

RESOLUTION NO. F.AL.B.

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

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A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FINANCE AUTHORITY OF LONG BEACH APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE LEASE FINANCING, OF UP TO \$25,000,000 IN PERIODIC ADVANCES FROM JPMORGAN CHASE BANK, N.A., FUNCTIONING LIKE A LINE OF CREDIT, FOR VARIOUS OPERATIONAL NEEDS OF THE CITY AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, the City of Long Beach (the "City"), working with the Finance Authority of Long Beach (the "Authority"), has determined that, due to prevailing interest rates and for other reasons it is in the best interest of the City to finance various operational needs of the City (collectively, the "Project"); and

WHEREAS, it is in the public interest and for the public benefit that the Board of Directors of the Finance Authority of Long Beach (the "Board") authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other financing documents in connection therewith to implement a revolving credit facility lease financing for the purpose of financing the Project; and

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

NOW, THEREFORE, the Board of Directors of the Finance Authority of Long Beach hereby resolves as follows:

Section 1. The below-enumerated documents, substantially in the forms

1 on file with the Secretary, be and are hereby approved, and the Chairman or the
2 Treasurer, or the designee of such officials, is hereby authorized and directed to execute
3 said documents, with such changes, insertions and omissions as may be approved by
4 such officials:

5 A. a site and facility lease, by and between the City, as lessor,
6 and the Authority, as lessee (the "Site and Facility Lease"), pursuant to
7 which the City will lease certain real property and improvements (the
8 "Property") to the Authority;

9 B. a lease agreement, by and between the Authority, as
10 sublessor, and the City, as sublessee (the "Lease Agreement"), pursuant to
11 which the Authority will sublease the Property back to the City and pursuant
12 to which the City will agree to make semi-annual lease payments (the
13 "Lease Payments");

14 C. an assignment agreement, by and between the Authority and
15 JPMorgan Chase Bank, N.A., as purchaser (the "Purchaser"), pursuant to
16 which the Authority will assign to the Purchaser certain of its rights under
17 the Site and Facility Lease, the Lease Agreement and the Fee Agreement
18 (hereinafter defined), including its right to receive the Lease Payments and
19 other Obligations (as defined in the Lease Agreement) thereunder; and

20 D. a fee and interest rate agreement (the "Fee Agreement"),
21 among the City, the Authority and the Purchaser, providing for payment of
22 the Commitment Fee and other fees to be payable to the Purchaser related
23 to the Advances and the Lease Agreement and for the determination of the
24 Applicable Spread (as such terms are defined in the Lease Agreement),
25 together with any supplements, amendments, restatements and
26 modifications thereto.

27 Section 2. The Chair, the Executive Director, the Treasurer, the
28 Secretary and other officials of the Authority are hereby authorized and directed to

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1 execute such other agreements, documents and certificates and to take such other
2 actions as may be necessary to effect the purposes of this resolution and the lease
3 financing herein authorized.

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

6 I hereby certify that the foregoing Resolution was adopted by the Board of
7 Directors of the Finance Authority of Long Beach at a special meeting of the Board of
8 Directors held on May 26, 2020, by the following vote:

9
10 Ayes: Boardmembers: _____

11 _____

12 _____

13 _____

14 Noes: Boardmembers: _____

15 _____

16 Absent: Boardmembers: _____

17 _____

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19 _____

20 _____
Secretary

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AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT AGREEMENT

For Value Received, the FINANCE AUTHORITY OF LONG BEACH (the “*Authority*”) without recourse does hereby sell, assign and transfer to JPMORGAN CHASE BANK, N.A. and its successors and assigns (the “*Assignee*”), (i) all rights, title and interest in and to the Lease Agreement, dated as of May 1, 2020, a memorandum of which has been recorded concurrently herewith, by and between the Authority, as sublessor, and the City of Long Beach (the “*City*”), as sublessee (said Lease Agreement and any supplements, amendments, annexations, extensions or renewals thereof are referred to hereinafter as the “*Lease Agreement*”), as well as its rights to enforce payment of Lease Payments and all other Obligations (each as defined in the Lease Agreement) when due or otherwise to protect its interests and exercise all remedies in the event of a default or termination by the City under the Lease Agreement; provided that the Authority’s rights to indemnification and payment or reimbursement for any costs or expenses thereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee, (ii) except for the Authority’s obligation under Section 4 thereof, all of its rights, title and interest in and to the Site and Facility Lease, dated as of May 1, 2020, which has been recorded concurrently herewith, by and between the City, as lessor, and the Authority, as lessee (any supplements, amendments, annexations, extensions or renewals thereof are referred to hereinafter as the “*Site and Facility Lease*”) including the right to exercise all rights and remedies under the Site and Facility Lease as may be necessary or convenient, (iii) all of its rights, title and interest in and to the the Fee and Interest Rate Agreement dated May __, 2020 among the City, the Authority and the Assignee (as supplemented, amended or restated, the “*Fee Letter*”), and (iv) all moneys, sums and amounts now due or hereinafter to become due under the Lease Agreement and the Fee Letter (as defined in the Lease Agreement), including proceeds of insurance or condemnation awards (or proceeds of sale under threat of eminent domain) with respect to the Property. The Site and Facility Lease and the Lease Agreement and the Fee Letter delivered to the Assignee are duly executed duplicate originals that

comprise the entire writing, obligation and agreement between the Authority and the City respecting the leases made thereunder and the lease payments made therefor.

The Assignee hereby accepts the foregoing assignment. The above assignment is intended to be an absolute, irrevocable and unconditional assignment to the Assignee and is not intended as a loan by the Assignee to the Authority. Accordingly, in the event of bankruptcy of the Authority, the assigned property shall not be part of the Authority's estate. However, if the above assignment is deemed to be a loan by the Assignee to the Authority, then the Authority shall be deemed to have granted to the Assignee, and hereby grants to the Assignee, a continuing first priority security interest in the assigned property and all proceeds thereof as collateral security for all obligations of the Authority hereunder and all obligations of the City under the Lease Agreement, the Site and Facility Lease, the Fee Letter, the Letter Agreement for Purchase dated as of May __, 2020 between the City and the Assignee (as supplemented, amended or restated, the "*Letter Agreement*") and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

The Authority acknowledges that:

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

(2) The Assignee has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the Authority with respect to the structuring of the financing or the execution and delivery of the Lease Agreement or any other Related Document (as defined in the Lease Agreement);

(3) The Assignee has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the Authority with respect to the transactions relating to the structuring of the financing or the execution and delivery of the Lease Agreement or any other Related Document and the discussions, undertakings, and procedures leading thereto;

(4) The Authority has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the lease financing transaction from its financial, legal, and other advisors (and not the Assignee or its affiliates) to the extent that the Authority or its municipal advisor desires to, should, or needs to obtain such advice;

(5) 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 the Authority's municipal advisor, or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the Authority's municipal advisor, with respect to any such matters; and

(6) the transactions between the Authority and the Assignee are arm's length, commercial transactions in which the Assignee is acting and has acted solely as a principal and for its own interest, and the Assignee has not made recommendations to the Authority with respect to the transactions relating to the Lease Agreement or any other Related Document.

The Authority represents and warrants and covenants as follows:

(1) it has made no prior sale or assignment of any interest in the Site and Facility Lease, the Lease Agreement or the Fee Letter;

(2) that each of the Lease Agreement and the Site and Facility Lease and each other Related Document are genuine and in all respects are what they purport to be;

(3) that the Assignee is not liable for and does not assume responsibility for the performance of any of the covenants, agreements, duties or obligations specified in the Lease Agreement or any other Related Document to be kept, paid or performed by the Authority, with exception of such covenants, agreements, duties and obligations (if any) which are expressly made the responsibility of the Assignee under the Lease Agreement

(4) that the Authority has the power, authority, and legal right to execute, deliver and perform the Site and Facility Lease, the Lease Agreement and this Assignment Agreement and each of the Site and Facility Lease, the Lease Agreement and this Assignment Agreement is a valid, binding, and enforceable obligation of the Authority, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles;

(5) that good and marketable title to the assigned property has been duly vested in the Assignee free and clear of any liens, security interests, encumbrances or other claims other than the rights of the City under the Lease Agreement, and the Authority has not assigned or transferred any of the assigned property or any interest in the assigned property to any party other than the Assignee;

(6) that this Assignment Agreement has been duly authorized by all necessary action on the part of the Authority;

(7) that the Authority agrees that it (a) shall not have any right to waive, amend, modify, compromise, release or terminate all or any portion or provision of the Lease Agreement, Site and Facility Lease or the Fee Letter or permit prepayment of the Lease Agreement, and (b) shall not take any action that may impair the payment of Lease Payments or any other Obligations (as defined in the Lease Agreement) or the validity or enforceability of the Lease Agreement, Site and Facility Lease, the Fee Letter or any other Related Document;

(8) that if the Authority receives any Lease Payments or any other Obligations, then the Authority shall receive such payments in trust for the Assignee and shall

immediately deliver the same to the Assignee in the form received, duly endorsed by the Authority for deposit by the Assignee;

(9) that the Authority shall execute and deliver to the Assignee such documents, in form and substance reasonably satisfactory to the Assignee, and the Authority shall take such other actions, as the Assignee may reasonably request from time to time to evidence, perfect, maintain, and enforce the Assignee 's rights in the assigned property and/or to enforce or exercise the Assignee 's rights or remedies under the Lease Agreement and the other Related Documents;

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

(11) that no consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the Authority of the Site and Facility Lease, the Lease Agreement, the Fee Letter or this 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, or except as would not materially adversely affect the transactions contemplated hereby and thereby;

(12) there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the City or the assets, properties or operations of the Authority or the City which, if determined adversely to the Authority or the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease, the Lease Agreement, the Fee Letter or this Assignment Agreement, or upon the financial condition, assets, properties or operations of the Authority or the City.

The Authority further represents and warrants that as of the date of this Assignment Agreement, the Lease Agreement, the Fee Letter and the Site and Facility Lease are in full force and effect and the City is not in default of any of the terms set forth therein.

By its acceptance of this Assignment Agreement, the Assignee, represents and warrants (i) the price paid in consideration for assignment of the Site and Facility Lease and the Lease Agreement, the Fee Letter is the extension to the City of a not to exceed \$25,000,000 revolving commitment under the Lease Agreement; and (ii) that the Assignee reasonably expects to hold its interests in the Lease Agreement for its own account and does not presently expect to sell, assign, or otherwise transfer its interests in the Lease Agreement, subject to the Assignee's right to dispose of or otherwise deal with its property (including its interest in the Lease Agreement) as it determines to be in its best interests from time to time.

This Assignment Agreement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in the State of California. Any provision of this Assignment Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment Agreement.

This Assignment Agreement binds and inures to the benefit of the parties and their respective successors and assigns.

If any one or more of the terms, provisions, covenants, or conditions of this Assignment Agreement shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provision, covenants and conditions of this Assignment Agreement shall be affected thereby, and each provision of this Assignment Agreement shall be valid and enforceable to the fullest extent permitted by law.

The descriptions of the Site and the Facility which are the subject of the Site and Facility Lease and the Lease Agreement are set forth in Exhibits A and B attached hereto and by this reference incorporated herein.

No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or any other Related Document), the Authority acknowledges and agrees that: (a) (i) the services regarding this Assignment Agreement and the other Related Documents provided by the Assignee and any Affiliate thereof are arm's length commercial transactions between the City and the Authority, on the one hand, and the Assignee and its Affiliates, on the other hand, (ii) each of the City and the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) each of the City and the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Assignee and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor (municipal, financial or otherwise), agent or fiduciary, for the City or the Authority, or any other Person and (ii) neither

the Assignee nor any of its Affiliates has any obligation to the City or the Authority with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Assignee and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those each of the City and the Authority, and neither the Assignee nor any of its Affiliates has any obligation to disclose any of such interests to the City or the Authority. To the fullest extent permitted by law, the Authority, hereby waives and releases any claims that it may have against the Assignee or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby

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

Dated as of May 1, 2020

FINANCE AUTHORITY OF LONG BEACH

By: _____

David Nakamoto
Treasurer

ATTEST:

Monique De La Garza, CMC
Secretary

ACCEPTANCE OF ASSIGNMENT:

JPMORGAN CHASE BANK, N.A., as Assignee

By: _____

Name: _____

Title: _____

EXHIBIT A

DESCRIPTION OF THE SITE

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

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the City's Emergency Communications Operations Center located at 2990 Redondo Avenue, Long Beach, California, and (b) the City's West Long Beach Police Substation located at 1835 Santa Fe Avenue, Long Beach, California.

Emergency Communications Operations Center. The Emergency Communications Operations Center (ECOC) located at 2990 Redondo Avenue, is a 42,000 square-foot state-of-the-art facility. It receives calls from the public for police, fire, and/or emergency medical services. The ECOC is the City's nerve-center during a crises. It facilitates a central location at which personnel evaluates, coordinates and strategizes to deliver critical essential services. Its mission is to protect lives while protecting the safety of first responders. Annually, the ECOC receives over 700,000 calls for service, including calls from cell phones. Its systems insure the quickest possible response times on every call. Upon an emergency declaration or disaster situations, the ECOC serves as a hub from which emergency protocols are adhered, including coordination with federal, state, county and other municipal entities. The ECOC facilitates the response from various departments, including the response to the corona virus crisis. It operates using a computer-aided dispatch technology to reliably communicate with public safety responders in the field and maintain accurate incident records. The ECOC also has a mass notification system to keep the public and internal department's informed.

North Long Beach Police Substation. The North Long Beach Police Substation, located at 4891 Atlantic Avenue, was constructed in 2004. The building is 21,600 square feet. The station's rooftop is equipped with a 40-kilowatt solar power system with a potential of supplying 85% of its power needs. This substation houses the North Division comprised of about 110 police officers plus a dedicated civilian support staff that partners with residents, business owners, and civic leaders to deter crime and improve the quality of life. The North division desk is staffed 4 days a week in the afternoons.

