
LEASE AGREEMENT

by and between

COUNTY OF SAN BERNARDINO

and

INLAND EMPIRE PUBLIC FACILITIES CORPORATION

Dated as of _____ 1, 2019

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease Agreement”), dated as of _____ 1, 2019, is by and between the COUNTY OF SAN BERNARDINO, a county and political subdivision of the State of California organized and existing under the laws of the State of California (the “County”), as lessee, and the INLAND EMPIRE PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”), as lessor.

RECITALS

WHEREAS, in order to finance and refinance costs of the acquisition, construction and installation of the County’s Arrowhead Regional Medical Center (the “Project”), the County caused to be executed and delivered (a) the Certificates of Participation, Series 1994 (Medical Center Financing Project), (b) the Certificates of Participation, Series 1996 (Medical Center Financing Project), (c) the Certificates of Participation, Series 2009A (Arrowhead Refunding Project), and (d) the Certificates of Participation, Series 2009B (Arrowhead Refunding Project) (collectively, the “Prior Certificates”);

WHEREAS, the Prior Certificates were executed and delivered pursuant to the Master Trust Agreement, dated as of February 1, 1994, by and among Texas Commerce Bank National Association, as trustee, the Corporation and the County, as amended and supplemented from time to time (as so amended and supplemented to date, the “Prior Trust Agreement”);

WHEREAS, the Prior Certificates evidence direct, undivided fractional interests of the owners thereof in certain lease payments (the “Prior Lease Payments”) to be made by the County pursuant to the Master Lease Agreement, dated as of February 1, 1994, by and between the Corporation and the County, as amended and supplemented from time to time (as so amended and supplemented to date, the “Prior Lease Agreement”);

WHEREAS, in order to achieve certain savings, the County desires to refinance the Project by securing the payment and prepayment of all of the Prior Lease Payments remaining due by, in accordance with the Prior Lease Agreement, depositing with an escrow holder under an escrow agreement moneys and securities in such amounts as are required by the Prior Lease Agreement in order to (a) cause all obligations of the County under the Prior Lease Agreement to cease and terminate, excepting the obligation of the County to make, or cause to be made, all such payments and prepayments of the Prior Lease Payments from such deposit, and (b) in accordance with the provisions of the Prior Trust Agreement, thereby cause all of the outstanding Prior Certificates to be paid and discharged;

WHEREAS, in order to refinance the Project, the County will lease certain real property and the improvements thereto (the “Property”) to the Corporation pursuant to a Ground Lease, dated as of the date hereof, and the County will sublease the Property back from the Corporation pursuant to this Lease Agreement;

WHEREAS, the County and the Corporation have determined that it would be in the best interests of the County and the Corporation to provide the funds necessary to refinance the Project through the sale and delivery of County of San Bernardino Certificates of Participation

(2019 Arrowhead Refunding Project), Series A, and County of San Bernardino Certificates of Participation (2019 Arrowhead Refunding Project), Series B (Taxable), evidencing direct, fractional undivided interests in the base rental payments to be made by the County under this Lease Agreement; and

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

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. Certain terms are defined in Exhibit A attached hereto and by this reference incorporated herein. Unless the context otherwise requires, the terms defined in Exhibit A hereto shall, for all purposes of this Lease Agreement, have the meanings herein specified.

Section 1.02. Rules of Construction. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words “including” and “includes,” and words of similar import, shall be deemed to be followed by the phrase “without limitation.”

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated “Articles,” “Sections,” “Exhibits,” “subsections,” “paragraphs,” “clauses,” and other subdivisions are to the designated Articles, Sections, Exhibits, subsections, paragraphs, clauses, and other subdivisions of this Lease Agreement.

(h) The words “hereof” (except when preceded by a specific Section or Article reference) “herein,” “hereby,” “hereunder,” “hereinabove,” “hereinafter,” and other equivalent words and phrases used herein refer to this Lease Agreement and not solely to the particular portion hereof in which any such word is used.

ARTICLE II

LEASE OF PROPERTY; TERM

Section 2.01. Lease of Property. (a) The Corporation hereby leases to the County and the County hereby leases from the Corporation the Property, on the terms and conditions hereinafter set forth, and subject to all Permitted Encumbrances.

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

Section 2.02. Occupancy; Term. (a) The County shall take possession of the Property on the Closing Date.

(b) The term of this Lease Agreement shall commence on the Closing Date and shall end on the Scheduled Termination Date, unless such term is extended or sooner terminated as hereinafter provided.

(c) If all of the Property shall be taken under the power of eminent domain, and the County does not elect to cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of, Section 8.03 hereof, as provided in clause (i) of Section 5.07(c) hereof but, rather, elects to deliver or cause to be delivered any award made in eminent domain proceedings for such taking to the Trustee for the application to the prepayment, pursuant to Section 4.01(a) of the Trust Agreement, of all or a portion of the Outstanding Certificates, as provided in clause (ii) of Section 5.07(c) hereof, then, on the date that possession thereof shall be so taken, the term of this Lease Agreement shall terminate.

(d) If, prior to the Scheduled Termination Date, all Certificates shall be fully paid, or deemed paid in accordance with Article X of the Trust Agreement, then, on the date of such payment or deemed payment, the term of this Lease Agreement shall terminate.

(e) If on the Scheduled Termination Date, the Rental Payments payable hereunder shall have been abated at any time and for any reason, then the term of this Lease Agreement shall be extended until the date upon which all such Rental Payments shall have been paid in full, except that the term of this Lease Agreement shall in no event be extended more than ten years beyond the Scheduled Termination Date.

(f) Upon the termination of the term of this Lease Agreement (other than as provided in Section 7.01 hereof), and the first date upon which the Certificates are no longer Outstanding, all right, title and interest in and to the Property shall vest in the County. Upon any such

termination or expiration, the Corporation shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

ARTICLE III

RENTAL PAYMENTS

Section 3.01. Rental Payments. (a) Rental Payments, consisting of Base Rental Payments and Additional Rental Payments, shall be paid by the County to the Corporation for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

(b) The obligation of the County to make the Rental Payments, including the Base Rental Payments, does not constitute a debt of the County or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

(c) If the term of this Lease Agreement shall have been extended pursuant to Section 2.02 hereof, the obligation of the County to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of this Lease Agreement, as so extended.

