

Recording requested by
and return to:
COUNTY OF SOLANO
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105
Attention: John Y. Wang, Esq.

**Free Recording Requested
Pursuant to California
Government Code § 6103**

LEASE AGREEMENT
(Series 2017 Refunding Certificates of Participation)

By and between

SOLANO COUNTY FACILITIES CORPORATION, INC.

and the

COUNTY OF SOLANO

Dated as of [September 1, 2017]

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS.....	1
SECTION 1.01 Definitions.....	1
ARTICLE II LEASE OF LEASED PROPERTY; TERM.....	5
SECTION 2.01 Lease of Leased Property.....	5
SECTION 2.02 Term; Occupancy.....	6
SECTION 2.03 Substitution	6
ARTICLE III RENTAL PAYMENTS; USE OF PROCEEDS	7
SECTION 3.01 Base Rental Payments.....	7
SECTION 3.02 Additional Payments.....	8
SECTION 3.03 Fair Rental Value	8
SECTION 3.04 Payment Provisions.....	9
SECTION 3.05 Appropriations Covenant.....	9
SECTION 3.06 Rental Abatement.....	10
SECTION 3.07 Use of Proceeds; Lease Fund; Investments	10
ARTICLE IV USE OF THE LEASED PROPERTY; MAINTENANCE; ALTERATIONS AND ADDITIONS.....	11
SECTION 4.01 Use of the Leased Property	11
SECTION 4.02 Maintenance and Utilities	12
SECTION 4.03 Changes to the Leased Property.....	12
SECTION 4.04 Installation of County's Equipment.....	12
ARTICLE V INSURANCE.....	12
SECTION 5.01 Fire and Extended Coverage Insurance	12
SECTION 5.02 Liability Insurance	14
SECTION 5.03 Rental Interruption or Use and Occupancy Insurance	14
SECTION 5.04 Worker's Compensation	15
SECTION 5.05 Title Insurance	15
SECTION 5.06 Insurance Proceeds; Form of Policies.....	15
ARTICLE VI DEFAULTS AND REMEDIES	16
SECTION 6.01 Defaults and Remedies	16
SECTION 6.02 Waiver.....	19

TABLE OF CONTENTS
(continued)

	Page
ARTICLE VII EMINENT DOMAIN; PREPAYMENT	19
SECTION 7.01 Eminent Domain	19
SECTION 7.02 Prepayment	20
SECTION 7.03 Option to Purchase; Sale of Personal Property	20
ARTICLE VIII COVENANTS	22
SECTION 8.01 Right of Entry	22
SECTION 8.02 Liens.....	22
SECTION 8.03 Quiet Enjoyment	23
SECTION 8.04 Corporation Not Liable	23
SECTION 8.05 Assignment and Subleasing	23
SECTION 8.06 Title to Leased Property.....	23
SECTION 8.07 Tax Covenants	23
SECTION 8.08 Corporation's Purpose	24
SECTION 8.09 Purpose of Lease	24
SECTION 8.10 Continuing Disclosure Agreement.....	25
ARTICLE IX DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE LEASED PROPERTY	25
SECTION 9.01 Disclaimer of Warranties	25
SECTION 9.02 Vendor's Warranties	25
SECTION 9.03 Use of the Leased Property	26
ARTICLE X MISCELLANEOUS	26
SECTION 10.01 Law Governing	26
SECTION 10.02 Notices	26
SECTION 10.03 Validity and Severability	27
SECTION 10.04 Net-Net-Net Lease	27
SECTION 10.05 Taxes	27
SECTION 10.06 Third Party Beneficiary.....	28
SECTION 10.07 Section Headings	28
SECTION 10.08 Amendment or Termination.....	28
SECTION 10.09 Execution	28

TABLE OF CONTENTS
(continued)

Page

EXHIBIT A - DESCRIPTION OF LEASED PROPERTY	A-1
EXHIBIT B - RENTAL PAYMENT SCHEDULE.....	B-1

DRAFT

LEASE AGREEMENT

This Lease Agreement, dated as of [September 1, 2017], by and between SOLANO COUNTY FACILITIES CORPORATION, INC. (the "Corporation"), a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, as lessor, and the COUNTY OF SOLANO (the "County"), a political subdivision duly organized and existing under the Constitution and laws of the State of California, as lessee;

WITNESSETH:

WHEREAS, on December 1, 2002, the County and the Corporation entered into a Site Lease (the "2002 Site Lease") under which the County leased certain land (the "Prior Site") owned by the County to the Corporation; and

WHEREAS, the Corporation as lessor subleased to the County the Prior Site and leased to the County the buildings and equipment to be acquired, constructed, and equipped on the Prior Site (the "Prior Leased Property") pursuant to that certain Lease Agreement dated as of December 1, 2002, by and between the Corporation as lessor and the County as lessee (the "2002 Lease"); and

WHEREAS, the County agreed to pay Lease Payments due under the 2002 Lease to the Trustee under that certain Trust Agreement dated as of December 1, 2002 (the "2002 Trust Agreement"); and

WHEREAS, the County previously determined to cause the execution and delivery of its Series 2007 Refunding Certificates of Participation (the "Prior Certificates") to provide funds to advance refund and defease a portion of the 2002 Lease; and

WHEREAS, on February 1, 2007, the Corporation and the County entered into an Amended and Restated Lease Agreement (the "2007 Lease"), whereby the Corporation agreed to sublease the Prior Site and lease the Prior Leased Property to the County, and an Amended and Restated Site Lease (the "2007 Site Lease") as a material consideration for the Corporation's agreement to lease the Prior Leased Property back to the County pursuant to the 2007 Lease; and

WHEREAS, the County has determined to issue its Series 2017 Refunding Certificates of Participation (the "Certificates") to provide funds to prepay the 2007 Lease and satisfy all of the County's obligations under the 2007 Lease; and

WHEREAS, to provide funds to refund and defease the Prior Certificates, the County and the Corporation have entered into a Site Lease as hereinafter defined; and in order to provide for its governmental and proprietary needs and in furtherance of its public purposes, the County desires to sublease certain land owned by the County (the "Site") and to lease the buildings and equipment on the Site (the "Leased Property") from the Corporation and the Corporation desires to sublease the Site and lease the Leased Property to the County.