FEE AND INTEREST RATE AGREEMENT

DATED JUNE ___, 2020

Reference is hereby made to the Lease Agreement dated as of June 1, 2020 (the “*Agreement*”), between the City of Long Beach, a charter city and municipal corporation duly organized and existing under its charter and the Constitution and laws of the State of California (the “*City*”) as sublessee and the Finance Authority of Long Beach, a joint exercise of powers entity organized and existing under the laws of the State of California, as sublessor (the “*Authority*”), the rights to which have been sold, transferred and assigned to JPMorgan Chase Bank, National Association (together with its successors and assigns, the “*Assignee*”), pursuant to an Assignment Agreement dated as of June 1, 2020 between the Authority and the Assignee, pursuant to which the Assignee has agreed to fund Advances to the City. Capitalized terms used herein and not otherwise defined herein have the meanings set forth in the Agreement or the Letter Agreement (as defined in the Agreement).

The purpose of this Fee and Interest Rate Agreement (this “*Fee Agreement*”) is to confirm the agreement among the Assignee, the Authority and the City with respect to the Commitment Fee and certain other fees payable by the City to the Assignee and to define the term “Applicable Spread” as used in the Agreement. This Fee Agreement is the Fee Letter referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement among the City, the Authority and the Assignee, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement

ARTICLE I. FEES.

Section 1.1. Commitment Fee. The City agrees to pay to the Assignee on [July 1], 2020, for the period commencing on the Closing Date and ending on June 30, 2020, and in arrears on the first Business Day of each October, January, April and July occurring thereafter to and including the Commitment Termination Date, and on the Commitment Termination Date, a non-refundable commitment fee (the “*Commitment Fee*”) with respect to the Available Commitment for each day in the related fee period, in an amount equal to the rate per annum (the “*Commitment Fee Rate*”) specified below:

LEVEL	MOODY’S RATING	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1	Aa2 or above	AA or above	AA or above	0.500%
Level 2	Aa3	AA-	AA-	0.600%
Level 3	A1	A+	A+	0.700%
Level 4	A2	A	A	0.800%
Level 5	A3	A-	A-	0.900%
Level 6	Baa1	BBB+	BBB+	1.000%
Level 7	Baa2	BBB	BBB	1.100%

The term “*Rating*” as used herein shall mean the lowest long-term unenhanced debt rating assigned by any of Fitch (to the extent then rated by Fitch), Moody’s (to the extent then rated by Moody’s) or S&P to any Debt that is payable from the General Fund of the City or a general obligation of the City (in each case, without regard to bond insurance or any other form of credit enhancement). In the event of a split in the applicable Ratings (*i.e.*, one of the Ratings is at a different Level than one or more of the other Ratings), the Commitment Fee Rate shall be based upon the Level in which the lowest Rating appears. Any change in the Commitment Fee Rate resulting from a change in the Ratings shall be and become effective as of and on the date of the announcement of the change in the Ratings. References to Ratings above are references to rating categories as determined by the Rating Agencies at the date hereof, and, in the event of adoption of any new or changed rating system by any Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced rating assigned to the Subordinate Obligations in connection with the adoption of a “global” rating scale, each of the Ratings referred to above from such Rating Agency shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as in effect on the date hereof. The City acknowledges that as of the Closing Date the Commitment Fee Rate is that specified above for Level 1. To the extent any Commitment Fee is not paid when due, such Commitment Fee shall, to the extent permitted by law, accrue interest from the date payment is due until payment in full at the Default Rate, such interest to be payable on demand. Commitment Fees shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days elapsed.

Section 1.2. Amendment, Consent or Waiver Fee. The City agrees to pay to the Assignee on the date of each amendment, supplement, or modification to the Agreement or this Fee Agreement (or any Related Document, the amendment, supplement or modification of which requires the consent of, or waiver from, the Assignee), a fee as may be agreed to between the Assignee and the City plus the reasonable fees and expenses of any legal counsel retained by the Assignee in connection therewith.

Section 1.3. Applicable Spread. For purposes of the Agreement, “*Applicable Spread*” means a rate per annum associated with the Level corresponding to the Ratings, as specified below.

LEVEL	MOODY’S RATING	S&P RATING	FITCH RATING	APPLICABLE SPREAD
Level 1	Aa2 or above	AA or above	AA or above	1.750%
Level 2	Aa3	AA-	AA-	1.850%
Level 3	A1	A+	A+	1.950%
Level 4	A2	A	A	2.050%
Level 5	A3	A-	A-	2.150%
Level 6	Baa1	BBB+	BBB+	2.250%
Level 7	Baa2	BBB	BBB	2.350%

In the event of a split in the applicable Ratings (*i.e.*, one of the Ratings is at a different Level than one or more of the other Ratings), the Applicable Spread shall be based upon the Level in which the lowest Rating appears. Any change in the Applicable Spread resulting from a change

in the Ratings shall be and become effective as of and on the date of the announcement of the change in the Ratings. References to Ratings above are references to rating categories as determined by the Rating Agencies at the date hereof, and, in the event of adoption of any new or changed rating system by any Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced rating assigned to the Debt of the City in connection with the adoption of a “global” rating scale, each of the Ratings referred to above from such Rating Agency shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as in effect on the date hereof. The City acknowledges that as of the Closing Date the Applicable Spread is that specified above for Level 1.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of the City and the Assignee.

Section 2.2. Governing Law; Jurisdiction; Waiver of Jury Trial. (a) THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE CITY, THE AUTHORITY AND THE ASSIGNEE AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY AND ALL CLAIM OR CAUSES OF ACTION BASED UPON OR ARISING OUT OF THIS FEE AGREEMENT AND THE OTHER RELATED DOCUMENTS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF 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 ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS FEE AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(c) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF CALIFORNIA AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE OF CALIFORNIA. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF CALIFORNIA AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS FEE AGREEMENT. REGARDLESS OF WHETHER THE PARTY’S ACTIONS TOOK PLACE IN THE STATE OF CALIFORNIA OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

Section 2.3. Counterparts. This Fee Agreement may be executed in multiple counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 2.4. Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.5. Confidentiality. This Fee Agreement and the terms hereof are for the City's confidential use only. The City shall not deliver or permit (with knowledge), authorize or consent to the delivery of this Fee Agreement to any person for delivery to the Municipal Securities Rulemaking Board and shall use its best efforts to not disclose this Fee Agreement or the terms hereof to any person, other than its trustees, officers, employees, attorneys, accountants and financial advisors (but not commercial lenders), and then only on a confidential basis, except where (in the City's judgment, as applicable) disclosure is required by law or where the Assignee consents to the proposed disclosure; *provided*, that any party to the transactions contemplated by this Fee Agreement (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the federal, state or local tax treatment of the transaction contemplated herein, and all materials of any kind (including opinions or other tax analyses) relating to such federal, state or local tax treatment, other than the name of the parties or any other person named herein, or information that would permit identification of the parties or such other persons, and any pricing terms or other nonpublic business or financial information that is unrelated to the federal, state or local tax treatment of the transaction contemplated herein to the taxpayer and is not relevant to understanding the federal, state or local tax treatment of the transaction contemplated herein to the taxpayer. This authorization of tax disclosure is retroactively effective to the commencement of the first discussions between the parties regarding the transaction contemplated herein. These provisions are meant to be interpreted so as to prevent the transaction contemplated herein from being treated as offered under "conditions of confidentiality" within the meaning of the Code and the Treasury Regulations thereunder.

Section 2.6. Representation by Legal Counsel; Joint Preparation. The parties hereto have participated jointly in the negotiation and drafting of this Fee Agreement, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Agreement. In the event an ambiguity or question of intent or interpretation arises, this Fee Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Agreement.

[SIGNATURE PAGES FOLLOW]

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

CITY OF LONG BEACH

By: _____
David Nakamoto
City Treasurer

Attest:

Monique De La Garza, CMC
City Clerk

FINANCE AUTHORITY OF LONG BEACH

By: _____
David Nakamoto
Treasurer

Attest:

Monique De La Garza, CMC
Secretary

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION, as Assignee

By: _____
Name: _____
Title: _____

LEASE AGREEMENT

Dated as of June 1, 2020

by and between

THE FINANCE AUTHORITY OF LONG BEACH,
as Sublessor

and

THE CITY OF LONG BEACH,
as Sublessee

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EXHIBIT A DESCRIPTION OF THE SITE
EXHIBIT B DESCRIPTION OF THE FACILITY

LEASE AGREEMENT

This LEASE AGREEMENT (this "*Lease Agreement*"), dated as of June 1, 2020, is by and between the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers entity organized and existing under the laws of the State of California, as sublessor (the "*Authority*"), and the CITY OF LONG BEACH, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California, as sublessee (the "*City*");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2020 (together with any supplements, amendments, annexations, extensions or renewals thereof are referred to hereinafter as the "*Site and Facility Lease*"), the City has leased those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "*Site*"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "*Facility*" and, with the Site, the "*Property*"), to the Authority, all for the purpose of providing funds to the City for various operational needs of the City;

WHEREAS, the Authority proposes to lease the Property back to the City pursuant to this Lease Agreement and to assign all of its rights, title and interest in, to and under this Lease Agreement, including its right to receive lease payments under this Lease Agreement (the "*Lease Payments*"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City and its rights under the Site and Facility Lease, to JPMorgan Chase Bank, N.A. (together with its successors and assigns, the "*Assignee*"), pursuant to that certain Assignment Agreement, dated as of June 1, 2020, by and between the Authority and the Assignee (together with any supplements, amendments, annexations, extensions or renewals thereof are referred to hereinafter as the "*Assignment Agreement*"); and

WHEREAS, the City and the Authority have agreed to enter into this Lease Agreement providing for Lease Payments with an outstanding and revolving aggregate principal component in the amount of up to \$25,000,000 for the purpose of implementing the financing transactions described above and the City agrees to repay the Assignee for Borrowings (as defined herein) made by the Assignee under the Revolving Commitment (as defined herein) and to pay the Assignee all other amounts arising under or pursuant to this Lease Agreement.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

Section 1.1. Definitions. All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Lease Agreement.

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

“*Advance*” has the meaning specified in Section 3.1 hereof.

“*Advance Request*” means a notice of a Borrowing pursuant to Section 3.2(a) which shall be substantially in the form set forth in the “Commercial Lending Welcome Package” provided by Assignee to the City or such other form as may be approved by the Assignee (including any form on an electronic platform or electronic transmission system as be approved the Assignee), appropriately completed and signed by a City Representative.

“*Applicable Environmental Laws*” means and shall include, all laws (including common laws) including but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (“*CERCLA*”), 42 USC Sections 9601 *et seq.*; the Resource Conservation and Recovery Act (“*RCRA*”), 42 USC Sections 6901 *et seq.*; the Federal Water Pollution Control Act, 33 USC Sections 1251 *et seq.*; the Clean Air Act, 42 USC Sections 7401 *et seq.* (“*CAA*”); the Occupational Health and Safety Act, 29 USC Section 654 *et seq.*, (“*OSHA*”); the Asbestos Hazard Emergency Response Act (“*ASHERA*”); the California Hazardous Waste Control Law (“*HWCL*”), California Health & Safety Code Sections 25100 *et seq.*; the Hazardous Substance Account Act (“*HSAA*”), California Health & Safety Code Sections 25300 *et seq.*; the Porter- Cologne Water Quality Control Act (the “*Porter-Cologne Act*”), California Water Code Sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code Sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

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

“*Applicable Law*” means (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) constitutions, statutes, rules, regulations and orders of all Governmental Authorities, (ii) Applicable Environmental Laws, (iii) applicable seismic building

code requirements at the time of construction, and (iv) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators and all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Applicable Spread*” has the meaning set forth in the Fee Letter.

“*Assignee*” means initially, JPMorgan Chase Bank, N.A. and its successors, as assignee of all rights, title and interests of the Authority hereunder, and (b) any other entity to whom the rights of the Authority hereunder are assigned, including subsequent assignees of the Assignee.

“*Assignment Agreement*” means the Assignment Agreement, dated as of June 1, 2020, by and between the Authority, as assignor, and the Assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

“*Authority*” means the Finance Authority of Long Beach, a joint exercise of powers entity, organized and existing under the laws of the State.

“*Authority Representative*” means the Chairman or the Treasurer or the designee of any such official, or any other person authorized by resolution of the Authority delivered to the Assignee to act on behalf of the Authority under or with respect to the Site and Facility Lease, the Lease Agreement and the Assignment Agreement.

“*Authorized Amount*” means \$25,000,000.

“*Availability Period*” means the period from and including the Closing Date to the Commitment Termination Date.

“*Available Commitment*” means, on any date, an initial amount equal to \$25,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance made to the City under the Revolving Commitment; (b) upward in an amount equal to the principal amount of any Advance made to the City under the Revolving Commitment, that is repaid or prepaid, as applicable, in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 3.4 hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided*, that, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed \$25,000,000 at any one time.

“*Benchmark Transition Event*” means the occurrence of one or more of the following events:

(a) a public statement or publication of information by or on behalf of the administrator of the Page or the LIBOR Screen Rate announcing that such administrator has ceased or will cease to provide the Page or the LIBOR Screen Rate, permanently or indefinitely, *provided* that, at the time for such statement or publication, there is no successor administrator that will continue to provide the Page or the LIBOR Screen Rate;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Page or the LIBOR Screen Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the Page or the LIBOR Screen Rate, a resolution authority with jurisdiction over the administrator for the Page or the LIBOR Screen Rate or a court or an entity with similar insolvency or resolution authority over the administration for the Page or the LIBOR Screen Rate, which states that the administrator of the Page or the LIBOR Screen Rate has ceased or will cease to provide the Page or the LIBOR Screen Rate permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Page or the LIBOR Screen Rate; or

(c) a public statement or publication of information by the regulatory supervisor for the administration of the Page or the LIBOR Screen Rate announcing that the Page or the LIBOR Screen Rate is no longer representative.