Section 3.02. Base Rental Payments. (a) The County, subject to the provisions of Section 3.07 hereof, shall pay Base Rental Payments to the Corporation in the amounts at the times specified in the Base Rental Payment Schedule. A portion of the Base Rental Payments shall constitute principal components and a portion of the Base Rental Payments shall constitute interest components, as specified in the Base Rental Payment Schedule. The Base Rental Payments evidenced by the Series A Certificates, including the principal components and the interest components thereof, are set forth in the Base Rental Payment Schedule under the caption "Series A Base Rental Payments." The Base Rental Payments evidenced by the Series B Certificates, including the principal components and the interest components thereof, are set forth in the Base Rental Payment Schedule under the caption "Series B Base Rental Payments." The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments.

(b) If the term of this Lease Agreement shall have been extended pursuant to Section 2.02 hereof, the obligation of the County to pay Rental Payments shall continue to and including the date of termination of this Lease Agreement as so extended. Upon such extension, the principal and interest components of the Base Rental Payments shall be established so that the principal components will in the aggregate be sufficient to pay all extended and unpaid principal components and the interest components will in the aggregate be sufficient to pay all extended and unpaid interest components; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Section 3.03. Additional Rental Payments. (a) The County shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(i) all taxes and assessments of any type or nature charged to the Corporation or the County or affecting the Property or the respective interests or estates of the Corporation or the County therein;

(ii) insurance premiums for all insurance required pursuant to Article V hereof; and

(iii) all other payments not constituting Base Rental Payments required to be paid by the County pursuant to the provisions of this Lease Agreement.

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

Section 3.04. Fair Rental Value. The parties hereto have agreed and determined that the Fair Rental Value of the Property, even if Parcel A were excluded therefrom, is not less than \$ _____ as of the Closing Date. In making such determination of Fair Rental Value, consideration has been given to the uses and purposes which may be served by the Property and the benefits therefrom that will accrue to the County and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Section 3.05. Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Trustee, as the assignee of the Corporation, at the Office of the Trustee, or such other place or entity as the Trustee shall designate. Each Base Rental Payment shall be deposited with the Trustee, as the assignee of the Corporation, no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment that shall not be paid by the County when due and payable under the terms of this Lease Agreement shall bear interest from the date when the same is due hereunder until the same shall be paid a rate equal to the highest rate of interest evidenced by any of the Outstanding Certificates. Notwithstanding any dispute between the Corporation and the County, the County shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee pursuant to this Section on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund and the Principal Fund.

Section 3.06. Appropriations Covenant. The County shall take such action as may be necessary to include all Rental Payments due hereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the County.

Section 3.07. Rental Abatement. (a) Except as otherwise specifically provided in this Section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the County waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate this Lease Agreement by virtue of any such interference, and this Lease Agreement shall continue in full force and effect. The County and the Corporation shall, in a reasonable manner and in good faith, determine the amount of such abatement; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the County during such Rental Period. The County and the Corporation shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed.

(b) Notwithstanding the foregoing, to the extent that Net Proceeds of rental interruption insurance are available for the payment of Rental Payments, Rental Payments shall not be abated as provided in subsection (a) of this Section but, rather, shall be payable by the County as a special obligation payable solely from such Net Proceeds.

Section 3.08. Prepayment. (a) The County may prepay, from any source of available funds, all or any portion of the Base Rental Payments by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Article X of the Trust Agreement sufficient to make such Base Rental Payments when due.

(b) If less than all of the Base Rental Payments are prepaid pursuant to this Section then, as of the date of a deposit pursuant to subsection (a) of this Section, the principal and interest components of the Base Rental Payments shall be recalculated in order to take such prepayment into account, which recalculated amounts the County shall provide to the Trustee in a Written Certificate of the County. The County agrees that if, following a partial prepayment of Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the County shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the County shall not be entitled to any reimbursement of such Base Rental Payments.

(c) If all of the Base Rental Payments are prepaid in accordance with the provisions of this Lease Agreement then, as of the date of such deposit pursuant to subsection (b) of this Section, the term of this Lease Agreement shall be terminated.

(d) Before making any prepayment pursuant to this Section, the County shall give written notice to the Trustee specifying the portion, which may be all, of the principal component of each Base Rental Payment to be prepaid.

ARTICLE IV

QUIET ENJOYMENT; MAINTENANCE; ALTERATIONS; LIENS

Section 4.01. Quiet Enjoyment. So long as the County is keeping and performing its covenants and agreements herein contained, the County shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Corporation.

Section 4.02. Net-Net-Net Lease. This Lease Agreement shall be deemed and construed to be a “net-net-net lease” and the County hereby agrees that the Rental Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the County and the Corporation.

Section 4.03. Right of Entry. The Corporation shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Corporation’s rights or obligations under this Lease Agreement, and for all other lawful purposes.

Section 4.04. Maintenance and Utilities. Throughout the term of this Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof. In exchange for the Rental Payments, the Corporation agrees to provide only the Property.

Section 4.05. Additions to Property. Subject to Section 4.07 hereof, the County and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the County or such sublessee, and the Corporation shall not have any interest therein. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications and improvements.

Section 4.06. Installation of County’s Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the County or such sublessee, and the Corporation shall have no interest therein. The County or such sublessee may remove or modify such equipment or

other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items; and the Property, upon completion of any installations, modifications or removals made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such installations, modifications or removals. Nothing in this Lease Agreement shall prevent the County or any sublessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 4.07. Mechanics', Etc. Liens. In the event the County shall at any time during the term of this Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Corporation's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the County desires to contest any such lien, it may do so as long as such contest is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment.

ARTICLE V

INSURANCE; NET PROCEEDS; EMINENT DOMAIN

Section 5.01. Public Liability and Property Damage Insurance. (a) The County 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 County, the Corporation and their respective board members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$100,000) resulting from a single accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the County. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid. The County's obligations under this subsection may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of Section 5.04 hereof.

(b) The County shall maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake and flood) to the full insurable value of the Property, subject to a \$100,000 loss deductible provision. Full insurable value shall not be less than the aggregate amount of principal evidenced by the Outstanding Certificates. The Net Proceeds of such casualty insurance shall be applied as provided in Section 5.05 hereof. The County's obligations under this subsection may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of Section 5.04 hereof.

(c) The County shall maintain rental interruption insurance to cover the Corporation's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to subsection (b) of this Section in an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The Net Proceeds of such rental interruption insurance shall be applied to the payment of Rental Payments during the period in which, as a result of the damage or destruction to the Property that resulted in the receipt of such Net Proceeds, there is substantial interference with the County's right to the use or occupancy of the Property. The County's obligations under this subsection may not be satisfied by self-insurance.

