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9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION
 12

13 In re:
 14 CITY OF STOCKTON, CALIFORNIA,
 15 Debtor.

Case No. 2012-32118
 D.C. No. OHS-9
 Chapter 9

EXHIBIT E AND F TO THE
 DECLARATION OF VANESSA BURKE
 IN SUPPORT OF CITY OF STOCKTON'S
 MOTION FOR ORDER PURSUANT TO
 11 U.S.C. § 365(D)(4) EXTENDING TIME
 WITHIN WHICH THE CITY MUST
 ASSUME OR REJECT UNEXPIRED
 LEASES OF NONRESIDENTIAL REAL
 PROPERTY

Date: July 18, 2013
 Time: 10:00 a.m.
 Dept: Courtroom 35
 Judge: Hon. Christopher M. Klein

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 28

Exhibit E

Quint & Thimmig LLP

09/14/07
10/26/07
11/02/07
11/09/07
FINAL 11/16/07

LEASE AGREEMENT

Dated as of November 1, 2007

by and between the

STOCKTON PUBLIC FINANCING AUTHORITY, as Lessor

and the

CITY OF STOCKTON, as Lessee

Relating to
\$36,500,000
Stockton Public Financing Authority
Variable Rate Demand Lease Revenue Bonds, 2007 Series A
(Building Acquisition Financing Project)
and
\$4,270,000
Stockton Public Financing Authority
Taxable Variable Rate Demand Lease Revenue Bonds, 2007 Series B
(Building Acquisition Financing Project)

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of November 1, 2007, by and between the STOCKTON PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California, as lessor (the "Authority"), and the CITY OF STOCKTON, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California, as lessee (the "City");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of November 1, 2007 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and an existing office building located on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Facility" and, with the Site, the "Project");

WHEREAS, for the purpose of providing funds to the City to finance the costs of the acquisition of the Project, the Authority has determined to issue its Stockton Public Financing Authority Variable Rate Demand Lease Revenue Bonds, 2007 Series A (Building Acquisition Financing Project), in the aggregate principal amount of not-to-exceed \$36,500,000 (the "Series A Bonds"), and its Stockton Public Financing Authority Taxable Variable Rate Demand Lease Revenue Bonds, 2007 Series B (Building Acquisition Financing Project), in the aggregate principal amount of not-to-exceed \$4,270,000 (the "Series B Bonds" and, with the Series A Bonds, the "Bonds");

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Bonds as it becomes due, the Authority proposes to lease the Project to the City pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City, to Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of November 1, 2007, by and between the Authority and the Trustee (the "Indenture"); and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Lease Agreement;

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

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Indenture.

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

- Exhibit A: Description of the Site
- Exhibit B: Description of the Facility
- Exhibit C: Schedule of the Principal Component of Series A Lease Payments
- Exhibit D: Schedule of the Principal Component of Series B Lease Payments

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Authority. The Authority makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Due Organization and Existence*. The Authority is public body, corporate and politic, organized and existing under and by virtue of the laws of the State; has power to enter into this Lease Agreement, the Site and Facility Lease and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease and lease back the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) *Due Execution*. The representatives of the Authority executing this Lease Agreement, the Site and Facility Lease and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

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

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

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

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or

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

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

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

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

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

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

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

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

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.1. The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of forty million seven hundred seventy thousand dollars (\$40,770,000). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture, which terms and conditions authorize the City to draw upon specified proceeds of the Bonds for purposes of paying the costs of acquisition of the Project. The City hereby approves the Indenture, the assignment to the Trustee of the rights of the Authority assigned or purported to be assigned thereunder, and the issuance of the Bonds by the Authority thereunder.

ARTICLE IV

LEASE OF PROPERTY; TERM OF THE LEASE
AGREEMENT; LEASE PAYMENTS

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

Section 4.2. Term of Lease. This Lease Agreement shall take effect on the date hereof, and shall end on the earlier of September 1, 2048, or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture. If, on September 1, 2048, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond September 1, 2058.

Section 4.3. Lease Payments.

(a) *Obligation to Pay*. In consideration of the lease of the Project from the Authority hereunder and subject to the provisions of Section 6.2, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Project during each Fiscal Year, the Series A Lease Payments (denominated into components of principal and interest) for a portion of the Project in the respective principal amounts specified in Exhibit C hereto, plus interest commencing on the Closing Date, to be due and payable on the respective Lease Payment Dates commencing December 27, 2007, and the Series B Lease Payments (denominated into components of principal and interest) for a portion of the Project in the respective amounts specified in Exhibit D hereto, plus interest commencing on the Closing Date, to be due and payable on the respective Lease Payment Dates commencing December 27, 2007. The interest component of the Series A Lease Payments and of the Series B Lease Payments shall be computed in accordance with the Daily, Weekly and Fixed Rates for the Bonds as determined and computed pursuant to the Indenture. The Series A Lease Payments are equal to the debt service payments on the Series A Bonds and the Series B Lease Payments are equal to the debt service payments on the Series B Bonds. Any amount held in the Revenue Fund (except the Reserve Account therein), the Interest Account, the Principal Account or the Sinking Account on any Lease Payment Date, derived from any source of funds of the City or the Authority, shall be credited towards the Lease Payment then due and payable. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Project for such Fiscal Year.

The City's obligation to pay Lease Payments hereunder shall be absolute and unconditional subject only to abatement, in the event and to the extent that there is substantial interference with the use and occupancy of the property or any portion thereof.

(b) *Rate on Overdue Payments*. In the event the City should fail to make any of the payments required in this Section 4.3, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest borne by any Outstanding Bond. Such interest, if received, shall be deposited in the Revenue Fund.

(c) *Fair Rental Value.* The Lease Payments and Additional Payments coming due and payable in each Fiscal Year shall constitute the total rental for the Project for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Project during each Fiscal Year. The Authority and the City hereby agree and determine that the total Lease Payments do not exceed the fair rental value of the Project. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the value of the Project, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the City and the general public.

(d) *Source of Payments; Budget and Appropriation.* The Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Section 6.2. The City covenants to take such action as may be necessary to include all Lease Payments and Additional Payments, if any, due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such official to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City. During the Term of the Lease Agreement, the City shall furnish to the Authority, the Financial Guaranty Insurer, the Liquidity Provider and the Trustee, no later than ten days following the adoption of a budget for the current Fiscal Year, a certificate stating that the Lease Payments and Additional Payments, if any, due in that Fiscal Year have been included in the budget approved by the City Council for such Fiscal Year.

(e) *Assignment.* The City understands and agrees that all Lease Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(f) *Security Deposit.* Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments for the Project in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, including but not limited to amounts on deposit in the Revenue Fund and the Reserve Account, is either (i) sufficient to pay such Lease Payments, including the principal and interest components thereof, and premium, if any, in accordance with the Lease Payment schedules set forth in Exhibits C and D, or (ii) invested in whole or in part in Defeasance Obligations in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due hereunder, as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement.

Section 4.4. Prepayment Option. The Authority hereby grants an option to the City to prepay the principal component of the Lease Payments in full, or in part, without premium, as described in the Indenture with respect to the redemption of Bonds.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Project, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Project as provided in Section 7.2.

Section 4.6. Title. If the City pays all of the Lease Payments and Additional Payments during the Term of the Lease Agreement as the same become due and payable, or if the City posts a security deposit for payment of the Lease Payments pursuant to Section 4.3(f), and if the City has paid in full all of the Additional Payments coming due and payable as of such date, and provided in any event that no Event of Default shall have occurred and be continuing, all right, title and interest of the Authority in and to the Project shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due the following Additional Payments:

(a) Any fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Project as and when the same become due and payable;

(b) Any amounts due to the Trustee pursuant to Section 8.06 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease Agreement or the Indenture; and

(d) Any reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or incurred by the Authority in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration hereof or thereof.

(e) The City hereby agrees to pay or reimburse the Financial Guaranty Insurer, to the extent permitted by law, (i) for all amounts paid by the Financial Guaranty Insurer under the terms of the Financial Guaranty Insurance Policies or the Reserve Account Financial Guaranty Policy, and (ii) any and all charges, fees, costs and expenses which the Financial Guaranty Insurer may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (A) any accounts established to facilitate payments under the Financial Guaranty Insurance Policies, (B) the administration, enforcement, defense or preservation of any rights in respect this Lease Agreement or the Indenture, including

defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the City or any affiliate thereof) relating to this Lease Agreement or the Indenture, any party to this Lease Agreement or the Indenture or the transaction contemplated by the Site and Facility Lease, this Lease Agreement or the Indenture, (C) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Site and Facility Lease, this Lease Agreement or the Indenture, or the pursuit of any remedies under this Lease Agreement or the Indenture, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, or (D) any amendment, waiver or other action with respect to, or related to, the Site and Facility Lease, this Lease Agreement or the Indenture whether or not executed or completed; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Financial Guaranty Insurer spent in connection with the actions described in clauses (B) through (D) above. In addition, the Financial Guaranty Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Site and Facility Lease, this Lease Agreement, the Indenture or the Liquidity Facility. The City will pay interest on the amounts owed in this paragraph from the date of any payment due or paid, at the per annum rate of interest publicly announced from time to time by JP Morgan Chase Bank, National Association at its principal office in New York, New York as its prime lending rate (any change in such prime rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank, National Association) plus three percent (3%) per annum (the "Reimbursement Rate"). The Reimbursement Rate shall be calculated on the basis of the actual number of days elapsed over a 360-day year. In the event JPMorgan Chase Bank ceases to announce its prime rate publicly, the prime rate shall be the publicly announced prime rate or base lending rate of such national bank, as the Financial Guaranty Insurer shall specify.