“*Bond Counsel*” means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations of state and local government entities.

“*Borrowing*” means a borrowing of Advances from the Assignee pursuant to Section 3.1 hereof.

“*Business Day*” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the State are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Assignee is closed or (c) a day on which either (i) the principal office of the Assignee is closed or (ii) the office of the Assignee in which it advances Advances hereunder is closed; *provided* that, when used in connection with an Advance, the term “*Business Day*” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“*City*” means the City of Long Beach, a municipal corporation and chartered city organized and existing under the laws of the State.

“*City Representative*” means the Mayor, the City Manager, the Director of Financial Management or the City Treasurer or the designee of any such official, or any other person authorized by resolution delivered to the Authority and the Assignee to act on behalf of the City under or with respect to the Site and Facility Lease and this Lease Agreement.

“*Closing Date*” means June ____, 2020, the date this Lease Agreement or a memorandum thereof is recorded in the office of the County Recorder of Los Angeles County.

“*Commitment Fee*” has the meaning set forth in the Fee Letter.

“*Commitment Termination Date*” shall mean the earlier of:

(a) [____], 2021, or such later date as may be established pursuant to Section 3.11 hereof; and

(b) the date the Revolving Commitment is reduced to zero pursuant to Section 3.4 or Section 8.2 hereof.

“*Daily Floating Rate*” means, for any day with respect to each Advance, the quotient of (a) the interest rate determined by the Assignee by reference to the Page (as defined below) to the rate at approximately 11:00 a.m. London time, on such date or, if such date is not a Business Day, on the immediately preceding Business Day for dollar deposits with a maturity equal to one (1) month (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Assignee in its reasonable discretion; in each case the “*LIBOR Screen Rate*”), divided by (b) one minus the LIBOR Reserve Percentage (expressed as a decimal) applicable to dollar deposits in the London interbank market with a maturity equal to one (1) month. Notwithstanding the foregoing, if the Daily Floating Rate as determined above would be less than one percent (1.00%), such rate shall be deemed to be one percent (1.00%) for purposes of this Lease Agreement.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Bank Agreements (as defined in the Letter Agreement) or interest rate protection or other derivative instruments or agreements, (f) all debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (g) all guarantees by such Person of debt of other Persons.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“*Default*” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

¹ 364 days from Closing Date

“*Default Rate*” means, for any day and for any Advance or Obligation outstanding, a rate of interest per annum equal to the sum of the applicable rate then in effect for such Advance or Obligation on such day plus four percent (4.00%).

“*Dollar*” and “\$” mean lawful money of the United States.

“*Event of Default*” means any of the events of default as defined in Section 8.1.

“*Facility*” means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement, as the same may be revised from time to time pursuant to [substitution or] release as provided herein.

“*Fallback Rate*” means an interest rate per annum equal to the sum of the Federal Funds Effective Rate *plus* the Applicable Spread. The Fallback Rate may include an additional mathematical adjustment made by the Assignee in order to account for the delta that may exist between: (a) the Federal Funds Effective Rate *plus* the Applicable Spread; and (b) the interest that would have otherwise been payable to the Assignee using Daily Floating Rate and/or LIBOR on the day before LIBOR is illegal or unavailable, as the case may be, or the LIBOR Screen Rate is no longer available in accordance with a Benchmark Transition Event; *provided* that for purposes of Section 3.14(a)(ii), to the extent Daily Floating Rate and/or LIBOR fails to adequately reflect the Assignee’s cost of funds *plus* the Applicable Spread, the Fallback Rate shall equal a market conventional rate that is mutually agreeable to the Assignee and the City.

“*Federal Funds Effective Rate*” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the Federal Reserve Bank of New York’s Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; *provided* that if the Federal Funds Effective Rate as so determined would be less than one percent (1.00%), such rate shall be deemed to be one percent (1.00%) for the purposes of this Agreement.

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

“*Fee Letter*” means the Fee and Interest Rate Agreement, dated June __, 2020, among the City, the Authority and the Assignee, providing for payment of the Commitment Fee and other fees to be payable to the Assignee related to the Advances and this Lease Agreement and for the determination of the Applicable Spread, together with any supplements, amendments, restatements and modifications thereto.

“*Fitch*” means Fitch Ratings, Inc., and any successor rating agency.

“*Floating Rate*” means a fully floating rate per annum that is equal to the sum of (a) the Daily Floating Rate *plus* (b) the Applicable Spread; *provided, however*, that immediately and upon

the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuation of such Event of Default, “*Floating Rate*” shall mean the Default Rate.

“*Fiscal Year*” means each twelve-month period during the Term of this Lease Agreement commencing on October 1 in any calendar year and ending on September 30 in the next succeeding calendar year, or any other twelve-month period selected by the City as its fiscal year period.

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

“*Hazardous Substance*” means any substance that shall, at any time, be listed as “hazardous” or “toxic” pursuant to any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance or wastes or other pollutants regulated under Applicable Environmental Laws; including, without limitation, all explosive or radioactive substances or wastes, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum or petroleum distillates, natural gas, natural gas liquids, asbestos or asbestos-containing materials, polychlorinated biphenyls, mold, radon, infectious or medical wastes and all other substances, wastes, chemicals, pollutants, contaminants or compounds of any nature in any form regulated pursuant to any Applicable Environmental Law and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 *et seq.*).

“*Highest Lawful Rate*” means the maximum interest rate permitted by applicable law.

“*Interest Payment Date*” means, as to any Advance, the first Business Day of each calendar month and the Commitment Termination Date, *provided* that if an Advance is funded on the Closing Date, the initial Interest Payment Date with respect thereto shall be **[July 1]**, 2020.

“*Lease Agreement*” means this Lease Agreement, dated as of June 1, 2020, between the Authority and the City, together with any supplements, amendments, restatements and modifications thereto.

“*Lease Payment Date*” means each date a Lease Payment, Advance or interest thereon is due and payable as provided herein.

“*Lease Payments*” means all payments required to be paid by the City under Article III, Section 4.3, including any prepayment thereof under Sections 9.1, 9.2 or 9.3 and the repayment of all Advances and interest thereon.

“*Lending Office*” means, the office or offices of the Assignee as the Assignee may from time to time notify the City.

“*Letter Agreement*” means the Letter Agreement for Purchase dated as of June ____, 2020 between the City and the Assignee, together with any supplements, amendments, restatements and modifications thereto.

“*Letter Agreement Event of Default*” means any “event of default” as defined or described under the Letter Agreement.

“*LIBOR*” has the meaning set forth in the Letter Agreement.

“*LIBOR Screen Rate*” has the meaning assigned to that term in the definition of “Daily Floating Rate.”

“*LIBOR Reserve Percentage*” means the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to Eurocurrency funding (currently referred to as “Eurocurrency Liabilities”); *provided* that, so long as no such percentage is in effect, the LIBOR Reserve Percentage shall be zero.

“*Material Adverse Effect*” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities (actual or contingent), condition (financial or otherwise), business, facilities, properties or operations or prospects of the City or the Property, (b) the ability of the City to carry out its business in the manner conducted as of the Closing Date or to meet or perform its obligations under this Lease Agreement or any other Related Document on a timely basis, (c) the validity or enforceability of this Lease Agreement or any other Related Document, (d) the exemption of the interest component of the Lease Payments for state income tax purposes or (e) a material impairment or material adverse change in the rights, interests or remedies of the Assignee under any Related Document.

“*Material Litigation*” means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any Governmental Authority, (a) that may have a Material Adverse Effect, (b) seek to restrain or enjoin any of the transactions contemplated by this Lease Agreement or any Related Document, or (c) may adversely affect (i) the exemption of the interest component of the Lease Payments for state income tax purposes or (ii) the ability of the City to perform its obligations under this Lease Agreement or any Related Document.

“*Moody’s*” means Moody’s Investors Service, Inc. and any successor rating agency.

“*Net Proceeds*” means any insurance or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“*Notice of Advance Prepayment*” means a notice of prepayment with respect to an Advance, which shall be substantially in the form of set forth in the “Commercial Lending

Welcome Package” provided by Assignee to the City or such other form as may be approved by the Assignee (including any form on an electronic platform or electronic transmission system as shall be approved by the Assignee), appropriately completed and signed by an Authorized Representative.

“*NYFRB*” means the Federal Reserve Bank of New York.

“*Obligations*” means the obligations of the City under each of the Related Documents, including to repay (i) all Advances, Lease Payments, Additional Payments and the obligations due under the Fee Letter, together with interest thereon, pursuant to and in accordance with this Lease Agreement, the Fee Letter and the other Related Documents, (ii) all fees, and (iii) all expenses and charges payable or reimbursable hereunder or under any other Related Document to the Assignee or the Authority (including, without limitation, any amounts to reimburse the Assignee or the Authority for any advances or expenditures by it under any of such documents) and all other payment obligations of the City to the Authority or the Assignee arising under or in relation to this Lease Agreement, the Fee Letter or the other Related Documents, in each, case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*Outstanding Amount*” means (a) with respect to Advances on any date, the aggregate outstanding principal amount thereof after giving effect to any Borrowings and prepayments or repayments of Advances occurring on such date.

“*Page*” means, with respect to the Assignee’s determination of any interest rate with reference to the Daily Floating Rate, Reuters Screen LIBOR01, formerly known as Page 3750 of the Moneyline Telerate Service (together with any successor or substitute, the “*Service*”) or any successor or substitute page of the Service, providing rate quotations comparable to those currently provided on such page of the Service, as determined by the Assignee from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market. If no relevant Daily Floating Rate is available to the Assignee on the Page, the applicable LIBOR based rate shall instead be the rate determined by the Assignee to be the rate at which the Assignee offers to place U.S. dollar deposits having a maturity equal to the rate to be determined, with first-class banks in the London interbank market at approximately 11:00 a.m. (London time).

“*Permitted Encumbrances*” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article VI of this Lease Agreement; (b) the Site and Facility Lease, this Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy issued with respect to the Property issued as of the Closing Date which the City certifies in writing which the City certifies in writing will not interfere with the City’s beneficial use and enjoyment of, or otherwise adversely affect the intended use of, the Property, or adversely affect the rights and interests of Assignee under this Lease Agreement or the Site and Facility Lease or result in any abatement of Lease Payments hereunder; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the City certifies in writing

will not materially impair the use of the Property for its intended purposes or interfere with the City's beneficial use and enjoyment of, or otherwise adversely affect the intended use of, the Property, or adversely affect the rights and interests of Assignee under this Lease Agreement or the Site and Facility Lease or result in any abatement of Lease Payments hereunder.

"Person" means an individual, partnership, corporation (including a business trust), trust, unincorporated association, joint venture or other entity, including a government or political subdivision or any agency or instrumentality thereof.

"Project" means operational needs of the City payable from the proceeds of this Lease Agreement.

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

"Rating" means the lowest long-term unenhanced debt rating assigned by any of Fitch, Moody's or S&P to any Debt of the City (without regard to bond insurance or any other form of credit enhancement).

"Rating Agency" or "Rating Agencies" means Moody's, Fitch and/or S&P.

"Related Documents" means the Site and Facility Lease, this Lease Agreement and the Assignment Agreement, the Fee Letter, the Letter Agreement, the Resolution and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing permitted hereunder and thereunder.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Rental Period" means each period during the Term of this Lease Agreement commencing on and including June 2 in each year and extending to and including the next succeeding June 1. However, the first Rental Period begins on the Closing Date and ends on June 1, 2021.

"Resolution" means the resolution of the City adopted on [____], 2020, together with any other resolutions or proceedings taken by the City in connection with the execution and delivery of this Lease Agreement and the other Related Documents.

"Revolving Commitment" means the Assignee's obligation to make Advances to the City pursuant to Section 3.1. The Revolving Commitment on the Closing Date shall initially be \$25,000,000.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and any successor rating agency.

“*Site*” means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement, as the same may be revised from time to time pursuant to [substitution or] release as provided herein.

“*Site and Facility Lease*” means the Site and Facility Lease, dated as of June 1, 2020, by and between the City, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments, supplements, restatements and modifications thereto.

“*Specified Letter Agreement Covenants*” means Sections 7.01(b)(i) of the Letter Agreement.

“*State*” means the State of California.

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

“*Total Outstandings*” means the aggregate Outstanding Amount of all Advances.

“*United States*” and “*U.S.*” mean the United States of America.

“*Written*” or “*in writing*” means any form of written communication or a communication by means of telex, telecopier device or electronic mail.

Section 1.2. Interpretation. (a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

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

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the City. The City makes the following covenants, representations and warranties to the Authority and the Assignee as of the date of the execution and delivery of this Lease Agreement:

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

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

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

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City 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 City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease or this Lease Agreement or the financial condition, assets, properties or operations of the City.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction therein and

herein contemplated, except as have been obtained or made and as are in full force and effect.

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

(g) *Sufficient Funds; Unrestricted Cash Reserve.* The City reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement. The City covenants that it will maintain, at all times, unrestricted reserves or cash equal to the total amount of all Advances made under this Lease Agreement. The City covenants that with each Advance made under this Lease Agreement it will certify that it has sufficient unrestricted reserves or cash on hand to repay such Advance together with all aggregated outstanding Advances, to pay the mandatory prepayment set forth in Section 9.1.

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

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

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

(k) *Change in Financial Condition.* The City has experienced no material change in its financial condition since September 30, 2019.

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

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

(n) *Value of Property.* The value of the Property (real property replacement cost) is not less than \$25,000,000.

