Deposit of Proceeds. All Net Proceeds shall be delivered directly to the Trustee and deposited by the Trustee into the Insurance and Condemnation Fund, pending application in accordance herewith.

(iii) Condemnation of All or Substantially all of the Project. The Net Proceeds received from the condemnation or purchase in lieu of exercise of such power or all or substantially all of the Project shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the redemption of Certificates in accordance with the Trust Agreement.

(iv) Terms of Replacement or Restoration of a Portion of the Project. Within 30 days after receipt of proceeds of any condemnation award or other compensation paid by reason of a conveyance in lieu of the exercise of such power, with respect to less than all or substantially all of a Project, the Corporation, in writing within 60 days of engagement, whether it is practicable to replace or restore the portion of a Project affected by such taking or conveyance and if so, the estimated time and funds required for such replacement or restoration.

If the Architect shall advise that the replacement or restoration of the portion of the Project is practicable, and (i) if, within 90 days from the Trustee's receipt of the Architect's report, the Corporation deliver to the Trustee (1) a Management Consultant's report stating that, in the signer's opinion, the Corporation will have sufficient funds from the Net Proceeds, and from the proceeds of business interruption insurance and other available funds, to make the payments required of the Corporation under this Agreement, to pay the cost of replacing or restoring the portion of the Project affected by such taking or conveyance and to pay all operating expenses until completion of the replacement or restoration of such portion of the Facility which is affected by such taking or conveyance, for the first full Fiscal Year after such completion, (2) an executed construction contract for such work at a guaranteed maximum price not greater than the amount stated in the Architect's report, (3) cash or an irrevocable letter of credit in an amount equal to the funds; if any required by the Architect's report in excess of the Net Proceeds, (4) performance and payment bonds and other construction-related insurance, and (5) the Corporation's written notice of their election to replace or restore the affected portion of the Project, and (ii) if, within 30 days of its receipt of the foregoing, the Trustee acknowledges the proposed replacement or restoration; then, the Corporation shall promptly proceed to replace or restore the portion of the Project affected by such taking or conveyance, including any fixtures, furniture, equipment, and effects, to its original usefulness and condition insofar as possible.

Notwithstanding the foregoing, if the estimated cost of replacing or restoring the portion of the Project affected by such taking or conveyance is less than \$100,000, the Corporation shall not be required to deliver the items referred to in clauses (1) through (4) above, and provided that the Trustee acknowledges receipt of (A) the Architect's estimated cost of replacing or restoring the portion of the Project affected by such taking or conveyance, if timely delivered, together with (B) the Corporation's written notice of their election to replace or restore the affected portion of the Project, then the Corporation shall promptly proceed to replace or restore such portion of the Project.

If replacement or restoration is undertaken as provided in this Subsection (iv), the Trustee may disburse funds from the Insurance and Condemnation Fund for such purpose in accordance with the procedures requirements established under the Trust Agreement. To the extent that such Net Proceeds are not sufficient, moneys shall be provided by the Corporation. Any Net Proceeds remaining after the completion of replacement or reconstruction shall, without notice, request or demand, promptly be transferred to the appropriate account of the Lease Payment Fund and applied to the prorata prepayment of Certificates in accordance with the Trust Agreement.

(v) Non Replacement or Restoration. Notwithstanding anything contained in this Section to the contrary, if (A) the Architect advises that replacement or restoration of the Project is not practicable or (B) any report or other document required by this Section is not delivered by or on behalf of the Corporation within the required time period, then, the Trustee shall, transfer all Net Proceeds held in the Insurance and Condemnation Fund to the Certificate Principal Account of the Lease Payment Fund for the prorata prepayment of Certificates in accordance with the Trust Agreement.

#### Section 4.6. Compliance with Rebate Provisions; Indemnification of Authority.

(a) The Corporation covenants that it shall take any and all actions necessary to assure compliance with Section 4.11 of the Trust Agreement. In particular, it shall directly or through independent consultants: (i) perform the calculations and assure the payment required by Section 4.11 of the Trust Agreement; (ii) maintain the records required by Section 4.11 of the Trust Agreement; (iii) pay all reasonable fees, costs and

expenses incurred by the Authority, the Trustee or the Corporation in connection with compliance with Section 4.11 of the Trust Agreement, including reasonable compensation due to independent consultants employed to insure compliance with Section 8.07 of the Trust Agreement; and (iv) coordinate and cooperate in any and all respects necessary to assure compliance with Section 4.11 of the Trust Agreement.