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions.

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement.

Additional Payments

The term “Additional Payments” means all amounts payable to the Corporation or the Trustee or any other person from the County as Additional Payments pursuant to Section 3.02 hereof.

Base Rental Payments

The term “Base Rental Payments” means all amounts payable to the Corporation from the County as Base Rental Payments pursuant to Section 3.01 hereof.

Base Rental Payment Fund

The term “Base Rental Payment Fund” means the fund by that name established in Section 3.07 hereof.

Base Rental Payment Schedule

The term “Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Corporation from the County pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

Certificates

The term “Certificates” means the refunding certificates of participation executed and delivered by the Trustee under and pursuant to the Trust Agreement.

Code

The term “Code” means the Internal Revenue Code of 1986.

Corporation

The term “Corporation” means (i) the Solano County Facilities Corporation, Inc., a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, acting as lessor hereunder; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Corporation, other than the Trustee.

County

The term “County” means the County of Solano, a political subdivision of the State of California organized and existing under and by virtue of the Constitution and laws of the State of California.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 6.01 hereof.

Lease

The term “Lease” means this lease, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

Leased Property

The term “Leased Property” means that certain real property situated in the County of Solano, State of California, described in Exhibit A attached hereto and made a part hereof, together with any additional real property added thereto by any supplement or amendment hereto; subject, however, to any conditions, reservations, and easements of record or known to the County.

Moody’s

The term “Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

Opinion of Counsel

The term “Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County or the Corporation and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

Outstanding

The term “Outstanding,” when applied to Certificates, shall have the meaning ascribed to such term in the Trust Agreement.

Permitted Investments

The term “Permitted Investments” shall have the meaning ascribed to such term in the Trust Agreement.

Qualified Carrier

The term “Qualified Carrier” shall mean (i) a commercial insurer rated “A” by A.M. Best or in one of the two highest rating categories by S&P or Moody’s or (ii) the CSAC Excess Insurance Authority.

Site Lease

The term “Site Lease” means that certain lease, entitled “Site Lease (Series 2017 Refunding Certificates of Participation),” by and between the County and the Corporation, dated as of [September 1, 2017], as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement.

S&P

The term “S&P” means S&P Global Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

Supplemental Trust Agreement

The term “Supplemental Trust Agreement” means any supplement or amendment to the Trust Agreement hereafter duly authorized and entered into between the Corporation, the County and the Trustee in accordance with the provisions of the Trust Agreement.

Tax Certificate

The term “Tax Certificate” shall have the meaning ascribed to such term in the Trust Agreement.

Trust Agreement

The term “Trust Agreement” means the trust agreement dated as of [September 1, 2017], by and among the Trustee, the Corporation and the County, pursuant to which the Trustee will execute and deliver the Certificates, as originally executed or as it may from time to time be

supplemented, modified or amended by a Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement.

Trustee

The term “Trustee” means MUFG Union Bank, N.A., appointed as trustee pursuant to the Trust Agreement, and any successor appointed under the Trust Agreement.

Written Request of the Corporation

The term “Written Request of the Corporation” means an instrument in writing signed by or on behalf of the Corporation by its President or its Vice President or its Treasurer or its Secretary or an Assistant Secretary or by any other person (whether or not an officer of the Corporation) who is specifically authorized by resolution of the Board of Directors of the Corporation to sign or execute such a document on its behalf.

Written Request of the County

The term “Written Request of the County” means an instrument in writing signed by the Chair of the Board of Supervisors of the County, or by the Clerk of the Board of Supervisors of the County, or by the Treasurer-Tax Collector of the County, or by the County Administrative Officer of the County, or by any other officer of the County duly authorized by the Board of Supervisors of the County in writing to the Trustee for that purpose.

ARTICLE II

LEASE OF LEASED PROPERTY; TERM

SECTION 2.01 Lease of Leased Property. The Corporation hereby leases to the County and the County hereby leases from the Corporation the Leased Property; subject, however, to all easements, encumbrances, and restrictions that exist at the time of the commencement of the term of this Lease. The County hereby agrees and covenants during the term of this Lease that, except as hereinafter provided, it will use the Leased Property for public and County purposes so as to afford the public the benefits contemplated by this Lease.

The leasing by the County to the Corporation of the Leased Property shall not effect or result in a merger of the County’s leasehold estate pursuant to this Lease and its fee estate as lessor under the Site Lease, and the Corporation shall continue to have and hold a leasehold estate in said Leased Property pursuant to the Site Lease throughout the term thereof and the term of this Lease. As to said Leased Property this Lease shall be deemed and constitute a sublease.

SECTION 2.02 Term; Occupancy. The term of this Lease shall commence on the date of recordation of this Lease in the office of the County Recorder of Solano County, State of California, or on [September 1, 2017] whichever is earlier, and shall end on November 1, 20__, unless such term is extended or sooner terminated as hereinafter provided.