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

(p) *Financial Statements.* The statement of financial position of the City as of September 30, 2019, and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Assignee, comprise the most recent audited financial statements of the City available and are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the City at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the City.

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

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

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

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

(r) *Accuracy of Information.* All information, reports and other papers and data furnished by the City to the Assignee were, at the time the same were so furnished, and are, at the time of execution and delivery of this Lease Agreement, complete and accurate in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon in entering into the transactions contemplated by this Lease Agreement. No fact is known to the City which has had or, so far as the City can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the

Closing Date. Any financial, budget and other projections furnished to the Assignee by the City or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the City's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

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

(t) *Sovereign Immunity*. The City does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Lease Agreement. To the extent the City has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the City 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.

(u) *Role of the Assignee*. The City acknowledges that (i) the Assignee under the Assignment Agreement, is acting solely for its own account and not as a fiduciary for the City or in the capacity of broker, dealer, placement agent, municipal securities underwriter or municipal advisor, (ii) the Assignee has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the City or with respect to the Lease Payments, and (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, or the correctness of any legal interpretation made by counsel to any other party with respect to any such matters. The Assignee is providing financing for the Advances. The Assignee does not operate, control or have possession of the Property and has no control over the work performed by any vendor with respect to the Property. The Assignee has no obligation with respect to the installation, operation, use, storage and maintenance of the Property or any other obligations of the parties under this Lease Agreement or the Site and Facility Lease.

(v) The City agrees that this Lease Agreement and none of the Related Documents will not be assigned a rating by any rating agency, be registered with The Depository Trust Company or any other securities depository, be offered pursuant to any type of offering document or official statement or be assigned CUSIP numbers by Standard & Poor's CUSIP Service Bureau.

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

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

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

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

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

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

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

(g) The Authority is not acting as a municipal advisor or financial advisor to the City, and has no financial advisory relationship, as that term is defined under Section 53590(c) of the California Government Code and has not assumed any advisory responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto.

ARTICLE III

REVOLVING COMMITMENT

Section 3.1. Advances. Subject to the terms and conditions set forth herein and in the other Related Documents, the Assignee will make loans to the City the proceeds of which may be used by the City for general municipal purposes of the City (individually, a “*Advance*” and collectively, the “*Advances*”) from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time the Available Commitment; *provided, however,* that after giving effect to any Borrowing, the Total Outstandings shall not exceed the Revolving Commitment, subject to any reductions thereof pursuant to the terms hereof. Subject to the other terms and conditions hereof, the City may borrow under this Section 3.1, prepay under Section 3.3, and reborrow under this Section 3.1. An Advance will bear interest at the Floating Rate.

Section 3.2. Borrowings, Conversions and Continuations of Advances. (a) Each Borrowing shall be made upon the City’s irrevocable notice to the Assignee, which may be given by an Advance Request. Each such notice must be received by the Assignee not later than 11:00 a.m. on the requested date of any Borrowing. Each Borrowing shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof. Each Advance Request (whether telephonic or written) shall specify (i) that the City is requesting a Borrowing, (ii) the requested date of the Borrowing or a continuation, as the case may be (which shall be a Business Day) and (iii) the principal amount of Advances to be borrowed.

(b) Following receipt of an Advance Request, upon satisfaction of the applicable conditions set forth in Section 3.17 (and, if such Borrowing is the initial Borrowing, Section 3.16), the Assignee shall make the requested funds available to the City either by (i) crediting the account of the City on the books of the Assignee with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided (and reasonably acceptable to) the Assignee by the City.

(c) During the existence of a Default, no Advances may be requested without the prior written consent of the Assignee.

Section 3.3. Prepayments.

(a) *Optional.* The City may, upon notice to the Assignee pursuant to delivery to the Assignee of a Notice of Advance Prepayment, at any time or from time to time voluntarily prepay Advances in whole or in part; *provided* that, unless otherwise agreed by the Assignee (A) such notice must be received by Assignee not later than 11:00 a.m. on the date of prepayment of an Advance and (B) any prepayment of an Advance shall be in a principal amount of \$100,000 or a whole multiple of \$100,000 in excess thereof, *provided* that if the Total Outstandings is less than \$100,000 such prepayment shall be in a principal amount equal to the Total Outstandings. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the City, the City shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of principal shall be accompanied by all accrued interest on the amount prepaid.

(b) *Mandatory.*

(i) *Revolving Outstandings.* If for any reason the Total Outstandings at any time exceed the Revolving Commitment at such time, the City shall immediately prepay Advances (together with all accrued but unpaid interest thereon) such that the Total Outstandings does not exceed the Revolving Commitment.

(ii) *Application of Other Payments.* Prepayments under the Revolving Commitment made pursuant to this Section 3.3(b), shall be applied to the outstanding Advances. All prepayments under this Section 3.3(b) shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

Section 3.4. Termination or Permanent Reduction of Revolving Commitment.

(a) *Optional.* The City may, upon notice to the Assignee, terminate the Revolving Commitment, or from time to time permanently reduce the Revolving Commitment; *provided* that (i) any such notice shall be received by the Assignee not later than 11:00 a.m. five (5) Business Days prior to the date of termination or permanent reduction, (ii) any such partial reduction shall be in an aggregate amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof, and (iii) the City shall not terminate or permanently reduce the Revolving Commitment if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstandings would exceed the Revolving Commitment.

(b) *Payment of Fees.* All fees in respect of the Revolving Commitment accrued until the effective date of any termination of the Revolving Commitment shall be paid on the effective date of such termination.

Section 3.5. Repayment of Advances. The City shall repay to the Assignee on the Commitment Termination Date the aggregate principal amount of Advances outstanding on such date. Any Advance not paid on the Commitment Termination Date shall bear interest at the Default Rate as set forth in Section 3.6(b).

Section 3.6. Interest and Default Rate.

(a) *Interest.* Subject to the provisions of subsection (b) below, each Advance shall bear interest on the outstanding principal amount thereof from the applicable Borrowing date at a rate per annum equal to the Floating Rate.

(b) *Default Rate.* (i) While any Event of Default exists, the City shall pay interest on all outstanding Obligations hereunder (including, without limitation, all Advances) at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by Applicable Law.

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand. Any such amounts which constitute interest remaining unpaid when due shall be added to principal, and such interest shall, in turn, bear interest at the Default Rate until repaid and shall be payable upon demand.

(c) *Interest Payments.* Interest on each Advance shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

Section 3.7. Fees. The City shall pay to the Assignee a Commitment Fee and other amounts as required under the Fee Letter. The terms and provisions of the Fee Letter are incorporated herein by reference as if fully set forth herein. Any reference herein or in the Fee Letter to fees and/or other amounts or obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations (including without limitation fees and expenses) payable pursuant to the Fee Letter, and any reference to this Lease Agreement shall be deemed to include a reference to the Fee Letter. The Fee Letter and this Lease Agreement shall be construed as one agreement between the City and the Assignee and all obligations under the Fee Letter shall be construed as obligations hereunder. All fees payable pursuant to this Lease Agreement shall be deemed to be fully earned when due and non-refundable when paid.

Section 3.8. Computation of Interest and Fees. All computations of interest shall be made on the basis of a year of three hundred sixty (360) days, and actual days elapsed. Interest shall accrue on each Advance for the day on which such Advance is made, and shall not accrue on an Advance, or any portion thereof, for the day on which the Advance or such portion is paid,

provided that any Advance that is repaid on the same day on which it is made shall, subject to Section 3.10(a), bear interest for one day. Each determination by the Assignee of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 3.9. Evidence of Debt. The Borrowings made by the Assignee shall be evidenced by one or more accounts or records maintained by the Assignee in the ordinary course of business. The accounts or records maintained by the Assignee shall be conclusive absent manifest error of the amount of the Borrowings made by the Assignee to the City and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the City hereunder to pay any amount owing with respect to the Obligations. The Advances shall be evidenced by this Lease Agreement and shall be payable to, the Assignee. The Assignee may maintain a record of Advances that reflects the date, amount and maturity of Advances and payments with respect thereto.

Section 3.10. Payments.

(a) *General.* All payments to be made by the City shall be made in Dollars and immediately available funds by debit to a deposit account, as described in this Lease Agreement or as authorized by the City and without condition or deduction for any counterclaim, defense, recoupment or setoff. If any payment to be made by the City shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be. For payments not made by direct debit, payments will be made to the Assignee at the Lending Office not later than 4:30 p.m. on the date specified herein. All payments received by the Assignee after 4:30 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Unless otherwise specified, all references in this Article III to times of day shall be references to Eastern Time (daylight or standard, as applicable).

(b) *Payments by the City.* For any payment under this Lease Agreement made by debit to a deposit account, the City will maintain sufficient immediately available funds in the deposit account to cover each debit. If there are insufficient immediately available funds in the deposit account on the date the Assignee enters any such debit authorized by this Lease Agreement, the Assignee may reverse the debit.

Section 3.11. Extension of Commitment Termination Date. At least sixty (60) days and no more than two hundred ten (210) days prior to the Commitment Termination Date, the City may make a request to the Assignee, upon written notice, to extend the Commitment Termination Date. Not more than thirty (30) days from the date on which the Assignee shall have received any such notice from the City pursuant to the preceding sentence, the Assignee shall notify the City of the initial consent or nonconsent of the Assignee to such extension request, which consent shall be given at the sole and absolute discretion of the Assignee. The consent of the Assignee, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Assignee which shall include, but not be limited to, the delivery of opinions satisfactory to Assignee. Failure of the Assignee to respond to a request for extension of the Commitment Termination Date shall constitute denial of such extension.

Section 3.12. Highest Lawful Rate. Any interest payable pursuant to this Lease Agreement, the Fee Letter or any other Related Document shall not exceed the Highest Lawful Rate, and for such purpose all interest and other charges, fees, goods, things in action or any other sums, things of value and reimbursable costs that the City are or may become obligated to pay or reimburse in connection with this Lease Agreement, the Fee Letter or the other Related Documents, and which may be deemed to constitute “interest” pursuant to the laws of the State, shall be deemed to constitute items of interest in addition to the rate(s) of interest specified herein, which the City hereby contracts in writing to pay. In the event any interest required to be paid hereunder at any time exceeds the Highest Lawful Rate, the portion of such interest required to be paid on a current basis shall equal such Highest Lawful Rate; *provided, however*, that the differential between the amount of interest payable assuming no Highest Lawful Rate was then in effect and the amount paid on a current basis after giving effect to the Highest Lawful Rate shall be carried forward and shall be payable on any subsequent date of calculation so as to result in a recovery of interest previously unrealized (because of the limitation dictated by such Highest Lawful Rate) at a rate of interest, and as part of the interest payable, that, after giving effect to the recovery of such excess and all other interest paid and accrued hereunder to the date of calculation, does not exceed such Highest Lawful Rate. Notwithstanding the foregoing, on the date on which no Obligation remains unpaid, to the extent permitted by law, the City shall pay to the Assignee a fee equal to any accrued and unpaid excess interest.

Section 3.13. Illegality. If the Assignee determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Assignee or its Lending Office to make, maintain or fund any Borrowing whose interest is determined by reference to LIBOR or the Daily Floating Rate, or to determine or charge interest rates based upon LIBOR or the Daily Floating Rate, or any Governmental Authority has imposed material restrictions on the authority of the Assignee to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, the Assignee shall notify the City, and upon notice thereof, any obligation of the Assignee to make Advances shall be suspended, until the Assignee notifies the City that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the City shall, upon demand from the Assignee, prepay or, if applicable, convert all Advances to bear interest at the Fallback Rate, immediately, if the Assignee may not lawfully continue to maintain such Advances bearing interest at a Floating Rate. Upon any such prepayment or conversion, the City shall also pay accrued interest on the amount so prepaid or converted.

Section 3.14. Alternate Rate of Interest. (a) If prior to the commencement of any Borrowing:

(i) the Assignee determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Daily Floating Rate (including, without limitation, because the Page or the LIBOR Screen Rate is not available or published on a current basis); *provided* that no Benchmark Transition Event shall have occurred at such time; or

(ii) the Assignee determines the Daily Floating Rate or LIBOR will not adequately and fairly reflect the cost to the Assignee of making or maintaining its Advances

(or Advance) included in such Borrowing, as applicable; *provided* that no Benchmark Transition Event shall have occurred at such time:

then the Assignee shall give notice thereof to the City by telephone, fax or through any electronic system, including e-mail, e-fax, web portal access, promptly as practicable thereafter and, until the Assignee notifies the City that the circumstances giving rise to such notice no longer exist, each Borrowing shall bear interest at the Fallback Rate.

(b) If the Assignee determines that any requirement of Applicable Law has made it unlawful, or if any Governmental Authority has asserted that it is unlawful, for the Assignee or its applicable lending office to make, maintain, fund or continue any Advance, or any Governmental Authority has imposed material restrictions on the authority of the Assignee to purchase or sell, or to take deposits of, dollars in the London interbank market, then, on notice thereof by the Assignee to the City, any obligations of the Assignee to make, maintain or fund Advances will be suspended until the Assignee notifies the City that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the City will upon demand from the Assignee, either immediately convert all Advances to bear interest at the Fallback Rate, if the Assignee may not lawfully continue to maintain such Advances, or prepay all Loans. Upon any such prepayment or conversion, the City will also pay accrued interest on the amount so prepaid or converted.