(d) The insurance required by this Section shall be provided by reputable insurance companies (including the California State Association of Counties – Excess Insurance Authority) with claims paying abilities determined, in the reasonable opinion of the County's Director of

Risk Management or an Independent Insurance Consultant, to be adequate for the purposes hereof.

Section 5.02. Title Insurance. The County shall provide, at its own expense, one or more CLTA title insurance policies for the Property, in the aggregate amount of not less than the aggregate amount of principal evidenced by the Outstanding Certificates on the Closing Date. Said policy or policies shall insure (a) the fee interest of the County in the Property (b) the Corporation's ground leasehold estate in the Property under the Ground Lease, and (c) the County's leasehold estate hereunder in the Property, subject only to Permitted Encumbrances; provided, however, that one or more of said estates may be insured through an endorsement to such policy or policies. The Net Proceeds of such title insurance shall be applied as provided in Section 5.06 hereof.

Section 5.03. Additional Insurance Provision; Form of Policies. (a) The County shall pay or cause to be paid when due the premiums for all insurance policies required by Section 5.01 hereof. All such policies shall contain a standard lessee clause in favor of the Trustee and the general liability insurance policies shall be endorsed to show the Trustee as an additional insured. All such policies shall provide that the Trustee shall be given 30 days' notice of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(b) The County shall cause to be delivered to the Trustee, on or before August 15 of each year, commencing August 15, 2020, a schedule of the insurance policies being maintained in accordance herewith and a written certificate of the County's Director of Risk Management stating that such policies are in full force and effect and that the County is in full compliance with the requirements of this Article. The Trustee shall be entitled to rely upon said written certificate of the County's Director of Risk Management as to the County's compliance with this Article. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Section 5.04. Self-Insurance. Any self-insurance maintained by the County pursuant to this Article shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by the County's Director of Risk Management or by an Independent Insurance Consultant;

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated once every two years by the County's Director of Risk Management or by an Independent Insurance Consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the County's Director of Risk Management or such Independent Insurance Consultant, as applicable; and

(c) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by the County's Director of Risk Management or by an Independent Insurance Consultant, shall be maintained.

Section 5.05. Damage or Destruction. (a) If the Property or any portion thereof shall be damaged or destroyed, the County shall, within 30 days of the occurrence of the event of damage or destruction, notify the Trustee in writing of the County's determination as to whether or not such damage or destruction will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof.

(b) If the County determines that such damage or destruction will not result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof, the County shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof.

(c) If the County determines that such damage or destruction will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof, then the County shall (i) apply sufficient funds from the Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of such damage or destruction and other legally available funds to the repair or replacement of the Property or the portions thereof which have been damaged or destroyed to the condition that existed prior to such damage or destruction, provided that, within 90 days of the occurrence of the event of damage or destruction, the County delivers to the Trustee a Written Certificate of the County (A) certifying that the County has sufficient funds to so complete such repair or replacement of the Property or such portions thereof and identifying such funds and the location thereof, and (B) stating that such funds will not be used for any other purpose until such repair or replacement is completed, (ii) within 90 days of the occurrence of the event of damage or destruction, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of, Section 8.03 hereof, or (iii) within 90 days of the occurrence of the event of damage or destruction, deliver sufficient funds from such Net Proceeds and other legally available funds to the Trustee for the application to the prepayment, pursuant to Section 4.01(a) of the Trust Agreement (A) of all of the Outstanding Certificates, or (B) of such portion of the Outstanding Certificates as shall result in (I) the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the County delivered to the Trustee, being at least equal to 105% of the maximum amount of the Base Rental Payments coming due in the then current Rental Period or any subsequent Rental Period, and (II) the fair replacement value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the County delivered to the Trustee, being at least equal to the aggregate amount of principal evidenced by the Certificates then Outstanding.

Section 5.06. Net Proceeds of Title Insurance. (a) If a defect in title to the Property results in the creation of a right to receive Net Proceeds under any policy of title insurance with

respect to the Property or any portion thereof, the County shall, within 30 days of the County obtaining knowledge of the creation of such right, notify the Trustee in writing of the County's determination as to whether or not such title defect will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof.

(b) If the County determines that such title defect will not result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof, such Net Proceeds shall be remitted to the County and used for any lawful purpose thereof.

(c) If the County determines that such title defect will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof, then the County shall (i) within 90 days of the County obtaining knowledge of the creation of such right to receive such Net Proceeds, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of, Section 8.03 hereof, or (ii) as soon as practicable upon receipt thereof, deliver or cause to be delivered such Net Proceeds to the Trustee for the application to the prepayment, pursuant to Section 4.01(a) of the Trust Agreement, of all or a portion of the Outstanding Certificates.

Section 5.07. Eminent Domain. (a) If all or a portion of the Property shall be taken under the power of eminent domain, the County shall, no later than 30 days prior to the day that possession thereof shall be so taken, notify the Trustee in writing of the County's determination as to whether or not such taking will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof.

(b) If the County determines that such taking will not result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof, any award made in eminent domain proceedings for such taking shall be remitted to the County and used for any lawful purpose thereof.

(c) If the County determines that such taking will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to Section 3.07 hereof, then the County shall (i) no later than 10 days prior to the day that possession thereof shall be so taken, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of, Section 8.03 hereof, or (ii) as soon as practicable, deliver or cause to be delivered any award made in eminent domain proceedings for such taking to the Trustee for the application to the prepayment, pursuant to Section 4.01(a) of the Trust Agreement, of all or a portion of the Outstanding Certificates.

ARTICLE VI

REPRESENTATIONS; COVENANTS

Section 6.01. Representations of the County. The County represents and warrants (a) that the County has the full power and authority to enter into, to execute and to deliver the Ground Lease, this Lease Agreement and the Trust Agreement and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of the Ground Lease, this Lease Agreement and the Trust Agreement, and (b) the Property will be used in the performance of essential governmental functions.

Section 6.02. Representation of the Corporation. The Corporation represents and warrants that the Corporation has the full power and authority to enter into, to execute and to deliver the Ground Lease, this Lease Agreement and the Trust Agreement, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of the Ground Lease, this Lease Agreement and the Trust Agreement.

Section 6.03. Recordation. The County shall record, or cause to be recorded, with the appropriate county recorder, the Ground Lease, the Lease Agreement and the Assignment Agreement, or memoranda thereof.

Section 6.04. Use of the Property. The County will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease Agreement. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Corporation, adversely affect the estate of the Corporation in and to any of the Property or its interest or rights under this Lease Agreement.