(b) The Corporation agrees that the Authority, its officers, agents and employees, shall not be liable for, and agrees that it will at all times indemnify and hold harmless the Authority, its officers, agents and employees, against all losses and liabilities, and pay all expenses of the Authority, its officers, agents and employees, relating to any lawsuit, proceeding or claim arising out of compliance (or failure to comply) with Section 4.11 of the Trust Agreement or resulting from any action taken by or on behalf of, or any inaction on the part of, the Authority, its officers, agents and employees with respect to such compliance that may be occasioned by any cause (other than the negligence or willful misconduct of the Authority, its officers, agents and employees) including the costs and expenses of defending against any claims and liabilities, including reasonable attorneys fees and expenses. In case any action shall be brought against the Authority in respect of which indemnity may be sought against the Corporation, the Authority shall promptly notify the Corporation in writing and the Corporation shall be entitled to assume the defense thereof, including the employment of Counsel and the payment of all reasonable and necessary expenses. Failure by the Authority to notify the Corporation will not relieve the Corporation from any liability which it may have to the Authority otherwise than under this Section 4.6. The Authority shall have the right to employ separate Counsel in any such action and participate in the defense thereof, but the reasonable fees and expenses of such Counsel shall be paid by the Authority unless the employment of such Counsel has been authorized by the Corporation. The Corporation shall not be liable for any settlement of any such action without its consent, but if any such action is settled with the consent of the Corporation or if there be final judgment for the plaintiff in any such action, the Corporation agrees to indemnify and hold harmless the Authority from and against any loss or liability by reason of such settlement or judgment (except to the extent that any such loss or liability results from or arises out of the negligence or willful misconduct of the Authority, its officers, agents and employees). The provisions of this Section 4.6 shall survive the termination of this Agreement for a period equal to the applicable statute of limitations period.

Section 4.7. Indemnification Due to Authority and Trustee. The Corporation shall and hereby agrees to indemnify and save the Authority and the Trustee and their officers, employees and agents harmless from and against all claims, losses and damages, including reasonable legal fees and expenses incurred by them in any action or proceeding brought by reason of any such claim arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project by the Corporation, (ii) any breach or default on the part of the Corporation in the performance of any of its obligations under this Agreement, (iii) any act of negligence of the Corporation or of any of its agents, contractors, servants, employees or licensees with respect to the Project, (iv) any act of negligence of any lessee of the Corporation or of any of its agents, contractors, servants, employees or licensees with respect to the Project, (v) the financing of the Project or the authorization of payment of the Delivery Costs, all to the extent permitted by law, (vi) any untrue statement or alleged untrue statement of any material fact or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading in any private placement memorandum or other disclosure document utilized in connection with the sale of the Certificates; or (vii) any of the transactions contemplated hereby or by the related documents listed in Section 1.03 hereof, the Certificate Placement Agreement or any official statement or disclosure document utilized in connection therewith.

In the event that any action or proceeding is brought against the Authority or the Trustee or their officers, employees or agents by reason of any such claim or demand, the Corporation, upon notice from the Authority or the Trustee, covenants to resist and defend such action or proceeding on demand of the Authority or the Trustee or their officers, employees or agents. The Corporation also covenants and agrees, at its expense, to pay, and to indemnify the Authority and the Trustee from and against all costs, expenses and charges, including reasonable attorneys' fees and expenses, incurred in enforcing any covenant or agreement of the Corporation contained in this Agreement. The Corporation also agrees to indemnify the Authority and the Trustee from and against any claim, loss, liability, expense or advance arising in connection with Trustee's administration of the trust created by the Trust Agreement and to pay to the Trustee, to the extent not paid by the Authority, all moneys to which the Trustee is entitled pursuant to the Trust Agreement.

Indemnification as set forth in this Section 4.7 shall be limited to the extent and in the amounts provided for by State law. Notwithstanding the foregoing, no indemnification will be made by the Corporation for willful misconduct, negligence, bad faith or breach of duty under this Agreement by the Authority or the Trustee, as its assignee, or by the Trustee under the Trust Agreement or their officers, agents, employees, successors or assigns. The obligations of the Corporation hereunder shall be and remain valid and binding obligations of the Corporation notwithstanding payment in full of the Sublease Payments, or the removal, resignation or replacement of the Trustee, for a period of not to exceed the applicable statute of limitations period.