(c) If a Benchmark Transition Event occurs, then the Assignee may, by notice to the City, select an alternate rate of interest for the Daily Floating Rate and/or LIBOR that gives due consideration to the then-evolving or prevailing market convention for determining a rate of interest for loans in U.S. Dollars at such time (the “*Alternate Rate*”); the City acknowledges that the Alternate Rate may include a mathematical adjustment using any then-evolving or prevailing market convention or method for determining a spread adjustment for the replacement of the Daily Floating Rate and/or LIBOR. For the avoidance of doubt, all references to the Daily Floating Rate and/or LIBOR shall be deemed to be references to the Alternate Rate when the Alternate Rate becomes effective in accordance with this Section 3.14. In addition, the Assignee will have the right, from time to time by notice to the City, to make technical, administrative or operational changes (including, without limitation, changes to the definition of “Daily Floating Rate,” “Page,” “LIBOR Screen Rate” and/or “LIBOR,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Assignee decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of the Alternate Rate. The Alternate Rate, together with all such technical, administrative and operational changes as specified in any notice, shall become effective at the later of (i) the fifth (5th) Business Day after the Assignee has provided notice to the City (the “*Notice Date*”) and (ii) a date specified by the Assignee in the notice, without any further action or consent of the City, so long as the Assignee has not received, by 5:00 p.m. Eastern time on the Notice Date, written notice of objection to the Alternate Rate from the City. Any determination, decision, or election that may be made by the Assignee pursuant to this Section 3.14, including, any determination with respect to a rate or adjustment or the occurrence or non-occurrence of an event, circumstance or date, and any decision to take or refrain from taking any action, will be conclusive and binding, absent manifest error and may be made in its sole discretion and without consent from the City. Until an Alternate Rate shall be determined in accordance with this Section 3.14(c), the interest rate shall be equal to the Fallback Rate. For purposes of clauses (a) and (b) to the definition of Benchmark Transition Event,

the Fallback Rate shall be effective on the day the administrator ceases to provide the Page or the LIBOR Screen Rate as described in such clause (a) or (b). For purposes of clauses (a) and (b) to the definition of Benchmark Transition Event to the extent the administrator has not yet ceased to provide the Page or the LIBOR Screen Rate but will cease to provide the Page or the LIBOR Screen Rate as described in such clause (a) or (b), the Fallback Rate shall equal a market conventional rate that is mutually agreeable to the Assignee and the City. For purposes of clause (c) to the definition of Benchmark Transition Event, the Fallback Rate shall equal a market conventional rate that is mutually agreeable to the Assignee and the City. Any mathematical adjustment to the Fallback Rate made by the Assignee shall be provided to the City within a commercially reasonable period of time. In no event shall the Alternate Rate be less than one percent (1.00%).

Section 3.15. Reserved.

Section 3.16. Conditions of Initial Borrowing; Authority; Enforceability. This Agreement shall become binding on the parties hereto upon the satisfaction of the following conditions precedent (all Related Documents and other documents to be delivered to the Assignee pursuant to this Section 3.16 shall be subject to prior approval as to form and substance by the Assignee, unless otherwise waived in writing):

The Assignee's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a City Representative and an Authority Representative, as applicable, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Assignee:

(a) executed original counterparts of this Lease Agreement, the Fee Letter, the Letter Agreement, the Site and Facility Lease, the Assignment Agreement and certified copies of all of the other Related Documents;

(i) the Assignee shall have received the following opinions, dated the Closing Date and addressed to the Assignee or on which the Assignee is otherwise expressly authorized to rely;

(A) from Bond Counsel to the City, opinions as to the due authorization, execution, delivery and enforceability of this Lease Agreement, the Fee Letter, the Letter Agreement, the Site and Facility Lease, and the other Related Documents to which the City is a party, and such other customary matters as the Assignee may reasonably request;

(B) from counsel to the Authority, opinions as to the due authorization, execution, delivery and enforceability of this Lease Agreement, the Fee Letter, the Letter Agreement, the Site and Facility Lease, and the other Related Documents to which the Authority is a party, and such other customary matters as the Assignee may reasonably request; and

(C) from counsel to the City as to the adoption of the Resolution, the execution and delivery of this Lease Agreement the other Related Documents and such other customary matters as the Assignee may reasonable request;

(ii) a certificate signed by a City Representative certifying that:

(1) the representations and warranties contained in Section of this Lease Agreement and each other Related Documents are true and correct on and as of the Closing Date as though made on such date;

(2) no petition by or against the City has at any time been filed under the United States Bankruptcy Code or under any similar act;

(3) all conditions precedent to the execution and delivery of this Lease Agreement, the Fee Letter, and the other Related Documents have been satisfied and the City has duly executed and delivered this Lease Agreement, the Fee Letter, and the other Related Documents to which it is a party;

(4) (x) no event that could reasonably be expected to have a Material Adverse Effect shall have occurred and (y) no material adverse change shall have occurred in the ability of the City to perform its obligations under the Related Documents to which it is a party, in each case subsequent to the date of the most recent Comprehensive Annual Financial Report (except as may otherwise have been disclosed in writing to the Assignee prior to the Closing Date);

(5) no Default or Event of Default has occurred and is continuing, or would result from, the execution and delivery of this Lease Agreement, the Fee Letter or any other Related Document; and

(6) certifying that the current Rating Documentation is true and accurate;

(iii) recent evidence that the unenhanced long-term rating assigned to Debt of the City is at least “Aa2” by Moody’s, and “AA-” by S&P, respectfully, (the “*Rating Documentation*”);

(iv) reserved;

(v) evidence of due authorization, execution and delivery by the City of the Related Documents, which Related Documents shall be in form and substance satisfactory to the Assignee and its counsel;

(vi) true and correct copies of all Governmental Approvals necessary for the City to enter into this Lease Agreement, the Fee Letter and the other Related Documents and the transactions contemplated by this Lease Agreement and the other Related Documents;

(vii) a certificate of the City Clerk of the City certifying the name, title, office and true signatures of the officers of the City authorized to sign this Lease Agreement, the Fee Letter and the other Related Documents;

(viii) arrangements satisfactory to the Assignee have been made for the payment of the fees and expenses and all other amounts (including the fees and expenses of Assignee's counsel) payable pursuant to this Lease Agreement, the Fee Letter and the Letter Agreement and other Related Documents and the Assignee shall have received reimbursement of the Assignee's fees and expenses and any other fees incurred in connection with the transaction contemplated by the Related Documents, including, without limitation, any fee payable to the California Debt and Investment Advisory Commission by the Purchaser with respect to the Related Documents and Chapman and Cutler LLP, as counsel to the Purchaser, shall have received payment of its legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents;

(ix) Evidence that all filings, recordings, re-filings and re-recordings shall have been made, notices given, all filing fees, taxes and expenses in connection therewith shall have been paid and all such action shall have been taken, which are necessary or advisable on the Closing Date to create a leasehold interest and subleasehold interest in the Property as contemplated the Site and Facility Lease and this Lease Agreement and the Assignment Agreement for the benefit of the Assignee; and

(x) the Assignee shall have received a copy of the audited financial statements for the City for Fiscal Years ending September 30, 2019, 2018 and 2017, a copy of the City's investment policy in effect on the Closing Date and a copy of the most recent budget of the City;

(xi) the Assignee shall have received a California Land Title Association (CLTA) lender's title insurance policy in form and substance satisfactory to the Assignee in the amount of \$25,000,000 insuring the Site and Facility Lease as a first priority lien on the Property and insuring this Lease Agreement and the Assignment Agreement, containing such endorsements and with such re-insurance as the Assignee may request, excepting only such items acceptable to the Assignee (but no exceptions for liens);

(xii) a flood zone determination, executed flood notification forms signed by the City or other applicable party and, if located within a special flood hazard area, evidence of flood insurance on the leased property would be required, in each case acceptable to the Assignee;

(xiii) receipt of an ALTA Survey related to the leased property if recently completed certified to the Assignee and the title company; evidence of environmental compliance and compliance with zoning and availability of utilities; and copies of licenses, permits and related agreements; and

(xiv) such other documents, certificates and opinions as the Assignee or its counsel may reasonably request.

(b) No law, regulation, ruling or other action of the United States, the State of New York or the State of California or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Assignee from fulfilling its obligations under this Lease Agreement or the other Related Documents.

(c) All legal requirements provided herein incident to the execution, delivery and performance of this Lease Agreement, the Fee Letter, the Resolution and the other Related Documents, and the transactions contemplated hereby and thereby, shall have been complied with to the reasonable satisfaction of the Assignee and Assignee's counsel.

Section 3.17. Conditions to All Borrowings. The obligation of the Assignee to honor any Advance Request with respect to a Borrowing is subject to the following conditions precedent:

(a) The representations and warranties of the City contained in Section 2.1 hereof and in each other Related Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date of such Borrowing, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 3.17, the representations and warranties contained in Section 5.15 of the Letter Agreement shall be deemed to refer to the most recent statements furnished pursuant to clause (a) of Section 6.02 of the Letter Agreement.

(b) No Default or Event of Default shall exist, or would result from such proposed Borrowing or from the application of the proceeds thereof.

(c) The Assignee shall have received an Advance Request in accordance with the requirements hereof.

(d) After giving effect to any Advance, the aggregate principal amount of all Advances outstanding hereunder shall not exceed the Commitment.

(e) The City has sufficient unrestricted reserves or cash on hand to repay such Advance, together with all aggregated outstanding Advances, to pay the mandatory prepayment set forth in Section 9.1 of the Lease Agreement.

(f) Such Borrowing shall not violate any order, judgment or decree of any court or authority of competent jurisdiction or any provision of law as then in effect.

(g) The Assignee shall not have received notice (either verbal or written) from the City, or Bond Counsel that any opinion delivered pursuant to Section 3.16(a)(i) hereof may no longer be relied upon.

(h) The Assignee shall have received, in form and substance satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as the Assignee reasonably may require.

(i) For purposes of Section 3.14(a)(ii) and the definition of Fallback Rate, to the extent Daily Floating Rate and/or LIBOR fails to adequately reflect the Assignee's cost of funds *plus* the Applicable Spread, the Assignee and the City shall have reached agreement on a market conventional rate that is mutually agreeable to the Assignee and the City to serve as the Fallback Rate.

(j) For purposes of Section 3.14(c), if a Benchmark Transition Event has occurred and the Alternate Rate has not yet been determined, either the Fallback Rate shall apply to the Advances or the Assignee and the City shall have reached agreement on a market conventional rate that is mutually agreeable to the Assignee and the City to serve as the Fallback Rate and to apply to the Advances.

Each Advance Request submitted by the City shall be deemed to be a representation and warranty that the conditions specified in Sections 3.17(a) and (b) have been satisfied on and as of the date of the applicable Borrowing.

Section 3.18. Survival. All of the City's obligations under this Article 3 shall survive termination of the Revolving Commitment and repayment of all other Obligations hereunder.

ARTICLE IV

LEASE OF PROPERTY; LEASE PAYMENTS

Section 4.1. Sublease of Property by the Authority Back to the City. (a) The Authority hereby subleases the Property to the City, and the City hereby subleases the Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

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

Section 4.2. Term. The Term of this Lease Agreement commences on the date of recordation of this Lease Agreement or a memorandum hereof and ends on June 1, 2030, the date on which all of the Lease Payments have been paid in full pursuant to the terms of this Lease Agreement, or the date when all Lease Payments and all other Obligations outstanding have been

paid in full, or prepaid in full pursuant to Sections 9.1, 9.2 or 9.3. If on June 1, 2030, any of the Lease Payments payable hereunder or any other Obligations shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the City shall have defaulted in its payment of Lease Payments hereunder or any other Obligations or any Event of Default has occurred and continues without cure by the City, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder and the payment of all other Obligations, not to exceed ten (10) years. The provisions of this Section 4.2 are subject to the provisions of Section 6.1 relating to the taking in eminent domain of the Property or any portion thereof.

Section 4.3. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of Sections 6.1 and 6.3 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments (denominated into components of principal and interest) to be due and payable in immediately available funds on each of the respective Lease Payment Dates and all other Obligations hereunder and under the other Related Documents, in the amounts and at the rates and times as and when due hereunder and thereunder; *provided, however*, that if any Lease Payment Date is not a Business Day, such Lease Payment shall be due on the next succeeding Business Day and interest shall continue to accrue on such Lease Payment. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period.

In addition to the payment of Lease Payments and the payment of Obligations as specified in this Lease Agreement and the other Related Documents as and when due at the times and in the amounts so specified, the principal component of Lease Payments shall also be paid on each June 1, commencing June 1, 2021, to and including June 1, 2030, unless the total amount has previously been paid or prepaid, in an amount equal to 1/10th of the total principal amount advanced by the Assignee to the City. If the amount advanced after June 1, 2021, shall be increased pursuant to an advance pursuant to Section 3.1, the amount of each subsequent principal component of Lease Payments to be paid shall be in an amount equal to such amount divided by the remaining years until June 1, 2030.

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

(i) all amounts due under the Fee Letter and the Letter Agreement as and when due;

(ii) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Property or upon any interest of the Authority therein or in this Lease Agreement; *provided, however*, the City may, at the City's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid

during the period of such contest and appeal therefrom unless the Authority shall notify the City that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any portion thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes and assessments or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority;

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

(iv) all other Obligations as and when due and any other reasonable fees, costs or expenses incurred by the Authority and the Assignee in connection with the execution, performance or enforcement of this Lease Agreement and the other Related Documents or any of the transactions contemplated hereby or thereby or related to the Property, including, without limitation, any amounts which may become due.

Amounts constituting Additional Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or, if a due date or payment date is not specified herein or in such other Related Document, within 60 days after notice in writing from the Authority to the City stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the City prepays the Lease Payments in part but not in whole under Section 9.3, the remaining Lease Payments will be reduced in inverse order of payment date.

(d) *Rate on Upon Event of Default.* Upon the occurrence and continuation of an Event of Default, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay a rate equal to the Default Rate from the date of default to the date of payment.

