
LEASE AGREEMENT

by and between

AZUSA UNIFIED SCHOOL DISTRICT

and

AZUSA UNIFIED SCHOOL DISTRICT FACILITIES CORPORATION

Dated as of June 1, 2022

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	DEFINITIONS..... 2
Section 1.01.	Definitions..... 2
ARTICLE II	USE OF PROCEEDS; REPRESENTATIONS AND WARRANTIES 7
Section 2.01.	Application of Moneys 7
Section 2.02.	Representations and Warranties of the District 7
Section 2.03.	Representations and Warranties of the Corporation 10
ARTICLE III	LEASE OF PROPERTY; TERM 12
Section 3.01.	Lease of Property 12
Section 3.02.	Term; Occupancy 12
Section 3.03.	Title to Property 12
ARTICLE IV	RENTAL PAYMENTS 13
Section 4.01.	Base Rental Payments..... 13
Section 4.02.	Additional Rental Payments 14
Section 4.03.	Fair Rental Value 14
Section 4.04.	Payment Provisions..... 14
Section 4.05.	Appropriations Covenant 15
Section 4.06.	Rental Abatement..... 15
Section 4.07.	Net-Net-Net Lease 17
ARTICLE V	COVENANTS 18
Section 5.01.	Quiet Enjoyment 18
Section 5.02.	Right of Entry 18
Section 5.03.	Liens..... 18
Section 5.04.	Taxes 18
Section 5.05.	Use of the Property 19
Section 5.06.	Environmental Compliance 19
Section 5.07.	Tax Covenants 21
Section 5.08.	Financial Statements and Other Information 21
Section 5.09.	Corporation Covenants 21
Section 5.10.	Corporation and Assignee Not Liable..... 21
Section 5.11.	Reimbursement of Corporation..... 22

TABLE OF CONTENTS

	<u>Page</u>
Section 5.12. Representations of the District.....	22
Section 5.13. Representation of the Corporation	23
Section 5.14. Corporation’s Purpose	23
Section 5.15. Condemnation.....	23
Section 5.16. Further Assurances and Corrective Instruments	23
Section 5.17. Advances.....	23
ARTICLE VI MAINTENANCE; ALTERATIONS; SUBLEASING; SUBSTITUTION.....	24
Section 6.01. Maintenance and Utilities	24
Section 6.02. Additions to Property	24
Section 6.03. Installation of District’s Equipment.....	24
Section 6.04. Assignment and Subleasing	24
Section 6.05. Substitution or Release of the Property	25
ARTICLE VII INSURANCE.....	27
Section 7.01. Public Liability and Property Damage Insurance; Workers’ Compensation Insurance; Rental Interruption Insurance.....	27
Section 7.02. Title Insurance	28
Section 7.03. Additional Insurance Provision; Form of Policies.....	28
Section 7.04. Self-Insurance	29
ARTICLE VIII EMINENT DOMAIN; DAMAGE OR DESTRUCTION; PREPAYMENT.....	30
Section 8.01. Eminent Domain	30
Section 8.02. Damage or Destruction	30
Section 8.03. Prepayment	31
ARTICLE IX DEFAULTS AND REMEDIES	33
Section 9.01. Defaults and Remedies	33
Section 9.02. Waiver.....	36
ARTICLE X MISCELLANEOUS	37
Section 10.01. Governing Law	37
Section 10.02. Waiver of Jury Trial; Judicial Reference; Venue	37
Section 10.03. Notices	37

TABLE OF CONTENTS

	<u>Page</u>
Section 10.04. Validity and Severability	38
Section 10.05. Section Headings	38
Section 10.06. Amendments	38
Section 10.07. Assignment to Assignee; Effect; Restrictions on Assignments	38
Section 10.08. Third Party Beneficiary.....	39
Section 10.09. Execution in Counterparts.....	40
EXHIBIT A - DESCRIPTION OF THE PROPERTY	A-1
EXHIBIT B - BASE RENTAL PAYMENT SCHEDULE	B-1
EXHIBIT C - FORM OF ASSIGNEE LETTER OF REPRESENTATIONS.....	C-1

LEASE AGREEMENT

THIS LEASE AGREEMENT (as originally executed and as it may from time to time be amended or supplemented, this “Lease Agreement”), executed and entered into and dated as of June 1, 2022, is by and between the AZUSA UNIFIED SCHOOL DISTRICT, a unified school district duly organized and validly existing under the laws of the State of California (the “District”), as lessee, and the AZUSA UNIFIED SCHOOL DISTRICT FACILITIES CORPORATION, a nonprofit public benefit corporation organized and existing under and by virtue of the laws of the State of California (the “Corporation”), as lessor.

WITNESSETH:

WHEREAS, in order to prepay the Azusa Unified School District Certificates of Participation (2012 School Facility Bridge Funding Program), the District caused to be executed and delivered the Azusa Unified School District Certificates of Participation, Series 2015 (the “Prior Certificates”) pursuant to the Trust Agreement, dated as of May 1, 2015, by and among U.S. Bank Trust Company, National Association, as successor trustee (formerly known as U.S. Bank National Association), the District and the Corporation; and

WHEREAS, the Prior Certificates evidence direct, fractional undivided interests of the owners thereof in the base rental payments to be made by the District under the Lease Agreement, dated as of May 1, 2015 (the “Prior Lease”), by and between the District and the Corporation; and

WHEREAS, the District desires to cause the base rental payments of the Prior Lease to be prepaid, thereby prepaying the Prior Certificates, and the Corporation desires to assist the District in such prepayment; and

WHEREAS, in order to accomplish such prepayment, the District will lease certain real property owned by the District and the improvements thereto (the “Property”) to the Corporation pursuant to a Ground Lease, dated as of the date hereof (as originally executed and as it may from time to time be amended or supplemented, the “Ground Lease”), and the District will sublease the Property back from the Corporation pursuant to this Lease Agreement; and

WHEREAS, the Property, commonly known as Henry Dalton Elementary School and located at 500 East Tenth Street in Azusa, California 91702, is more particularly described in Exhibit A hereto; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, 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 Agreement, 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.

“Additional Rental Payments” means all amounts payable by the District as Additional Rental Payments pursuant to Section 4.02 hereof.

“Assigned Rights” means all rights assigned by the Corporation to the Assignee pursuant to the Assignment Agreement.

“Assignee” means First Foundation Public Finance, the assignee of the Corporation’s right, title and interest in and to the Ground Lease and the Lease Agreement pursuant to the Assignment Agreement, and any successor entity to such assignee, including any entity into which such assignee may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion or consolidation to which it shall be a party or any entity to which such assignee may sell or transfer all or substantially all of its assets, provided such entity shall be a Qualified Institutional Buyer or an Institutional Accredited Investor.

“Assignment Agreement” means the Assignment Agreement, dated as of the date hereof, by and between the Corporation and the Assignee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof and hereof.

“Authorized District Representative” means the President of the Board of Education of the District, the Clerk or Secretary of the Board of Education of the District, the Superintendent of the District, the Assistant Superintendent, Business Services of the District, including anyone serving as the interim officer in such positions, and any other person authorized by the Board of Education of the District to act on behalf of the District under or with respect to this Lease Agreement.

“Base Rental Payment Dates” means February 1 and August 1 of each year commencing [August] 1, 20[22].

“Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Corporation from the District pursuant to Section 4.01 hereof and attached hereto as Exhibit B.

“Base Rental Payments” means all amounts payable to the Corporation from the District as Base Rental Payments pursuant to Section 4.01 hereof.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday in the State of California, or (b) a day on which banking institutions in the State of California or the State of New York, or in any state in which the office of the Assignee is located (as set forth in Section 10.02) is required or authorized by law (including executive order) to close.

“Certificate of the District” means a written certificate signed by an Authorized District Representative.

“Code” means the Internal Revenue Code of 1986.

“Corporation” means the Azusa Unified School District Facilities Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State, and its successors; provided, however, that, in accordance with Section 10.06 hereof, upon the execution and delivery of the Assignment Agreement, references in the provisions hereof to the Corporation shall be deemed to be references to the Assignee, as assignee of the Corporation, except that the Assignee is not responsible for any obligations of the Corporation under this Lease Agreement.

“County” means the County of Los Angeles.

“Default Rate” means the Lease Rate plus 3.00% per annum.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of a direct ownership in future interest or principal payments on United States Treasury Obligations, which obligations are held in a custody account by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and acceptable to the Assignee pursuant to the terms of a custody agreement that is in form and content acceptable to the Assignee.

“Delivery Costs” means all the costs of executing and delivering the Ground Lease, the Lease Agreement, the Assignment Agreement and the related documents and instruments, including, but not limited to, printing expenses, filing and recording fees, any premium for title insurance, fees, charges and disbursements of attorneys, including counsel to the Assignee, financial advisors, municipal advisors, accounting firms, consultants and other professionals, fees of the California Debt and Advisory Commission and any other cost, charge or fee in connection with the original execution and delivery of the Ground Lease, the Lease Agreement, the Assignment Agreement and the related documents and instruments or the implementation of the financing contemplated thereby.