Section 4.8. Furnishing Additional Information. The Corporation shall from time to time upon reasonable notice in writing, furnish to the Authority and the Trustee such reasonable information and data regarding the Project as may be requested by the Trustee for the purpose of carrying out its duties under the Trust Agreement.

Section 4.9. No Obligations Superior to Sublease Payments. In order to protect further the availability of the Gross Revenues and the security for the Sublease Payments, the Corporation hereby agrees that the Corporation shall not, so long as any Certificates are Outstanding, issue or incur any obligations payable from the Gross Revenues superior to the Sublease Payments or the Corporation's obligations under the Trust Agreement or, except as provided herein, on a parity with the Sublease Payments or the Corporation's obligations under the Trust Agreement.

Section 4.10. Continuing Disclosure. The Corporation hereby covenants and agrees that it will execute and deliver and will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Sublease Agreement, failure of the Corporation to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Corporation to comply with its obligations under this Section 4.10.

Section 4.11. Environmental Matters. The Corporation shall not engage in any activity in any part of the Project, and shall use best efforts to prevent others from engaging in any activity therein, which will result in the Project, or any part thereof, containing any of the following in concentrations or under conditions in material violation of Hazardous Materials Laws (as defined below): (a) any oil, or Hazardous Materials, as defined below (excepting only minor quantities of household, educational and cleaning materials customarily used in the ordinary course of prudent household, educational or business purposes, as applicable, including without limitation materials customarily used in biology and chemistry laboratories, and

maintained in accordance with all applicable Hazardous Materials Laws); (b) asbestos in any form which is or could be friable; (c) urea formaldehyde foam insulation; (d) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million. Notwithstanding the foregoing, the possession by the Corporation of minor quantities of a Hazardous Material, the presence of which does not materially violate any Hazardous Materials Laws and the removal of which is not mandated by such Hazardous Materials Laws shall not be a violation of this Section 4.11. If at any time it is determined that the provisions of this Section 4.11 have been violated, the Corporation shall be solely responsible for and shall pay for all costs incurred in connection with the remediation or removal of the Hazardous Materials, if such remediation or removal is required by any regulatory authority implementing the Hazardous Materials Laws. Any liability of the Corporation arising out of this Section 4.11 shall, to the extent provided under any Hazardous Materials Laws, survive the Corporation's satisfaction of its obligations hereunder, including, without limitation, a transfer of the Sites and the Facilities or any portion thereof, by foreclosure, by deed in lieu of foreclosure or otherwise.

As used herein, "Hazardous Materials" means (a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials or pollutants which (i) post a hazard to the Project or to persons on or about the Sites and the Facilities or (ii) cause the Project to be in violation of any Hazardous Materials Laws; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) any chemical, materials or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project.

As used herein, "Hazardous Materials Laws" shall mean any federal, state or local laws, ordinances, regulations, or policies relating to the environment, health and safety, or to Hazardous Materials (including, without limitation, the use, handling, transportation, production, disposal, discharge or storage thereof) including, without limitation, soil or ground water conditions.

## ARTICLE V

### DISCLAIMER OF WARRANTIES; ACCESS

Section 5.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CORPORATION OF THE PROJECT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT. IN NO EVENT SHALL THE AUTHORITY BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS SUBLEASE OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CORPORATION'S USE OF THE PROJECT.

Section 5.2. Access to the Project. The Corporation agrees that the Authority and any Authority Representative, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The Corporation further agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the Corporation to perform its obligations hereunder.

## ARTICLE VI

### ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 6.1. Assignment and Subleasing by the Corporation. This Sublease may not be assigned by the Corporation. The Corporation may not sublease the Project or any portion thereof.

Section 6.2. Supplement and Amendment. This Agreement may be amended in writing by the parties hereto, for the purpose of (a) curing any ambiguity or of curing, correcting, or supplementing any defective provision contained herein, (b) in regard to questions arising under this Agreement which the Authority and the Corporation may deem necessary or desirable and which shall not materially adversely affect the Owners of the Certificates, or (c) making such additions, deletions or modifications as may be necessary to assure compliance with section 145 of the Code relating to qualified 501(c)(3) obligations, section 148(f) of the Code relating to required rebate of Excess Investment Earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for purposes of federal income taxes of the interest component of Lease Payments; provided, however, that no such amendment pursuant to this Section 6.2 shall adversely affect the interests of the Certificate Owners or the Trustee. This Agreement may also be amended upon approval of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding; provided, however, that no such amendment shall impair the right of any Owner to receive its fractional share of any Lease Payment in accordance with its Certificate nor shall any amendment impair the rights or adversely affect the duties of the Trustee without its written consent.