Section 6.05. Other Liens. The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Corporation at its option (after first giving the County 30 days' written notice to comply therewith and failure of the County to so comply within such 30-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Corporation shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained herein, or from its obligation hereunder to perform such agreements and covenants. The Corporation shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

Section 6.06. Taxes. (a) The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Corporation or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the term of this Lease Agreement as and when the same become due.

(b) After giving notice to the Corporation, the County or any sublessee may, at the County's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the County or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the County or such sublessee shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

Section 6.07. No Liability; Indemnification. (a) The Corporation and its directors, officers, agents and employees, shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the County shall, at its expense, indemnify and hold the Corporation and the Trustee and all directors, members, officers, employees and agents thereof harmless against and from any and all claims by or on behalf of Person arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The County also covenants and agrees, at its expense, to pay and indemnify and save the Corporation and the Trustee and all directors, officers, employees and agents thereof harmless against and from any and all claims arising from (i) any condition of the Property and the adjoining sidewalks and passageways, (ii) any breach or default on the part of the County in the performance of any covenant or agreement to be performed by the County pursuant to this Lease Agreement, (iii) any act or negligence of licensees in connection with their use, occupancy or operation of the Property, or (iv) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Corporation or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the County, upon notice from the Corporation or the Trustee or such director, member, officer or employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Corporation or the Trustee or such director, member, officer or employee thereof.

(b) In no event shall the Corporation be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease Agreement or the County's use of the Property.

Section 6.08. Further Assurances. The County shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Lease Agreement and for the better assuring and confirming unto the Corporation of the rights and benefits provided in this Lease Agreement.

ARTICLE VII

LEASE DEFAULT EVENTS AND REMEDIES

Section 7.01. Lease Default Events and Remedies. (a) The following events and circumstances shall constitute Lease Default Events:

(i) the County shall fail (A) to pay any Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the County, if such failure to so keep, observe or perform shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Trustee, the Corporation, or the Owners of not less than 5% of the aggregate amount of principal evidenced by the Certificates at the time Outstanding; provided, however, that if the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute a Lease Default Event if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, which period, unless otherwise consented to by the Trustee, shall not exceed 180 days after written notice thereof shall have been given to the County;

(ii) an Event of Default under the Trust Agreement shall have occurred and be continuing;

(iii) the County's interest in this Lease Agreement or any part thereof shall be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Corporation; or

(iv) the County shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(b) Upon the occurrence of any Lease Default Event, the Corporation, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(i) to terminate this Lease Agreement in the manner hereinafter provided on account of such Lease Default Event, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (ii) hereof, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the County. In the event of such termination, the County agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of such Lease Default Event, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and

storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Corporation nor any proceeding in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of a Lease Default Event shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate this Lease Agreement. The County covenants and agrees that no surrender of the Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Corporation by such written notice; or

(ii) without terminating this Lease Agreement (A) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the County, regardless of whether or not the County has abandoned the Property, or (B) to exercise any and all rights of entry and re-entry upon the Property. In the event the Corporation does not elect to terminate this Lease Agreement in the manner provided for in subparagraph (i) hereof, the County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of this Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments herein specified, and notwithstanding any entry or re-entry by the Corporation or suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Corporation elect to re-enter as herein provided, the County hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to re-let the Property, or any part thereof, from time to time, either in the Corporation's name or otherwise, upon such terms and conditions and for such use and period as the Corporation may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the County, and the County hereby indemnifies and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-let the Property in the event of such re-entry without effecting a

surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, upon the occurrence of a Lease Default Event, the right to terminate this Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner provided for in subparagraph (i) hereof. The County further agrees to pay the Corporation the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the County of the completion and installation of such additions or alterations.

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

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

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

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

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

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

(e) In the event the Corporation shall prevail in any action brought to enforce any of the terms and provisions of this Lease Agreement, the County agrees to pay a reasonable amount

as and for attorney's fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation hereunder.

(f) Notwithstanding anything to the contrary contained in this Lease Agreement, the Corporation shall have no right upon a default by the County hereunder, a Lease Default Event or otherwise to accelerate Rental Payments.

(g) Notwithstanding anything herein to the contrary, the termination of this Lease Agreement by the Corporation on account of a Lease Default Event shall not effect or result in a termination of the lease of the Property by the County to the Corporation pursuant to the Ground Lease.

Section 7.02. Waiver. Failure of the Corporation to take advantage of any default on the part of the County shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Corporation to insist upon performance by the County of any term, covenant or condition hereof, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease Agreement.

ARTICLE VIII

AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE

Section 8.01. Amendments. (a) This Lease Agreement and the Ground Lease, and the rights and obligations of the Corporation and the County hereunder and thereunder, may be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the County and the Corporation, but only with the prior written consent of the Owners of a majority of the aggregate amount of principal evidenced by the Certificates then Outstanding, provided that no such amendment shall (i) extend the payment date of any Base Rental Payment or reduce any Base Rental Payment, without the prior written consent of the Owner of each Certificate affected thereby, or (ii) reduce the percentage of the aggregate amount of principal evidenced by the Certificates then Outstanding, the consent of the Owners of which is required for the execution of any amendment of this Lease Agreement or the Ground Lease, without the prior written consent of the Owners of all the Certificates then Outstanding.

(b) This Lease Agreement and the Ground Lease, and the rights and obligations of the County and the Corporation hereunder and thereunder, may also be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the County and the Corporation, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Corporation or the County to be observed or performed herein or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation or the County, or to surrender any right or power reserved herein or therein to or conferred herein or therein on the Corporation or the County;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or therein or in regard to questions arising hereunder or thereunder which the Corporation or the County may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the rights or interests of the Owners;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest evidenced by the Certificates;

(iv) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of Sections 3.04 and 3.05 of the Trust Agreement;

(v) to provide for the substitution or release of a portion of the Property in accordance with the provisions of Section 8.03 hereof; or

(vi) to make such other changes herein or therein or modifications hereto or thereto as the County or the Corporation may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners.

Section 8.02. Assignment and Subleasing. Neither this Lease Agreement nor any interest of the County hereunder shall be sold, mortgaged, pledged, assigned or transferred by the County by voluntary act or by operation of law or otherwise; provided, however, that the Property may be subleased in whole or in part by the County, provided that any such sublease shall be subject to all of the following conditions:

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

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

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

(d) the County shall furnish the Corporation with an Opinion of Bond Counsel to the effect that such sublease will not, in and of itself, cause the interest evidenced by the Series A Certificates to be included in gross income for federal income tax purposes.