“Delivery Date” means [_____], 2022.

“District” means the Azusa Unified School District, a unified school district organized and existing under the laws of the State, and its successors.

“Environmental Regulations” means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, “CERCLA”), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, “RCRA”), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, “Title III”), the Federal Water Pollution Control Act, 33 USC Sections 1251 et seq., the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, “CWA”), the Clean Air Act, as amended (42 U.S.C.

Section 7401, et seq.) (together with the regulations promulgated thereunder, “CAA”), the Asbestos Hazard Emergency Response Act, as amended (together with the regulations promulgated thereunder, “AHERA”) and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.) (together with the regulations promulgated thereunder, “TSCA”), and any state or local similar Laws and Regulations and any so-called local, state or federal “superfund” or “superlien” law.

“Escrow Agreement” means the Escrow Agreement, dated as of June 1, 2022, by and between the District and the Escrow Bank, relating to the Prior Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Escrow Bank” means U.S. Bank Trust Company, National Association, as the successor trustee with respect to the Prior Certificates and the escrow bank under the Escrow Agreement, and any successor thereto.

“Event of Default” means any event that occurs under Section 9.01 hereunder.

“Event of Taxability” means a determination by the Internal Revenue Service that the interest component of the Base Rental Payments is includible for federal income tax purposes in the gross income of the owner thereof under Section 103 of the Code due to the District’s or Corporation’s action or failure to take any action.

“Fair Rental Value” means, with respect to the Property, the annual fair rental value thereof.

“Financial Information Documents” means, the District’s audited financial statements as of June 30, 2021, the District’s Continuing Disclosure Annual Report for fiscal year ending June 30, 2021, the District’s second interim report for fiscal year ending June 30, 2022, the District’s Official Statement, dated May 26, 2022, relating to the Azusa Unified School District (Los Angeles County, California) 2022 General Obligation Bonds, Election of 2014, Series D, and [the District’s original adopted budget for fiscal year ending June 30, 2023].

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

“Ground Lease” means the Ground Lease, dated as of the date hereof, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof and hereof.

“Ground Lease Payment” has the meaning ascribed to such term in the Ground Lease.

“Hazardous Materials” means flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos (including in a friable form), methane, radioactive materials, pollutants, hazardous materials,

hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, AHERA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the District.

“Independent Insurance Consultant” means a nationally recognized independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the District is to be self-insured, as may from time to time be designated by the District and satisfactory to the Assignee.

“Institutional Accredited Investor” means an “accredited investor” as defined in Section 501(a)(1), (2), (3), (7) or (8) of Regulation D promulgated under the Securities Act; provided, however, that each equity owner of an “accredited investor” as defined in Section 501(a)(8) of Regulation D shall be an “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D.

“Laws and Regulations” means federal, regional, state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other Governmental Authority having jurisdiction as may be in effect from time to time.

“Lease Agreement” means this Lease Agreement, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions hereof.

“Lease Rate” means the [_____] % per annum.

“Lease Servicer” has the meaning set forth in Section 10.07(b) hereof.

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

“Net Proceeds” means any insurance proceeds or condemnation award paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“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 District and reasonably satisfactory to the Assignee.

“Permitted Encumbrances” means, with respect to the Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the District may, pursuant to provisions of Section 5.04 hereof, permit to remain unpaid, (b) the Assignment Agreement, (c) this Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner

prescribed by law as normally would exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the District, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Delivery Date which the District certifies in writing will not affect the intended use of the Property or interfere with the District's beneficial use and enjoyment of the Property, and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date which the District certifies in writing do not affect the intended use of the Property or interfere with the District's beneficial use and enjoyment of the Property, and to which the Corporation consents in writing.

"Prior Certificates" means the Azusa Unified School District Certificates of Participation, Series 2015.

"Property" means the real property described in Exhibit A hereto and any improvements thereto.

"Qualified Institutional Buyer" means a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act.

"Rental Payments" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"Rental Period" means the period from the Delivery Date through August 1, 2022 and, thereafter, the twelve-month period commencing on August 1 of each year during the term of this Lease Agreement.

"Servicer" has the meaning set forth in the Assignment Agreement.

"State" means the State of California.

"Tax Certificate" means the Tax Certificate executed by the District at the time of execution and delivery of the Lease Agreement relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Taxable Rate" means an interest rate equal to [3.95]% per annum.

"Termination Date" means August 1, 20[___], unless extended or sooner terminated as provided in Section 3.02 hereof.

ARTICLE II

USE OF PROCEEDS; REPRESENTATIONS AND WARRANTIES

Section 2.01. Application of Moneys. The Ground Lease provides that the Corporation is to pay to the District, as and for rental of the Property thereunder, the Ground Lease Payment in an amount equal to \$[_____]. The Assignment Agreement provides that the Assignee, in consideration of the sale, assignment and transfer to the Assignee of the Corporation's right, title and interest in and to the Ground Lease and this Lease Agreement, is to pay to the Corporation an amount equal to \$[_____]. Upon receipt thereof, the Corporation shall apply, or cause to be applied, the amount received from the Assignee pursuant to the Assignment Agreement to the payment of the Ground Lease Payment under the Ground Lease. Upon receipt thereof, the District shall deposit (a) a portion of the Ground Lease Payment in the amount of \$[_____] with the Escrow Bank, to cause the base rental payments of the Prior Lease to be prepaid, thereby prepaying the Prior Certificates, in accordance with the Escrow Agreement, and (b) the remaining portion of the Ground Lease Payment in the amount of \$[_____] with U.S. Bank Trust Company, National Association, as costs of issuance custodian, to cause payment of Delivery Costs. Notwithstanding the foregoing, the Corporation and the District may direct the Assignee to have amounts equal to such portions of the Ground Lease Payment to be deposited directly with said trustee and costs of issuance custodian.

Section 2.02. Representations and Warranties of the District. The District represents and warrants to the Corporation as follows:

(a) The District is a unified school district duly organized and existing under the Constitution and laws of the State.

(b) The District has, pursuant to action of its governing board, duly authorized and executed this Lease Agreement and the Ground Lease in accordance with the Constitution and laws of the State.

(c) The Constitution and laws of the State authorize the District to enter into this Lease Agreement and the Ground Lease, and to enter into the transactions contemplated by and to carry out its obligations thereunder, the District has, by action of its governing board, duly authorized and executed this Lease Agreement and the Ground Lease, and this Lease Agreement and the Ground Lease constitute the legal, valid and binding obligations of the District enforceable in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(d) Neither the execution and delivery of this Lease Agreement or the Ground Lease, 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 violation or breach of or default under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to

which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement or the Ground Lease or the financial condition, assets, properties or operations of the District.

(e) Neither the execution and delivery of this Lease Agreement or the Ground Lease, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon the Property, except for Permitted Encumbrances.

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

(g) There are no actions or proceedings against the District pending (service of process having been accomplished) or overtly threatened in writing or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District (i) to restrain or enjoin the payment of the Rental Payments, (ii) in any way contesting the validity of the Ground Lease or this Lease Agreement or the authority of the District to enter into the Ground Lease or this Lease Agreement, (iii) in any way contesting the powers of the District in connection with any action contemplated by the Ground Lease or this Lease Agreement, (iv) in which a final adverse decision could materially adversely affect the operation of the District or its ability to perform its obligations under the Ground Lease or this Lease Agreement, or (v) in which a final adverse decision could affect the finances of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Ground Lease or this Lease Agreement, or the financial condition, assets, properties or operations of the District.

(h) The Property being leased hereunder is an essential school district facility and will be used by the District only for the purpose of performing one or more governmental or proprietary functions of the District consistent with the permissible scope of the District's authority.

(i) The Property complies in all material respects with applicable zoning, environmental and safety ordinances, and the District does not believe there to be any adverse environmental conditions on the Property.

(j) The Financial Information Documents, copies of which have heretofore been furnished to the Assignee, are complete and correct and fairly present the financial condition at such date and for such period insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon. Other than as disclosed to the Assignee, since the period covered by such Financial Information Documents, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the District. The Financial Information Documents furnished to the Assignee by the District or its agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such Financial Information Documents, and represent as of the Delivery Date, the District's best estimate of its financial performance.

(k) The District acknowledges that (i) the Assignee is acting solely as assignee of the Corporation's right, title and interest in this Lease Agreement for its own account and not as a fiduciary for the District or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor, (ii) the Assignee has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the District with respect to its purchase of the Corporation's right, title and interest in this Lease Agreement, (iii) the Assignee has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to any placement agent, or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to any placement agent with respect to any such matters, and (iv) the District has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the financing effectuated through this Lease Agreement and the Ground Lease from its financial, legal and other advisors (and not the Assignee) to the extent that the District desired to obtain such advice.