(f) In addition to any and all rights of reimbursement, subrogation and any other rights pursuant hereto or under law or in equity, the City agrees to pay or reimburse the Financial Guaranty Insurer, to the extent permitted by law, any and all charges, fees, costs, claims, losses, liabilities (including penalties), judgments, demands, damages, and expenses which the Financial Guaranty Insurer or its officers, directors, shareholders, employees, agents and each Person, if any, who controls the Financial Guaranty Insurer within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, of any nature in connection with, in respect of or relating to the transactions contemplated by this Lease Agreement or the Indenture by reason of:

(i) any omission or action (other than of or by the Financial Guaranty Insurer) in connection with the offering, issuance, sale, remarketing or delivery of the Bonds;

(ii) the negligence, bad faith, willful misconduct, misfeasance, malfeasance or theft committed by any director, officer, employee or agent of the City or the Authority in connection with any transaction arising from or relating to the Site and Facility Lease, this Lease Agreement or the Indenture;

(iii) the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it;

(iv) the breach by the City of any representation, warranty or covenant under the Site and Facility Lease or this Lease Agreement or the occurrence, in respect of

the City, under the Site and Facility Lease, this Lease Agreement or the Indenture of any "event of default" or any event which, with the giving of notice or lapse of time or both, would constitute any "event of default"; or

(v) any untrue statement or alleged untrue statement of a material fact contained in any official statement relating to the Bonds, if any, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such claims arise out of or are based upon any untrue statement or omission in information included in an official statement, if any, and furnished by the Financial Guaranty Insurer in writing expressly for use therein.

ARTICLE V

MAINTENANCE, TAXES, INSURANCE AND OTHER
MATTERS

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

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Project 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 City shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

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

Section 5.2. Modification of Project. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Project. All additions, modifications and improvements to the Project shall thereafter comprise part of the Project and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Project or cause the Project to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Authority a Written Certificate of the City stating that the Project, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Project immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Project for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 5.2; *provided, however,* that if any such lien is established and the City shall first notify or cause to be notified the Authority of the City's

intention to do so, the City may in good faith contest any lien filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Authority, City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Project. 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 each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each 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 insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Section 5.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to the improvements constituting a part of the Project by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, when required, shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the judgment of the City. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of all of the insured improvements, or (b) the aggregate principal amount of the outstanding Bonds. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided however, that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in Section 6.1(a).

Section 5.5. Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Project as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be

maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; *provided, however*, that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Revenue Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable.

Section 5.6. Recordation Hereof; Title Insurance. The City shall provide, from moneys in the Costs of Issuance Fund or at its own expense, contemporaneously with the acquisition of the Project, a CLTA title insurance policy covering, and in the amount of not less than the principal amount of the Bonds, insuring the City's leasehold estate in the Project, subject only to Permitted Encumbrances. A copy of such policy shall be delivered to the Financial Guaranty Insurer.

Section 5.7. Net Proceeds of Insurance; Form of Policies. Each policy of insurance maintained pursuant to Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. All required insurance policies shall be provided by a commercial insurer rated at least "A" by A.M. Best or S&P. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Trustee and the Financial Guaranty Insurer shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee and to the Financial Guaranty Insurer annually, no later than August 1 in each year, a certificate stating that all of the insurance policies required by this Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

In the event that any insurance maintained pursuant to Section 5.3 shall be provided in the form of self-insurance, the City shall file with the Trustee and the Financial Guaranty Insurer annually, within ninety (90) days following the close of each Fiscal Year, a statement of the City risk manager, insurance consultant or actuary identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from such reserves. The results of such review shall be filed with the Trustee and the Financial Guaranty Insurer.

Section 5.8. Installation of Personal Property. The City may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Project. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Project resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.8 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Project.

Section 5.9. Liens. Neither the City nor the Authority shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Project, other than the respective rights of the Trustee, the Authority and the City as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the City and the Authority shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10. Tax Covenants.

(a) *Private Activity Bond Limitation*. The City shall assure that proceeds of the Series A Bonds are not so used as to cause the Series A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition*. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series A Bonds.

(d) *No Arbitrage*. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption*. The City shall take all actions necessary to assure the exclusion of interest with respect to the Series A Bonds from the gross income of the Owners of the Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.11. Continuing Disclosure. The City hereby covenants and agrees that, upon Conversion to Fixed Interest Rates, it will execute and will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with the Continuing Disclosure Certificate, when required, shall not constitute an Event of Default hereunder; *provided, however*, that the Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.11, including seeking mandate or specific performance by court order.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF
LEASE PAYMENTS

Section 6.1. Application of Net Proceeds.

(a) *From Insurance Award.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Project by fire or other casualty shall be paid by the City to the Trustee and shall be deposited in the Insurance and Condemnation Fund by the Trustee and applied as set forth in Section 5.08 of the Indenture.

(b) *From Eminent Domain Award.* If the Project or any portion thereof shall be taken permanently or temporarily under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Net Proceeds resulting therefrom shall be deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.08 of the Indenture.

(c) *From Title Insurance Award.* The Net Proceeds of any title insurance award shall be paid to the Trustee, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.08 of the Indenture.

Section 6.2. Abatement of Lease Payments.

(a) *Abatement Due to Damage or Destruction of the Project.* The Lease Payments shall be abated during any period in which by reason of damage to or destruction of the Project (other than by eminent domain which is hereinafter provided for) there is substantial interference with the use and occupancy by the City of the Project or any portion thereof. The amount of such abatement shall be an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Project not damaged or destroyed and available for use and possession by the City. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Project is available for use and possession by the City. In the event of any such damage, destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage or destruction. There shall be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Revenue Fund or the Reserve Account to pay the amount which would otherwise be abated.

(b) *Abatement Due to Eminent Domain.* If all of the Project shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease with respect to the Project as of the day possession shall be so taken. If less than all of the Project shall be taken permanently, or if all of the Project or any part thereof shall be taken temporarily under the power of eminent domain, (a) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Lease

Payments for the Project represent fair consideration for the use and occupancy of the remaining usable portion of the Project.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

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

Section 7.2. Rights of Access. The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, the Financial Guaranty Insurer and the Liquidity Provider, shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns, the Financial Guaranty Insurer and the Liquidity Provider, shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the City to perform its obligations hereunder; *provided, however,* that the Authority's assigns shall not be required to cause such proper maintenance.

Section 7.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Authority, the Trustee and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Project by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Project, (d) any act or negligence of any lessee of the City with respect to the Project, or (e) the performance by the Trustee of its duties hereunder or under the Indenture. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or negligence under this Lease Agreement by the Authority, the Trustee or any of their respective officers or employees. The indemnification hereunder shall survive removal or resignation of the Trustee, termination of this Lease Agreement or discharge of the Bonds.

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Authority. Certain rights of the Authority under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.2. Assignment and Subleasing by the City. This Lease Agreement may not be assigned by the City. The City may sublease the Project or any portion thereof, subject to, and delivery to the Authority of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(b) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority, the Trustee and the Financial Guaranty Insurer a true and complete copy of such sublease;

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

(d) The City shall furnish the Authority, the Trustee, the Liquidity Provider and the Financial Guaranty Insurer with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the Indenture, and will not cause the interest on the Series A Bonds to become included in gross income for federal income tax purposes; and

(e) The City shall obtain the prior written consent of the Financial Guaranty Insurer.

Section 8.3. Amendment of Lease.

(a) *Substitution of Site or Facility*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility or substitute facilities (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the City shall file with the Authority and the Trustee an amendment to the Agency Site and Facility Lease and/or City Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Site, the City shall file with the Authority and the Trustee an amendment to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) If a substitution of the Facility, the City shall file with the Authority and the Trustee an amendment to the Agency Site and Facility Lease and/or City Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) If a substitution of the Facility, the City shall file with the Authority and the Trustee an amendment to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The City shall certify in writing to the Authority and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the City, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(vi) The City certifies to the Trustee and the Authority that the Substitute Facility has a useful life equal to or greater than the Former Facility;

(vii) The City certifies to the Trustee and the Authority and, if required by the Financial Guaranty Insurer, provides further evidence, that the Substitute Site and/or Substitute Facility, together with the remaining portions of the Site and/or Facility are of equal or greater value than the Outstanding principal amount of the Bonds;

(viii) The Substitute Site and/or Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made in this Lease Agreement and in the Indenture;

(ix) The City shall obtain an amendment to the title insurance policy required pursuant to this Lease Agreement which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(x) The City shall certify that the Substitute Site and/or the Substitute Facility is of the same or greater essentiality to the City as was the Former Site and/or the Former Facility;

(xi) The City shall obtain the prior written consent of the Financial Guaranty Insurer to such substitution and notice of such consent shall be given by the City to any rating agency then rating the Bonds; and

(xii) The City shall furnish the Authority, the Financial Guaranty Insurer, the Liquidity Provider and the Trustee with a written opinion of Bond Counsel stating that such substitution does not cause interest on the Series A Bonds to become subject to federal income taxes.