Section 8.03. Substitution or Release of the Property. (a) The County shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from this Lease Agreement. All costs and expenses incurred in connection with such substitution or release shall be borne by the County. Notwithstanding any substitution or release pursuant to this subsection, there shall be no reduction in or abatement of the Base Rental Payments due from the County hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall, except as otherwise provided in subsection (b) of this Section, be subject to the following specific conditions, which are hereby made conditions precedent to such substitution or release:

(i) a consultant or an employee of the County with experience in real estate valuation and depreciation matters shall have found (and shall have delivered a certificate to the County and the Corporation setting forth its findings) that the Property, as constituted after such substitution or release (A) has an annual fair rental value greater than or equal to 105% of the maximum amount of the Base Rental Payments coming due in the then current Rental Period or any subsequent Rental Period, (B) has a fair market value at least equal to the aggregate amount of principal evidenced by the Certificates then Outstanding, and (C) has a useful life equal to or greater than the useful life of the Property, as constituted prior to such substitution or release;

(ii) the County shall have obtained or caused to be obtained a CLTA title insurance policy or policies with respect to any substituted property in the amount of the fair market value of such substituted property (which fair market value shall have been determined by a consultant or an employee of the County with experience in real estate valuation and depreciation matters), of the type and with the endorsements described in Section 5.02 hereof;

(iii) the County shall have certified to the Corporation that the substituted real property will be used in the performance of essential governmental functions;

(iv) the County shall have provided the Corporation with an Opinion of Bond Counsel to the effect that such substitution or release will not, in and of itself, cause the interest evidenced by the Series A Certificates to be included in gross income for federal income tax purposes; and

(v) the County and the Corporation shall have executed, and the County shall have caused to be recorded with the San Bernardino County Recorder, any document necessary to reconvey to the County the portion of the Property being substituted or released and to include any substituted real property in the description of the Property contained herein and in the Ground Lease.

(b) In addition to the right to substitute or release Property as provided in subsection (a) of this Section, the County shall have the right to release Parcel A from this Lease Agreement as provided in this subsection. All costs and expenses incurred in connection with such release shall be borne by the County. Notwithstanding any release of Parcel A pursuant to this subsection, there shall be no reduction in or abatement of the Base Rental Payments due from the County hereunder as a result of such release. Any such release of Parcel A shall be subject to the following specific conditions, which are hereby made conditions precedent to such release.

(i) no Event of Default shall have occurred and be continuing under this Lease Agreement;

(ii) no abatement of Rental Payments shall have occurred and be continuing pursuant to Section 3.07;

(iii) the County shall have certified to the Corporation that the Property remaining subject to this Lease Agreement after the release of Parcel A will continue to be used in the performance of essential governmental functions; and

(iv) the County and the Corporation shall have executed, and the County shall have caused to be recorded with the San Bernardino County Recorder, any document necessary to reconvey Parcel A to the County.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Assignment to Trustee. The County understands and agrees that, upon the execution and delivery of the Assignment Agreement (which is occurring simultaneously with the execution and delivery hereof), all right, title and interest of the Corporation in and to this Lease Agreement (other than the Corporation's rights to indemnification and to payment or reimbursement of its reasonable costs and expenses hereunder) will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Certificates. The County hereby consents to such sale, assignment and transfer. Upon the execution and delivery of the Assignment Agreement, references in the operative provisions hereof to the Corporation shall be deemed to be references to the Trustee, as assignee of the Corporation.

Section 9.02. Validity and Severability. If for any reason this Lease Agreement shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Corporation or by the County, or if for any reason it is held by such a court that any of the covenants and conditions of the County hereunder, including the covenant to pay Rental Payments, is unenforceable for the full term hereof, then and in such event this Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the County annually in consideration of the right of the County to possess, occupy and use the Property, and all of the terms, provisions and conditions of this Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 9.03. Notices. All written notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the County:	County of San Bernardino Fourth Floor 385 North Arrowhead Avenue San Bernardino, California 92415 Attention: CAO – Finance and Administration
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If to the Corporation:	Inland Empire Public Facilities Corporation c/o County of San Bernardino Fourth Floor 385 North Arrowhead Avenue San Bernardino, California 92415 Attention: CAO – Finance and Administration
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If to the Trustee: Wells Fargo Bank, N.A.

Attention: _____

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

Section 9.04. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease Agreement.

Section 9.05. Governing Laws. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 9.06. Execution in Counterparts. This Lease Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

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

COUNTY OF SAN BERNARDINO

By: _____
Katrina Turturro,
Deputy Executive Officer

**INLAND EMPIRE PUBLIC
FACILITIES CORPORATION**

By: _____
Gary McBride,
Executive Director

EXHIBIT A

MASTER DEFINITIONS

“Additional Certificates” means the Certificates of Participation authorized by a Supplemental Trust Agreement that are executed and delivered by the Trustee under and pursuant to Sections 3.04 and 3.05 of the Trust Agreement.

“Additional Rental Payments” means all amounts payable by the County as Additional Rental Payments pursuant to Section 3.03 of the Lease Agreement.

“Assignment Agreement” means the Assignment Agreement, dated as of _____ 1, 2019, by and between the Corporation and Wells Fargo Bank, N.A., as Trustee.

“Authorized County Representative” means the Chief Executive Officer of the County, the Chief Financial Officer of the County, any Deputy Executive Officer of the County in Finance and Administration, and any other Person designated as an Authorized Representative of the County in a Written Certificate of the County filed with the Trustee.

“Authorized Denominations” means \$5,000 and integral multiples of \$5,000 in excess thereof.

“Base Rental Deposit Date” means the second Business Day next preceding each Interest Payment Date.

“Base Rental Payment Fund” means the fund by that name established pursuant to Section 5.01 of the Trust Agreement.

“Base Rental Payment Schedule” means the schedule of Base Rental Payments payable by the County pursuant to Section 3.02 of the Lease Agreement and attached to the Lease Agreement as Exhibit C, as such schedule may be amended in connection with the execution and delivery of Additional Certificates.

“Base Rental Payments” means all amounts payable to the Corporation by the County as Base Rental Payments pursuant to Section 3.02 of the Lease Agreement.

“Beneficial Owners” means those Persons for whom the Participants have caused the Depository to hold Book-Entry Certificates.

“Book-Entry Certificates” means the Certificates registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.07.

“Business Day” means a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Office of the Trustee is located are authorized or required by law to be closed, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Book-Entry Certificates.

“Certificates” means the Certificates of Participation executed and delivered by the Trustee pursuant to the Trust Agreement, and includes the Series A Certificates, the Series B Certificates and any Additional Certificates.

“Closing Date” means _____, 2019.