(b) This Agreement also may be amended by the parties hereto by the execution of a supplement hereto, without the prior written consent of the Trustee or the Owners of the Certificates, in connection with the execution and delivery of an Additional Series of Certificates pursuant to the provisions of Section 2.14 of the Trust Agreement for the purpose of providing for the acquisition, construction, installation, rehabilitation or equipping of additions or improvements to the Project, or to refund any of the Series of Certificates (or portion thereof) previously executed under the Trust Agreement; provided that the Authority shall satisfy the following requirement which are hereby declared to be conditions precedent to such amendment:

(i) No Event of Default shall have occurred and be continuing;

(ii) An Additional Series of Certificates meeting the requirements of Section 2.14 of the Trust Agreement shall be executed and delivered evidencing the direct, undivided fractional in the owners thereof in additional Sublease Payments, pursuant to an amendment to or supplement of this Agreement, an executed copy of which shall be filed with the Trustee following the execution and delivery thereof by the parties thereto; and

(iii) An executed copy of any such amendment or supplement shall be filed with the Trustee following the execution and delivery thereof by the Authority and the Corporation which shall (A) set forth a Sublease Payment schedule and relating to such Additional Series of Certificates sufficient to pay the principal and interest with respect to such Additional Series of Certificates when due (B) set forth the necessary deposits of the proceeds of such Additional Series of Certificates, (C) set forth any special prepayment provisions relating to such additional Sublease Payments, and (D) set forth any other particulars of such additional Sublease Payments.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Events of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay any Sublease Payment or other payment required to be paid hereunder at the time specified herein and the continuation of said failure for a period of five (5) days; or

(b) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement or the Trust Agreement, other than as referred to in subsection (a) of this Section 7.1, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Corporation by the Authority (including such notice at the direction of the Trustee), unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Corporation within the applicable period and diligently pursued until the default is corrected; or

(c) An Event of Default shall occur under the Lease Agreement, the Trust Agreement or the Deeds of Trust; or

(d) an Event of Bankruptcy.

Section 7.2. Notice of Default and Opportunity to Cure. Anything herein to the contrary notwithstanding, no event except an event described in subsection (a) of Section 7.1 of this Agreement or an event described in subsection (c) of Section 7.1 of this Agreement arising by reason of an Event of Default under subsection (a) of Section 7.1 of the Lease Agreement, shall constitute an Event of Default under this Agreement until written notice of such default is provided to the Corporation and the Corporation is given a thirty-day period within which to cure such event after receipt of such notice (or such longer period as shall reasonably be required to cure such default, provided the Corporation has commenced such cure within said thirty-day period and diligently prosecutes such cure to completion).

Section 7.3. Remedies on Default. Upon the occurrence and continuance of any happening of each and every Event of Default specified in Section 7.1 of this Agreement, the Trustee as assignee of the Authority, may, except with respect to an Event of Default as set forth in Section 7.1(a) above or upon written request of the Owners of not less than twenty-five percent (25%) in aggregate Outstanding principal amount of Certificates, shall, declare all principal components of the unpaid Sublease Payments and Additional Payments, together with accrued interest at the rate or rates specified in the respective Outstanding Certificates from the immediately preceding Sublease Payment Date on which payment was made, and Additional Payments to be immediately due and payable.

In addition, the Trustee shall, subject to the provisions of the Trust Agreement and in accordance with the terms and conditions of the Lease Agreement, this Sublease Agreement and the Deeds of Trust, exercise the remedies provided to the Trustee (whether directly or by assignment thereof) in the Lease Agreement, this Sublease Agreement and the Deeds of Trust.

Section 7.4. Suits at Law or in Equity and Mandamus. In addition to the remedies set forth in Section 7.3 hereof, in case one or more of the Events of Default shall happen, then and in every such case, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Agreement by such appropriate judicial proceeding as the Authority shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Agreement, or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the Authority by this Agreement, by the First Assignment Agreement, by the Second Assignment Agreement, by the Trust Agreement or by law. The provisions of this Agreement and the duties of the Corporation and of the officers and employees thereof shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Without limiting the generality of the foregoing, the Authority shall have the right to seek the following remedies:

(a) Accounting. By action or suit in equity to require the Corporation and its officers, agents and employees and its assigns to account as the trustee of an express trust.