(b) *Release of Site.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the

Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amendment to the Agency Site and Facility Lease and/or City Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amendment to this Lease Agreement which describes the Site, as revised by such release;

(iii) The City certifies to the Trustee and the Authority and, if required by the Financial Guaranty Insurer, provides further evidence, that the Site, as revised by such release, together with the Facility, is of equal or greater value than the Outstanding principal amount of the Bonds;

(iv) Such release shall not cause the City to violate any of its covenants, representations and warranties made in this Lease Agreement and in the Indenture;

(v) The City shall obtain an amendment to the title insurance policy required pursuant to this Lease Agreement which describes the Site, as revised by such release;

(vi) The City shall obtain the prior written consent of the Financial Guaranty Insurer to such release and notice of such consent shall be given by the City to any rating agency then rating the Bonds; and

(vii) The City shall furnish the Authority, the Financial Guaranty Insurer, the Liquidity Provider and the Trustee with a written opinion of Bond Counsel stating that such release does not cause interest on the Series A Bonds to become subject to federal income taxes.

(c) *Release of Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility, provided that the City shall satisfy all of the following requirements which are declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amendment to the Agency Site and Facility Lease and/or City Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amendment to this Lease Agreement which describes the Facility, as revised by such release;

(iii) The City certifies to the Trustee and the Authority and, if required by the Financial Guaranty Insurer, provides further evidence, that the Facility, as revised by such release, together with the Site, also as revised to reflect a corresponding release of a portion of the Site required because of such release of a portion of the Facility, is of equal or greater value than the Outstanding principal amount of the Bonds;

(iv) Such release shall not cause the City to violate any of its covenants, representations and warranties made in this Lease Agreement and in the Indenture;

(v) The City shall obtain the prior written consent of the Financial Guaranty Insurer to such release and notice of such consent shall be given by the City to any rating agency then rating the Bonds; and

(vi) The City shall furnish the Authority, the Financial Guaranty Insurer, the Liquidity Provider and the Trustee with a written opinion of Bond Counsel stating that such release does not cause interest on the Series A Bonds to become subject to federal income taxes.

(d) *Generally*. The Authority and the City may at any time amend or modify any of the provisions of this Lease Agreement, without the prior written consents of the Owners of the Outstanding Bonds but with the prior written consent of the Financial Guaranty Insurer and the Liquidity Provider, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Lease Agreement, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest with respect to the Series A Bonds under the Code, in the opinion of Bond Counsel.

Written notice of any such amendment or modification shall be given by the City to S&P at least thirty (30) days prior to the effective date of such amendment or modification.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Additional Payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if (i) the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time, and (ii) the City has obtained the prior written consent of the Financial Guaranty Insurer.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; *provided, however*, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Lease Agreement or to cause the fee interest or the leasehold interest of the City in the Project to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and, upon the breach thereof, the Authority may exercise any and all rights of entry and re-entry upon the Project. The City hereby irrevocably consents to the Authority's repossession of the Project if such an Event of Default shall occur and consents to the Authority's re-letting of the Project for the account of the City. In the event of such default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event, such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Project, or, in the event the Authority is unable to re-lease the Project, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Project or the exercise of any other remedy by the Authority.

(b) The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Project in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Project to place such property in storage or other suitable place in San Joaquin County, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Project and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(c) The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Project as herein provided and all claims for damages that may result from the destruction of or injury to the Project and all claims for damages to or loss of any property belonging to the City that may be in or upon the Project.

(d) The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Project in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

Section 9.3. Limitation on Remedies. Notwithstanding the foregoing provisions of Section 9.2, neither the Authority nor the Trustee shall exercise any remedies against the Project to the extent such remedies would generate funds which are not available to satisfy the obligations of this Lease Agreement or the Indenture.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the

nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee, the Financial Guaranty Insurer and the Owners of the Bonds as provided in the Indenture. The Trustee and the Financial Guaranty Insurer shall each be considered a third party beneficiary for enforcing its rights under this Lease Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

If to the Authority:	Stockton Public Financing Authority 425 North El Dorado Street Stockton, CA 95202-1997 Attention: Executive Director Phone: (209) 937-8212 Fax: (209) 937-7149
If to the City:	City of Stockton 425 North El Dorado Street Stockton, CA 95202-1997 Attention: City Manager Phone: (209) 937-8212 Fax: (209) 937-7149
If to the Trustee and the Tender Agent:	Wells Fargo Bank, National Association 333 Market Street, 18th Floor San Francisco CA 94111 Attention: Corporate Trust, MAC No. A0119-181 Phone: (415) 371-3355 Fax: (415) 371-3400
If to the Financial Guaranty Insurer:	Assured Guaranty Corp. 1325 Avenue of the Americas New York, NY 10019 Attention: Risk Management—Public Finance with a copy to the General Counsel Phone: (212) 974-0100 Fax: (212) 581-3268
If to the Remarketing Agent:	Stone & Youngberg LLC One Ferry Building San Francisco, CA 94111 Attention: Mr. W. Thomas Lockard Phone: (415) 445-2325 Fax: (415) 445-2395

If to the Liquidity Provider: Dexia Cr dit Local, New York Branch
445 Park Avenue, 7th Floor
New York, NY 10022
For operations and funding:
Attention: Vice President, Operations
Phone: (212) 515-7007
Fax: (212) 753-7522
For administration:
Attention: Senior Vice President and Manager,
Public Finance
Phone: (212) 515-7003
Fax: (212) 753-5516

The Authority, the City, the Trustee, the Tender Agent, Financial Guaranty Insurer, the Remarketing Agent or the Liquidity Provider may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Information to be Given to the Financial Guaranty Insurer.

(a) The City shall provide the Financial Guaranty Insurer with the following information:

(i) Within 120 days after the end of each Fiscal Year, the budget for the succeeding year, annual audited financial statements, and a statement of the amount on deposit in the Reserve Account as of the last valuation, together with a certificate that no Event of Default has occurred or is continuing;

(ii) The official statement or other disclosure document, if any, prepared in connection with the issuance of additional debt, whether or not it is on parity with the Lease Agreement;

(iii) certification or other evidence satisfactory to the Financial Guaranty Insurer that construction on the Project is complete and that the premises are ready for use and occupancy;

(iv) Any partial or full abatement of the Lease Payment;

(v) Any failure to budget and appropriate Lease Payments;

(vi) Any draw on the Reserve Fund; and

(vii) such other information as the Financial Guaranty Insurer may reasonably request from time to time.

(b) The City will permit the Financial Guaranty Insurer to discuss the affairs, finances and accounts of the City or any information the Financial Guaranty Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City, and will use best efforts to enable the Financial Guaranty Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.

(c) Any reorganization or liquidation plan with respect to the City must be acceptable to the Financial Guaranty Insurer. In the event of any reorganization or

liquidation, the Financial Guaranty Insurer shall have the right to vote on behalf of all Owners who hold Bonds guaranteed by the Financial Guaranty Insurer, absent a default by the Financial Guaranty Insurer under the Financial Guaranty Insurance Policies.

Section 10.3. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 10.4. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.5. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.6. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.7. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.8. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.9. Authorized Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.10. Waiver of Personal Liability. All liabilities under this Lease Agreement on the part of the City are solely liabilities of the City and the Authority hereby releases each and every member, director, officer, employee and agent of the City of and from any personal or individual liability under this Lease Agreement. No member, director, officer, employee or agent of the City shall at any time or under any circumstances be individually or personally liable under this Lease Agreement for anything done or omitted to be done by the City hereunder.

Section 10.11. Limitation of Rights to Parties and Bond Owners. Nothing in this Lease Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City, the Financial Guaranty Insurer, the Liquidity Provider and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Lease Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to

be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Financial Guaranty Insurer, the Liquidity Provider and the Owners of the Bond.

Section 10.12. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

EXHIBIT A

DESCRIPTION OF THE SITE

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

PARCEL ONE:

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

PARCEL TWO:

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said lot 15; 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

PARCEL THREE:

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

PARCEL FOUR:

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

PARCEL FIVE:

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the Said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece of parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said city.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

PARCEL SEVENTEEN:

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

PARCEL EIGHTEEN:

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

PARCEL NINETEEN:

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET), in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California corporation, recorded July 13, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00

seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility, located at 400 East Main Street, Stockton, California, consists of a Class A, eight-story, steel framed office building totaling approximately 246,541 square feet, situated on the 2.07 acre Site, which is a square block fronting on East Main Street, Market Street, South California Street and South Sutter Street. Constructed in 1988, the Facility offers a parking ratio of +/- 2.1 per 1000 square feet, for a total of approximately 518 stalls in a two-level subterranean parking garage located directly beneath the building.