“Code” means the Internal Revenue Code of 1986.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of _____ 1, 2019, by and between the County and Wells Fargo Bank, N.A., as Trustee, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Corporation” means the Inland Empire Public Facilities Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State, and its successors.

“Costs of Issuance” means all the costs of executing and delivering the Certificates, including, but not limited to, printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel (including the Trustee’s first annual administrative fee), fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Certificates, any premium for municipal bond insurance or reserve surety, and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03 of the Trust Agreement.

“County” means the County of San Bernardino, a county and political subdivision of the State organized and existing under the laws of the State, and its successors.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any Person claiming through the custodian or to whom the custodian may be obligated.

“Depository” means DTC, and its successors as securities depository for any Book-Entry Certificates, including any such successor appointed pursuant to Section 2.07 of the Trust Agreement.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors.

“Electronic Means” means e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Trust Agreement.

“Escrow Agreement” means the Escrow Agreement, dated as of _____ 1, 2019, by and between the County and the Escrow Bank, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Escrow Bank” means Wells Fargo Bank, N.A., as prior trustee and escrow bank under the Escrow Agreement, and any successor thereto.

“Event of Default” means any event or circumstance specified in Section 7.01 of the Trust Agreement as an “Event of Default.”

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

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the County.

“Ground Lease” means the Ground Lease, dated as of _____ 1, 2019, by and between the County and the Corporation, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

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

“Interest Fund” means the fund by that name established pursuant to Section 5.02 of the Trust Agreement.

“Interest Payment Date” means April 1 and October 1 of each year, commencing October 1, 2019.

“Lease Agreement” means the Lease Agreement, dated as of _____ 1, 2019, by and between the County and the Corporation, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Lease Default Event” means any event or circumstance specified in 7.01(a) of the Lease Agreement as a “Lease Default Event.”

“Letter of Representations” means the Letter of Representations from the County to the Depository, in which the County makes certain representations with respect to issues of its securities for deposit by the Depository.

“Mandatory Sinking Account Payment” means, with respect to any Additional Certificates, the principal evidenced by such Additional Certificates required to be paid on each Mandatory Sinking Account Payment Date for such Additional Certificates pursuant to the Supplemental Trust Agreement pursuant which such Additional Certificates are executed and delivered.

“Mandatory Sinking Account Payment Date” means, with respect to any Additional Certificates, the dates, if any, as specified in the Supplemental Trust Agreement pursuant which such Additional Certificates are executed and delivered.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“Net Proceeds” means any insurance proceeds or condemnation award in excess of \$50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.07 of the Trust Agreement.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the County in writing; provided, however, that with respect to presentation of Certificates for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the County by the Trustee in writing.

“Opinion of Bond Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County and satisfactory to and approved by the Trustee.

“Original Purchaser” means the original purchaser of the Certificates upon the execution and delivery thereof.

“Outstanding,” when used as of any particular time with reference to Certificates, means, subject to the provisions of Section 11.06 of the Trust Agreement, all Certificates theretofore, or thereupon being, executed and delivered by the Trustee pursuant to the Trust Agreement, except (a) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation, (b) Certificates paid or deemed to have been paid within the meaning of Section 10.01 of the Trust Agreement, and (c) Certificates in lieu of which other Certificates shall have been executed and delivered by the Trustee, or that have been paid without surrender thereof, pursuant to Section 2.08 of the Trust Agreement.

“Owner” means, with respect to a Certificate, the Person in whose name such Certificate is registered on the Registration Books.

“Parcel A” means the portion of the Property described as “PARCEL A” in Exhibit B to the Lease Agreement.

“Participating Underwriter” has the meaning ascribed to such term in the Continuing Disclosure Agreement.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Certificates.

“Permitted Encumbrances” means with respect to the Property, as of any particular time (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of Section 6.06 of the Lease Agreement, permit to remain unpaid, (b) the Lease Agreement, (c) the Ground Lease, (d) the Assignment Agreement, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the County, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions that exist of record as of the Closing Date, and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date that the County certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Certificates by the Trust Agreement and the Assignment Agreement.

“Permitted Investments” means the following:

(1) Direct general 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);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances and bank deposit products (so long as such products have the same payment priority as short term certificates of deposit) with domestic commercial banks (which may include the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank), or which are fully insured by the Federal Deposit Insurance Corporation;

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated "Aa/AA1" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P; and

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is

rated at least “Aa3” by Moody’s and “AA-” by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the County receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider’s rating by either Moody’s or S&P falls below “Aa3” or “AA-,” respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody’s and S&P to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A3” or “A-,” respectively, the provider must, at the direction of the County or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

(e) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider’s obligations under the investment agreement shall, at the direction of the County or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be

declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

"Person" means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Prepayment Fund" means the fund by that name established pursuant to Section 5.02 of the Trust Agreement.

"Principal Fund" means the fund by that name established pursuant to Section 5.02 of the Trust Agreement.

"Principal Payment Date" means a date on which the principal component of the Base Rental Payments evidenced by the Certificates is scheduled to become due and payable pursuant to the Lease Agreement.

"Prior Certificates" means, collectively (a) the Prior Certificates (Series 1994), (b) the Prior Certificates (Series 1996), (c) the Prior Certificates (Series 2009A), and (d) the Prior Certificates (Series 2009B).

"Prior Certificates (Current Refunding)" means, collectively (a) the Prior Certificates (Series 1994) maturing on August 1, 2026 and August 1, 2028, (b) the Prior Certificates (Series 1996), (c) the Prior Certificates (Series 2009A), and (d) the Prior Certificates (Series 2009B).

"Prior Certificates (Defeasance)" means the Prior Certificates (Series 1994) maturing on August 1, 2020 and August 1, 2022.

"Prior Certificates (Series 1994)" means the Certificates of Participation, Series 1994 (Medical Center Financing Project).

"Prior Certificates (Series 1996)" means the Certificates of Participation, Series 1996 (Medical Center Financing Project).

"Prior Certificates (Series 2009A)" means Certificates of Participation, Series 2009A (Arrowhead Refunding Project).

"Prior Certificates (Series 2009B)" means the Certificates of Participation, Series 2009B (Arrowhead Refunding Project).

"Property" means the real property described in Exhibit B to the Lease Agreement, and any improvements thereto.

"Rebate Fund" means the fund by that name established pursuant to Section 5.03 of the Trust Agreement.

"Rebate Requirement" has the meaning ascribed to such term in the Tax Certificate.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Certificates pursuant to Section 2.05 of the Trust Agreement.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Closing Date through June 30, 2019 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Lease Agreement.