If on November 1, 20__, the Certificates shall not be fully paid, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Lease shall be extended until ten (10) days after all Certificates shall be fully paid, except that the term of this Lease shall in no event be extended beyond November 1, 20__. If prior to November 1, 20__ all Certificates shall be fully paid, or provision therefor made, the term of this Lease shall end ten (10) days thereafter or ten (10) days after written notice by the County to the Corporation, whichever is earlier.

SECTION 2.03 Substitution. The County and the Corporation may substitute real property for all or for part of the Leased Property for purposes of this Lease (“Substitute Property”), but only after the County shall have filed with the Corporation and the Trustee, with copies to each rating agency then providing a rating for the Certificates, all of the following:

(a) Executed copies of the Lease or amendments thereto containing the amended description of the Leased Property to reflect the Substitute Property.

(b) A Certificate of the County with copies of the Lease or the Site Lease, if needed, or amendments thereto containing the amended description of the Leased Property to reflect the Substitute Property stating that such documents have been duly recorded in the official records of the County Recorder of the County.

(c) A Certificate of the County, stating that the County intends to use and maintain the Substitute Property for at least the remaining term of the Certificates, and that the annual fair rental value of the Leased Property which will constitute the Leased Property after such substitution will be at least equal to the 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending October 31 or in any subsequent year ending October 31 during the term of the Certificates.

(d) Either (i) a policy of title insurance in an amount equal to the principal amount of Bonds then Outstanding (or, if only part of the Leased Property will be substituted, in an amount equal to such proportion of the principal amount of the Certificates then Outstanding as the fair rental value of the Substitute Property bears to the fair rental value of the existing Facilities), naming the County as insured owner and showing good and marketable title to the Substitute Property, or (ii) a Certificate of the County stating that, based upon a Title Commitment, if available, the County has good and marketable title to the Substitute Property. The term “Title Commitment” shall mean an irrevocable commitment to issue a CLTA standard coverage owner’s policy of title insurance, issued by a national title insurance company, each such insurance instrument, when issued, shall name the Trustee as the insured, which policy if issued would insure fee simple title in the County, or if not available, a preliminary title report issued by a national title insurance company, in each case subject only to such exceptions to title as would not render such property insufficient for the needs and operations of the County.

(e) A Certificate of the County stating that such substitution does not adversely affect the County’s use and occupancy of the Leased Property.

(f) An Opinion of Counsel stating that such substitution (i) complies with the terms of the Constitution and laws of the State and of the Trust Agreement and (ii) will not in and of itself cause the interest component of the Base Rental Payments to be included in gross income for federal income tax purposes.

ARTICLE III

RENTAL PAYMENTS; USE OF PROCEEDS

SECTION 3.01 Base Rental Payments. The County agrees to pay to the Corporation, as Base Rental Payments for the use and occupancy of the Leased Property (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Lease) annual rental payments with principal and interest components, the interest components being payable semi-annually, in accordance with the Rental Payment Schedule attached hereto as Exhibit B and made a part hereof. Base Rental shall be calculated on an annual basis, for the twelve-month periods commencing on November 1 and ending on October 31, and each annual Base Rental shall be divided into two interest components, payable on May 1 and November 1 of each rental payment period, and one principal component, payable on November 1 of each rental payment period, except that the first Base Rental Payment period shall commence on the date of recordation of this Lease or a memorandum thereof in the office of the County Recorder of Solano County and shall end on October 31, 2017 and no Base Rental shall be payable for such period. Each Base Rental Payment installment shall be payable on its due date and any interest or other income with respect thereto accruing prior to such due date shall belong to the County and shall be returned by the Corporation to the County on May 15 and November 15 of each year. The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the County hereunder, computed on the basis of a 360-day year composed of twelve 30-day months. Each annual payment of Base Rental (to be payable in two installments as aforesaid) shall be for the use of the Leased Property or portions thereof for the twelve-month period commencing on November 1 of the period in which such installments are payable. If the term of this Lease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payment installments shall continue to be due on May 1 and November 1 in each year, and payable as hereinabove described, continuing to and including the date of termination of this Lease, in an amount equal to the amount of Base Rental payable for the twelve-month period commencing November 1, 20___. Upon such extension of this Lease, the principal and interest components of the Base Rental Payments shall be established so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest on the extended principal components at a rate equal to the rate of interest on the principal component of the Base Rental payable on November 1, 20___.

If at any time the Base Rental hereunder shall not have been paid by the County, for any reason not permitted under this Lease, and no other source of funds shall have been available to make the payments of principal and interest represented by the Certificates to the persons entitled to receive such payments, the principal and interest components of the Base Rental shall be recalculated by the County to reflect interest on the unpaid principal components at the rate or rates specified in the Trust Agreement, and a revised Exhibit B to this Lease shall

be prepared by the County and supplied to the Corporation and the Trustee reflecting such reallocation.

SECTION 3.02 Additional Payments. The County shall also pay such amounts (herein called the “Additional Payments”) as shall be required by the Corporation for the payment of all costs and expenses incurred by the Corporation in connection with the execution, performance or enforcement of this Lease or any assignment hereof, the Trust Agreement, its interest in the Leased Property and the lease of the Leased Property to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Corporation related to the Leased Property, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Corporation under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal or interest represented by the Certificates.

Such Additional Payments shall be billed to the County by the Corporation or the Trustee from time to time, and for bills from the Corporation together with a statement certifying that the amount billed has been paid by the Corporation, for one or more of the items above described, or that such amount is then payable by the Corporation for such items. Amounts so billed shall be paid by the County within 15 days after receipt of the bill by the County. The County reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the County to make full and timely payment for all Additional Payments. Any payments of Additional Payments not expended upon receipt shall be held by the Trustee in the Base Rental Fund pursuant to the Trust Agreement.