EXHIBIT C

SCHEDULE OF PRINCIPAL COMPONENT OF SERIES A LEASE PAYMENTS

<u>Lease Payment Date (3 BD days preceding)</u>	<u>Principal Component</u>
9/1/2018	\$ 10,000
9/1/2019	40,000
9/1/2020	70,000
9/1/2021	110,000
9/1/2022	140,000
9/1/2023	185,000
9/1/2024	220,000
9/1/2025	265,000
9/1/2026	305,000
9/1/2027	355,000
9/1/2028	765,000
9/1/2029	835,000
9/1/2030	900,000
9/1/2031	975,000
9/1/2032	1,050,000
9/1/2033	1,130,000
9/1/2034	1,210,000
9/1/2035	1,295,000
9/1/2036	1,385,000
9/1/2037	1,480,000
9/1/2038	1,575,000
9/1/2039	1,680,000
9/1/2040	1,785,000
9/1/2041	1,900,000
9/1/2042	2,015,000
9/1/2043	2,135,000
9/1/2044	2,260,000
9/1/2045	2,395,000
9/1/2046	2,530,000
9/1/2047	2,675,000
9/1/2048	2,825,000

EXHIBIT D

SCHEDULE OF PRINCIPAL COMPONENT OF SERIES B LEASE PAYMENTS

<u>Lease Payment Date (3 BD days preceding)</u>	<u>Principal Component</u>
9/1/2009	\$130,000
9/1/2010	140,000
9/1/2011	145,000
9/1/2012	155,000
9/1/2013	165,000
9/1/2014	175,000
9/1/2015	185,000
9/1/2016	195,000
9/1/2017	205,000
9/1/2018	215,000
9/1/2019	230,000
9/1/2020	240,000
9/1/2021	255,000
9/1/2022	270,000
9/1/2023	280,000
9/1/2024	295,000
9/1/2025	315,000
9/1/2026	330,000
9/1/2027	345,000

Exhibit F

Quint & Thimmig LLP

03/04/08
07/07/08
08/11/08
12/04/08
02/19/09
07/10/09
FINAL 08/20/09

LEASE AGREEMENT

Dated as of September 1, 2009

by and between the

STOCKTON PUBLIC FINANCING AUTHORITY, as Lessor

and the

CITY OF STOCKTON, as Lessee

**Relating to
\$35,080,000
Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)**

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EXHIBIT A: DESCRIPTION OF THE SITE
 EXHIBIT B: DESCRIPTION OF THE FACILITY
 EXHIBIT C: SCHEDULE OF LEASE PAYMENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of September 1, 2009, by and between the STOCKTON PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California, as lessor (the "Authority"), and the CITY OF STOCKTON, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California, as lessee (the "City");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of September 1, 2009 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and certain existing facilities on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (the "Facility" and, with the Site, the "Property"), all for the purpose of enabling the City to finance various capital improvements throughout the geographic boundaries of the City;

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Bonds as it becomes due, the Authority proposes to lease the Property back to the City pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City, to Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of September 1, 2009, by and between the Authority and the Trustee (the "Indenture"), and pursuant to which the Authority will issue and the Trustee will authenticate and deliver the \$35,080,000 aggregate principal amount of Stockton Public Financing Authority Lease Revenue Bonds, 2009 Series A (Capital Improvement Projects) (the "Bonds"); and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Lease Agreement;

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

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Indenture.

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

- EXHIBIT A: DESCRIPTION OF THE SITE
- EXHIBIT B: DESCRIPTION OF THE FACILITY
- EXHIBIT C: SCHEDULE OF LEASE PAYMENTS

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Authority. The Authority makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Due Organization and Existence.* The Authority is joint exercise of powers authority, organized and existing under and by virtue of the laws of the State; has power to enter into this Lease Agreement, the Site and Facility Lease and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease and lease back the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) *Due Execution.* The representatives of the Authority executing this Lease Agreement, the Site and Facility Lease and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

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

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

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

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined

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

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

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

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

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

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

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

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

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.1. The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of thirty-five million eighty thousand dollars (\$35,080,000). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture, which terms and conditions authorize the City to draw upon specified proceeds of the Bonds for purposes of financing the Project. The City hereby approves the Indenture, the assignment to the Trustee of the rights of the Authority assigned or purported to be assigned thereunder, and the issuance of the Bonds by the Authority thereunder.

ARTICLE IV

LEASE OF PROPERTY; TERM OF THE LEASE AGREEMENT;
LEASE PAYMENTS

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

Section 4.2. Term of Lease. This Lease Agreement shall take effect on the date hereof, and shall end on the earlier of September 1, 2038, or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture. If, on September 1, 2038, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond September 1, 2048.

Section 4.3. Lease Payments.

(a) *Obligation to Pay.* In consideration of the lease of the Property from the Authority hereunder and subject to the provisions of Section 6.2, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Property during each Fiscal Year, the Lease Payments (denominated into components of principal and interest) for the Property in the respective amounts specified in Exhibit C hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C hereto. Any amount held in the Revenue Fund (except the Reserve Account therein), the Interest Account, the Principal Account or the Sinking Account on any Lease Payment Date, derived from any source of funds of the City or the Authority, shall be credited towards the Lease Payment then due and payable. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Property for such Fiscal Year.

The City's obligation to pay Lease Payments hereunder shall be absolute and unconditional subject only to abatement, in the event and to the extent that there is substantial interference with the use and occupancy of the property or any portion thereof.

(b) *Rate on Overdue Payments.* In the event the City should fail to make any of the payments required in this Section 4.3, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest borne by any Outstanding Bond. Such interest, if received, shall be deposited in the Revenue Fund.

(c) *Fair Rental Value.* The Lease Payments and Additional Payments coming due and payable in each Fiscal Year shall constitute the total rental for the Property for each Fiscal Year and shall be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Property during each Fiscal Year. The Authority and the City hereby agree and determine that the total Lease Payments do not exceed the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the value of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(d) *Source of Payments; Budget and Appropriation.* Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Articles VI and X hereof.

The City covenants to take such action as may be necessary to include all Lease Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City 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 City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

(e) *Assignment.* The City understands and agrees that all Lease Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(f) *Security Deposit.* Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments for the Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, including but not limited to amounts on deposit in the Revenue Fund and the Reserve Account, is either (i) sufficient to pay such Lease Payments, including the principal and interest components thereof, and premium, if any, in accordance with the Lease Payment schedule set forth in Exhibit C, or (ii) invested in whole or in part in Defeasance Obligations in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due hereunder, as the City shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement.

Section 4.4. Prepayment Option. The Authority hereby grants an option to the City to prepay the principal component of the Lease Payments in full, or in part, without premium.

Said option may be exercised with respect to Lease Payments due on and after August 15, 2020, in whole or in part on any date commencing August 15, 2019. Said option shall be exercised by the City by giving written notice to the Authority and the Trustee of the exercise of such option at least sixty (60) days prior to said Lease Payment Date. Such option shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Reserve Account, the Insurance and Condemnation Fund and the Revenue Fund, will be sufficient to pay the aggregate unpaid Lease Payments on said Lease Payment Date as set forth in Exhibit C hereto, together with any Lease Payments then due but unpaid, or, in the event of prepayment in part, by depositing with said notice cash equal to the amount desired to be prepaid (the principal component of which shall be an amount divisible by \$5,000) together with any Lease Payments then due but unpaid. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such manner as the City shall determine and if the City shall fail to make such determination, in inverse order of their payment dates. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the City to the Trustee and which

shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Property, and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Property without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Property as provided in Section 7.2.

Section 4.6. Title. If the City pays all of the Lease Payments and Additional Payments during the Term of the Lease Agreement as the same become due and payable, or if the City posts a security deposit for payment of the Lease Payments pursuant to Section 4.3(f), and if the City has paid in full all of the Additional Payments coming due and payable as of such date, and provided in any event that no Event of Default shall have occurred and be continuing, all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due the following Additional Payments:

(i) Any fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable;

(ii) Any amounts due to the Trustee pursuant to Section 8.06 of the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(iii) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease Agreement or the Indenture;

(iv) Any reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or incurred by the Authority in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration hereof or thereof.

ARTICLE V

MAINTENANCE, TAXES, INSURANCE AND OTHER
MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City and the City 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, Phone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or lessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

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

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

Section 5.2. Modification of Property. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Authority a Written Certificate of the City stating that the Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 5.2; provided that if any such lien is established and the City shall first notify or cause to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Property, and in such event may

permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, a standard comprehensive general insurance policy or policies in protection of the Authority, City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. 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 each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each 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 insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Section 5.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to the improvements constituting a part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, when required, shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the judgment of the City. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of all of the insured improvements, or (b) the aggregate principal amount of the outstanding Bonds. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; *provided, however,* that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in Section 6.1(a).

Section 5.5. Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; *provided* that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance, if any, shall be paid to the Trustee

and deposited in the Revenue Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable.

Section 5.6. Recordation Hereof; Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site and Facility Lease and this Lease Agreement, or a memorandum hereof or thereof, in each case in form and substance approved by Bond Counsel, to be recorded in the office of the San Joaquin County Recorder, and (b) obtain a CLTA policy of title insurance which insures the City's leasehold estate in the Property in an amount equal to the aggregate principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be applied to the redemption of Bonds pursuant to Section 4.01(c) of the Indenture.

Section 5.7. Net Proceeds of Insurance; Form of Policies. Each policy of insurance maintained pursuant to Sections 5.4, 5.5 and 5.6 shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. All required insurance policies shall be provided by a commercial insurer in one of the two highest rating categories by Moody's and S&P (without regard to designations of plus (+) or minus (-)). The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee annually, no later than September 1 in each year, a certificate stating that all of the insurance policies required by this Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

In the event that any insurance maintained pursuant to Section 5.3 shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of the City risk manager, insurance consultant or actuary identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from such reserves. The results of such review shall be filed with the Trustee.