(b) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(c) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce its or their rights against the Corporation and any of its officers, agents, and employees, and to compel it or them to perform and carry out its and their duties and obligations under the law and its and their covenants and agreements with the Authority as provided herein.

Section 7.5. Non-Waiver. Nothing in this Article VII or in any other provision of this Agreement shall affect or impair the obligation of the Corporation, which is absolute and unconditional, to pay the Sublease Payments, as herein provided. No delay or omission of the Authority to exercise any right or power arising upon the happening of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power and remedy given by this Article VII to the Authority may be exercised from time to time and as often as shall be deemed expedient by the Authority.

Section 7.6. Remedies Not Exclusive. No remedy herein or by law conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred by any law.

Section 7.7. Status Quo Ante. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, then, and in every such case, the Authority and the Corporation, shall be restored to its and their former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

Section 7.8. Agreement to Pay Attorneys' Fees and Expenses. Upon an Event of Default under this Agreement, if the Authority or the Trustee employ attorneys or incur other expenses for the collection of Installment Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained (and such Event of Default is not the result of or does not arise from the negligence or willful misconduct of the Authority or the Trustee), the Corporation agrees that it will on demand therefor pay to the

Authority or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys and such other reasonable expenses so incurred by the Authority or the Trustee. The obligations of the Corporation hereunder shall be and remain valid and binding obligations of the Corporation notwithstanding payment of the Sublease Payments in full for a period of not to exceed the applicable statute of limitations period.

## ARTICLE VIII

### PREPAYMENT OF SUBLEASE PAYMENTS

Section 8.1. Security Deposit. Notwithstanding any other provision of this Sublease, the Corporation may on any date secure the payment of all or a portion of the Sublease Payments remaining due, by means of: (a) in the case of a security deposit relating to all Sublease Payments, either (i) an amount which is sufficient to pay all unpaid Sublease Payments in accordance with the Sublease Payment schedule set forth in Exhibit C, or (ii) Federal Securities and/or cash in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon be fully sufficient to pay all unpaid Sublease Payments on their respective Sublease Payment Dates; or (b) in the case of a security deposit relating to a portion of the Sublease Payments, a certificate executed by an Corporation Representative designating the portion of the Sublease Payments to which the deposit pertains, and either (i) an amount which is sufficient to pay the portion of the Sublease Payments designated in such Corporation Representative's certificate, or (ii) Federal Securities and/or cash in such amount as will, together with interest to be received thereon, if any, in the opinion of an independent certified public accountant, be fully sufficient to pay the portion of the Sublease Payments designated in the aforesaid Corporation Representative's certificate.

In the event of a deposit pursuant to this Section 8.1 as to all Sublease Payments, upon the payment of all Additional Payments due and payable hereunder, all obligations of the Corporation under this Sublease shall cease and terminate, excepting only the obligation of the Corporation to make, or cause to be made, all payments from the deposit made by the Corporation pursuant to this Section 8.1, and title to the Project shall vest in the Corporation on the date of said deposit automatically and without further action by the Corporation or the Authority, provided that title shall not so vest if any Certificates remain Outstanding. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments provided for by this Section 8.1 and said obligation shall thereafter be deemed to be and shall constitute the installment purchase obligation of the Corporation for the Project. Upon said deposit, but subject to the provisions of the Lease Agreement, the Authority will execute or cause to be executed any and all documents as may be necessary to confirm title to the Project in accordance with the provisions hereof. In addition, the Authority hereby appoints the Corporation as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Project in the Corporation.