SECTION 3.03 Fair Rental Value. Such payments of Base Rental Payments for each rental period during the term of this Lease shall constitute the total rental for said rental period and shall be paid by the County in each rental payment period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Leased Property during each such period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each twelve-month period beginning November 1 represents the fair rental value of the Leased Property for each such period. In making such determination, consideration has been given to costs of construction and financing of the Leased Property, other obligations of the parties under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the County and the general public.

SECTION 3.04 Payment Provisions. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation at the office of the Trustee in Los Angeles, California, or such other place as the Trustee shall designate. Any such installment of rental accruing hereunder which shall not be paid when due and payable under the terms of this Lease shall bear interest at the rate of five percent (5%) per annum, or such lesser rate of interest as may be permitted by law, from the 15th day of the month when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Corporation and the County, the County shall make all rental payments

when due without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent rental payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee pursuant to this Section on any date shall be reduced to the extent of amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund and available therefor.

All payments received shall be applied first to the interest components of the Base Rental Payments due hereunder, then to the principal components of the Base Rental Payments due hereunder and thereafter to all Additional Payments due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Rental is subject to abatement as provided in Section 3.06.

Nothing contained in this Lease shall prevent the County from making from time to time contributions or advances to the Corporation for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Leased Property in the event of damage to or the destruction of the Leased Property.

SECTION 3.05 Appropriations Covenant. The County covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments and to take such action annually as may be necessary to provide funds in such year for such Base Rental Payments and Additional Payments. The County will deliver to the Corporation and the Trustee copies of the portion of each annual County budget relating to the payment of Base Rental Payments and Additional Payments hereunder within thirty (30) days after the filing or adoption thereof. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the County.

SECTION 3.06 Rental Abatement. Except to the extent of (a) amounts held by the Trustee in the Base Rental Payment Fund, (b) amounts received in respect of use and occupancy insurance, and (c) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Certificates, during any period in which, by reason of material damage, destruction, title defect or condemnation there is substantial interference with the use and possession by the County of any portion of the Leased Property, rental payments due hereunder with respect to the Leased Property shall be abated to the extent that the annual fair rental value of the portion of the Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments and Additional Payments, in which case rental payments shall be abated only by an amount equal to the difference. Any abatement of rental payments pursuant to this Section shall not be considered an event of default as defined

in Article VI hereof. The County waives the benefits of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate this Lease by virtue of any such interference and this Lease shall continue in full force and effect. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the Leased Property so damaged, destroyed, defective or condemned.

SECTION 3.07 Use of Proceeds; Lease Fund; Investments.

(a) Use of Proceeds. The parties hereto agree that the proceeds of the Certificates will be used to defease and prepay the 2007 Certificates (as such term is defined in the Trust Agreement) and to pay the costs of execution and delivery of the Certificates and incidental and related expenses. The amount transferred to the MUFG Union Bank, N.A., as escrow agent pursuant to the Escrow Agreement, together with interest thereon and other funds made available therefor, shall be used to make the final lease payment under the 2007 Lease and pay the prepayment price of the 2007 Certificates on November 1, 2017.

(b) Base Rental Payment Fund. In consideration for the agreements and covenants of the County herein, upon the sale and delivery of the Certificates, the Corporation agrees to pay to the County a sum (which shall include the amount of accrued interest, if any, received by the Trustee upon the sale of the Certificates) equal to the Base Rental Payments due from the County to the Corporation for deposit in a separate special fund, to be held by the Trustee for and on behalf of the County, known as the "Lease (Series 2017 Refunding Certificates of Participation) Base Rental Payment Fund" (herein called the "Base Rental Payment Fund").

Earnings on investments of money in the Base Rental Payment Fund shall be applied pursuant to Section 5.02 of the Trust Agreement. The County hereby pledges and grants a lien on and a security interest in the Base Rental Payment Fund to the Corporation in order to secure the County's obligation to pay the Base Rental Payments as herein provided.

(c) Investments. Investments of any moneys held by the Trustee in the Base Rental Payment Fund shall be invested in accordance with Section 5.05 of the Trust Agreement.

ARTICLE IV

USE OF THE LEASED PROPERTY;

MAINTENANCE; ALTERATIONS AND ADDITIONS

SECTION 4.01 Use of the Leased Property. The County agrees to use and occupy the Leased Property for its governmental purposes during term of the Lease.

SECTION 4.02 Maintenance and Utilities. During such time as the County is in possession of the Leased Property, all maintenance and repair, both ordinary and extraordinary, of the Leased Property and any taxes on the Leased Property shall be the

responsibility of the County, which shall at all times maintain or otherwise arrange for the maintenance of the Leased Property in first class condition, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Leased Property. In exchange for the rental herein provided, the Corporation agrees to provide only the Leased Property.

SECTION 4.03 Changes to the Leased Property. Subject to Section 8.02 hereof, the County shall, at its own expense, have the right to remodel the Leased Property or to make additions, modifications and improvements to the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

SECTION 4.04 Installation of County's Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of such party, in which neither the Corporation nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent the County from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

ARTICLE V

INSURANCE

SECTION 5.01 Fire and Extended Coverage Insurance. The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Lease, insurance from a Qualified Carrier against loss or damage to any structures constituting any part of the Leased Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of

the Leased Property, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$10,000), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Certificates then Outstanding to be prepaid at par.