Section 5.8. Installation of Personal Property. The City may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.8 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 5.9. Liens. Neither the City nor the Authority shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Property, other than the respective rights of the Trustee, the

Authority and the City as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the City and the Authority shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10. Tax Covenants.

(a) *Private Activity Bond Limitation.* The City shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition.* The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement.* The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) *No Arbitrage.* The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption.* The City shall take all actions necessary to assure the exclusion of interest with respect to the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.11. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however,* that the Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.11, including seeking mandate or specific performance by court order.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; ABATEMENT OF
LEASE PAYMENTS

Section 6.1. Application of Net Proceeds.

(a) *From Insurance Award.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Property by fire or other casualty shall be paid by the City to the Trustee and shall be deposited in the Insurance and Condemnation Fund by the Trustee and applied as set forth in Section 5.08 of the Indenture.

(b) *From Eminent Domain Award.* If the Property or any portion thereof shall be taken permanently or temporarily under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Net Proceeds resulting therefrom shall be deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.08 of the Indenture.

(c) *From Title Insurance Award.* The Net Proceeds of any title insurance award shall be paid to the Trustee, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.07 of the Indenture.

Section 6.2. Abatement of Lease Payments.

(a) *Abatement Due to Damage or Destruction of the Property; Non-Completion.* The Lease Payments shall be abated during any period in which by reason of damage to or destruction of the Property (other than by eminent domain which is hereinafter provided for) there is substantial interference with the use and occupancy by the City of the Property or any portion thereof. The amount of such abatement shall be an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged or destroyed and available for use and possession by the City. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction or the date when the remaining portion of the Property is available for use and possession by the City. In the event of any such damage, destruction or non-completion, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage, destruction or non-completion. There shall be no abatement of the Lease Payments to the extent that moneys derived from any person as a result of such damage or destruction are available to pay the amount which would otherwise be abated or if there is any money available in the Revenue Fund or the Reserve Account to pay the amount which would otherwise be abated.

(b) *Abatement Due to Eminent Domain.* If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease with respect to the Property as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (i) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the City and the Authority such that the resulting Lease Payments for the

Property represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

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

Section 7.2. Rights of Access. The City agrees that the Authority and any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the City to perform its obligations hereunder; *provided, however*, that the Authority's assigns shall not be required to cause such proper maintenance.

Section 7.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Authority, the Trustee and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any act or negligence of any lessee of the City with respect to the Property, or (e) the performance by the Trustee of its duties hereunder or under the Indenture. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or negligence under this Lease Agreement by the Authority, the Trustee or any of their respective officers or employees. The indemnification hereunder shall survive removal or resignation of the Trustee, termination of this Lease Agreement or discharge of the Bonds.

ARTICLE VIII

ASSIGNMENT, LEASING AND AMENDMENT

Section 8.1. Assignment by the Authority. Certain rights of the Authority under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the City hereby consents. The assignment of this Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Section 8.2. Assignment and Subleasing by the City. This Lease Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof, subject to, and delivery to the Authority of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

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

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

(d) The City shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by this Lease Agreement and the Indenture, and will not cause the interest on the Bonds to become included in gross income for federal income tax purposes.

Section 8.3. Amendment of Lease.

(a) *Substitution of Site*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") for the Site (the "Former Site"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Site serves the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered),

subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence that the Substitute Site (or the portions to be substituted) is of equal or greater value than the Site (or the portions thereof) to be substituted;

(v) The City shall certify the Substitute Site shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(vii) The City shall certify that the Substitute Site is of the same or greater essentiality to the City as was the Former Site;

(viii) The City shall certify that the Substitute Site has a useful life equal to or longer than the remaining term of the Bonds; and

(ix) The City shall provide notice of such substitution to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such substitution may be accomplished administratively and shall not require separate approval by the City Council.

(b) *Substitution of Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute a substitute facility or substitute facilities (a "Substitute Facility") for the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility, if applicable;

(ii) The City shall file with the Authority and the Trustee an amended Exhibits B to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iii) The City shall certify in writing to the Authority and the Trustee that such Substitute Facility serve the purposes of the City, constitutes property that is unencumbered (or the portion of such property to be substituted is unencumbered), subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(iv) The City delivers to the Trustee and the Authority evidence that the Substitute Facility (or the portions to be substituted) is of equal or greater value than the property (or the portions thereof) to be substituted;

(v) The City shall certify the Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made herein;

(vi) The City shall certify that the Substitute Facility is of the same or greater essentiality to the City as was the Former Facility;

(vii) The City shall certify that the Substitute Facility has a useful life equal to or longer than the remaining term of the Bonds; and

(viii) The City shall provide notice of such substitution to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such substitution may be accomplished administratively and shall not require separate approval by the City Council.

(c) *Release of Site.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence that the Site, as revised by such release, together with the Facility, has a total value at least equal to 1.1 times the principal amount of the Bonds then outstanding;

(iv) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which describes the Site, as revised by such release; and

(v) The City shall provide notice of such release to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such release may be accomplished administratively and shall not require separate approval by the City Council.

(d) *Release of Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which describes the Facility, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence that the Facility, as revised by such release, together with the Site, has a total value at least equal to 1.1 times the principal amount of the Bonds then outstanding; and

(iv) The City shall provide notice of such release to any rating agency then rating the Bonds.

So long as the requirements set forth above are satisfied, any such release may be accomplished administratively and shall not require separate approval by the City Council.

(e) *Generally*. The Authority and the City may at any time amend or modify any of the provisions of this Lease Agreement, but only

(i) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, or

(ii) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds; or

(3) to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Code, in the opinion of Bond Counsel.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement:

(a) Failure by the City to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to make any Additional Payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however,* that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the City shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; *provided, however,* that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate this Lease Agreement or to cause the fee interest or the leasehold interest of the City in the Property to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and, upon the breach thereof, the Authority may exercise any and all rights of entry and re-entry upon the Property. The City hereby irrevocably consents to the Authority's repossession of the Property if such an Event of Default shall occur and consents to the Authority's re-letting of the Property for the account of the City. In the event of such default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event, such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, in the event the Authority is

unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority.

(b) The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Property in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Property to place such property in storage or other suitable place in San Joaquin County, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(c) The City hereby waives any and all claims for damages caused or which may be caused by the Authority 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 City that may be in or upon the Property.

(d) The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

Section 9.3. Limitation on Remedies. Notwithstanding the foregoing provisions of Section 9.2, neither the Authority nor the Trustee shall exercise any remedies against the Property to the extent such remedies would generate funds which are not available to satisfy the obligations of this Lease Agreement or the Indenture.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on

demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture. The Trustee shall be considered a third party beneficiary for enforcing its rights under this Lease Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by Phone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

If to the Authority: Stockton Public Financing Authority
425 North El Dorado Street
Stockton, CA 95202
Attention: Treasurer
Phone: (209) 937-8398
Fax: (209) 937-8844

If to the City: City of Stockton
425 North El Dorado Street
Stockton, CA 95202
Attention: City Treasurer
Phone: (209) 937-8398
Fax: (209) 937-8844

If to the Trustee: Wells Fargo Bank, National Association
333 Market Street, 18th Floor
San Francisco CA 94111
Attention: Corporate Trust, MAC No. A0119-181
Phone: (415) 371-3355
Fax: (415) 371-3400

The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

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

Section 10.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the

Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.8. Authorized Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.9. Waiver of Personal Liability. All liabilities under this Lease Agreement on the part of the City are solely liabilities of the City and the Authority hereby releases each and every member, director, officer, employee and agent of the City of and from any personal or individual liability under this Lease Agreement. No member, director, officer, employee or agent of the City shall at any time or under any circumstances be individually or personally liable under this Lease Agreement for anything done or omitted to be done by the City hereunder.

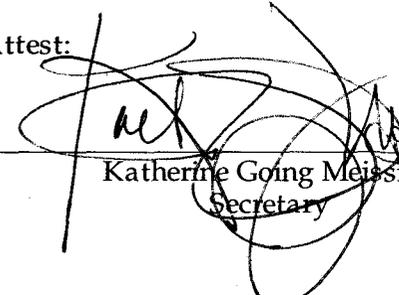
Section 10.10. Limitation of Rights to Parties and Bond Owners. Nothing in this Lease Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City, the Authority and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Lease Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Authority and the Owners of the Bond.