(e) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period and will be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(f) *Source of Payments; Budget and Appropriation.* The Lease Payments are payable from any source of legally available funds of the City [**what grant proceeds?**], subject to the provisions of Sections 6.1, 6.3 and 9.1. The City covenants to take such action as may be necessary to include all Lease Payments and all other Obligations in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and all other Obligations. The covenants on the part of the City herein contained

constitute duties imposed by law and it is the duty of each and every public official of the City 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 City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

(g) *Allocation of Lease Payments.* Except as otherwise provided in Article III or any other Section of this Lease Agreement or any other Related Document, all Lease Payments received shall be applied first to the interest components of the Lease Payments due hereunder, then to the principal components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

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

(i) *Assignment Agreement.* The City understands and agrees that all Lease Payments and the rights to payment of the Obligations and all rights under this Lease Agreement and the Site and Facility Lease and the Fee Letter have been assigned by the Authority to the Assignee under the Assignment Agreement executed concurrently herewith, and the City hereby consents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay to the Assignee (or to its assignees) all payments payable by the City under Article III, the Fee Letter, this Section 4.3 and all amounts payable by the City under Article IX. Lease Payments shall be paid to the Assignee in accordance with the written wire instructions provided by Assignee to City.

(j) *Obligation Absolute and Unconditional.* Except for the abatement of Lease Payments upon the occurrence of certain events of damage, destruction or condemnation as provided in Section 6.3 hereof, the City's obligations to make Lease Payments, pay Obligations and to perform its other obligations hereunder and under the Site and Facility Lease and each other Related Document shall be absolute and unconditional in all events without diminution, deduction, set-off or defense for any reason.

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

Section 4.5. Title. At all times during the Term of this Lease Agreement, the City shall hold fee title to the Property and the Authority shall hold leasehold title to the Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

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

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

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

(b) Such release shall not cause the City to violate any of its covenants, representations and warranties made herein;

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

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

(d) The City shall file with the Authority and the Assignee a written certificate of the City stating the City’s determination that the value of the Property which will remain leased under this Lease Agreement following such release is at least equal to the Authorized Amount and upon request of the Assignee, the City shall provide to the Assignee additional information and documents to evidence the value of the remaining portion of the Property. If requested by the Assignee, the City 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;

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

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

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

Section 4.7. Substitution of Property. (a) In the event of damage or destruction of the Property due to earthquake or other uninsured casualty for which rental interruption insurance is not available or in the event that following the condemnation of all or a portion of the Property the fair rental value of the Property remaining after such condemnation is less than the Authorized Amount, the City shall substitute under the Site and Facility Lease and this Lease Agreement one or more parcels of unimpaired and unencumbered essential real property, the fair rental value of which, for each remaining Rental Period and in the aggregate, shall be at least equal to the Authorized Amount. The City shall be responsible for all costs, including the costs of the Assignee's legal counsel, related to such substitution.

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

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease Agreement.

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

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

City shall not install, use, operate, or maintain the Property (or cause the Property to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. City shall provide all permits and licenses, if any, necessary for the Property. In addition, City agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body, including, without limitation, all anti money laundering laws and regulations; *provided* that City may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Authority, adversely affect the interest of Authority in and to the Property or its interest or rights hereunder.

Section 5.2. Modification of Property. The City has the right, at its own expense, to make additions, modifications and improvements to the Property or any portion thereof. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and become subject to the provisions of this Lease Agreement. Such additions, modifications and improvements may not in any way damage the Property, or cause the Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this Section; provided that if any such lien is established and the City first notifies the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the

Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability Insurance. The City 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 City, the Assignee and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage with limits of at least \$5,000,000 per occurrence for bodily injury and property damage coverage (such liability insurance coverage may be in a combination of primary general liability and/or excess liability umbrella coverage, and in all events in form and amount (including any deductibles) satisfactory to the Assignee. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance with the prior written consent of the Assignee. The City will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.4. Casualty Insurance; Flood Insurance

(a) *Casualty Insurance.* The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, including earthquake coverage if such coverage is available at commercially reasonable cost from a reputable insurer in the reasonable determination of the City. Such insurance shall be in an amount at least equal to the greater of the replacement value of the insured buildings and the Authorized Amount, with a lender's loss payable endorsement. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed \$50,000. The City shall set aside in a segregated account funds sufficient to cover such deductibles. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with the Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

(b) *Flood Insurance.* If at any time and for so long as 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 5.4 shall include insurance against loss or damage to the Property due to flooding. If the City obtains an exception or waiver to the designation of the Facilities as being within a 100-year flood area from the Federal Emergency Management Agency, the City shall not be required to provide flood

insurance as set forth in this subsection (b). To the extent the City fails to procure adequate flood insurance within 30-days after receipt of notification that such flood insurance is required, Assignee may take such action as is necessary to procure such flood insurance, including advancing payment for such flood insurance, and the City shall be obligated to promptly (within 30 days) repay Assignee the cost of such flood insurance and all such advances as additional rental hereunder, with interest at the Default Rate.

(c) *Federal or State Disaster Aid.* Should the Property be damaged or destroyed as a result of an event for which federal or State disaster aid is available, the Authority and/or the City shall promptly apply for disaster aid. Any disaster aid proceeds received shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Property, or, at the option of the City and the Authority, to prepay the Lease Payments and other Obligations if permitted under the disaster aid program and the law.

(d) *Self-Insurance.* As an alternative to providing the insurance required by this Section, the City 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 other than the City and if the City demonstrates that such self-insurance method or plan of protection is properly established, funded, actuarially sound and that such self-insurance method or plan of protection is otherwise consistent with prudent business practices for insuring against such risks, and (ii) has been approved in writing by the Assignee. Before such other method or plan may be provided by the City, 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 Authority and the Assignee a certificate of an actuary, insurance consultant or other qualified person (who may be an employee of the City), 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 City setting forth the details of such substitute method or plan.

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

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

Section 5.7. Recordation Hereof; Title Insurance. On or before the Closing Date, the City shall, at its expense, (a) cause this Lease Agreement, the Site and Facility Lease and the Assignment Agreement, or a memorandum hereof or thereof in form and substance approved by Special Counsel and Assignee, to be recorded in the office of the Los Angeles County Recorder with respect to the Property, and (b) obtain a CLTA title insurance policy insuring (i) the fee interest of the City in the Property, (ii) the Assignee's leasehold interest in the Property under the Site and Facility Lease and (iii) the City's sub-leasehold estate hereunder in the Property and (iv) the Assignee's interests in the leasehold estate established under the Site and Facility Lease and under the Assignment Agreement in the Property, subject only to Permitted Encumbrances. Said policy shall name both the Assignee and the Servicer (as defined in the Assignment Agreement) as insured and shall be in an amount equal to the Authorized Amount. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.8. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this Article V and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State issued in form and amount satisfactory to Assignor and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of "A-" or better, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 and provided by third party insurance carriers shall name the City and the Assignee as insured parties and the Assignee as loss payees and shall include a lender's loss payable endorsement for the benefit of the Assignee. Prior to the Closing Date, the City will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the City will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the City shall notify the Assignee of such fact.

Section 5.9. Installation of City's Personal Property. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City, in which the Authority has no interest, and may be modified or removed by the City at any time. The City must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the City from purchasing or leasing items to be installed under this

Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, *provided* that no such lien or security interest may attach to any part of the Property.

Section 5.10. Liens. The City will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Assignee do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Assignee provides its prior written approval, which approval shall be at Assignee's sole discretion. Except as expressly provided in this Article V, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim on the Property other than Permitted Encumbrances, if the same shall arise at any time. The City will reimburse the Assignee for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Advances. If the City fails to perform any of its obligations under this Article V, the Authority may take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as additional rental hereunder, with interest at the Default Rate.

Section 5.12. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances.* The City will comply, and will cause all licensees, guests, invitees, contractors, employees and agents to comply with all Applicable Environmental Laws with respect to the Property and will not allow the presence of, or otherwise use, store, generate, treat, transport, manage, maintain, abate, remediate, disturb or dispose of any Hazardous Substance thereon except (i) in strict compliance with all Applicable Environmental Laws, and (ii) in a manner that would not cause any Hazardous Substance to later flow, migrate, leak, leach, be released at or otherwise come to rest on or in the Property.

Upon the occurrence of any release or threat of release of Hazardous Substance, the City shall promptly commence and perform, or cause to be commenced and performed promptly, at the City's expense, all investigations, studies, sampling and testing, and all remedial, removal, abatement, and other actions necessary to clean up encapsulate and/or remove all Hazardous Substance so released, on, from or beneath the Property or other property, in compliance with all Applicable Environmental Laws. 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. Upon receipt of any notice from any person with regard to the release of any Hazardous Substance at, on, from or beneath the Property, the City shall give prompt written notice thereof to the Authority prior to the expiration of any period in which to respond to such notice under any Applicable Environmental Laws.

In connection with its covenants provided in this Section 5.12, the City shall specifically comply with all requirements of the Asbestos Hazard Emergency Response Act (referred to as

“AHERA” and constituting an Applicable Environmental Law), including developing, maintaining and updating an Asbestos Management Plan (as hereafter defined) and keeping a copy at the Property; and performing re-inspections of Asbestos Containing Materials (as hereafter defined) at the Property every three years. The City shall maintain all Asbestos Containing Materials in an intact and undamaged state and perform any demolition, renovation or other activities in accordance with all Applicable Environmental Laws. As used herein, (i) the term “Asbestos Containing Materials” means material in friable form containing more than one percent (1%) of the asbestiform varieties of chrysotile (serpentine), crocidolite (ricbeckite), amosite (cummington-itegrinerite), anthophyllite, tremolite and antinolite; and (ii) the term “Asbestos Management Plan” means that written plan for the Property relating to monitoring and maintaining all Asbestos Containing Materials used or located on the Property in accordance with the Asbestos Hazard Emergency Response Act (AHERA).

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

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

Neither the Assignee nor the Authority shall be obligated to monitor compliance of the Property with Applicable Environmental Laws or other laws. So long as the City is in possession of the Property, neither the Assignee nor the Authority shall have any obligations or responsibility to involve itself with the Property under any circumstance, including any instance where either the Authority or Assignee is notified of any noncompliance of the Property with applicable environmental or other laws. The City represents that the Property is currently in full compliance with all Applicable Environmental Laws. It is expressly understood that neither the Assignee nor the Authority shall have the obligation to monitor the City’s compliance with Applicable Environmental Laws. The City hereby further represents and warrants to the Authority and Assignee that the City, its officers, employees or agents have neither ever caused or permitted and shall neither ever cause or permit Hazardous Substance 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 Applicable Environmental Laws, 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 Substance excluding, however, those Hazardous Substance 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 Applicable Environmental Laws.

Section 5.13. City Consent to Assignment Agreement. The Authority's rights under this Lease Agreement (excluding the right to receive notices, the right to reimbursement of costs and to indemnification), including the right to receive and enforce payment of the Lease Payments, and the Site and Facility Lease, are being assigned to the Assignee pursuant to the Assignment Agreement. The City hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees, including all assignments contemplated under Section 8.06 of the Letter Agreement. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Assignee or its assignees to protect their interests in the Property and in this Lease Agreement and the other Related Documents.

Section 5.14. Certificates of Insurance. The City shall provide to the Assignee annual evidence of the property and rental interruption insurance and other insurance required pursuant to Article V hereof.

ARTICLE VI

EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. Subject to the provisions of Sections 4.7 and 8.2, if all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall, subject to Sections 6.2(b) and 6.3, be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the City and the Assignee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Section 6.2. Application of Net Proceeds.

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

(ii) Within a reasonable time not to exceed sixty (60) days following the date of such deposit, the City shall determine and notify the Authority and the Assignee in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the City and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of all unpaid Lease Payments pursuant to Section 9.3 hereof, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of

the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the Authorized Amount.

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

(iv) In the event the City's determination is as set forth in clause (B) of subparagraph (ii) above and the City certifies to the Assignee that such repair or replacement can be completed within 12 months or such longer period approved by Assignee, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the City, and until the Property has been restored to its prior condition, the City shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Assignee, at its sole discretion.

Any replacement, repair, restoration, modification or improvement or prepayment as provided above shall commence not later than 60 days after the occurrence of such destruction or damage and be pursued diligently to completion. The Authority may (but is not required to) in its own name or in the City's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any insurance policy, and the City hereby grants to the Authority a power of attorney coupled with an interest to accomplish all or any of the foregoing.

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

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

Assignee, and the City shall apply such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

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

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Authority and the Assignee of its determination that such eminent domain proceedings have materially affected the operation, use or occupancy by the City of the Property or the ability of the City to meet any of its obligations with respect to the Property under the Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the City shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement or to the substitution of Property as provided in Section 4.7 or 6.4 hereof.

(iv) In making any determination under this Section 6.2(b), the City shall at the request of Assignee, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Authority and the Assignee.

The City will provide the required written notices under this Section 6.2(b), and notice of its determination of how to proceed pursuant to Section 6.2(b)(iii) as applicable, to the Authority and the Assignee within a reasonable time not to exceed 60 days after the occurrence of such eminent domain proceedings. Any repair, rehabilitation, substitution or prepayment pursuant to Section 6.2(b)(ii) shall commence not later than 60 days after the occurrence of such taking and such repair or rehabilitation or substitution shall be pursued diligently to completion.

(c) *From Title Insurance.* The Net Proceeds from a title insurance award shall be applied by the City towards the prepayment of Lease Payments required to be paid pursuant to Section 9.3 of this Lease Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the City of the Property or any portion thereof to the extent to be agreed upon by the City and the Assignee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of Lease Payments and Obligations then due and owing, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated

such that they represent said fair rental value. The City shall immediately notify Assignee upon the occurrence of any event causing substantial interference with the City's beneficial use and enjoyment of any Property and the portion of the Property that is unavailable. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of an City Representative to the Authority and the Assignee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. The City hereby 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 interference with the use and possession of the Property hereunder. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

Section 6.4. Uninsured Casualty. If at any time the Property is damaged or destroyed by earthquake or other uninsured casualty for which rental interruption insurance is not available, or in case of any condemnation or taking of or reverter of any portion of the Property to the grantor thereof, the City shall, promptly after the occurrence of such event, substitute and add as Property under this Lease Agreement other real or personal property of the City that is unimpaired and unencumbered, the fair rental value of which shall be at least equal to Authorized Amount and the Lease Payments due during each fiscal year for the remainder of the term of this Lease Agreement.