“Scheduled Termination Date” means October 1, 20__, as such date may be amended in connection with the execution and delivery of Additional Certificates.

“Series” means the series of Certificates executed and delivered pursuant to the Trust Agreement and identified pursuant to the Trust Agreement as the Series A Certificates and the Series B Certificates.

“Series A Base Rental Payments” means the portion of the Base Rental Payments described under the caption “Series A Base Rental Payments” in the Base Rental Payment Schedule attached to the Lease Agreement as Exhibit C.

“Series B Base Rental Payments” means the portion of the Base Rental Payments described under the caption “Series B Base Rental Payments” in the Base Rental Payment Schedule attached to the Lease Agreement as Exhibit C.

“Series A Certificates” means the County of San Bernardino Certificates of Participation (2019 Arrowhead Refunding Project), Series A, executed and delivered by the Trustee pursuant to the Trust Agreement.

“Series B Certificates” means the County of San Bernardino Certificates of Participation (2019 Arrowhead Refunding Project), Series B (Taxable), executed and delivered by the Trustee pursuant to the Trust Agreement.

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

“State” means the State of California.

“Supplemental Trust Agreement” means any supplemental trust agreement that modifies or amends the provisions of the Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

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

“Tax-Exempt Certificates” means any Certificates the interest evidenced by which is excluded from gross income for purposes of federal income taxation, including the Series A Certificates and any Additional Certificates executed and delivered as Tax-Exempt Certificates.

“Trust Agreement” means the Trust Agreement, dated as of _____ 1, 2019, by and among Wells Fargo Bank, N.A., as Trustee, the Corporation and the County, as originally executed and as it may from time to time be modified or amended by any Supplemental Trust Agreement.

“Trustee” means Wells Fargo Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee under the Trust Agreement, or any successor thereto as Trustee under the Trust Agreement substituted in its place as provided in the Trust Agreement.

“Verification Report” means, with respect to the deemed payment of Certificates pursuant to Section 10.02(a) of the Trust Agreement, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of Section 10.02(a) of the Trust Agreement.

“Written Certificate” and **“Written Request”** of the County mean, respectively, a written certificate or written request signed in the name of the County by an Authorized County Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

EXHIBIT B

DESCRIPTION OF THE PROPERTY

All that real property situated in the County of San Bernardino, State of California, described as follows, and any improvements thereto:

PARCEL A: APN 0254-081-03 (Portion), APN 0254-081-04 (Portion), APN 0254-081-10 (Portion)

THE SOUTH 104 FEET OF THE EAST 47 FEET OF THE NORTHWEST 1/4 OF LOT 198, MAP OF THE TOWN OF RIALTO AND ADJOINING SUBDIVISIONS, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 11 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

TOGETHER WITH THE SOUTH 104 FEET OF THE WEST 244 FEET OF THE NORTHEAST 1/4 OF LOT 198, ACCORDING TO SAID MAP OF THE TOWN OF RIALTO AND ADJOINING SUBDIVISIONS;

ALSO TOGETHER WITH THE NORTH 102 FEET OF THE EAST 47 FEET OF THE SOUTHWEST QUARTER, AND THE NORTH 102 FEET OF THE WEST 244 FEET OF THE SOUTHEAST QUARTER OF LOT 198, SAID MAP OF THE TOWN OF RIALTO AND ADJOINING SUBDIVISION.

PARCEL B: APN 0254-081-29 (Portion)

THE SOUTH 250.00 FEET OF PARCEL 1 OF PARCEL MAP NO. 9095, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 96, PAGES 86 AND 87, OF PARCEL MAPS, EXCEPTING THE WEST 244 FEET THEREOF;

TOGETHER WITH THE SOUTH 250.00 FEET OF PARCEL 1 OF PARCEL MAP NO. 12542, AS PER MAP RECORDED IN BOOK 146 PAGE 65 OF PARCEL MAPS, BOTH MAPS RECORDS OF SAID COUNTY.

PARCEL C: APN 0254-081-10 (Portion)

THE NORTHEAST 1/4 OF LOT 198, ACCORDING TO MAP OF THE TOWN OF RIALTO AND ADJOINING SUBDIVISIONS, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 11, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, EXCEPTING THE WEST 244 FEET THEREOF.

PARCEL D: APN 0254-081-03 (Portion)

THE SOUTH 1/2 OF LOT 198, TOWN OF RIALTO AND ADJOINING SUBDIVISION, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4 PAGE 11 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

EXCEPTING THEREFROM THE NORTH 102 FEET OF THE SOUTHWEST QUARTER OF SAID LOT 198;

ALSO EXCEPTING THEREFROM THE NORTH 102 FEET OF THE WEST 244 FEET OF THE SOUTHEAST QUARTER OF SAID LOT 198;

THE AREA AND DISTANCES OF THE ABOVE DESCRIBED PROPERTY ARE COMPUTED TO THE CENTERS OF THE ADJOINING STREETS SHOWN ON SAID MAP.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF COLTON BY DEED RECORDED OCTOBER 20, 1997 AS INSTRUMENT NO. 97-383441 OFFICIAL RECORDS.

PARCEL E: APN 0254-081-18

LOT 199, ACCORDING TO MAP OF THE TOWN OF RIALTO AND ADJOINING SUBDIVISIONS, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 11 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF COLTON BY DEED RECORDED OCTOBER 20, 1997 AS INSTRUMENT NO. 97-383441 OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF COLTON BY DEED RECORDED OCTOBER 20, 1997 AS INSTRUMENT NO. 97-383441 OFFICIAL RECORDS.

PARCEL F: APN 0254-081-21

PARCEL F-1:

THE NORTH 200 FEET OF THE WEST 1/2 OF FARM LOT 214, IN ACCORDANCE WITH THE MAP OF RIALTO AND ADJOINING SUBDIVISIONS, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 11, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF COLTON BY DEED RECORDED OCTOBER 20, 1997 AS INSTRUMENT NO. 97-383441 OFFICIAL RECORDS.

PARCEL F-2:

THE SOUTH 200 FEET OF THE NORTH 400 FEET OF THE WEST 1/2 OF FARM LOT 214, IN ACCORDANCE WITH THE MAP OF RIALTO AND ADJOINING SUBDIVISIONS, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 11, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF COLTON BY DEED RECORDED OCTOBER 20, 1997 AS INSTRUMENT NO. 97-383441 OFFICIAL RECORDS.