In the event of any damage to or destruction of any part of the Leased Property, caused by the perils covered by such insurance, the Corporation, except as hereinafter provided, shall cause the proceeds of such insurance to be paid immediately upon receipt by the Corporation or other named insured parties to the Trustee, as assignee of the Corporation, for deposit in the "Insurance and Condemnation Proceeds Fund" to be established in accordance with the Trust Agreement and utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Property to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Leased Property to at least the same good order, repair and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall permit withdrawals of said proceeds from time to time upon receiving the Written Request of the Corporation, stating that the Corporation has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred, and containing the additional information required to be included in a Written Requisition of the Corporation prepared pursuant to Section 3.03 of the Trust Agreement. Any balance of said proceeds not required for such repair, reconstruction or replacement in accordance with written instructions of the Corporation shall be treated by the Trustee as Base Rental Payments and applied in the manner provided by Section 5.02 of the Trust Agreement. Alternatively, the Corporation, at its option, with the written consent of the County, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to prepay an aggregate principal amount represented by Outstanding Certificates, equal to the amount of Outstanding Certificates attributable to the portion of the Leased Property so destroyed or damaged (determined by reference to the proportion which the acquisition and construction cost of such portion of the Leased Property bears to the acquisition and construction cost of the Leased Property), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property and thereupon shall cause said proceeds to be used for the prepayment of Outstanding Certificates pursuant to the provisions of the Trust Agreement.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the County, with the written consent of the Corporation, may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Lease, there shall be filed with the Trustee a certificate of an actuary, insurance consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against. There shall also be filed a certificate of the County setting forth the details of such substitute method or plan. In the event

of loss covered by any such self insurance method, the liability of the County hereunder shall be limited to the amounts in the self insurance reserve fund or funds created under such method.

SECTION 5.02 Liability Insurance. Except as hereinafter provided, the County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Lease, a standard comprehensive general liability insurance policy or policies in protection of the Corporation and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Leased Property, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$1,250,000 for personal injury or deaths per event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$1,250,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the County. Such liability insurance may be subject to a deductible of no more than \$50,000; provided that the County shall maintain a separate fund in trust against payment of such deductibles which shall be reviewed at least every three years for actuarial soundness by an independent insurance consultant.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the County, with the written consent of the Corporation, may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection shall afford reasonable protection to the Corporation, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Lease, there shall be filed with the Trustee a certificate of an actuary, independent insurance consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Corporation, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the County setting forth the details of such substitute method or plan.

SECTION 5.03 Rental Interruption or Use and Occupancy Insurance. The County shall procure or cause to be procured and maintain or cause to be maintained, rental interruption or use and occupancy insurance from a Qualified Carrier to cover partial loss of the rental in an amount sufficient to pay the Base Rental Payments for a period of at least two successive years. Any proceeds of such insurance shall be used by the Trustee to reimburse to the County any rental theretofore paid by the County under this Lease attributable to such structure for a period of two years during which the payment of rental under this Lease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.01 (to the extent required for the payment of Base Rental) and in Section 3.02 (to the extent required for the payment of Additional Payments).

SECTION 5.04 Worker's Compensation. The County shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the

State of California to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the County. Such insurance may be maintained by the County in the form of self-insurance with the prior written consent of the Corporation.

SECTION 5.05 Title Insurance. The County shall obtain upon the execution and delivery of this Lease title insurance on the Leased Property, in the form of a lender's leasehold title policy or policies, in an aggregate amount equal to the aggregate principal component of unpaid Base Rental Payments, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances (as defined in the Trust Agreement) naming the Trustee as insured thereunder.

SECTION 5.06 Insurance Proceeds; Form of Policies. All policies of insurance required by Sections 5.01 and 5.03 hereof shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall collect, adjust and receive all moneys which may become due and payable under any such policies, may compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in Sections 5.01 and 5.03. All policies of insurance required by this Lease shall provide that the Trustee shall be given thirty (30) days notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. The County shall pay when due the premiums for all insurance policies required by this Lease, and shall promptly furnish evidence of such payments to the Corporation.

The County will deliver to the Corporation and the Trustee in the month of [October] in each year a written certificate of an officer of the County stating that such policies satisfy the requirements of this Lease, setting forth the insurance policies then in force pursuant to this Section, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an actuary, independent insurance consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.01, 5.02, 5.03 and 5.04. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. The County shall also deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in such schedule.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01 Defaults and Remedies. (a) If (i) the County shall fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly

declared to be of the essence of this Lease, or (ii) the County shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the County (other than as referred to in (i)) for a period of sixty (60) days after notice of the same has been given to the County by the Corporation or the Trustee (or if the County notifies the Corporation and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 60 day period, the failure will not constitute an Event of Default if the County commences to cure the failure within such 60 day period and thereafter diligently and in good faith cures such failure in a reasonable period of time), or upon the happening of any of the events specified in subsection (b) of this Section (any such case above being an "Event of Default"), the County shall be deemed to be in default hereunder and it shall be lawful for the Corporation and the Trustee to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Upon any such default, the Corporation, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Lease in the manner hereinafter provided on account of default by the County, notwithstanding any re-entry or re-letting of the Leased Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Leased Property and, to the extent permitted by law, remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place located within the County of Solano, California. In the event of such termination, the County agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of default by the County, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Leased Property given pursuant to law nor any entry or re-entry by the Corporation nor any proceeding in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under this Lease shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the County shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate this Lease. The County covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(2) Without terminating this Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the County, regardless of whether or not the County has abandoned the Leased Property, or (ii) to exercise any and all rights of entry and