ARTICLE VII

OTHER COVENANTS OF THE CITY

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CITY LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event is the Authority liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the City.

Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry. The City agrees that the Authority, and the Authority's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the City, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The City further agrees that the Authority, and the Authority's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours written notice provided to the City, as may be reasonably necessary to cause the proper maintenance of the

Property if the City fails to perform its obligations hereunder. Neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

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

Section 7.3. Release and Indemnification Covenants. The City hereby indemnifies the Authority, the Assignee and their respective directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City or the City's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the City with respect to the Property, the acquisition, construction, improvement and equipping of the Property, (e) the presence, release, discharge, threat of release, generation, use presence, storage, disposal, abatement, remediation, management or clean-up of (or failure to clean-up), or exposure to, any Hazardous Substances or toxic wastes from the Property, (f) any lawsuit brought or threatened, settlement reached or governmental order relating to Hazardous Substances on, from or beneath the Property, (g) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs with respect to the Property, or (h) any failure to comply with any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Authority, the Assignee, or their respective officers, agents, employees, successors or assigns.

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

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

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

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

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

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

(d) The City shall furnish the Authority and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become subject to federal or State taxation.[Are lease payment tax-exempt?]

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

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

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

Section 7.7. Financial Statements; Budgets; Other Information. Within two hundred forty (240) days following the end of each Fiscal Year of the City during the Term of this Lease Agreement, the City will provide the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law.

Within thirty (30) days of adoption, but in no case later than thirty (30) days the end of each fiscal year, the City will provide the Assignee with a copy of its annual budget for the following fiscal year, including evidence that the Lease Payments have been budgeted and appropriated for such fiscal year. The City hereby agrees to provide the Assignee with such other information as may be reasonably requested by the Assignee.

Section 7.8. Records and Accounts. The City covenants and agrees that it shall keep proper books of record and accounts of its operations in accordance with GASB, in which complete and correct entries shall be made of all transactions relating to the City. Said books and records shall at all reasonable times be subject to the inspection of the Assignee upon 72 hours' prior notice.

Section 7.9. Observance of Laws and Regulations. The City will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations, regulations or Applicable Laws now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board, commission or Governmental Authority having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the City, including the City's right to exist and carry on business as a municipal corporation and chartered city, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.10. Notices. During the Term of this Lease Agreement, the City shall provide to the Assignee:

- (a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default Date under this Lease Agreement, together with a detailed statement by an City Representative of the steps being taken by the City to cure the effect of such Event of Default.
- (b) prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority.
- (c) with reasonable promptness, such other information respecting the City, and the operations, affairs and financial condition of the City as the Assignee may from time to time reasonably request.
- (d) Notices of filings with the Municipal Securities Regulatory Board's EMMA system, other than regular annual filings.
- (e) Notice of an event that could cause a Material Adverse Effect.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment, any Obligation or other payment required to be paid hereunder or under any Related Document at the time specified herein or therein, including the failure to prepay the Lease Payments and Obligations pursuant to Section 9.1 hereof; or the failure to maintain insurance as specified in Article V or the failure to observe or maintain unrestricted reserves as required by Section 2.1(g); or the failure to observe or comply with any of the Specified Letter Agreement Covenants.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, including failure to provide financial information referenced in Section 7.8, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Assignee. However, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the Authority and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the City within such 30-day period and diligently pursued until the default is corrected.

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

(d) Any statement, representation or warranty made by the City in or pursuant to this Lease Agreement or its execution, delivery or performance shall have been false, incorrect, misleading or breached in any material respect on the date when made.

(e) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the City is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by the Assignee or any affiliate of the Assignee, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$300,000.

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

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

(h) The City abandons any part of the Property or the City's interest in Property or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Assignee.

(i) Any Letter Agreement Event of Default or any "event of default" under any other Related Document shall have occurred and be continuing.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Default Rate shall be applicable and the Authority or the Assignee may exercise any and all remedies available under law or granted under this Lease Agreement; the Assignee may declare the Revolving Commitment of the Assignee to make Advances to be terminated by written notice to the City, whereupon such Revolving Commitment and obligation shall be terminated; the Authority or the Assignee may petition a court of competent jurisdiction to issue a mandamus order to the City to compel specific performance of the covenants of the City contained in any of the Related Documents; the Authority or the Assignee may either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, may take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under this Lease Agreement and the other Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the City under this Lease Agreement and the other Related Documents, whether for specific performance of any agreement or covenant of the City or in aid of the execution of any power granted to the Assignee in this Lease Agreement or other Related Documents; the Authority or the Assignee may exercise, or cause to be exercised, any and all remedies as it may have under this Lease Agreement and the other Related Documents; *provided, however,* that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; *provided,* that no termination of this Lease Agreement shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the Authority does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and the Authority may take whatever action at law or in equity that may appear necessary or desirable to collect each Lease Payment as it becomes due hereunder. The City shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, if the

Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in Los Angeles County for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Property upon demand of the Authority for the purpose of enabling the Property to be re-let under this paragraph. The City further waives the right to any rental obtained by the Authority in excess of the sum of Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its expenses incurred by the Authority for its services in re-leasing the Property.

(b) *Termination of Lease.* If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site and Facility Lease. If the Authority terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the City (and notwithstanding any re-entry upon the Property by the Authority in any manner whatsoever or the re-leasing of the Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Authority from such re-leasing shall be applied by the Authority to Lease Payments due under this Lease Agreement. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property, or of the

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

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

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

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Lease Agreement defaults under any of the provisions hereof and the non-defaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party (including the Assignee) the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the non-defaulting party.

Section 8.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder. No delay or omission of the Authority or the Assignee to exercise any right or power arising upon the happening of any breach or event of default shall impair any such right or power or shall be construed to be a waiver of any such breach or event of default or any acquiescence therein, and every power and remedy given to the Authority or the Assignee may be exercised from time to time and as often as shall be deemed expedient by the Assignee in its sole discretion. No course of dealing and no delay or failure of the Authority or the Assignee in exercising any right, power or privilege under this Lease Agreement or the Site Lease shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Authority and the Assignee under

this Lease Agreement and the Site Lease are cumulative and not exclusive of any rights or remedies which the Authority or the Assignee would otherwise have under this Lease Agreement or the Site Lease, at law or in equity.

Section 8.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Assignee, to which assignment the City hereby consents. Such rights and remedies shall be exercised solely by the Assignee.

Section 8.7. Judicial Reference.

(a) *Judicial Reference.* The Authority and the City hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Lease Agreement, the Site and Facility Lease, the Property or any document related thereto (including the Assignment Agreement), any dealings between the City and the Authority related to the subject matter of this Lease Agreement, the Site and Facility Lease or any related transactions, and/or the relationship that is being established between the City and the Authority (hereinafter, a “*Claim*”) shall be determined by a consensual general judicial reference (the “*Reference*”) pursuant to the provisions of Section 638 *et seq.* of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Authority or the City, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee’s statement of decision will constitute the conclusive determination of the Claim. The Authority and the City agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Authority and the City shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 8.7; (iv) either the Authority or the City, as applicable, may file the Referee’s findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee’s report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the Authority and the City, as applicable, will each have such rights to assert such objections as are set forth in Section 638 *et seq.* of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) *Selection of Referee; Powers.* The parties to the Reference proceeding shall select a single neutral referee (the “*Referee*”), who shall be a retired judge or justice of the courts of the State, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the

Presiding Judge of the Los Angeles City Superior Court, or of the U.S. District Court for the Southern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 8.7.

(c) *Provisional Remedies and Self Help.* No provision of this Section 8.7 shall limit the right of either the Authority or the City, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Authority or the City to the Reference pursuant to this Section 8.7(c).

(d) *Costs and Fees.* Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Mandatory Prepayment. The City shall be required to prepay all the outstanding Lease Payments and all Obligations, including interest thereon, in whole on June __, 2021 (the "*Mandatory Prepayment Date*"), by paying a prepayment price equal to all the outstanding Lease Payments and Obligations, including interest thereon.

Section 9.2. Optional Prepayment. The City may exercise its option to prepay the principal components of the Lease Payments in whole or in part on any date, upon 30 days' notice to the Assignee, by paying a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on or accrued to such date without a premium plus payment of all other Obligations then due and payable.

Section 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part [**See 4.3(c) which says remaining Lease Payments will be reduced in inverse order of payment date**] on any date, together with any accrued and unpaid interest, and any other costs related to such prepayment and all other Obligations due and payable, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.2. The City and the Authority hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments and all other Obligations, shall be credited towards the City's obligations under this Section 9.3. If the

City prepays the Lease Payments in part but not in whole under this Section 9.3, the remaining Lease Payments will be reduced in inverse order of payment date.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:

Finance Authority of Long Beach
c/o City of Long Beach
411 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Phone: (562) 570-6843

If to the City:

City of Long Beach
411 West Ocean Boulevard, 6th Floor
Long Beach, CA 90802
Attention: City Treasurer
Phone: (562) 570-6843

If to the Assignee:

JPMorgan Chase Bank, N.A.
300 South Grand Avenue, 3rd Floor
Los Angeles, CA 90071
Attention: Ms. Nicole Williams
Phone: (213) 621-8655

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

Section 10.3. Severability. If any provision of this Lease Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement is a “net-net-net lease” and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Payments Set Aside. To the extent that any payment by or on behalf of the City is made to the Assignee, or the Assignee exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Assignee in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

Section 10.6. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended to be so or for carrying out the expressed intention of this Lease Agreement. The City further agrees to provide such information and cooperate with the Assignee as reasonably requested by the Assignee, including, without limitation, furnishing budget and financial statements, verification of required insurance coverage, the value of the Property, and providing assistance with requests from rating agencies for private rating analysis; *provided* that such assistance shall not be inconsistent with the provisions of this Lease Agreement and applicable law.

Section 10.7. Assignee as Third Party Beneficiary. The Assignee is recognized as and shall be deemed to be an irrevocable third party beneficiary of this Lease Agreement and may enforce the provisions of this Lease Agreement as if it were a party hereto.

Section 10.8. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.9. Applicable Law. (a) This Lease Agreement is governed by and construed in accordance with the laws of the State.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE CITY AND THE AUTHORITY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY AND ALL CLAIM OR CAUSES OF ACTION BASED UPON OR ARISING OUT OF THIS LEASE AGREEMENT AND THE OTHER RELATED DOCUMENTS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF 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 ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS LEASE AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(c) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF CALIFORNIA AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE OF CALIFORNIA. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF CALIFORNIA AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS LEASE AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF CALIFORNIA OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

Section 10.10. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

Section 10.11. No Merger. It is the express intention of the Authority and the City that this Lease Agreement and the obligations of the parties hereunder are separate and distinct from the Site Lease and the obligations of the parties thereunder, and that during the term of the Site Lease and this Lease Agreement no merger of title or interest may occur or be deemed to occur as a result of the respective positions of the Authority and the City thereunder and hereunder.

Section 10.12. US QFC Stay Rules.

(a) *Recognition of U.S. Resolution Regimes.* In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Lease Agreement (and any interest and obligation in or under this Lease Agreement and any property securing this Lease Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Lease Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Lease Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Lease Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Lease Agreement or any related agreement, but subject to the requirements of paragraph (a), no party to this Lease Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Lease Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Lease Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

[Remainder of page intentionally left blank]

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

FINANCE AUTHORITY OF LONG BEACH

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

CITY OF LONG BEACH

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

EXHIBIT A

DESCRIPTION OF THE SITE

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

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of (a) the City's Emergency Communications Operations Center located at 2990 Redondo Avenue, Long Beach, California, and (b) the City's West Long Beach Police Substation located at 1835 Santa Fe Avenue, Long Beach, California.

Emergency Communications Operations Center. The Emergency Communications Operations Center (ECOC) located at 2990 Redondo Avenue, is a 42,000 square-foot state-of-the-art facility. It receives calls from the public for police, fire, and/or emergency medical services. The ECOC is the City's nerve-center during a crises. It facilitates a central location at which personnel evaluates, coordinates and strategizes to deliver critical essential services. Its mission is to protect lives while protecting the safety of first responders. Annually, the ECOC receives over 700,000 calls for service, including calls from cell phones. Its systems insure the quickest possible response times on every call. Upon an emergency declaration or disaster situations, the ECOC serves as a hub from which emergency protocols are adhered, including coordination with federal, state, county and other municipal entities. The ECOC facilitates the response from various departments, including the response to the corona virus crisis. It operates using a computer-aided dispatch technology to reliably communicate with public safety responders in the field and maintain accurate incident records. The ECOC also has a mass notification system to keep the public and internal department's informed.

North Long Beach Police Substation. The North Long Beach Police Substation, located at 4891 Atlantic Avenue, was constructed in 2004. The building is 21,600 square feet. The station's rooftop is equipped with a 40-kilowatt solar power system with a potential of supplying 85% of its power needs. This substation houses the North Division comprised of about 110 police officers plus a dedicated civilian support staff that partners with residents, business owners, and civic leaders to deter crime and improve the quality of life. The North division desk is staffed 4 days a week in the afternoons.