(l) At no time in the last ten (10) years has the District failed to appropriate funds for or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations. In addition, as of the Delivery Date, no Event of Default has occurred and is continuing.

(m) The District has funds available for the payment of Rental Payments due during the fiscal year ending June 30, 2023 and reasonably expects to have sufficient revenues available to make Rental Payments as and when they are due under this Lease Agreement.

(n) To the extent the District has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Lease Agreement.

Section 2.03. Representations and Warranties of the Corporation. The Corporation represents and warrants to the District as follows:

(a) The Corporation is a nonprofit public benefit corporation duly organized, existing and in good standing under the laws of the State.

(b) The Corporation has, pursuant to action of its governing board, duly authorized and executed this Lease Agreement, the Ground Lease and the Assignment Agreement in accordance with the laws of the State.

(c) The Corporation has the power to enter into this Lease Agreement, the Ground Lease and the Assignment Agreement, is possessed of full power to own and hold real and personal property, and to lease and sell the same, has, by action of its governing board, duly authorized the execution and delivery of this Lease Agreement, the Ground Lease and the Assignment Agreement, and this Lease Agreement, the Ground Lease and the Assignment Agreement constitute the legal, valid and binding obligations of the Corporation, enforceable in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(d) The execution and delivery of the Ground Lease, this Lease Agreement and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Ground Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

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

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Corporation or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the

Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Ground Lease, this Lease Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Ground Lease, this Lease Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

ARTICLE III

LEASE OF PROPERTY; TERM

Section 3.01. Lease of Property. (a) The Corporation hereby leases to the District and the District hereby leases from the Corporation the Property, on the terms and conditions hereinafter set forth, subject to all Permitted Encumbrances.

(b) The leasing of the Property by the District to the Corporation pursuant to the Ground Lease shall not effect or result in a merger of the District's leasehold estate in the Property as lessee under this Lease Agreement and its fee estate in the Property as lessor under the Ground Lease, and the Corporation shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and hereof. This Lease Agreement shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by the District to the Corporation pursuant to the Ground Lease is and shall be independent of this Lease Agreement; this Lease Agreement shall not be an assignment or surrender of the leasehold interest in the Property granted to the Corporation under the Ground Lease.

Section 3.02. Term; Occupancy. (a) The term of this Lease Agreement shall commence on the Delivery Date and end on the Termination Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Termination Date the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason pursuant to Section 4.06 hereof, then the term of this Lease Agreement shall be automatically extended until the date upon which all Rental Payments shall have been paid in full, or provision therefor shall have been made in accordance with the terms hereof, except that the term of this Lease Agreement shall in no event be extended more than ten years beyond the Termination Date. If prior to the Termination Date, or prior to the date to which the term of this Lease Agreement has been extended pursuant to this Section, all Rental Payments shall have been paid in full, or provision therefor shall have been made in accordance with the terms hereof, the term of this Lease Agreement shall end simultaneously therewith.

(b) The District shall take possession of the Property on the Delivery Date.

Section 3.03. Title to Property. Upon the termination or expiration of this Lease Agreement (other than as provided in Sections 8.01 and 9.01 hereof), all right, title and interest in and to the Property of the Corporation shall vest in the District. Upon any such termination or expiration, the Corporation shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

ARTICLE IV

RENTAL PAYMENTS

Section 4.01. Base Rental Payments. (a) *General.* Subject to the provisions hereof relating to a revision of the Base Rental Payment Schedule pursuant to subsection (b) of this Section, the District shall pay to the Corporation, as Base Rental Payments (subject to the provisions of Section 4.06 and Article VIII of this Lease Agreement) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments shall constitute principal components and a portion of which shall constitute interest components. The interest components of the Base Rental Payments shall be paid by the District as and constitute interest paid on the principal components of the Base Rental Payments. The interest components of Base Rental Payments are calculated at the Lease Rate, provided that upon the occurrence of an Event of Taxability or if an Event of Default shall have occurred and is continuing, the interest components shall be calculated at the Taxable Rate or the Default Rate, respectively. Except to the extent specified in Section 4.06 hereof, Rental Payments, including Base Rental Payments, shall be paid by the District to the Corporation for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

The obligations of the District under this Lease Agreement, including without limitation the obligation to make Rental Payments, are obligations payable from the District's general fund and any source of legally available funds of the District. The obligation of the District to make the Base Rental Payments does not constitute a debt of the District or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State is obligated to levy or pledge any form of taxation or for which the District or the State has levied or pledged any form of taxation.

All Base Rental 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, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(b) *Payments other than Regularly Scheduled Payments.* If the term of this Lease Agreement shall have been extended pursuant to Section 3.02 hereof, the obligation of the District to pay Rental Payments shall continue to and including the Base Rental Payment Date preceding the date of termination of this Lease Agreement (as so extended pursuant to Section 3.02 hereof). Upon such extension, 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 extended and unpaid principal components and the interest components will in the aggregate be sufficient to pay all extended and unpaid interest components; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the Fair Rental Value of the Property.

(c) *Payments Upon an Event of Taxability.* Upon the occurrence of an Event of Taxability, the interest component of the Base Rental Payments shall be at a Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for federal income tax

purposes, and District will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate; provided, however, that the Rental Payments due in any Rental Period shall, in no event, exceed the Fair Rental Value for such Rental Period.

Section 4.02. Additional Rental Payments. The District shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

- (a) all taxes and assessments of any type or nature charged to the Corporation or the District or affecting the Property or the respective interests or estates of the Corporation or the District therein;
- (b) all reasonable administrative costs of the Corporation relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable 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 this Lease Agreement or to defend the Corporation and its members, directors, officers, agents and employees;
- (c) insurance premiums for all insurance required pursuant to Article VII hereof;
- (d) any amounts with respect to this Lease Agreement required to be rebated to the federal government in accordance with section 148(f) of the Code; and
- (e) all other payments required to be paid by the District under the provisions of this Lease Agreement.

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

Section 4.03. Fair Rental Value. The parties hereto have agreed and determined that the Rental Payments are not in excess of the Fair Rental Value of the Property. In making such determination of Fair Rental Value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the District and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Section 4.04. Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation, or such other place or entity as the Corporation shall designate. Each Base Rental Payment shall be deposited with the Corporation no later than the Base Rental Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the District when due and payable under the terms of this Lease Agreement shall bear interest from the date when the same is due hereunder until the same shall be paid at the Default Rate.

Notwithstanding any dispute between the Corporation and the District, the District 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 District 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.

Section 4.05. Appropriations Covenant. The District covenants to take such action as may be necessary to include all Rental Payments due hereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the District.

Section 4.06. Rental Abatement. (a) Except as otherwise specifically provided in this Section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the District's right to use and occupy any portion of the Property, Rental Payments shall be abated in the same proportion (including in whole) that the portion of such Property that is unavailable for the District's beneficial use and enjoyment bears to all of the Property, and the District waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate this Lease Agreement by virtue of any such interference, and this Lease Agreement shall continue in full force and effect. The District shall immediately notify Assignee upon the occurrence of any event causing substantial interference with the District's right to use and occupy any portion of the Property and the portion of the Property that is unavailable.

(b) The amount of Base Rental Payments abated under this Lease shall be such that the remaining Base Rental Payment obligation for each Rental Period represents fair consideration for the use and occupancy of the remaining usable portions of the Property that are not affected by such interference, as determined by the District and the Corporation in a reasonable manner and in good faith. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of this Lease Agreement shall be extended (such extended term, an "Extended Lease Term") and further extended successively for any additional Extended Lease Term as a result of the occurrence of any subsequent similar event as provided in Section 3.02 hereof, except that the term of this Lease Agreement shall in no event be extended more than ten years beyond the Termination Date (such date on which abatement ends is referred to herein as the "Abatement End Date").

(c) The terms and conditions during any Extended Lease Term under this Lease Agreement shall be the same as the terms and conditions during the original term, except that:

(i) the then unpaid aggregate principal component under this Lease Agreement shall be amortized at the applicable interest rate (Lease Rate, Taxable Rate or Default Rate) as set forth in Section 4.01 on a level debt service basis over a period equal to the duration of the then remainder of such original term and such Extended Lease Term and with Base Rental Payments payable on each Base Rental Payment Date provided in the Base Rental Payment Schedule; provided, however, that the Rental Payments due for any Rental Period shall not exceed the Fair Rental Value of that portion of the Property available for use and occupancy by the District during such Rental Period;

(ii) Assignee shall prepare, and Assignee and District shall execute and deliver, a revised Base Rental Payment Schedule based on the factors described in the preceding (i);

(iii) if the Extended Lease Term does not end on an applicable Base Rental Payment Date, the final date for payment of Base Rental Payments shall be the last business day of the Extended Lease Term under this Lease;

(iv) the District shall take such actions as may be reasonably necessary to maintain federal tax-exemption of the interest component of Base Rental Payments hereunder, including preparing, executing and filing an information reporting return in compliance with the Code in the event that the revised Base Rental Payment Schedule may result in treatment of such revised Base Rental Payment Schedule as a reissuance of this Lease Agreement for federal income tax purposes; and

(v) the Extended Lease Term shall not exceed the date that would not adversely affect federal tax-exemption of the interest component of Base Rental Payments hereunder based upon the relationship of the reasonably expected average useful life of the Property thereunder and the weighted average maturity of the aggregate principal component under the revised Base Rental Payment Schedule.