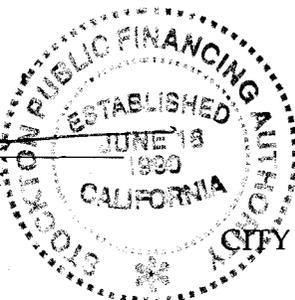
Section 10.11. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

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

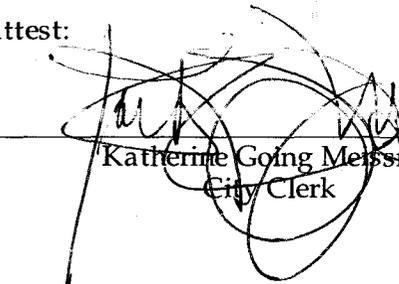
STOCKTON PUBLIC FINANCING
AUTHORITY

By 
Mark Moses
Treasurer

Attest: 
Katherine Going Meissner
Secretary



CITY OF STOCKTON, as Lessee
By 
Mark Moses
Chief Financial Officer

Attest: 
Katherine Going Meissner
City Clerk



[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

EXHIBIT A

DESCRIPTION OF THE SITE

The land referred to herein is situated in the City of Stockton, County of San Joaquin, State of California, and is described as follows:

Oak Park Site

PARCEL A:

A PORTION OF THE NORTHEAST QUARTER OF SECTION 18, OF C.M. WEBER'S GRANT, "EL RANCHO DEL CAMPO DE LOS FRANCESES", MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT:

COMMENCING AT THE SOUTHWEST CORNER OF THE MAXWELL OR SPERRY TRACT (SO CALLED), IN SAID SECTION 18 OF SAID C.M. WEBER'S GRANT, AND RUNNING THENCE SOUTH 73 DEGREES 55' WEST, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 18, 17.33 CHAINS; THENCE NORTH 16 DEGREES 05' WEST 17.32 CHAINS TO A STAKE; THENCE NORTH 73 DEGREES 55' EAST 17.33 CHAINS TO A STAKE, THENCE SOUTH 16 DEGREES 05' EAST, 17.32 CHAINS TO THE POINT OF COMMENCEMENT.

A.P.N. 115-270-01 PORTION

PARCEL B:

LOT FOURTEEN (14) AS SHOWN UPON THE MAP ENTITLED "MAP OF THE SPERRY TRACT" FILED FOR RECORD OCTOBER 2, 1906, IN VOL. 3 OF MAPS AND PLATS, PAGE 51 , SAN JOAQUIN COUNTY RECORDS.

EXCEPTING THEREFROM ALL THAT PORTION DESCRIBED IN THE DEED TO PARK VILLAGE APARTMENTS, A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATIN RECORDED JULY 12, 1996, AS SERIES NO. 96073005 SAN JOAQUIN COUNTY RECORDS.

A.P.N. 115-270-01 PORTION AND 115-270-02 PORTION.

PARCEL C:

BEGINNING AT A POINT ON THE SECTION LINE BETWEEN SECTIONS 18 AND 30 DISTANT THEREON 3437.2 FEET NORTHERLY FROM THE COMMON CORNER OF SECTIONS 18, 30, 31 AND 19 OF C.M. WEBER'S GRANT, "EL RANCHO DEL CAMP DE LOS FRANCESES," SAID POINT BEING 80 FEET WESTERLY MEASURED AT RIGHT ANGLES TO ENGINEER'S STATION 147+52.9 ON THE CENTERLINE OF THE WESTERN PACIFIC RAILROAD COMPANY'S MAIN LINE OF RAILROAD FROM SAN FRANCISCO, CALIFORNIA, TO SALT LAKE CITY, UTAH; THENCE SOUTH 73 DEGREES 05' WEST 1,145.30 FEET ALONG THE SOUTHERLY BOUNDARY OF A PORTION OF THAT PARTICULARLY TRACT OF LAND CONVEYED TO MARY S. SPERRY TO THE WESTERN PACIFIC RAILWAY COMPANY, RECORDED SEPTEMBER 15, 1906, IN BOOK A, VOL. 157 OF DEEDS, PAGE 7, RECORDS OF SAN JOAQUIN COUNTY, STATE OF CALIFORNIA; THENCE NORTH 16 DEGREES 55' WEST 45 FEET TO A POINT; THENCE NORTH 73 DEGREES 05' EAST 755.0 FEET TO A POINT; THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 453.3 FEET A DISTANCE OF 565.96 FEET, THE LONG CHORD OF WHICH BEARS NORTH 35 DEGREES 53'55" EAST 530.90 FEET TO A POINT IN THE WESTERLY RIGHT OF WAY LINE OF THE ABOVE MENTIONED RAILROAD; SAID POINT BEING 50 FEET WESTERLY MEASURED AT RIGHT ANGLES FROM THE CENTER LINE OF SAID RAILROAD; THENCE SOUTH 16 DEGREES 30' EAST 50 FEET FROM AND PARALLEL TO SAID CENTERLINE OF SAID RAILROAD A DISTANCE OF 365.88 FEET TO A POINT; THENCE SOUTH 73 DEGREES 05' WEST 50.0 FEET TO THE POINT OF BEGINNING.

A.P.N. 115-270-02 PORTION

Swenson Golf Course

PARCEL A:

ALL THAT CERTAIN PIECE OR PARCEL OF LAND SITUATE, LYING AND BEING IN PORTIONS OF SECTIONS 19 AND 20, TOWNSHIP 2 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SECTION CORNER COMMON TO SECTIONS 17, 18, 19 AND 20, TOWNSHIP 2 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE SOUTH 89 DEGREES 57'13" EAST, ALONG THE NORTH LINE OF SAID SECTION 20, A DISTANCE OF 1,077.04 FEET TO A POINT; THENCE SOUTH 41 DEGREES 50' EAST 181.36 FEET TO A POINT AT THE NORTHEASTERLY CORNER OF THE PROPERTY DEEDED TO THE CITY OF STOCKTON (RECORDED IN VOLUME 1040 AT PAGE 409 OF THE OFFICIAL RECORDS OF SAN JOAQUIN COUNTY); THENCE SOUTH 89 DEGREES 20'18" WEST, ALONG THE NORTH LINE OF SAID CITY PROPERTY, 1,238.0 FEET, MORE OR LESS, TO THE EAST LINE OF "LINCOLN VILLAGE WEST, UNIT NO. 28" AS SAID EAST LINE AS SHOWN UPON THE OFFICIAL MAP THEREOF, FILED IN VOLUME 20 AT PAGE 72 OF THE BOOK OF MAPS AND PLATS, SAN JOAQUIN COUNTY; THENCE NORTH 00 DEGREES 01'54" WEST, ALONG SAID EAST LINE AND ITS NORTHERLY PROLONGATION, 149.85 FEET TO THE NORTH LINE OF THE AFORESAID SECTION 19; THENCE NORTH 89 DEGREES 21'07" EAST, ALONG SAID NORTH LINE OF SECTION 19, A DISTANCE OF 40.0 FEET TO THE HEREIN BEFORE-MENTIONED POINT OF BEGINNING.

A.P.N. 097-110-15 & 16

PARCEL B:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF SECTIONS 19 AND 20, TOWNSHIP 2 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF ALEXANDRIA PLACE, SAID POINT BEING THE NORTHEAST CORNER OF THE PROPERTY SHOWN AS PARCEL E CONVEYED TO THE CITY OF STOCKTON BY DEED RECORDED DECEMBER 14, 1954, IN BOOK OF OFFICIAL RECORDS, VOL. 1696, PAGE 169, SAN JOAQUIN COUNTY RECORDS, SAID POINT BEARING SOUTH 82 DEGREES 00' WEST 160.38 FEET FROM AN IRON PIPE AT THE SOUTHEAST CORNER OF THE PROPERTY CONVEYED TO THE CITY OF STOCKTON BY DEED RECORDED MARCH 7, 1947, IN BOOK OF OFFICIAL RECORDS, VOL. 1040, PAGE 409, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG THE WEST LINE OF SAID ALEXANDRIA PLACE, SOUTH 11 DEGREES 56' EAST A DISTANCE OF 49.45 FEET TO A POINT OF CURVE; THENCE ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 20 FEET, AN ARC DISTANCE OF 25.65 FEET (THE LONG CHORD OF WHICH BEARS SOUTH 24 DEGREES 48'29.6 WEST) TO A POINT OF CURVE BEING ON THE NORTH LINE OF BENJAMIN HOLT DRIVE; THENCE ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 1,800 FEET, AN ARC DISTANCE OF 102.11 FEET; THENCE CONTINUING ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 1,800 FEET, AN ARC DISTANCE OF 125.14 FEET (THE LONG CHORD OF WHICH BEARS SOUTH 66 DEGREES 47'30" WEST); THENCE NORTH 21 DEGREES 13' WEST A DISTANCE OF 139.12 FEET TO A POINT ON THE SOUTH LINE OF SAID PROPERTY CONVEYED TO CITY OF STOCKTON BY DEED RECORDED IN BOOK OF OFFICIAL RECORDS, VOL. 1040, PAGE 409, SAN JOAQUIN COUNTY RECORDS; THENCE SOUTH 82 DEGREES 00' WEST 1125.03 FEET; THENCE SOUTH 5 DEGREES 35'11" EAST 109.67 FEET; THENCE NORTH 85 DEGREES 28'45" WEST 507.45 FEET; THENCE SOUTH 82 DEGREES 00' WEST 1,224.34 FEET TO POINT; THENCE NORTHWESTERLY ON A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 20.0 FEET, AN ARC DISTANCE OF 31.42 FEET (THE LONG CHORD OF WHICH BEARS NORTH 47 DEGREES 34'44" WEST 28.28 FEET); THENCE NORTH 2 DEGREES 34'44" WEST 30.0 FEET; THENCE NORTHWESTERLY ALONG A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 360 FEET, AN ARC DISTANCE OF 299.10 FEET (THE LONG CHORD OF WHICH BEARS NORTH 26 DEGREES 22'50" WEST) TO THE WEST LINE OF PROPERTY CONVEYED TO CITY OF STOCKTON BY DEED RECORDED JULY 15, 1948 IN BOOK OF OFFICIAL RECORDS, VOL. 1133, PAGE 459, SAN JOAQUIN COUNTY RECORDS; THENCE NORTH 2,853.37 FEET TO A POINT IN THE NORTH LINE OF LAST SAID PROPERTY CONVEYED TO THE CITY OF STOCKTON, SAID POINT BEING WEST 40 FEET FROM SECTION LINE COMMON TO SECTIONS 19 AND 20; THENCE NORTH 89 DEGREES 20'18" EAST 1,193.54 FEET, MORE OR LESS, TO A POINT WHICH BEARS SOUTH 89 DEGREES 57'13" EAST A DISTANCE OF 1,077.04 FEET AND SOUTH 41 DEGREES 50' EAST A DISTANCE OF 181.36 FEET FROM THE SECTION CORNER COMMON TO SECTIONS 17, 18, 19 AND 20, TOWNSHIP 2 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE NORTH 41 DEGREES 50' WEST 181.36 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 20; THENCE ALONG THE NORTH LINE OF SAID SECTION 20, SOUTH 89 DEGREES 50'20" EAST, 565.80 FEET TO THE INTERSECTION WITH THE NORTHERLY EDGE OF FIVE MILE CREEK; THENCE SOUTH 59 DEGREES 12' EAST 31.41 FEET; THENCE SOUTH 10 DEGREES 32' EAST 37.65 FEET; THENCE SOUTH 82 DEGREES 17' EAST 53.15 FEET; THENCE NORTH 62 DEGREES 42' EAST 56.37 FEET; THENCE NORTH 32 DEGREES 41' EAST 40.34 FEET TO NORTH LINE OF SAID SECTION 20; THENCE SOUTH 89 DEGREES 50'20" EAST 494.19 FEET TO THE NORTHWEST CORNER OF UNIT 27, LINCOLN VILLAGE, ACCORDING TO THE OFFICIAL MAP THEREOF FILED IN VOL. 14 OF MAPS, PAGE 129, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG THE WESTERLY AND SOUTHERLY LINE OF SAID UNIT 27, LINCOLN VILLAGE, AS FOLLOWS: SOUTH 144.73 FEET; SOUTH 52 DEGREES 00' EAST 132.50 FEET; THENCE SOUTH 58 DEGREES 40' EAST, 201 FEET; THENCE SOUTH 71 DEGREES 50' EAST 129.79 FEET; THENCE EAST 100.00 FEET; THENCE NORTH 60 DEGREES 10' EAST 159.32 FEET TO CENTER LINE OF ALEXANDRIA PLACE, A 60 FOOT WIDE ROAD, AS SHOWN ON MAP OF SAID UNIT 27, LINCOLN VILLAGE; THENCE ALONG THE CENTER LINE OF SAID ALEXANDRIA PLACE, AS FOLLOWS:

SOUTH 6 DEGREES 20' EAST 44.26 FEET; THENCE SOUTHERLY ON A CURVE TO THE RIGHT, RADIUS OF 370 FEET (LONG CHORD BEARS SOUTH 1 DEGREES 25' WEST 99.79 FEET) AN ARC DISTANCE OF 100.09 FEET; THENCE SOUTH 9 DEGREES 10' WEST 120 FEET; THENCE SOUTHERLY ON A CURVE TO THE LEFT, RADIUS 470 FEET (LONG CHORD BEARS SOUTH 0 DEGREES 35' WEST 140.30 FEET) AN ARC DISTANCE OF 140.82 FEET; THENCE SOUTH 8 DEGREES 00' EAST 200.21 FEET TO A POINT OF CURVE; THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 330 FEET (THE LONG CHORD OF SAID CURVE BEARS SOUTH 16 DEGREES 43' EAST) AND HAVING AN ARC DISTANCE OF 100.41 FEET TO A POINT; THENCE SOUTH 25 DEGREES 26" EAST, A DISTANCE OF 23.67 FEET TO A POINT OF CURVE; THENCE ON A CURVE TO THE RIGHT HAVING A RADIUS

OF 330 FEET (THE LONG CHORD OF SAID CURVE BEARS SOUTH 17 DEGREES 51' EAST) AND HAVING AN ARC DISTANCE OF 87.35 FEET TO A POINT; THENCE SOUTH 10 DEGREES 16' EAST, A DISTANCE OF 166.03 FEET TO A POINT OF CURVE; THENCE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 530 FEET (THE LONG CHORD OF SAID CURVE BEARS SOUTH 4 DEGREES 23' EAST) AND HAVING AN ARC DISTANCE OF 108.84 FEET TO A POINT; THENCE SOUTH 1 DEGREES 30' WEST A DISTANCE OF 76.71 FEET TO A POINT OF CURVE; THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 630 FEET (THE LONG CHORD OF SAID CURVE BEARS SOUTH 4 DEGREES 31'20" EAST) AND HAVING AN ARC DISTANCE OF 132.44 FEET TO A POINT; THENCE SOUTH 10 DEGREES 32'40" EAST, A DISTANCE OF 716.96 FEET TO A POINT; THENCE SOUTH 2 DEGREES 46'22" EAST A DISTANCE OF 449.50 FEET TO A POINT OF CURVE; THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 200 FEET (THE LONG CHORD OF SAID CURVE BEARS SOUTH 1 DEGREES 23'50" EAST) AND HAVING AN ARC DISTANCE OF 73.56 FEET TO A POINT; THENCE SOUTH 11 DEGREES 56' EAST A DISTANCE OF 57.84 FEET TO A POINT, SAID POINT BEARS NORTH 78 DEGREES 04' EAST 30 FEET FROM POINT OF BEGINNING; THENCE SOUTH 78 DEGREES 04' EAST 30 FEET TO THE POINT OF BEGINNING.

EXCEPT THE EAST 30 FEET LYING IN ALEXANDRIA PLACE.

ALSO EXCEPTING THEREFROM ALL THAT PORTION DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY LOCATED IN THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWESTERLY CORNER OF THAT CERTAIN 21.282 ACRE PARCEL OF LAND AS DEEDED TO THE CITY OF STOCKTON AND RECORDED IN BOOK OF OFFICIAL RECORDS IN VOLUME 2271 ON PAGE 125, SAN JOAQUIN COUNTY RECORDS; THENCE SOUTH 89 DEGREES 50'20" EAST A DISTANCE OF 450.80 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 89 DEGREES 50'20" EAST A DISTANCE OF 100 FEET; THENCE SOUTH 72 DEGREES 41'14" WEST A DISTANCE OF 52.42 FEET; THENCE SOUTH 85 DEGREES 31'49" WEST A DSITANCE OF 50.16 FEET; THENCE NORTH 0 DEGREES 09'40" EAST A DISTANCE OF 19.79 FEET TO A POINT, SAID POINT BEING THE POINT OF BEGINNING.

A.P.N. 097-110-24

Van Buskirk Golf Course

PARCEL A:

A TRACT OF LAND SITUATED IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, IN SECTION 22, T1N, R6E., M.D.B&M., AND SECTIONS 10 AND 11 OF C.M. WEBER GRANT, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT A CONCRETE MONUMENT BEARING DUE SOUTH 1, 160.00 FEET FROM THE SOUTHWEST CORNER OF LOT NUMBERED 1 IN BLOCK NUMBERED 7 OF LEVER VILLAGE, UNIT NO. 1, AS PER MAP FILED IN BOOK OF MAPS VOLUME 14 AT PAGE 22, SAN JOAQUIN COUNTY RECORDS; THENCE DUE EAST 173.14 FEET TO A CONCRETE MONUMENT; THENCE EASTERLY ON A CURVE TO THE LEFT, RADIUS 2,410 FEET (LONG CHORD BEARS NORTH 79 DEGREES 34'43.5" EAST, 871.86 FEET) AN ARC DISTANCE OF 876.69 FEET TO A CONCRETE MONUMENT AT POINT OF REVERSE CURVE; THENCE EASTERLY ON A CURVE TO THE RIGHT, RADIUS 1,590 FEET (LONG CHORD BEARS NORTH 73 DEGREES 29'43.5" EAST, 240.53) AN ARC DISTANCE OF 240.76 FEET TO A CONCRETE MONUMENT AT END OF CURVE; THENCE NORTH 77 DEGREES 50' EAST 320.00 FEET TO A CONCRETE MONUMENT IN THE WESTERLY LINE AT THE FRENCH CAMP ROAD; THENCE ALONG THE WESTERLY LINE OF THE FRENCH CAMP ROAD, SOUTH 12 DEGREES 10' EAST, 1220 FEET TO THE NORTHERLY OR RIGHT BANK OF WALKER SLOUGH; THENCE DOWNSTREAM ALONG THE NORTHERLY OR RIGHT BANK OF WALKER SLOUGH, AS FOLLOWS:

NORTH 71 DEGREES 12' WEST, 220 FEET; NORTH 65 DEGREES 55' WEST, 247.5 FEET; NORTH 67 DEGREES 28' WEST, 446 FEET; NORTH 66 DEGREES 17' WEST, 199 FEET; NORTH 76 DEGREES 04' WEST 141 FEET; SOUTH 84 DEGREES 42' WEST, 357 FEET; SOUTH 84 DEGREES 20' WEST, 312 FEET TO A POINT THAT IS DUE SOUTH OF THE POINT OF BEGINNING; THENCE LEAVING WALKER SLOUGH, DUE NORTH 506 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO THE STATE OF CALIFORNIA BY QUITCLAIM DEED, RECORDED MARCH 29, 1968, IN BOOK 3198, PAGES 288 AND 296, OFFICIAL RECORDS.