Section 8.2. Mandatory Prepayment. The Corporation shall be obligated to prepay the Sublease Payments (a) in whole on any date or in part on any Sublease Payment Date, from and to the extent of any Net Proceeds of an insurance or condemnation award with respect to the Project theretofore deposited in the Lease Payment Fund for such purpose pursuant to Section 4.5 of this Sublease and Article III of the Trust Agreement, (b) in whole on any date upon the occurrence of a Determination of Taxability at a prepayment price of 103% of the principal portion of the Sublease Payments represented by the Certificates Outstanding, or (c) in part on any Sublease Payment Date from amounts on deposit in the Acquisition and Construction Fund on the Completion Date, but only to the extent such amount is \$50,000 or greater. The Authority and the Corporation hereby agree that such Net Proceeds shall be applied first to the payment of any delinquent Sublease Payments, and thereafter shall be credited towards the Authority's obligations under this Section 8.2. Sublease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Sublease Payment schedule which shall be provided by, or caused to be provided by, the Corporation to the Trustee and the Authority and which shall represent an adjustment to the schedule set forth in Exhibit B attached hereto taking into account said partial prepayment.



Section 9.8. Authorized Representatives. Whenever under the provisions of this Sublease the approval of the Authority or the Corporation is required, or the Authority or the Corporation is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authority Representative and for the Corporation by an Corporation Representative, and any party hereto shall be authorized to rely upon any such approval or request.

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

IN WITNESS WHEREOF, the Authority has caused this Sublease Agreement to be executed in its corporate name by its duly authorized officers and sealed with its corporate seal; and the Corporation has caused this Sublease to be executed in its name by its duly authorized officers and sealed with its corporate seal, as of the date first above written.

VACAVILLE PUBLIC FINANCING  
AUTHORITY, as Sublessor

By *David Van Hulse*  
Assistant Executive Director

Attest:

*Kathleen M Anderson*  
Secretary

VACAVILLE RECREATION  
CORPORATION, as Sublessee

By \_\_\_\_\_  
Vice President

IN WITNESS WHEREOF, the Authority has caused this Sublease Agreement to be executed in its corporate name by its duly authorized officers and sealed with its corporate seal; and the Corporation has caused this Sublease to be executed in its name by its duly authorized officers and sealed with its corporate seal, as of the date first above written.