In connection with the execution and delivery of a revised Base Rental Payment Schedule as herein provided, if requested by Assignee, the District shall deliver to Assignee, at the District's expense, an Opinion of Counsel with respect to the federal tax matters described in this subsection (c), including no adverse effect on the interest components of the Base Rental Payments for federal income tax purposes. Assignee shall establish the Extended Lease Term, calculate the revised interest components and revised amortization of the then unpaid aggregate principal components hereunder and prepare the revised Base Rental Payment Schedule, all as provided in this subsection (c), within thirty days after an Abatement End Date (as described in subsection (a) above). Once Assignee has prepared such revised Base Rental Payment Schedule, Assignee shall promptly deliver such revised Base Rental Payment Schedule to the District for execution and delivery by the District and return to Assignee; provided that the revised Base Rental Payment Schedule prepared in accordance with this subsection (c) shall become immediately effective for the period from and after such Abatement End Date.

(d) Notwithstanding the foregoing, to the extent that rental interruption insurance proceeds are available to pay Base Rental Payments which would otherwise be abated under this

Section 4.06, Base Rental Payments shall not be abated as provided above but, rather, shall be payable by the District as a special obligation payable solely from said proceeds.

Section 4.07. Net-Net-Net Lease. This Lease Agreement shall be deemed and construed to be a “net-net-net lease” and the District hereby agrees that the Rental Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the District and the Corporation.

ARTICLE V

COVENANTS

Section 5.01. Quiet Enjoyment. The District, by keeping and performing the covenants and agreements herein contained, and subject to the terms and provisions hereof, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Corporation.

Section 5.02. Right of Entry. The Corporation and its assignees shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Corporation's rights or obligations under this Lease Agreement, and for all other lawful purposes.

Section 5.03. Liens. The District shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the District certifies in writing to the Corporation do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Corporation provides its prior written approval, which approval shall be at Corporation's sole discretion. In the event the District shall at any time during the term of this Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the District 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 District in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Corporation's interest therein, and will 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 District desires to contest any such lien, it may do so as long as such contest is in good faith, the District provides prior notice to the Corporation and such contest does not adversely affect the rights or interests of the Corporation. 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 District shall forthwith pay and discharge said judgment.

Section 5.04. Taxes. The District shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Corporation or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid during the term of this Lease Agreement as and when the same become due.

After giving notice to the Corporation, the District or any sublessee may, at the District's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the District or such sublessee that, in the reasonable opinion of the Corporation, by nonpayment of any such items, the interest of the Corporation in

the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the District or such sublessee shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

Section 5.05. Use of the Property. The District shall not use, operate or maintain the Property (or cause the Property to be used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease Agreement. In addition, the District shall comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws, regulations and rulings of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property, including, without limitation, all anti-money laundering laws and regulations; provided, however, that the District 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 any of the Property or its interest or rights under this Lease Agreement.

Section 5.06. Environmental Compliance. (a) The District shall not use or permit the Property or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to operate or maintain the improvements on the Property and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the release or threat of release of Hazardous Materials on, from or beneath the Property or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of a school district, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any release or threat of release of Hazardous Materials, the District shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Corporation, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath the Property or other property, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) of this Section and only to the extent necessary to maintain the improvements on the Property.

(b) The District shall comply with, and shall cause all tenants, subtenants, licensees, guests, invitees, contractors, employees and agents on the Property to comply with, all Environmental Regulations, and shall keep the Property free and clear of any liens imposed pursuant thereto; provided, however, that notwithstanding that a portion of this covenant is limited to the District's use of its best efforts, the District shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the District's obligations contained in subsection (c) of this Section. Upon receipt of any notice from any person with regard to the release of Hazardous Materials on, from or beneath the Property, the District shall give

prompt written notice thereof to the Corporation prior to the expiration of any period in which to respond to such notice under any Environmental Regulation.

(c) The District shall, to the extent permitted by law, defend, indemnify and hold harmless, the Corporation, the Assignee and their respective employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this subsection), consultants' fees, investigation and laboratory fees, liabilities, settlements (five Business Days' prior notice of which the Corporation shall have delivered to the District), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, release, threat of release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Property, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five Business Days' prior notice of which the Corporation shall have delivered to the District), or governmental order relating to Hazardous Materials on, from or beneath the Property, (iv) any violation of Environmental Regulations or other provisions of this Section by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, or any breach of any representations or warranties or covenants made by the District with respect to environmental matters, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the District is strictly liable under any Environmental Regulation, its obligation to the Corporation, the Assignee and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. The obligations and liabilities under this Section shall survive the payment and satisfaction of all Rental Payments and the expiration or termination hereof and of the Ground Lease.

(d) The District shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

(e) Neither the Assignee nor the Corporation shall be obligated to monitor compliance of the Property with applicable environmental or other laws. So long as the District is in possession of the Property, neither the Assignee nor the Corporation shall have any obligations or responsibility to involve itself with the Property under any circumstance, including any instance where either the Corporation or Assignee is notified of any noncompliance of the Property with applicable environmental or other laws. The District represents that the Property is currently in full compliance with all applicable federal, state and local environmental laws. It is expressly understood that neither the Assignee nor the Corporation shall have the right or the obligation to monitor the District's compliance with environmental laws. The District hereby further represents and warrants to the Corporation and Assignee that the District, its officers, employees or agents have neither ever caused or permitted and shall neither ever cause or permit Hazardous Materials to be generated, placed, housed, located or disposed of on, under or in the Property, except, and only to the extent, if necessary to operate or maintain the improvements on the Property and then, only in compliance with all Environmental Regulations, and any state equivalent laws and

regulations, nor ever use the Property as a dump site, permanent or temporary storage site or transfer station for any Hazardous Material excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of a school district, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations.

Section 5.07. Tax Covenants. Neither the District nor the Corporation shall take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest components of the Base Rental Payments under Section 103 of the Code. Without limiting the generality of the foregoing, the District shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein.

Section 5.08. Financial Statements and Other Information. To the extent not already provided by the District to the Municipal Securities Rulemaking Board (“MSRB”) (or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)) through the Electronic Municipal Market Access (“EMMA”) website of the MSRB, the District shall provide to the Corporation: (a) within 270 days after the end of each Fiscal Year of the District, (i) audited financial statements of the District for such fiscal year; (b) within 30 days after the adoption thereof, the adopted annual operating budget for the upcoming Fiscal Year; and (c) such other financial reports as the Corporation may reasonably request. Any audited financial statements furnished hereunder shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the District’s financial condition as of the date of the statements.

Section 5.09. Corporation Covenants. To the extent permitted by law, the Corporation shall, during the term hereof, maintain its existence as a corporation, qualified to do business in the State, and shall not dissolve.

Section 5.10. Corporation and Assignee Not Liable. The Corporation, the Assignee and their directors, officers, agents employees, successors and assigns, shall not be liable to the District 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 Property. To the extent permitted by law, the District shall, at its expense, indemnify and hold the Corporation, the Assignee and all directors, members, directors, officers, employees, successors and assigns, thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. To the extent permitted by law, the District also covenants and agrees, at its expense, to pay and indemnify and save the Corporation, the Assignee and all directors, officers, employees, successors and assigns, thereof harmless against and from any and all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the District in the performance of any covenant or agreement to be performed by the District pursuant to this Lease Agreement, (c) any act or negligence of

licensees in connection with their use, occupancy or operation of the Property, (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section, (e) to the extent not duplicative of the requirements under this Lease Agreement upon the occurrence of an Event of Taxability, loss of the federal income tax exemption of the interest portion of Base Rental Payments and any interest or penalties imposed by the Internal Revenue Service on the Assignee in connection therewith, and (f) any matter referred to in the next paragraph, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Corporation, the Assignee or any director, member, officer, employee, successor or assign thereof, by reason of any such claim, the District, upon notice from the Corporation, the Assignee or such director, member, officer or employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Corporation, the Assignee or such director, member, officer, employee, successor or assign thereof.