re-entry upon the Leased Property. In the event the Corporation does not elect to terminate this Lease in the manner provided for in subparagraph (1) hereof, the County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County and, if the Leased Property are not re-let, to pay the full amount of the rent to the end of the term of this Lease or, in the event that the Leased Property are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Corporation or suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such entry or re-entry or obtaining possession of the Leased Property. Should the Corporation elect to enter or re-enter as herein provided, the County hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to re-let the Leased Property, or any part thereof, from time to time, either in the Corporation's name or otherwise, upon such terms and conditions and for such use and period as the Corporation may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place located in the County of Solano, California, for, to the extent permitted by law, the account of and at the expense of the County, and the County, to the extent permitted by law, hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Leased Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-let the Leased Property and to do all other acts to maintain or preserve the Leased Property as the Corporation deems necessary or desirable in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-letting shall constitute a surrender or termination of this Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner provided for in sub-paragraph (1) hereof. The County further waives the right to any rental obtained by the Corporation in excess of the rental herein specified and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-letting the Leased Property or any part thereof. The County further agrees, to the extent permitted by law, to pay the Corporation the reasonable cost of any alterations or additions to the Leased Property necessary to place the Leased Property in condition for re-

letting immediately upon notice to the County of the completion and installation of such additions or alterations.

The County hereby waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the County, or any other person, that may be in or upon the Leased Property.

(b) If (1) the County's interest in this Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Corporation, as hereinafter provided for, or (2) the County or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the County's debts or obligations, or offers to the County's creditors to effect a composition or extension of time to pay the County's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the County's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the County, or if a receiver of the business or of the property or assets of the County shall be appointed by any court, except a receiver appointed at the instance or request of the Corporation, or if the County shall make a general or any assignment for the benefit of the County's creditors, or if (3) the County shall abandon or vacate the Leased Property, then the County shall be deemed to be in default hereunder.

(c) The Corporation shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Corporation shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the County to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation. In the event of default by the Corporation, the County shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Corporation shall be entitled to proceed to protect and enforce the rights vested in the Corporation by this Lease and under the Site Lease or by law or by equity. The provisions of this Lease and the duties of the County and of its supervisors, officers or employees 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 bring the following actions:

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

(2) 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.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Corporation's rights against the County (and its board, officers and employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the County as provided herein.

The exercise of any rights or remedies under this Lease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Corporation hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Corporation to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Corporation of the Leased Property. If any statute or rule of law validly shall limit the remedies given to the Corporation hereunder, the Corporation nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Corporation shall prevail in any action brought to enforce any of the terms and provisions of this Lease, the County agrees to pay a reasonable amount as and for attorney's fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

SECTION 6.02 Waiver. Failure of the Corporation to take advantage of any default on the part of the County shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Corporation to insist upon performance by the County of any term, covenant or condition hereof, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease.

ARTICLE VII

EMINENT DOMAIN; PREPAYMENT

SECTION 7.01 Eminent Domain. If the whole of the Leased Property or so much thereof as to render the remainder unusable for the purposes for which it was used by the County shall be taken under the power of eminent domain, the term of this Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Leased Property shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then this Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the

contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal and interest represented by Certificates then Outstanding will be reduced by the application of the award in eminent domain to the prepayment of Outstanding Certificates. So long as any of the Certificates shall be Outstanding, any award made in eminent domain proceedings for taking the Leased Property or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the County.

SECTION 7.02 Prepayment. (a) The County shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in Sections 5.01, 5.03, 5.05 and 7.01 hereof (provided, however, that in the event of partial damage to or destruction of the Leased Property caused by perils covered by insurance, if in the judgment of the Corporation the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property, such proceeds shall be paid to the Trustee and held by the Trustee in the Insurance and Condemnation Fund to be used to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property, pursuant to the procedure set forth in Section 5.01 for proceeds of insurance), or prepay all or any part (in an integral multiple of \$5,000) of the principal components of Base Rental Payments then unpaid so that the aggregate annual amounts of principal components of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of principal components of Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the sum of the principal component prepaid plus accrued interest thereon to the date of prepayment, plus any applicable premium.

(b) The County may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in Article X of the Trust Agreement sufficient to make such Base Rental Payments when due; provided that the County furnishes the Trustee with an opinion of counsel that such deposit will not cause interest evidenced by and payable with respect to the Certificates to be includable in gross income for federal income tax purposes. The County agrees that if following such prepayment the Leased Property are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) Before making any prepayment pursuant to this article, the County shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Corporation and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given.

SECTION 7.03 Option to Purchase; Sale of Personal Property. The County shall have the option to purchase the Corporation's interest in any part of the Leased Property upon payment of an option price consisting of moneys or securities of the category specified in clause (1) of the definition of the term Permitted Investments contained in Section 1.01 of the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient

(together with the increment, earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of this Lease of the part of the total rent hereunder attributable to such part of the Leased Property (determined by reference to the proportion which the acquisition, design and construction cost of such part of the Leased Property bears to the acquisition, design and construction cost of all of the Leased Property). Any such payment shall be made to the Trustee and shall be treated as rental payments and shall be applied by the Trustee to pay the interest and principal components of the Certificates and to prepay Certificates if such Certificates are subject to prepayment pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee, (a) the interest and principal components of each installment of Base Rental thereafter payable under this Lease shall be reduced by the amount thereof attributable to such part of the Leased Property and theretofore paid pursuant to this Section, (b) Section 3.06 and this Section of this Lease shall not thereafter be applicable to such part of the Leased Property, (c) the insurance required by Sections 5.01, 5.02 and 5.03 of this Lease need not be maintained as to such part of the Leased Property, and (d) title to such part of the Leased Property and of the portion of the Leased Property upon which such part of the Leased Property is located shall vest in the County and the term of this Lease shall end as to the portion of the Leased Property upon which such part of the Leased Property is located and to such part of the Leased Property.