VACAVILLE PUBLIC FINANCING  
AUTHORITY, as Sublessor

By \_\_\_\_\_  
Assistant Executive Director

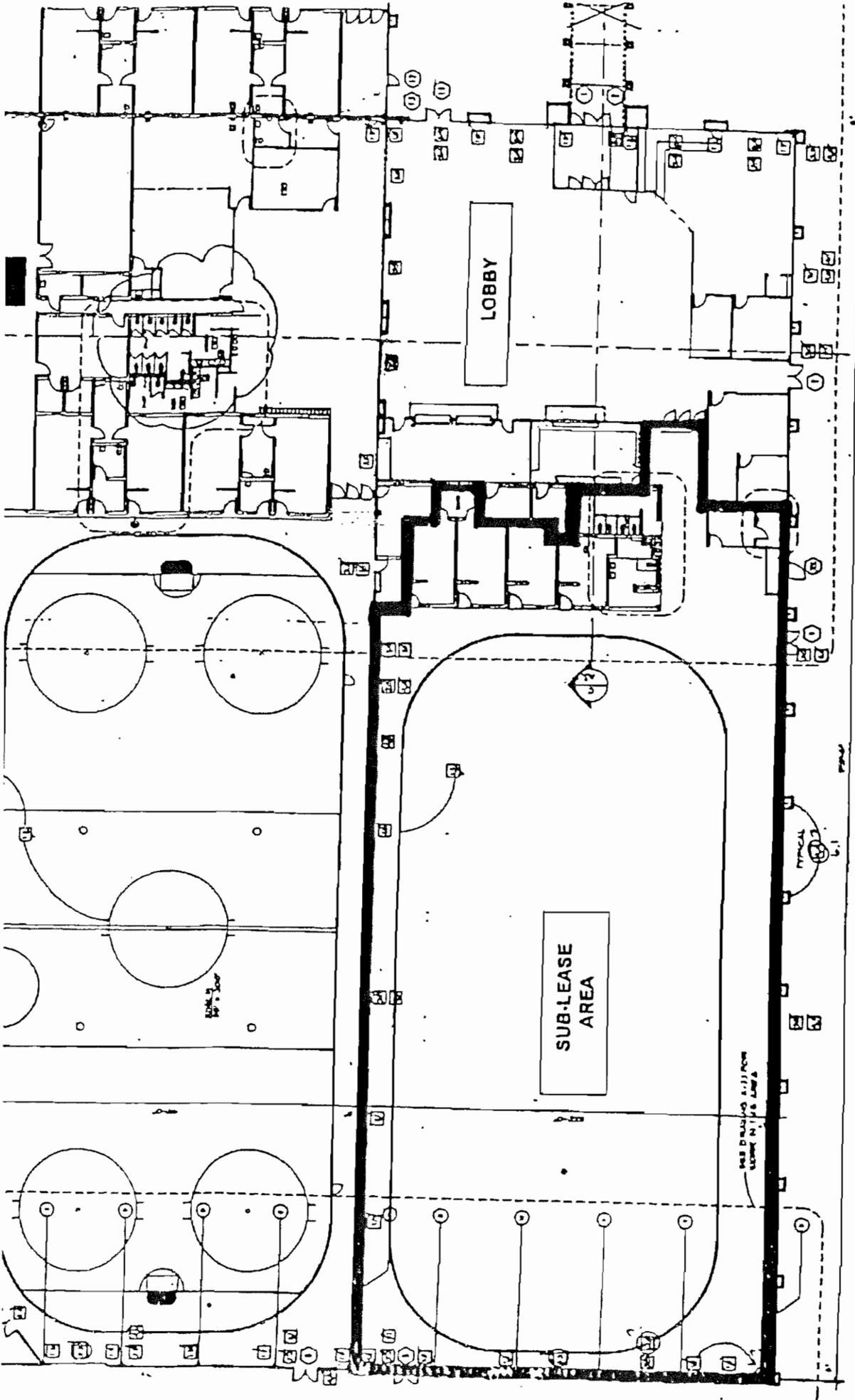
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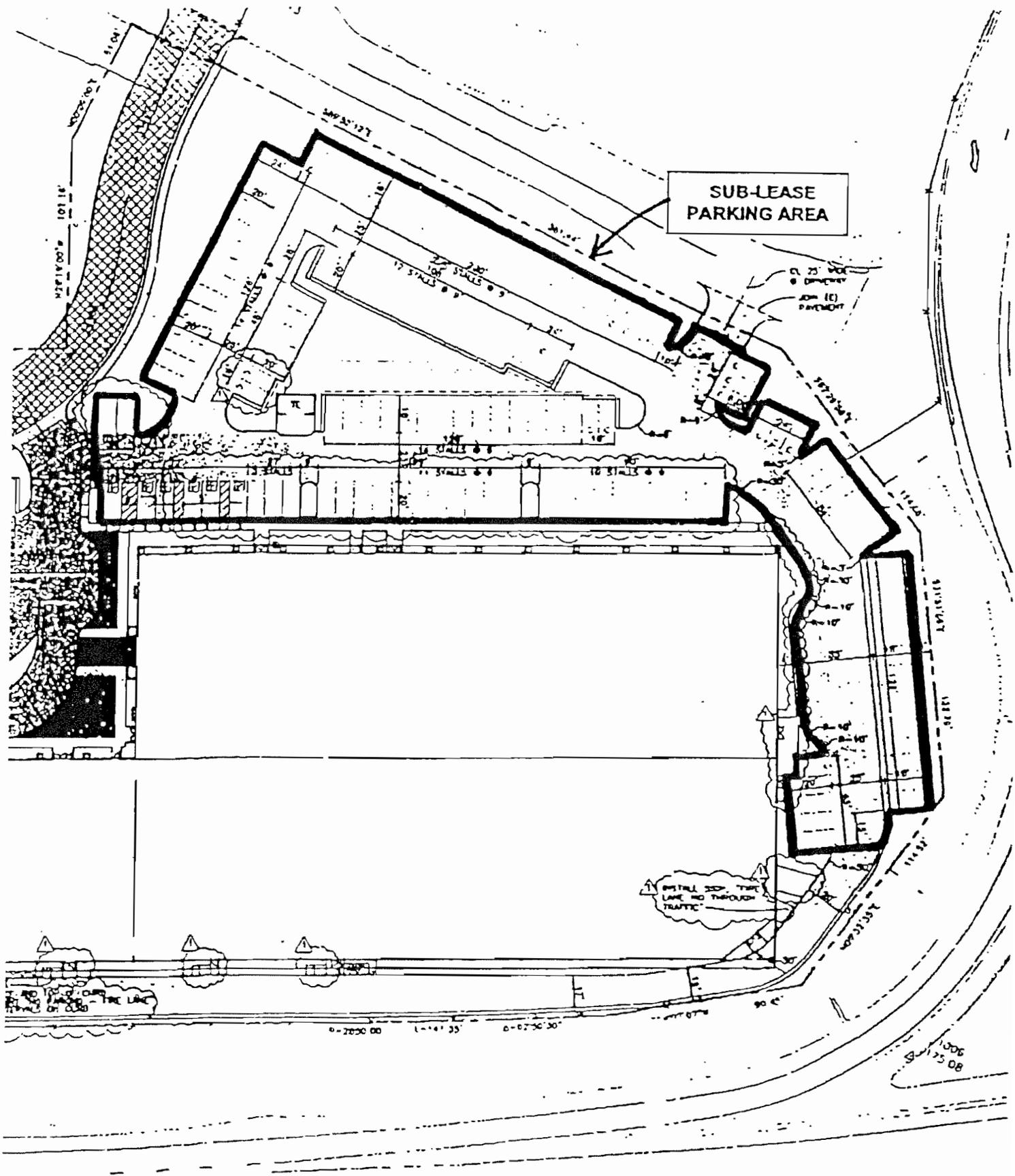
\_\_\_\_\_  
Secretary