It is the intention of the parties that the Corporation, the Assignee and all officers, directors, successors and assigns thereof shall not incur any pecuniary liability by reason of the terms of this Lease Agreement or the transactions contemplated hereby, or the undertakings required of the Corporation or Assignee hereunder or any director, officer or employee thereof, by reason of the execution or authorization of any document or certification in connection with this Lease Agreement including, but not limited to, this Lease Agreement, by reason of the performance or nonperformance of any act required of any of them by this Lease Agreement or by reason of the performance or nonperformance of any act requested of any of them by the District or the Corporation, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing. Nevertheless, if the Corporation, Assignee or any officer or director or successor or assign thereof should incur any such pecuniary liability, then in such event the District, to the extent permitted by law, shall indemnify and hold harmless the Corporation, Assignee and all directors, officers, employees, successors and assigns thereof, against all claims by or on behalf of any person, firm, corporation or governmental authority arising out of the same, or in connection with any action or proceeding brought thereon, but excepting the negligence or willful misconduct of the person or entity seeking indemnity, and upon notice from the Corporation or Assignee, the District shall defend the Corporation or Assignee in any such action or proceeding. This Section shall survive the termination of this Lease Agreement.

Section 5.11. Reimbursement of Corporation. The District hereby agrees, to the extent permitted by law, to pay or reimburse the Corporation any and all reasonable charges, fees, costs and expenses which the Corporation may reasonably pay or incur in connection with the following: (i) the administration, enforcement, defense, or preservation of any rights or security hereunder; (ii) the pursuit of any remedies hereunder, or otherwise afforded by law or equity; (iii) any amendment, waiver, or other action with respect to or related to this Lease Agreement whether or not executed or completed; or (iv) any litigation or other dispute in connection with this Lease Agreement.

Section 5.12. Representations of the District. The District represents and warrants to the Corporation that the District has the full power and authority to enter into, to execute and to

deliver the Ground Lease and this Lease Agreement, and to perform all of its duties and obligations hereunder and thereunder, and has, pursuant to action of its governing board, duly authorized the execution and delivery of the Ground Lease and this Lease Agreement.

Section 5.13. Representation of the Corporation. The Corporation represents and warrants to the District that the Corporation has the full power and authority to enter into, to execute and to deliver the Ground Lease, this Lease Agreement and the Assignment Agreement, and to perform all of its duties and obligations hereunder and thereunder, and has, pursuant to action of its governing board, duly authorized the execution and delivery of the Ground Lease, this Lease Agreement and the Assignment Agreement.

Section 5.14. Corporation's Purpose. The Corporation covenants that, prior to the discharge of this Lease Agreement, it will not engage in any activities inconsistent with the purposes for which the Corporation is organized, as set forth in its Articles of Incorporation and Bylaws.

Section 5.15. Condemnation. The District shall not exercise the power of condemnation with respect to the Property. If for any reason the foregoing covenant shall be held by a court of competent jurisdiction to be unenforceable and the District condemns the Property or if the District breaches such covenant, the District agrees that the value of the District's leasehold estate hereunder in the Property shall be not less than the amount sufficient to prepay the Base Rental Payments pursuant to Section 8.03(b).

Section 5.16. Further Assurances and Corrective Instruments. The District and the Corporation agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement and the Ground Lease.

Section 5.17. Advances. If the District fails to perform any of its obligations under Articles V, VI or VII of this Lease Agreement or to make Additional Rental Payments, the Corporation may, but shall have no obligation whatsoever to, take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as Additional Rental Payments hereunder, with interest from the date of such advancement at the Default Rate.

ARTICLE VI

MAINTENANCE; ALTERATIONS; SUBLEASING; SUBSTITUTION

Section 6.01. Maintenance and Utilities. Throughout the term of this Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the District, and the District shall pay for or otherwise arrange for the payment of all utility services supplied to the 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 Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Rental Payments, the Corporation agrees to provide only the Property.

Section 6.02. Additions to Property. Subject to Section 5.03 hereof, the District and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the District or such sublessee, and the Corporation shall have no interest therein. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications and improvements.

Section 6.03. Installation of District's Equipment. The District 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 items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the District or such sublessee, and the Corporation shall have no interest therein. The District or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the District or any sublessee 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 Property.

Section 6.04. Assignment and Subleasing. Neither this Lease Agreement nor any interest of the District hereunder shall be sold, mortgaged, pledged, assigned, or transferred by the District by voluntary act or by operation of law or otherwise; provided, however, that the Property may be subleased in whole or in part by the District with the prior written consent of the Corporation (which consent shall be in the Corporation's sole and absolute discretion) and, provided further that, any such sublease shall be subject to all of the following conditions:

- (a) this Lease Agreement and the obligation of the District to make all Rental Payments hereunder shall remain the primary obligation of the District;

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

(c) no such sublease by the District shall cause the Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California; and

(d) any sublease of the Property by the District shall explicitly provide that such sublease is subject to all rights of the Corporation under this Lease Agreement, including, the right to re-enter and re-let the Property or terminate this Lease Agreement upon a default by the District;

(e) the District shall furnish the Corporation with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest components of the Base Rental Payments to be included in gross income for federal income tax purposes;

(f) the District has certified to the Corporation and the Assignee that no Event of Default hereunder has occurred and is continuing; and

(g) the sublease shall not cause the District to violate any of its covenants, representations and warranties made herein.

Section 6.05. Substitution or Release of the Property. The District shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from this Lease Agreement pursuant to this Section. All costs and expenses incurred in connection with such substitution or release shall be borne by the District. Notwithstanding any substitution or release pursuant to this Section, there shall be no reduction in or abatement of the Base Rental Payments due from the District hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution or release:

(a) the Corporation and the Assignee shall have consented in writing to such substitution or release in its sole and absolute discretion;

(b) the District shall have obtained or caused to be obtained an CLTA title insurance policy or policies with respect to any substituted property in an amount at least equal to the aggregate amount of then remaining principal components of the Base Rental Payments due under this Lease Agreement, of the type and with the endorsements described in Section 7.02 hereof; and

(c) the District shall have provided the Corporation and the Assignee with an Opinion of Counsel to the effect that such substitution or release 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;

(d) the District, the Corporation and the Assignee shall have executed, and the District shall have caused to be recorded with the Los Angeles County Recorder, any document necessary to reconvey to the District the portion of the Property being substituted

or released and to include any substituted real property in the description of the Property contained herein, in the Ground Lease and in the Assignment Agreement;

(e) the District has certified to the Corporation and the Assignee that no Event of Default hereunder has occurred and is continuing;

(f) the District has certified in writing to the Corporation and the Assignee that the value of the Property which remains subject to this Lease Agreement following a release or substitution is at least equal to the aggregate amount of then remaining principal components of the Base Rental Payments due under this Lease Agreement, and the Fair Rental Value of the Property which remains subject to this Lease Agreement following such release or substitution is at least equal to the Rental Payments thereafter coming due and payable hereunder and that the useful life of the remaining Property extends at least ten years from the Termination Date. If requested by the Assignee, the District has delivered to the Assignee valuations prepared or confirmed by an independent third party, which might include, without limitation, an appraisal or a valuation by an insurance company;

(g) the District has certified in writing to the Corporation and the Assignee that the substituted or remaining Property is essential to the District's efficient and economic operation, serves an essential governmental function of the District and constitutes property which the District is permitted to lease under the laws of the State of California;

(h) the substituted or remaining Property does not cause the District to violate any of its covenants, representations and warranties made herein, and no event giving rise to an abatement of Base Rental Payments has occurred or is continuing with respect to the substituted or remaining Property;

(i) the Assignee has received evidence that the substituted property is not located in a 100-year flood area as shown on a Flood Insurance Rate Map published by the Federal Emergency Management Agency and other flood diligence documents that the Assignee may reasonably require; and

(j) the District has delivered to the Assignee an environmental survey or surveys with respect to the substituted Property, evidencing the absence of any environmental matters adversely affecting the substituted Property and otherwise completed to the satisfaction of Assignee, and such other documents that the Assignee may reasonably require.

ARTICLE VII

INSURANCE

Section 7.01. Public Liability and Property Damage Insurance; Workers' Compensation Insurance; Rental Interruption Insurance. (a) The District shall maintain or cause to be maintained, throughout the term of this Lease Agreement, a standard comprehensive general liability insurance policy or policies in protection of the District, the Corporation and their respective members, directors, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$250,000) resulting from a single accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the District, and may be maintained in whole or in part in the form of self-insurance by the District, provided that such self-insurance complies with the provisions of Section 7.04 hereof. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

(b) The District shall maintain or cause to be maintained, throughout the term of this Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the District in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the District's obligations under this subsection may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of Section 7.04 hereof.

(c) The District shall maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake and, except as provided in subsection (d), flood) to the greater of the full insurable value of the Property and the outstanding aggregate principal components of Base Rental Payments, subject to a \$250,000 loss deductible provision, unless some other deductible is acceptable to the Corporation. Full insurable value shall be evaluated at least every five years by an Independent Insurance Consultant and shall not be less than the aggregate remaining unpaid principal components of the Base Rental Payments. The District's obligations under this subsection may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of Section 7.04 hereof. The Net Proceeds of such casualty insurance shall be applied as provided in Section 8.02 and Section 8.03(a) hereof.