PARCEL G: APN 0254-081-37

THE WEST 1/2 OF FARM LOT 214, EXCEPTING THE NORTH 400 FEET, IN ACCORDANCE WITH THE MAP OF RIALTO AND ADJOINING SUBDIVISIONS, IN THE CITY OF COLTON,

COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 11, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THE NORTH 30 FEET OF COLTON AVENUE, AS VACATED BY RESOLUTION OF BOARD OF SUPERVISORS, RECORDED AUGUST 31, 1965 IN BOOK 6464 PAGE 459 OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF COLTON BY DEED RECORDED OCTOBER 20, 1997 AS INSTRUMENT NO. 97-383441 OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO PACIFIC OCEAN DRIVE 3315, LLC BY DEED RECORDED NOVEMBER 30, 2006 AS FILE NO. 2006-0810797 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

THAT PORTION LYING SOUTHWESTERLY OF A LINE THAT IS PARALLEL AND CONCENTRIC WITH, AND 55.00 FEET NORTHEASTERLY OF THE CENTERLINE OF VALLEY BOULEVARD REALIGNMENT AS DESCRIBED IN EXHIBIT "B" OF DEED TO THE COUNTY OF SAN BERNARDINO RECORDED OCTOBER 22, 1997 AS DOCUMENT NO. 1997-0386485, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, SAID CENTERLINE DESCRIBED IN SAID DEED AS FOLLOWS:

(RESTATED AS RECORDED)

COMMENCING AT A POINT IN THE CENTERLINE OF VALLEY BOULEVARD, SAID POINT BEING THE TERMINUS OF A 7000.00 FOOT RADIUS CURVE, CONCAVE TO THE SOUTHWEST, AS SHOWN ON CALIFORNIA STATE HIGHWAY MAP APPROVED JULY 19, 1937, AND BEING ON FILE IN THE OFFICE OF THE COUNTY SURVEYOR OF THE COUNTY OF SAN BERNARDINO, DESIGNATED AS COUNTY SURVEYOR PLAT NO. 3157, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 12°34'40" EAST; THENCE NORTHWESTERLY ALONG THE CENTERLINE OF VALLEY BOULEVARD, SAID CENTERLINE BEING A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 6655.27 FEET, THROUGH A CENTRAL ANGLE OF 00°26'10", AN ARC DISTANCE OF 50.66 FEET (50.36 FEET PER BOOK 6747, PAGE 325) TO AN INTERSECTION WITH THE CENTERLINE OF PEPPER AVE. (60.00 FEET WIDE) AS SHOWN ON MAP OF THE TOWN OF RIALTO AND ADJOINING SUBDIVISIONS AS PER MAP RECORDED IN BOOK 4 OF MAPS, PAGE 11, RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CENTERLINE CURVE THROUGH A CENTRAL ANGLE OF 7°38'36", AN ARC DISTANCE OF 887.82 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING A POINT OF CUSP AND THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 850.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 4°29'54" WEST; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 28°06'49", AN ARC DISTANCE OF 417.07 FEET TO THE POINT OF A REVERSE CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 850.00 FEET; THENCE NORTHEASTERLY, EASTERLY, AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 67°53'19", AN ARC DISTANCE OF 1007.15 FEET TO THE POINT OF A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 850.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 31°41'44", AN ARC DISTANCE OF 470.21 TO THE POINT OF TERMINUS, SAID POINT BEING A POINT OF TANGENCY WITH SAID CENTERLINE OF VALLEY BOULEVARD, SAID POINT BEARS SOUTH 77°25'20" EAST, A DISTANCE OF 842.22

FEET , AS MEASURED ALONG SAID CENTERLINE OF VALLEY BOULEVARD, FROM THE POINT OF COMMENCEMENT.

(END OF CENTERLINE OF VALLEY BOULEVARD REALIGNMENT PER DOCUMENT NO.19970386485, O.R.,)

THE ABOVE DESCRIBED PARALLEL LINE SHALL BE SHORTENED OR PROLONGED SO AS TO BEGIN IN THE CENTERLINE OF SAID PEPPER AVENUE AS SHOWN PER SAID MAP OF TOWN OF RIALTO AND ADJOINING SUBDIVISION, AND TERMINATE IN THE CENTERLINE OF SAID COLTON AVENUE (VACATED).

ALSO EXCEPTING THEREFROM THAT PORTION OF SAID LOT 214 LYING SOUTHWESTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 214, SAID CORNER BEING THE INTERSECTION OF THE CENTERLINE OF PEPPER AVENUE AND THE CENTERLINE OF COLTON AVENUE (VACATED) AS SHOWN PER SAID MAP OF TOWN OF RIALTO AND ADJOINING SUBDIVISION;

THENCE NORTH 00°23'32" WEST ALONG SAID CENTERLINE OF PEPPER AVENUE A DISTANCE OF 168.82 FEET TO A POINT IN SAID LINE THAT IS CONCENTRIC WITH AND 55.00 FEET NORTHEASTERLY OF SAID CENTERLINE OF VALLEY BOULEVARD REALIGNMENT (DOCUMENT NO. 19970386485, OFFICIAL RECORDS, RESTATED HEREINABOVE), SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 905.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 8°07'23" EAST;

THENCE SOUTHEASTERLY ALONG SAID CURVE AND CONCENTRIC LINE THROUGH A CENTRAL ANGLE OF 1°55'32", A DISTANCE OF 30.42 FEET TO THE EAST LINE OF SAID PEPPER AVENUE THAT IS PARALLEL WITH AND 30.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF SAID PEPPER AVENUE, THENCE CONTINUING ALONG SAID CURVE AND CONCENTRIC LINE THROUGH A CENTRAL ANGLE OF 1°12'36", A DISTANCE OF 19.11 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 36°23'15" WEST, A DISTANCE OF 31.92 FEET TO THE EASTERLY RIGHT-OF-WAY OF PEPPER AVE, 30.00 FEET HALF WIDTH, AND THE POINT OF TERMINUS.

PARCEL H: APN 0254-081-11

THE EAST 1/2 OF LOT 214, AS PER MAP OF THE TOWN OF RIALTO AND ADJOINING SUBDIVISION, IN THE CITY OF COLTON, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 11, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THE NORTH 30 FEET OF VALLEY BOULEVARD (COLTON AVENUE), AS VACATED BY THE RESOLUTION OF THE BOARD OF SUPERVISORS RECORDED AUGUST 31, 1965 IN BOOK 6464 PAGE 459 OFFICIAL RECORDS.

EXHIBIT C

BASE RENTAL PAYMENT SCHEDULE

Interest Payment Date	Series A Base Rental Payments		Series B Base Rental Payments		Total Base Rental Payment
	Principal Component	Interest Component	Principal Component	Interest Component	