The County, in its discretion, may request the Corporation to sell or exchange any personal property which may at any time constitute a part of the Leased Property, and to release said personal property from this Lease, if (a) in the opinion of the County the property so sold or exchanged is no longer required or useful in connection with the operation of the Leased Property, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Corporation, exceed the amount of \$50,000, the Corporation shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Corporation) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Leased Property. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Corporation. Any money so paid to the Corporation may, so long as the County is not in default under any of the provisions of this Lease, be used upon the Written Request of the County to purchase personal property, which property shall become a part of the site leased hereunder. The Corporation may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

When

(a) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the County may exercise its option to purchase the Leased Property or any portion or item thereof, in trust for the benefit of the Owners of the Certificates and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Permitted Investments described in subsection (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal,

premium, if any, and interest of the Base Rental Payments represented by the Certificates to the due date of the Base Rental Payments or date when the County may exercise its option to purchase the Leased Property, as the case may be; and

(b) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Certificates shall remain unpaid;

then and in that event the right, title and interest of the Corporation herein and the obligations of the County hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Corporation and the obligation of the County to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Corporation's interest in and title to the Leased Property or applicable portion or item thereof shall be transferred and conveyed to the County. In such event, the Corporation shall cause an accounting for such period or periods as may be requested by the County to be prepared and filed with the Corporation and evidence such discharge and satisfaction, and the Corporation shall pay over to the County as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Corporation to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

ARTICLE VIII

COVENANTS

SECTION 8.01 Right of Entry. The Corporation and its assignees shall have the right to enter upon and to examine and inspect the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Corporation's or the County's rights or obligations under this Lease, and (c) for all other lawful purposes.

SECTION 8.02 Liens. In the event the County shall at any time during the term of this Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Leased Property and shall keep the Leased Property free of any and all mechanics' or materialmen's liens or other liens against the Leased Property or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Corporation's interest therein, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the County desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and

said stay thereafter expires, the County shall forthwith pay and discharge said judgment. The County agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Corporation and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Leased Property or the Corporation's interest therein.

SECTION 8.03 Quiet Enjoyment. The parties hereto mutually covenant that the County, by keeping and performing the covenants and agreements herein contained and not in default hereunder, shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Corporation.

SECTION 8.04 Corporation Not Liable. The Corporation and its members, directors, officers, agents and employees shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Leased Property. The County, to the extent permitted by law, shall indemnify and hold the Corporation and its members, directors, officers, agents and employees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Leased Property, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Leased Property regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 8.05 Assignment and Subleasing. Neither this Lease nor any interest of the County hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the County by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest components of the Base Rental Payments payable by the County hereunder. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the County to make the Base Rental Payments and Additional Payments required hereunder.

SECTION 8.06 Title to Leased Property. During the term of this Lease, the Corporation shall hold title to the Leased Property and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the County and which may be removed without damaging the Leased Property, and except for any items added to the Leased Property by the County pursuant to Section 4.04 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.03 hereof. During the term of this Lease, the Corporation shall have a leasehold interest in the Leased Property pursuant to the Site Lease.

Upon the termination or expiration of this Lease (other than as provided in Sections 6.01 and 7.01 of this Lease), title to the Leased Property shall vest in the County pursuant to the Site Lease. Upon any such termination or expiration, the Corporation shall have executed such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

SECTION 8.07 Tax Covenants. The County and the Corporation will not make any use of the proceeds of the obligations provided herein or any other funds of the County or the Corporation which will cause such obligations to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code. The County and the Corporation will not make any use of the proceeds of the obligations provided herein or any other funds of the County or the Corporation which will cause such obligations to be “federally guaranteed” and subject to inclusion in gross income for federal income tax purposes by reason of Section 149(b) of the Code. To that end, so long as any rental payments are unpaid, the County and the Corporation, with respect to such proceeds and such other funds, will comply with all requirements of such Sections 148 and 149(b) and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The County further covenants that it will not use or permit the use of the Leased Property by any person not an “exempt person” within the meaning of Section 141(a) of the Code or by an “exempt person” (including the County) in an “unrelated trade or business”, in such manner or to such extent as would result in the inclusion of interest received hereunder in gross income for federal income tax purposes under Section 103 of the Code.

If at any time the County is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or the County or the Corporation under this Lease or the Trust Agreement, the County shall so instruct the Trustee or the appropriate officials of the County in writing, and the Trustee or the appropriate officials of the County, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the County set forth above, the County will comply with the Tax Certificates and will cause the Trustee to comply with the Tax Certificates. The Trustee and the Corporation may conclusively rely on any such written instructions, and the County hereby agrees to hold harmless the Trustee and the Corporation for any loss, claim, damage, liability or expense incurred by the Corporation for any actions taken by the Corporation in accordance with such instructions.

The County and the Corporation shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest component of the Base Rental Payments will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

SECTION 8.08 Corporation’s Purpose. The Corporation covenants that, prior to the discharge of this Lease, it will not engage in any activities inconsistent with the purposes for which the Corporation is organized, as set forth in the Corporation’s Articles of Incorporation, as filed in the office of the Secretary of State of the State of California and in effect on the date of this Lease.