(d) If at any time and for so long as any portion of the Property is located in a 100-year flood area as shown on a Flood Insurance Rate Map published by the Federal Emergency

Management Agency, the policy or policies of casualty insurance provided under this Section 7.01 shall include insurance against loss or damage to the Property due to flooding. If the District obtains an exception or waiver to the designation of the Property as being within a 100-year flood area from the Federal Emergency Management Agency, the District shall not be required to provide flood insurance as set forth in this subsection (d).

(e) The District shall maintain rental interruption insurance to cover the Corporation's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to subsection (c) or, if applicable, (d) of this Section in an amount equal to the lesser of (i) the amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period or (ii) such lesser amount as may be agreed to by the Corporation. The District's obligations under this subsection may not be satisfied by self-insurance and the District acknowledges that this requirement may limit its ability to otherwise self-insure under the other provisions hereof. All Net Proceeds received under said policy or policies shall be deposited with the Corporation and applied to the payment of the Base Rental Payments in the order in which such Base Rental Payments become due and payable.

(f) The insurance required by this Section shall be provided by carriers rated at least "A" by Fitch, A.M. Best Company or Standard & Poor's Ratings Services, unless the Corporation shall approve in writing an insurer with a lower rating.

(g) Should the Property be damaged or destroyed as a result of an event for which federal or State of California disaster aid is available, the District shall promptly apply for disaster aid. To the extent that the District does not exercise its right to substitute alternate real property for any portion of the Property or to release a portion of the Property from this Lease Agreement pursuant to Section 6.05 hereof, any disaster aid proceeds received solely with respect to the Property shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Property, or, at the option of the District and the Corporation, to prepay the Base Rental Payments pursuant to Section 8.03(b) if permitted under the disaster aid program and the law.

Section 7.02. Title Insurance. The District shall provide, at its own expense, one or more CLTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal components of the Base Rental Payments. Said policy or policies shall insure (a) the fee interest of the District in the Property, (b) the Corporation's leasehold estate in the Property under the Ground Lease and hereunder, as assigned to the Assignee pursuant to the Assignment Agreement, and (c) the District's sub-leasehold estate hereunder in the Property, subject only to Permitted Encumbrances; provided, however, that one or more of said estates may be insured through an endorsement to such policy or policies. Said policy or policies shall name both the Assignee and the Servicer as insured. All Net Proceeds received under said policy or policies shall be applied to the prepayment of Base Rental Payments in accordance with Section 8.03(a) hereof.

Section 7.03. Additional Insurance Provision; Form of Policies. The District shall pay or cause to be paid when due the premiums for all insurance policies required by Section 7.01 hereof, and shall promptly furnish or cause to be furnished evidence of such payments to the Corporation. All insurance policies (or riders) required by this Article VII shall be in form

satisfactory to the Assignee and taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of California. Each insurance policy or rider required by Section 7.01 shall name the District and the Assignee as additional insured and loss payee and shall include a lender's loss payable endorsement for the benefit of the Assignee. To the extent commercially available, all such policies shall contain a standard lessee clause in favor of the Corporation and the general liability insurance policies shall be endorsed to show the Corporation as an additional insured. All such policies shall provide that the Corporation and the Assignee shall be given 30 days' notice of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. Prior to the Delivery Date, the District will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that all such insurance is in full force and effect. Before the expiration of any such policy (or rider), the District will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions hereof unless such insurance is no longer obtainable, in which event the District shall notify the Assignee of such fact.

The District shall cause to be delivered to the Corporation on or before August 15 of each year, commencing August 15, 2022, a schedule of the insurance policies being maintained in accordance herewith and a Certificate of the District stating that such policies are in full force and effect and that the District is in full compliance with the requirements of this Article. The District shall, upon request of the Assignee, deliver to the Assignee certificates or duplicate originals or certified copies of each insurance policy described in such schedule. The Corporation shall be entitled to rely upon said Certificate of the District as to the District's compliance with this Article. The Corporation shall not be responsible for the sufficiency of coverage or amounts of such policies.

Section 7.04. Self-Insurance. To the extent authorized by the terms hereof, the District may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection (i) affords 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 District, and (ii) has been approved in writing by the Assignee. Before such other method or plan may be provided by the District, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Lease Agreement, there shall be filed with the Corporation and the Assignee a certificate of an actuary, insurance consultant or other qualified person (who may be an employee of the District), 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 and is sufficiently funded to afford such coverage. There shall also be filed a certificate of the District setting forth the details of such substitute method or plan.

ARTICLE VIII

EMINENT DOMAIN; DAMAGE OR DESTRUCTION; PREPAYMENT

Section 8.01. Eminent Domain. If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the District) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the District at the time of such taking, then this Lease Agreement 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 Payments in accordance with the provisions of Section 4.06 hereof. Any Net Proceeds received in respect of eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Corporation and applied to the prepayment of Base Rental Payments as provided in Section 8.03(a) hereof. Any such Net Proceeds remaining after all amounts due hereunder have been fully paid, shall be paid to the District.

Section 8.02. Damage or Destruction. (a) If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of this Section, the District shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the District elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions hereof.

(b) The Net Proceeds of any casualty insurance, including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited by the District in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof, as provided herein. The District shall provide the Corporation with written evidence of any such deposit.

(c) Notwithstanding the provisions of subsection (b) of this Section, the District shall, within 60 days of the occurrence of the event of damage or destruction, notify the Corporation in writing as to whether the District intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the District does intend to replace or repair the Property or portions thereof, the District shall deposit in said special account the full amount of any insurance deductible. The District shall provide the Corporation with written evidence of any such deposit.

(d) If such damage, destruction or loss was such that there resulted a substantial interference with the District's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments would result from such damage or destruction pursuant to Section 4.06 hereof, then the District shall be required either to (i) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (ii) apply sufficient funds from the insurance proceeds and other legally available funds to the prepayment, as set forth in Section 8.03(a) hereof, in full of all the Base Rental Payments or such portion of the Base Rental Payments which would be abated as a result

of the damage or destruction. Any Net Proceeds of any casualty insurance, including the proceeds of any self-insurance, remaining after the portion of the Property which was damaged or destroyed is restored to and made available to the District in substantially the same condition and Fair Rental Value as that which existed prior to the damage or destruction as required by clause (i) above or the prepayment of Base Rental Payments as required by clause (ii) above, in each case as evidenced by a Certificate of the District to such effect delivered to the Corporation, shall be withdrawn from such special account and used by the District for any lawful purpose. If the District is not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (i) above or to use such amounts to prepay Base Rental Payments as set forth in clause (ii) above, then such Net Proceeds shall, if there is first delivered to the Corporation a Certificate of the District to the effect that the Fair Rental Value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under this Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments be withdrawn from such special account and used by the District for any lawful purpose.

Section 8.03. Prepayment. (a) The District shall prepay on any date from Net Proceeds required pursuant to the provisions hereof to be applied thereto, all or any part of the principal components of the Base Rental Payments then unpaid so that the Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional to each other as practicable as compared to the Base Rental Payments unpaid prior to the prepayment date, at the applicable prepayment price specified in subsection (b) hereof. The District shall give the Corporation notice of prepayment of Base Rental Payments pursuant to this subsection (a) at least 15 days before the date fixed for prepayment.