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE

Dated as of May 1, 2020

by and between the

CITY OF LONG BEACH,
as Lessor

and the

FINANCE AUTHORITY OF LONG BEACH,
as Lessee

SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (this “Site and Facility Lease”), dated as of May 1, 2020, is by and between the CITY OF LONG BEACH, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California (the “City”), as lessor, and the FINANCE AUTHORITY OF LONG BEACH, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the “Authority”), as lessee;

WITNESSETH:

WHEREAS, pursuant to this Site and Facility Lease, the City proposes to lease those certain parcels of real property situated in Los Angeles County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the “Site”), and those certain improvements thereon, more particularly described in Exhibit B hereto (the “Facility” and, with the Site, the “Property”), to the Authority, all for the purpose of providing funds to the City for various operational needs of the City;

WHEREAS, the Authority proposes to lease the Property back to the City pursuant to that certain Lease Agreement, dated as of May 1, 2020, a memorandum of which is recorded concurrently herewith (as supplemented, amended and restated from time to time, the “Lease Agreement”) and to assign all of its rights, title and interest in, to and under this Site and Facility Lease and the Lease Agreement, including its right to receive lease payments under the Lease Agreement (the “Lease Payments”), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under the Lease Agreement in the event of a default thereunder by the City, to JPMorgan Chase Bank, N.A. (together with its successors and assigns, the “Assignee”), pursuant to that certain Assignment Agreement, dated as of May 1, 2020, by and between the Authority and the Assignee (as amended, the “Assignment Agreement”), and recorded concurrently herewith;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

SECTION 2. SITE AND FACILITY LEASE.

The City hereby leases to the Authority and the Authority hereby leases from the City, on the terms and conditions hereinafter set forth, the Property. The City further grants, conveys and confirms to the Authority, for the use, benefit and enjoyment of the Authority, its agents, successors and assigns (including but not limited to the Assignee as defined in the Lease Agreement) and its successors in interest to the Property, and their respective employees, invitees, agents, independent contractors, patrons, customers, guests, and members of the public visiting the Property, during the term of this Site Lease, an irrevocable, non-exclusive easement onto, upon,

over, across and through the real property surrounding the Property (the “Easement Property”) to and from the Property for the purposes of: (a) ingress, egress, passage or access to and from the Property by pedestrian or vehicular traffic; (b) inspection of all or any portion of the real or personal property, equipment and/or fixtures comprising the Property; (c) exercising the remedies provided in the Lease Agreement and this Site Lease; (d) to permit the operation and maintenance of the Property and the installation, maintenance and replacement of utility wires, cables, conduits and pipes; (e) providing vehicular parking spaces to the extent legally required for normal operation of the Property; and (f) other purposes and uses necessary or desirable for access to and from the Property together with the right of access to the rights of way from adjacent lands of the City. Without limiting the generality of the foregoing, the Authority shall have full access to the exterior portions and loading areas of the Property.

SECTION 3. TERM.

The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the City of the County Recorder of Los Angeles County, State of California, and shall end on May 1, 2030, unless such term is extended or sooner terminated as hereinafter provided. If, on May 1, 2030, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid by reason of abatement, default or otherwise, or provision shall not have been made for their payment in accordance with the Lease Agreement, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than May 1, 2040. If, prior to May 1, 2030, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Site and Facility Lease shall end.

SECTION 4. ADVANCE RENTAL PAYMENT.

The City agrees to lease the Property to the Authority in consideration of the payment by the Authority of an advance rental payment of \$_____. The City and the Authority agree that by reason of the assignment of the Lease Payments and other rights of the Authority to the Assignee under and pursuant to the Assignment Agreement, the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

SECTION 5. PURPOSE.

The Authority shall use the Property solely for the purpose of leasing the Property to the City pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the City under the Lease Agreement, the Authority and its assigns, including the Assignee, may exercise the remedies provided in the Lease Agreement.

SECTION 6. CITY'S INTEREST IN THE PROPERTY.

The City represents, warrants and covenants that it is the owner in fee of the Property and there exists no mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on or with respect to the Property other than Permitted Encumbrances. In the event of a title defect in the Property that impairs the City's valid fee title to, beneficial use and enjoyment of, or the right to use and occupy the Property, the City covenants that it will exercise its condemnation powers to the extent permitted by law to obtain the necessary rights in the Property to cure such title defect and/or limitation of the right to use and occupancy. The City covenants and agrees that in the event any encumbrance, asserted encumbrance, claim, dispute or other issue arises with respect to the City's fee simple legal title to (or the Authority's first priority leasehold interest in) the Property or any of the real property on which the Property is located, or any other matters relating to the City's valid fee title to, or beneficial use and enjoyment of, the Property or any of the real property on which the Property located (each of the foregoing referred to as a "Real Property Issue"), the City will take all steps necessary to promptly quiet, resolve and/or eliminate such Real Property Issue and ensure the City has beneficial use and enjoyment of the Property and provide the Authority with and will ensure the Authority has, adequate access to the Property and the real property on which the Property is located for purposes of accessing, inspecting and/or reletting or exercising remedies under this Site Lease or the Lease Agreement (if necessary) with respect to the Property and the City shall ensure that its fee interest and the Authority's first priority leasehold interest in the Property remain free and clear of Real Property Issues. The City covenants and agrees that the City shall take all steps necessary (with the Assignee's prior written approval) to promptly correct any errors or issues with respect to any legal description, UCC-1 financing statement or fixture filing (or continuations or amendments thereof) filed or recorded with respect to or encumbering the Property or any of the real property on which the Property is located, in order to protect the Authority's first priority leasehold interest in the Property at all times.

The City hereby represents, warrants and covenants that (i) none of the exceptions (the "Exceptions") disclosed in the preliminary title report dated _____ from _____ with respect to the Property (the "Preliminary Report"), impair or will impair the use of the Property for its intended purposes under this Site Lease or the Lease Agreement or interfere or will interfere with the City's beneficial use and enjoyment of the Property or result in any abatement of Lease Payments under the Lease Agreement and (ii) none of the Exceptions adversely affect or will adversely affect the rights and interests of the Assignee under this Site Lease, the Lease Agreement or the Assignment Agreement.

SECTION 7. CITY REPRESENTATIONS AND CERTIFICATIONS TO THE AUTHORITY AND THE ASSIGNEE.

The City hereby certifies and represents, warrants, covenants and agrees as follows:

- (a) This Site and Facility Lease is in full force and effect, and there have been no amendments, modifications, changes or additions since its execution.
- (b) To the best of the City's knowledge, the Authority is not and will not be, in any respect, in default under the terms and provisions of this Site and Facility Lease.

Further, to the best of the City's knowledge, the City knows of no event which would, currently or with the passage of time or giving of notice, or both, constitute a default under the terms of this Site and Facility Lease by either the Authority or the City.

(c) The City has not currently encumbered its fee interest in the Property to any lender or financial institution, whether by way of mortgage, deed of trust or other security instruments, except for this Site and Facility Lease and the Lease Agreement which is being recorded concurrently herewith and Permitted Encumbrances (as defined in the Trust Agreement).

(d) The City acknowledges hereby consents to the Lease Agreement.

(e) Upon the Event of Default under the Lease Agreement, the City will standstill and allow the Assignee (or the Authority at the direction of the Assignee) to pursue any and all remedies available to the Authority and/or Assignee under either this Site and Facility Lease or the Lease Agreement.

(f) Except for the rental payment referenced in Section 4, no additional rent is or will be due under this Site and Facility Lease by the Authority through the term of this Site and Facility Lease and the Authority has satisfied all of its obligations under this Site and Facility Lease.

(g) During the term of the Site and Facility Lease, the City will not consent to any waiver, amendment, modification, replacement or termination of this Site and Facility Lease without the prior written consent of the Assignee.

(h) During the term of this Site and Facility Lease, the City will not encumber its interest in the Site without the prior written consent of the Assignee.

(i) The City acknowledges that this Site and Facility Lease cannot be terminated by the City for any reason, except according to Section 3.

(j) Notwithstanding any Site and Facility Lease provisions to the contrary, policies of insurance shall be carried and maintained by the City in accordance with the terms of the Lease Agreement, with a loss payable and additional insured clauses to Assignee, as applicable.

SECTION 8. ASSIGNMENTS AND SUBLEASES.

The Authority may not assign its rights under this Site and Facility Lease or sublet the Property, except as provided in the Lease Agreement and the Assignment Agreement, without the prior written consent of the Assignee. The City consents to the assignment of the Authority's interest in this Site and Facility Lease to the Assignee and to its successors and assigns as provided in the Lease Agreement and the Assignment Agreement. The Assignee (including their successors and assigns under the Lease Agreement) may fully and freely assign and sublease the Property or any portion thereof, subject to this Site and Facility Lease.

SECTION 9. RIGHT OF ENTRY.

The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 10. TERMINATION.

The Authority agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

SECTION 11. DEFAULT.

In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the City shall have no right to terminate this Site and Facility Lease as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the City will continue to pay the Lease Payments to the Assignee.

In the event of the occurrence of an Event of Default under the Lease Agreement or a breach or default of the certifications and representations, warranties and covenants of the City contained in Section 7, the Assignee (or the Authority at the direction of the Assignee) may (i) exercise the remedies provided in the Lease Agreement, (ii) use the Property for any lawful purpose, subject to any applicable legal limitations or restrictions, and (iii) exercise all options provided herein.

SECTION 12. QUIET ENJOYMENT.

The Authority, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement.

SECTION 13. WAIVER OF PERSONAL LIABILITY.

All liabilities under this Site and Facility Lease on the part of the Authority are solely liabilities of the Authority and the City hereby releases each and every board member, director, officer, employee and agent of the Authority of and from any personal or individual liability under this Site and Facility Lease. No board member, director, officer, employee or agent of the

Authority shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Authority hereunder.

SECTION 14. TAXES.

All assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Property or the Authority's interest in the Property created by this Site and Facility Lease (including both land and improvements) will be paid by the City in accordance with the Lease Agreement.

SECTION 15. EMINENT DOMAIN.

In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the greater of (a) the Authorized Amount (as defined in the Lease Agreement) and (b) amount of the then unpaid principal component of the Lease Payments, any then unpaid interest component of the Lease Payments and any premium due with respect to the prepayment of Lease Payments and all amounts due and payable under the Lease Agreement, including amounts due and payable under Section 3.15 of the Lease Agreement and all other Obligations due and payable under the Lease Agreement, to the date such amounts are remitted to the Authority or its assignee, and, subject to the provisions of the Lease Agreement following payment of all Obligations outstanding, the balance of the award, if any, shall be paid to the City. The City hereby waives, to the extent permitted by law, any and all rights that it has or may hereafter have to acquire the interest of the Authority in and to the Property through the eminent domain powers of the City. Without limiting the foregoing provision, the City hereby agrees, to the extent permitted by law, that the compensation to be paid in any condemnation proceedings brought by or on behalf of the City with respect to the Property shall be in an amount not less than greater of (x) the Authorized Amount (as defined in the Lease Agreement) and (y) the total unpaid principal component of Lease Payments, the interest component of Lease Payments accrued to the date of payment of all Lease Payments and any premium due with respect to the prepayment of Lease Payments under the Lease Agreement and all amounts due and payable under the Lease Agreement, including amounts due and payable under Section 3.15 of the Lease Agreement and all other Obligations due and payable under the Lease Agreement.

SECTION 16. USE OF THE PROCEEDS.

The City and the Authority hereby agree that the lease to the Authority of the City's right and interest in the Property pursuant to Section 2 serves the public purposes of the City.

SECTION 17. ATTORNEYS' FEES, COSTS AND EXPENSES.

Further Assurances and Corrective Instruments. The City covenants and agrees that in the event any lien, encumbrance, asserted encumbrance, claim, reverter, dispute or other issue arises with respect to the City's legal title to or valid and marketable, beneficial use and enjoyment of, or the Authority's interest in, the Property (each of the foregoing referred to as a "Real Property

Issue”), the City will take all steps necessary to promptly quiet, resolve and/or eliminate such Real Property Issue (including but not limited to condemnation action) and/or provide the Authority with, or as applicable, will take all steps available to the City to ensure the Authority has, adequate access to and use of the Property and the City has beneficial use and enjoyment of the Property and the City shall ensure that its fee interest in the Property remains free and clear of Real Property Issues. The City covenants and agrees that in the event any legal description filed or recorded with respect to the Authority’s interests in the Property reflects any incorrect real property legal description, the City shall take all steps necessary (with the Authority’s prior written approval) to promptly correct any errors with respect to such legal descriptions.

The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Site Lease and the Lease Agreement.

SECTION 18. PARTIAL INVALIDITY.

If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 19. NOTICES.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses set forth in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 20. BINDING EFFECT.

This Site and Facility Lease shall inure to the benefit of and shall be binding upon the City and the Authority and their respective successors and assigns. The Assignee is recognized as and shall be deemed to be an irrevocable third-party beneficiary of this Site and Facility Lease and may enforce the provisions of this Site and Facility Lease as if it were a party hereto.

SECTION 21. AMENDMENT.

The Authority and the City may at any time amend or modify any of the provisions of this Site Lease, but only with the prior written consent of the Assignee.

SECTION 22. 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 Site and Facility Lease.

SECTION 23. APPLICABLE LAW.

This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

SECTION 24. NO MERGER.

Neither this Site and Facility Lease, the Lease Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the City to the Property under this Site and Facility Lease and the City's leasehold interest therein under the Lease Agreement.

SECTION 25. EXECUTION IN COUNTERPARTS.

This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

SECTION 26. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the provisions contained in this Site Lease are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in this Site Lease and such invalidity, illegality or unenforceability shall not affect any other provision of this Site Lease, and this Site Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the City each hereby declares that it would have entered into this Site Lease and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Site Lease may be held illegal, invalid or unenforceable.

SECTION 27. RELEASE OF PROPERTY.

If the City exercises its option under Section ___ of the Lease Agreement to release all or a portion of Property in whole or in part, such substitution or release shall also automatically operate to release property for the Property leased hereunder. The description of the property leased under the Lease shall conform at all times to the description of the property leased hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

CITY OF LONG BEACH

By _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

FINANCE AUTHORITY OF LONG BEACH

By _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A

DESCRIPTION OF THE SITE

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