VACAVILLE RECREATION  
CORPORATION, as Sublessee

By *Philip J. Kelly*  
Vice President







**SUB-LEASE  
PARKING AREA**

20' STALLS @ 20' SPACING  
20' STALLS @ 20' SPACING  
20' STALLS @ 20' SPACING

INSTALL 20' TYPED LINE NO THROUGH TRAFFIC



## EXHIBIT "F"

### Terms and Conditions of Options

1. The Agency may exercise any Option by giving written notice to the Corporation in accordance with Section 10.1 (a) with respect to the Option provided for in clause (i) of Section 9.2(a), not earlier than one hundred eighty (180) days and not later than sixty (60) days prior to the date of the expiration of the Term of this Sublease, (b) with respect to the Option provided for in clause (ii) of Section 9.2(a), not later than ninety (90) days after the Agency's receipt of notice of the prepayment in full of the Sublease Payments, (c) with respect to the Option provided for in Section 9.2(b), not earlier than one hundred eighty (180) days and not later than sixty (60) days prior to the date of the expiration of the Term of this Sublease, (d) with respect to the Option provided for in clause (i) of Section 9.2(c), at any time on or after May 1, 2008, but not later than thirty (30) days prior to the date of the expiration of the Term of this Sublease, and (e) with respect to the Option provided for in clause (ii) of Section 9.2(c), within thirty (30) days after receipt from the Corporation or the Trustee of written notice of the notice of any mandatory redemption, as provided in the Trust Agreement, but, if notice of the redemption has been timely delivered to the Agency as contemplated herein, before the completion of such redemption.

2. Upon the exercise of an Option by the Agency, there shall be deemed to exist between the Corporation and the Agency a contract of purchase and sale upon the terms and conditions contained herein. Either party shall be entitled to specific performance or damages, or both, in the event of a breach of such terms.

3. The sale shall be consummated through an escrow with a local title company or escrow agent selected by the Agency to be opened within ten (10) days after the Agency has sent written notice to the Corporation of the Agency's exercise of an Option. Except as otherwise provided below, the escrow for the purchase of the Subleased Premises, the Other Premises or the Property, as the case may be, shall close no later than thirty (30) days after the date of the Agency's notice of the exercise of an Option. The Corporation shall deposit into the escrow, in form and substance acceptable to the Agency, at least one business day prior to the date set for the close of escrow at least one business day prior to the date set for the close of the escrow, the Corporation shall deposit into the escrow: (a) a grant deed conveying the Subleased Premises, the Other Premises or the Property, as the case may be, to the Agency, subject to the Permitted Exceptions, (b) an affidavit or qualifying statement which satisfies the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, (c) a "Withholding Exemption Certificate, Form 590," pursuant to Revenue and Taxation Code Sections 18662 and 18668, stating that the Corporation is exempt from such withholding requirement, (d) a bill of sale and assignment, duly executed by the Corporation, assigning and conveying to the Agency all of the Corporation's right, title and interest in and to any personal property associated with the Subleased Premises, the Other Premises or the Property, as the case may be, and (e) such other documents, instruments and agreements as the Agency or the escrow holder may reasonably request.





within ten (10) business days after the date of the auction or sale, and concurrently with such payment, the assets shall be transferred to the Agency in the same manner that they would have been transferred to the highest bidder pursuant to the rules established for such auction or sale.