(b) The District may prepay the Base Rental Payments in whole on any Base Rental Payment Date by giving written notice to the Corporation at least 30 days before the date fixed for prepayment and (i) if such prepayment occurs on or before February 1, 2024, by paying to the Corporation a prepayment price equal to 103% of the principal components of the Base Rental Payments so prepaid, plus the unpaid interest component accruing thereon to the date fixed for prepayment, (ii) if such prepayment occurs after February 1, 2024 to and including February 1, 2026, paying to the Corporation a prepayment price equal to 102% of the principal components of the Base Rental Payments so prepaid, plus the unpaid interest component thereof accruing thereon to the date fixed for prepayment, (iii) if such prepayment occurs after February 1, 2026 to and including February 1, 2028, paying to the Corporation a prepayment price equal to 101% of the principal components of the Base Rental Payments so prepaid, plus the unpaid interest component thereof accruing thereon to the date fixed for prepayment, and (iv) if such prepayment occurs after February 1, 2028, paying to the Corporation a prepayment price equal to 100% of the principal components of the Base Rental Payments so prepaid, plus the unpaid interest component thereof accruing thereon to the date fixed for prepayment. The District agrees that if, following such prepayment, the Property is damaged or destroyed or taken by eminent domain, the District shall not be 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) When there shall have been (i) deposited in trust with a financial institution at or prior to the due dates of the Base Rental Payments or date when the District may exercise its option to prepay the Base Rental Payments, in trust for the benefit of the Corporation and irrevocably appropriated and set aside to the payment of the Base Rental Payments, sufficient moneys and/or Defeasance Securities, the principal of and interest on which when due will, without reinvestment, provide money sufficient, as evidenced by a report of an independent certified public accountant addressed to the District and the Corporation, to pay all principal components and interest components of the Base Rental Payments and any prepayment premium thereon on the due dates thereof or to the date when the District may exercise its option to prepay the Base Rental Payments, as the case may be, (ii) provided to the Corporation notice of such deposit at least 10 days in advance thereof, (iii) paid by the District any and all Additional Rental Payments then due hereunder, and (iv) delivered to the District and the Corporation an opinion of nationally recognized bond counsel, addressed to the District and the Corporation, to the effect that such deposit, in and of itself, will not cause the interest component of the Base Rental Payments to be included in gross income for federal income tax purposes, then and in that event the term of this Lease Agreement shall end on such date, the right, title and interest of the Corporation in such Base Rental Payments and the obligations of the District 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 District to have such moneys and such Defeasance Securities applied to the payment of the Base Rental Payments) and the Corporation's interest in and title to the Property shall be transferred and conveyed to the District; provided, however, that the District agrees that if, following such deposit, the Property is damaged or destroyed or taken by eminent domain, the District shall not be entitled to, and by such deposit waives the right of, abatement of such Base Rental Payments for which such deposit was made and shall not be entitled to any reimbursement of such Base Rental Payments or any prepayment premium thereon.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Defaults and Remedies. (a) (i) If the District shall fail (A) to pay any Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the District, or (ii) upon the happening of any of the events specified in subsection (b) of this Section, the District shall be deemed to be in default hereunder and it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement. The District shall in no event be in default in the observance or performance of any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the District shall have failed, for a period of 30 days or such additional time as is reasonably required, but in no event greater than 60 days without the prior written consent of the Corporation, to correct any such default after notice by the Corporation to the District properly specifying wherein the District has failed to perform any such covenant, condition or agreement. 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 Agreement in the manner hereinafter provided on account of default by the District, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place within the County of Los Angeles, for the account of and at the expense of the District. In the event of such termination, the District agrees to surrender immediately possession of the 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 District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the 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 Rental Payments or to deliver up possession of the 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 Property nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the District shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease Agreement. The District covenants and agrees that no surrender of the Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Corporation by such written notice.

(2) Without terminating this Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the District, regardless of whether or not the District has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event the Corporation does not elect to terminate this Lease Agreement in the manner provided for in subparagraph (1) hereof, the District shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the District and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of this Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments 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 re-entry or obtaining possession of the Property. Should the Corporation elect to re-enter as herein provided, the District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to re-let the 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 Property and to place such personal property in storage in any warehouse or other suitable place within the County of Los Angeles, for the account of and at the expense of the District, and the District hereby indemnifies 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 Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-let the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement 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 District the right to terminate this Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The District further agrees to pay the Corporation the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the District of the completion and installation of such additions or alterations.

The District 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 Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the District, or any other person, that may be in or upon the Property.

(b) If (i) the District's interest in this Lease Agreement 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, (ii) the District 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 District asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the District's debts or obligations, or offers to the District's creditors to effect a composition or extension of time to pay the District's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the District'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 District, or if a receiver, trustee, custodian or liquidator of the business or of the property or assets of the District shall be appointed by any court, except a receiver, trustee, custodian or liquidator appointed at the instance or request of the Corporation, or if the District shall make a general assignment for the benefit of the District's creditors, (iii) the District shall abandon or vacate the Property, (iv) the District shall fail to maintain insurance as required herein, (v) any statement, representation, or warranty made by the District in or pursuant to this Lease Agreement or the Ground Lease or the execution, delivery, or performance thereof shall prove to have been false, materially incorrect or misleading, or breached in any material respect on the date when made, or (vi) any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the District is an obligor, if such default (A) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by Assignee or any affiliate of Assignee, or (B) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$100,000, then the District shall be deemed to be in default hereunder.

(c) In addition to the other remedies set forth in this Section, upon the occurrence of an Event of Default, the Default Rate shall apply and the Corporation and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Corporation and its assignee by this Lease Agreement or by law. The provisions of this Lease Agreement and the duties of the District and of its board, officers or employees shall be enforceable by the Corporation or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Corporation and its assignee shall have the right to bring the following actions:

(i) *Accounting.* By action or suit in equity to require the District and its board, officers and employees and its assigns to account as the trustee of an express trust.

(ii) *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 or its assignee.

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

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 the 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 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 Agreement, the District 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.

Notwithstanding anything to the contrary contained in this Lease Agreement, the Corporation shall have no right upon a default hereunder by the District to accelerate Rental Payments.

(d) Notwithstanding anything herein to the contrary, the termination of this Lease Agreement by the Corporation on account of a default by the District under this Section shall not effect or result in a termination of the lease of the Property by the District to the Corporation pursuant to the Ground Lease.

Section 9.02. Waiver. Failure of the Corporation to take advantage of any default on the part of the District 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 District 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 any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.01. Governing Law. THIS LEASE AGREEMENT 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. Waiver of Jury Trial; Judicial Reference; Venue. To the extent permitted by law, the parties hereto hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to this Lease Agreement or any of the related documents or the transaction contemplated hereby or thereby. If and to the extent that the foregoing waiver of the right to a jury trial is unenforceable for any reason in such forum, the parties hereto hereby consent to the adjudication of any and all claims pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to hear and determine any and all issues in such reference whether fact or law. The parties hereto represent that each has reviewed this waiver and consent and each knowingly and voluntarily waives its jury trial rights and consents to judicial reference following the opportunity to consult with legal counsel of its choice on such matters. In the event of litigation, a copy of this Lease Agreement may be filed as a written consent to judicial reference under California Code of Civil Procedure Section 638 as provided herein. To the extent permitted by law, the parties hereto consent and submit to jurisdiction only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County for the purposes of any suit, action or other proceeding arising in connection with this Lease Agreement, and each party expressly waives any objections that it may have to the venue of such courts.

Section 10.03. Notices. All written notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder shall be given to the party entitled thereto at its address 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 District:	Azusa Unified School District 546 South Citrus Avenue Azusa, California 91702 Attention: Assistant Superintendent, Business Services
If to the Corporation:	Azusa Unified School District Facilities Corporation 546 South Citrus Avenue Azusa, California 91702 Attention: President
If to the Assignee:	First Foundation Public Finance 2233 Douglas Blvd., Suite 300 Roseville, California 95661 Attention: Trevor Mael, Director

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 10.04. Validity and Severability. If for any reason this Lease Agreement shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Corporation or by the District, or if for any reason it is held by such a court that any of the covenants and conditions of the District hereunder, including the covenant to pay Rental Payments, is unenforceable for the full term hereof, then and in such event this Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the District annually in consideration of the right of the District to possess, occupy and use the Property, and all of the terms, provisions and conditions of this Lease Agreement, 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 10.05. 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 Agreement.

Section 10.06. Amendments. This Lease Agreement and the Ground Lease, and the rights and obligations of the Corporation and the District hereunder and thereunder, may be amended at any time, with the prior written consent of the Assignee, by an amendment hereto or thereto which shall become binding upon execution by the District and the Corporation.

Section 10.07. Assignment to Assignee; Effect; Restrictions on Assignments. (a) The District understands and agrees that, upon the execution and delivery of the Assignment Agreement (which is occurring simultaneously with the execution and delivery hereof), all right, title and interest of the Corporation in and to this Lease Agreement will be sold, assigned and transferred to the Assignee (all such rights assigned pursuant to the Assignment Agreement, the "Assigned Rights"). Provided that the Assignee delivers an executed letter of representations in substantially the form set forth in Exhibit C hereto, the District hereby consents to such sale, assignment and transfer. The Corporation hereby directs the District, and the District hereby agrees, to pay the Assignee all payments payable by the District under Section 4.01 and under Article VIII. Whenever in this Lease Agreement any reference is made to the Corporation and such reference concerns any Assigned Rights, such reference shall be deemed to refer to the Assignee.

(b) The Assigned Rights, and all proceeds therefrom, may be further assigned and reassigned in whole or in part to one or more assignees or subassignees by the Assignee (including, but not limited to, in connection with the creation of fractional interests with institutional investors so long as such assignment complies with applicable federal and State law), without the necessity

of obtaining the consent of the District; provided, that any such assignment, transfer or conveyance (i) shall be made only to investors each of whom the transferor Assignee reasonably believes is a Qualified Institutional Buyer or an Institutional Accredited Investor, and in either case is purchasing the Assigned Rights (or any interest therein) for its own account with no present intention to resell or distribute the Assigned Rights (or interest therein), subject to each investor's right at any time to dispose of the Assigned Rights or any interest therein as it determines to be in its best interests (provided such investor complies with the provisions of this subsection), (ii) shall not result in more than 35 owners of the Assigned Rights or the creation of any interest in the Assigned Rights in an aggregate principal component that is less than \$100,000 (or the then aggregate unpaid principal component of Base Rental Payments under this Lease) and (iii) shall not require the District to make Base Rental Payments, send notices or otherwise deal with respect to matters arising under this Lease Agreement with or to more than one trustee, owner, servicer or other fiduciary or agent or entity (herein referred to as the "Lease Servicer") and any trust agreement, participation agreement or custodial agreement under which multiple ownership interests in the Assigned Rights are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single Lease Servicer to act on their behalf with respect to the Assigned Rights, including with respect to the exercise of rights and remedies on behalf of such owners upon the occurrence of an Event of Default hereunder. The Corporation (including the initial Assignee pursuant to the Assignment Agreement) and the District hereby acknowledge and agree that the restrictions and limitations on transfer as provided in this Section 10.07 shall apply to the first and subsequent assignees and sub-assignees of any of the Assigned Rights (or any interest therein).