SECTION 8.09 Purpose of Lease. The County covenants that during the term of this Lease, except as hereinafter provided, (a) it will use, or cause the use of, the Leased Property for public purposes and for the purposes for which the Leased Property facilities are

customarily used, (b) it will not vacate or abandon the Leased Property or any part thereof, and (c) it will not make any use of the Leased Property which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof. The County hereby declares that the Leased Property is essential to the general governmental operations of the County.

SECTION 8.10 Continuing Disclosure Agreement. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Lease, failure of the County to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; any Certificateholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the County to comply with its obligations under this Section 8.10. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries).

ARTICLE IX

DISCLAIMER OF WARRANTIES;

VENDOR'S WARRANTIES; USE OF THE LEASED PROPERTY

SECTION 9.01 Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event shall the Corporation be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or the County's use of any item or products or services provided for in this Lease.

SECTION 9.02 Vendor's Warranties. The Corporation hereby irrevocably appoints the County its agent and attorney-in-fact during the term of this Lease, so long as the County shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Leased Property, which the Corporation may have against the manufacturers, vendors and contractors of the Leased Property. The County's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Leased Property, and not against the Corporation, nor shall such matter have any effect whatsoever on the rights and obligations of the Corporation with respect to this Lease, including the right to receive full and timely payments hereunder. The County expressly acknowledges that the Corporation makes, and has made, no representation or

warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

SECTION 9.03 Use of the Leased Property. The County will not install, use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease. The County shall provide all permits and licenses, if any, necessary for the installation and operation of the Leased Property. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Leased Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Corporation, adversely affect the estate of the Corporation in and to the Leased Property or its interest or rights under this Lease.

ARTICLE X

MISCELLANEOUS

SECTION 10.01 Law Governing. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

SECTION 10.02 Notices. All written notices to be given hereunder shall be given by mail, overnight mail, courier (or by fax or email to the Trustee) to the party entitled thereto at its address (or fax number or email, if applicable) set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the County:	County of Solano Administrator's Office 675 Texas Street Fairfield, CA 94533
If to the Corporation:	Solano County Facilities Corporation, Inc. c/o Solano County Administrator's Office 675 Texas Street Fairfield, CA 94533
If to the Trustee:	MUFG Union Bank, N.A. 350 California Street, 15th Floor San Francisco, CA 94104 Attention: Corporate Trust Services Fax Number: 415-273-2492 Email: AccountAdministration-CorporateTrust@unionbank.com and CashControlGroup-LosAngeles@unionbank.com

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

SECTION 10.03 Validity and Severability. If for any reason this Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Corporation or by the County, or if for any reason it is held by such a court that any of the covenants and conditions of the County hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Lease is and shall be deemed to be a lease under which the rentals are to be paid by the County annually in consideration of the right of the County to possess, occupy and use the Leased Property, and all of the rental and other terms, provisions and conditions of this Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 10.04 Net-Net-Net Lease. This Lease shall be deemed and construed to be a “net-net-net lease” and the County hereby agrees that the rentals provided for herein shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.05 Taxes. The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Corporation or affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the term of this Lease as and when the same become due.

The County shall also pay directly such amounts, if any, in each year as shall be required by the Corporation for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the County to pay any of the foregoing or failure to file or furnish to the Corporation or the Trustee for filing in a timely manner any returns, hereinafter levied or imposed against the Corporation or the Leased Property, the rentals and other payments required hereunder or any parts thereof or interests of the County or the Corporation or the Trustee therein by any governmental authority.

The County may, at the County’s expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation or the Trustee shall notify the County that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property, or any part thereof, will be subject to loss or forfeiture, in which event the County shall promptly pay

such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation and the Trustee.

SECTION 10.06 Third Party Beneficiary. The Trustee shall be a third-party beneficiary of this Lease entitled to enforce the reimbursement and indemnification provisions included herein.

SECTION 10.07 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

SECTION 10.08 Amendment or Termination. The Corporation and the County may at any time agree to the amendment or termination of this Lease; provided, however, that the Corporation and the County agree and recognize that this Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

Copies of any of the amendments listed in this Section 10.08 must be sent to S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041 and Moody's Investor Service, Inc., 7 World Trade Center at 250 Greenwich Street, 23rd Floor, New York, New York 10007.

SECTION 10.09 Execution. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that separate counterparts of this Lease may separately be executed by the Corporation and the County, all with the same force and effect as though the same counterpart had been executed by both the Corporation and the County.

IN WITNESS WHEREOF, the Corporation and the County have caused this Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

**SOLANO COUNTY
FACILITIES CORPORATION, INC.,**
as Lessor

By: _____
John M. Vasquez, President

By: _____
Birgitta E. Corsello, Secretary

COUNTY OF SOLANO, as Lessee

By: _____
John M. Vasquez,
Chair of the Board of Supervisors

By: _____
Birgitta E. Corsello,
Clerk of the Board of Supervisors

Approved as to form:

County Counsel

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

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

<u>Land</u>	<u>Improvements</u>
APN 0030-251-020	County Administration Center and Parking Structure

[Attach property description]

DRAFT

EXHIBIT B

RENTAL PAYMENT SCHEDULE

<u>Base Rental Payment Dates</u>	<u>Total Base Rental Payment</u>	<u>Amount Attributable to Interest</u>	<u>Amount Attributable to Principal</u>
---	---	---	--

DRAFT

[illegible]

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Signature_____ [SEAL]

[illegible]

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Signature_____ [SEAL]

[illegible]

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Signature_____ [SEAL]

[illegible]

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Signature_____ [SEAL]