(c) No assignment, transfer or conveyance permitted by this Section 10.07 that changes the Lease Servicer or its payment instructions or mailing address shall be effective until the District shall have received a written notice of assignment that discloses the name, payment instructions and address of each such assignee; provided, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests evidencing interests in the Assigned Rights, it shall thereafter be sufficient that the District receives notice of the name, payment instructions and address of such bank or trust company that acts as the Lease Servicer. During the Term of this Lease, the District shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. The District shall retain all such notices as a register of all Assignees and shall make all payments to the Assignee or Lease Servicer designated in such register. The District shall not have the right to, and shall not, assert against the initial Assignee or any subsequent Assignee any claim, counterclaim or other right that the District may have against the Corporation. If the Assignee notifies the District of its intent to assign the Assigned Rights (or any interest therein) to a different Lease Servicer, the District agrees that it shall execute and deliver to the requesting Assignee a notice and acknowledgment of assignment in form reasonably required by such Assignee within fifteen (15) business days after its receipt of such request.

Section 10.08. Third Party Beneficiary. The Assignee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

Section 10.09. Execution in Counterparts. This Lease Agreement may be simultaneously executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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

AZUSA UNIFIED SCHOOL DISTRICT

By: _____

**AZUSA UNIFIED SCHOOL DISTRICT
FACILITIES CORPORATION**

By: _____

[Signature page to Lease Agreement]

EXHIBIT A

DESCRIPTION OF THE PROPERTY

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

PARCEL 1:

LOTS 7, 8, 9, 10 AND 11 IN BLOCK 85 OF AZUSA, IN THE CITY OF AZUSA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 15, PAGES 93](#) THROUGH 96 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM SAID LOT 11, THAT PORTION WITHIN THE LINES OF LEMON TRACT, AS PER MAP RECORDED IN [BOOK 11, PAGE 108](#), OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THE NORTH 30 FEET OF SAID LOT 7, CONVEYED TO THE CITY OF AZUSA FOR ROAD AND STREET PURPOSES BY DEED RECORDED IN [BOOK 310, PAGE 281, OF OFFICIAL RECORDS](#) OF SAID COUNTY.

[APN: 8608-017-900](#)

PARCEL 2:

THE WESTERLY 360 FEET OF THAT PORTION OF LOT 85, SUBDIVISION NO. 2, AZUSA LAND AND WATER COMPANY, IN THE CITY OF AZUSA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 43, PAGE 94](#) OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING NORTHERLY OF THE NORTHERLY LINE OF THE RIGHT OF WAY 80 FEET WIDE, GRANTED TO THE LOS ANGELES INTERURBAN RAILWAY COMPANY, BY DEED RECORDED IN [BOOK 2712, PAGE 207](#), OF DEEDS, RECORDS OF SAID COUNTY AND SHOWN ON MAP ATTACHED THERETO

[APN: 8625-029-903](#)

[END OF LEGAL DESCRIPTION]

[The above-described property is commonly referred to as Henry Dalton Elementary School, located at 500 East Tenth Street in Azusa, California 91702.]

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

<u>Base Rental Payment Date</u>	<u>Principal Component</u>	<u>Interest Component*</u>	<u>Total Base Rental Payment</u>
-------------------------------------	--------------------------------	--------------------------------	--------------------------------------

* Assuming no Event of Taxability has occurred and no Event of Default has occurred and is continuing.

EXHIBIT C

FORM OF ASSIGNEE LETTER OF REPRESENTATIONS

Superintendent
Azusa Unified School District
546 South Citrus Avenue
Azusa, California 91702

Re: Assignment of Lease Agreement, dated as of June 1, 2022, between the Azusa Unified School District and the Azusa Unified School District Facilities Corporation

Dear Sir/Madam:

The rights of the Azusa Unified School District Facilities Corporation (the “Corporation”) under the Ground Lease, dated as of June 1, 2022, between the Corporation and the Azusa Unified School District (the “District”), and the Lease Agreement, dated as of June 1, 2022 (the “Lease Agreement”), between the District and the Corporation (collectively, the “Assigned Property”), including the right to receive the Base Rental Payments (as defined in the Lease Agreement), are being assigned to the undersigned (the “Assignee”). The Lease Agreement requires the Assignee to complete, execute, and deliver to the District a letter of representations (a “Letter of Representations”), in substantially the form hereof, upon or prior to taking ownership or control of the Assigned Property. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Lease Agreement.

The Assignee hereby certifies, represents, warrants, acknowledges and covenants to the District as follows:

- (a) The Assignee understands and acknowledges that the District will rely on the certifications, representations, warranties, acknowledgements and covenants contained in this Letter of Representations.
- (b) The Assignee is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and is authorized to accept the assignment of the Assigned Property.
- (c) The Assignee (MARK OR INDICATE APPROPRIATELY):

is a “qualified institutional buyer” (a “Qualified Institutional Buyer”) within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”), or

is an institutional “accredited investor” as described in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, or

[] is an institutional “accredited investor” as defined in Section 501(a)(8) of Regulation D promulgated under the Securities Act each equity owner of which is an “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (together with any “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, an “Institutional Accredited Investor”).

- (d) The Assignee understands and acknowledges that, under the provisions of the Lease Agreement, the Assigned Property may be held in whole only, and may be further assigned and reassigned in whole only by the Assignee, subject to the transfer limitations described herein, in the Lease Agreement and in the Assignment Agreement.
- (e) The Assignee understands and agrees that it may transfer the Assigned Property only in compliance in all respects with the provisions of the Lease Agreement and the Assignment Agreement regarding such transfer.
- (f) The Assignee has sufficient knowledge and experience in financial and business matters, including the acquisition and ownership of municipal obligations similar to the Assigned Property, to be capable of evaluating the merits and risks of its accepting the assignment of and retaining ownership of the Assigned Property. The Assignee is a lender that regularly extends credit by acquiring loans in the form of state and local government obligations such as the Lease Agreement in the normal course of its business, and the Assignee is able to bear the economic risks of such a financial transaction.
- (g) The Assignee recognizes that the ownership of the Assigned Property involves significant risks, that there is no established market for the Assigned Property, that none is likely to develop, and, accordingly, that the Assignee must bear the economic risk of retaining ownership of the Assigned Property for an indefinite period of time.
- (h) The Assignee is not relying upon the District or its employees, municipal advisor, financial advisor, or consultants for advice as to the merits and risks of acquiring the Assigned Property. The Assignee has not relied upon the District’s legal counsel, financial advisor, municipal advisor, placement agent(s), facilities consultant, or other consultants to the District for any information, representations, or opinions regarding the District, the Property, the Assigned Property, or the Assignee’s acquisition of the Assigned Property, other than those contained in the Ground Lease and the Lease Agreement. The Assignee has sought such accounting, legal, and tax advice as it has considered necessary to make an informed decision concerning its acquisition of the Assigned Property.
- (i) The Assignee has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, the District, the

Assigned Property and the security therefor, and the transactions and documents related to or contemplated by the foregoing.

- (j) The Assignee has been furnished with, or given access to, all documents and information that the Assignee has requested regarding the District, the Property, the Assigned Property and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto.
- (k) The Assignee understands that no official statement, offering memorandum, or circular has been or will be issued in connection with the assignment of the Assigned Property and that the Assigned Property and underlying obligations are not rated by any accredited rating agency.
- (l) The Assignee understands that the Lease Agreement has not been registered under the Securities Act and that such registration is not legally required. Additionally, the Lease Agreement has not been registered, and no qualification for sale has been made, under the Blue Sky Laws of any state. The Assignee will not sell, convey, pledge, or otherwise transfer the Assigned Property without prior compliance with applicable state and federal laws and the provisions of the Lease Agreement and this Letter of Representations. The Assignee is not acting in the capacity of broker, dealer, municipal securities underwriter, placement agent, financial advisor, or municipal advisor in connection with its acquisition of the Assigned Property
- (m) The person executing this letter on behalf of the Assignee is duly authorized to do so on the Assignee's behalf.

IN WITNESS WHEREOF, the Assignee has executed this Letter of Representations as of the date set forth below.

Dated: _____, 20__

FIRM NAME: _____

By: _____
 Name: _____
 Title: _____