PARCEL B:

A TRACT OF LAND SITUATED IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SECTION 22, T1N., R6E, M.D.B.&M., AND MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT A CONCRETE MONUMENT BEARING DUE SOUTH 1, 160.00 FEET FROM THE SOUTHWEST CORNER OF LOT NUMBERED 1 IN BLOCK NUMBERED 7 OF LEVER VILLAGE, UNIT NO. 1, AS PER MAP FILED IN BOOK OF MAPS, VOLUME 14, PAGE 22, SAN JOAQUIN COUNTY RECORDS; THENCE DUE SOUTH 506 FEET TO THE NORTHERLY OR RIGHT BANK OF WALKER SLOUGH; THENCE DOWNSTREAM ALONG THE NORTHERLY OR RIGHT BANK OF WALKER SLOUGH, AS FOLLOWS: SOUTH 81 DEGREES 08' WEST 86 FEET; SOUTH 63 DEGREES 37' WEST 140 FEET; SOUTH 53 DEGREES 16' WEST 162 FEET; SOUTH 50 DEGREES 47' WEST 253 FEET; SOUTH 37 DEGREES 53' WEST, 120 FEET; SOUTH 43 DEGREES 10' WEST, 332 FEET; SOUTH 49 DEGREES 56' WEST 165 FEET TO THE JUNCTION OF WALKER SLOUGH WITH FRENCH CAMP SLOUGH; THENCE DOWNSTREAM ALONG THE NORTHERLY OR RIGHT BANK OF FRENCH CAMP SLOUGH, AS FOLLOWS:

NORTH 78 DEGREES 46' WEST, 138 FEET; SOUTH 89 DEGREES 35' WEST, 411 FEET; SOUTH 85 DEGREES 17' WEST, 219 FEET; SOUTH 79 DEGREES 48' WEST, 152 FEET; NORTH 82 DEGREES 53' WEST, 89 FEET; NORTH 43 DEGREES 22' WEST, 99 FEET; NORTH 22 DEGREES 27' WEST, 222.65 FEET TO A POINT IN THE CENTER LINE OF THE 120 FOOT WIDE PACIFIC GAS AND ELECTRIC COMPANY EASEMENT FOR ELECTRIC TRANSMISSION LINES, DESCRIBED IN BOOK OF OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, VOLUME 325, PAGE 91; THENCE ALONG THE CENTER LINE OF SAID EASEMENT, NORTH 28 DEGREES 45' EAST, 1140 FEET TO A POINT BEARING DUE WEST FROM THE POINT OF BEGINNING; THENCE DUE EAST 1,559.46 FEET TO THE POINT OF BEGINNING.

PARCEL C:

A TRACT OF LAND SITUATED IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SECTIONS 21 AND 22, T1N, R6E., M.D.B.&M., AND MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

COMMENCING AT A CONCRETE MONUMENT BEARING DUE SOUTH 1, 160.00 FEET FROM THE SOUTHWEST CORNER OF LOT NUMBERED 1 IN BLOCK NUMBERED 7 OF LEVER VILLAGE, UNIT NO. 1, AS PER MAP FILED IN BOOK OF MAPS, VOLUME 14 AT PAGE 22, SAN JOAQUIN COUNTY RECORDS; THENCE DUE WEST 1,559.46 FEET TO AN IRON PIPE IN THE CENTER LINE OF THE 120 FOOT WIDE PACIFIC GAS AND ELECTRIC COMPANY EASEMENT FOR ELECTRIC TRANSMISSION LINES, DESCRIBED IN BOOK OF OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, VOLUME 325, AT PAGE 91, SAID LAST MENTIONED IRON PIPE BEING THE NORTHEAST CORNER AND THE TRUE POINT OF BEGINNING OF THE WITHIN DESCRIBED 35.87 ACRE TRACT; THENCE ALONG THE CENTERLINE OF SAID EASEMENT, SOUTH 28 DEGREES 45' WEST, 1,140.00 FEET TO THE RIGHT BANK OF FRENCH CAMP SLOUGH; THENCE DOWNSTREAM ALONG THE RIGHT BANK OF FRENCH CAMP SLOUGH, AS FOLLOWS:

NORTH 19 DEGREES 50' WEST, 221 FEET; NORTH 16 DEGREES 58' WEST, 199 FEET; NORTH 15 DEGREES 22' WEST, 124 FEET; NORTH 18 DEGREES 04' WEST, 149 FEET; NORTH 36 DEGREES 34' WEST, 111 FEET; NORTH 50 DEGREES 06' WEST, 151 FEET; NORTH 69 DEGREES 37' WEST, 120 FEET; SOUTH 76 DEGREES 16' WEST, 93 FEET; SOUTH 59 DEGREES 27' WEST, 187 FEET; SOUTH 88

DEGREES 44' WEST, 182 FEET; NORTH 83 DEGREES 10' WEST, 143 FEET; NORTH 74 DEGREES 56' WEST, 162 FEET; NORTH 70 DEGREES 33' WEST, 357 FEET; NORTH 83 DEGREES 02' WEST, 117 FEET; SOUTH 81 DEGREES 30' WEST, 269.96 FEET; THENCE LEAVING FRENCH CAMP SLOUGH, DUE NORTH 533 FEET TO AN IRON PIPE; THENCE DUE EAST 620 FEET TO AN IRON PIPE; THENCE SOUTH 85 DEGREES 15' EAST, 1,136 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; THENCE SOUTHEASTERLY ON A CURVE TO THE RIGHT, RADIUS 700 FEET, (LONG CHORD BEARS SOUTH 67 DEGREES 00' EAST, 438.43 FEET) AN ARC DISTANCE OF 445.93 FEET TO AN IRON PIPE AT END OF CURVE; THENCE SOUTH 48 DEGREES 45" EAST, 144.41 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; THENCE SOUTHEASTERLY ON A CURVE TO THE LEFT, RADIUS 367.32 FEET (LONG CHORD BEARS SOUTH 69 DEGREES 22'30" EAST, 258.78 FEET) AN ARC DISTANCE OF 264.45 FEET, TO THE IRON PIPE AT THE TRUE POINT OF BEGINNING.

PARCEL D:

A TRACT OF LAND SITUATED IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SECTION 21, T1N, R6E, M.D.B.&M., AND MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT AN IRON PIPE AT THE NORTHWEST CORNER OF THE 35.87 ACRE TRACT DESCRIBED IN DEED TO THE CITY OF STOCKTON, RECORDED IN BOOK OF OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, VOLUME 2146 AT PAGE 233; THENCE DUE NORTH 42.99 FEET TO AN IRON PIPE, THENCE SOUTH 80 DEGREES 00' WEST 183.71 FEET TO AN IRON PIPE AT BEGINNING OF A CURVE; THENCE WESTERLY ON A CURVE TO THE RIGHT, RADIUS 730 FEET (LONG CHORD BEARS SOUTH 85 DEGREES 00' WEST, 127.25 FEET) AN ARC DISTANCE OF 127.41 FEET TO AN IRON PIPE AT END OF CURVE; THENCE DUE WEST 972.32 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; THENCE NORTHWESTERLY ON A CURVE TO THE RIGHT, RADIUS OF 60 FEET (LONG CHORD BEARS NORTH 45 DEGREES 00' WEST, 84.85 FEET) AN ARC DISTANCE OF 94.25 FEET TO AN IRON PIPE AT END OF CURVE; THENCE DUE NORTH 843.85 FEET TO AN IRON PIPE; THENCE DUE WEST 1,140 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; THENCE NORTHWESTERLY ON A CURVE TO THE RIGHT, RADIUS 60 FEET (LONG CHORD BEARS NORTH 45 DEGREES 00' WEST, 94.85 FEET) AN ARC DISTANCE OF 84.25 FEET TO AN IRON PIPE AT END OF CURVE; THENCE DUE NORTH 1,008 FEET TO AN IRON PIPE WHICH BEARS WEST 2,540 FEET AND SOUTH 140 FEET FROM AN IRON ROD AT THE INTERSECTION OF THE CENTER LINE OF EIGHTH STREET AND FRESNO AVENUE; THENCE DUE WEST, PARALLEL TO AND 140 FEET SOUTH OF THE CENTER LINE OF EIGHTH STREET, A DISTANCE OF 1,082 FEET TO THE RIGHT BANK OF SAN JOAQUIN RIVER; THENCE UPSTREAM ALONG THE RIGHT BANK OF THE SAN JOAQUIN RIVER, AS FOLLOWS:

SOUTH 29 DEGREES 40'34" EAST, 359.04 FEET; SOUTH 28 DEGREES 30' EAST, 203 FEET; SOUTH 19 DEGREES 30' EAST, 213 FEET; SOUTH 16 DEGREES 15" EAST, 280 FEET; SOUTH 25 DEGREES 20' EAST, 154 FEET; SOUTH 34 DEGREES 10' EAST, 255 FEET; SOUTH 39 DEGREES 45' EAST, 156 FEET; SOUTH 50 DEGREES 15' EAST, 415 FEET; SOUTH 53 DEGREES 43'40" EAST, 254.76 FEET; SOUTH 58 DEGREES 30' EAST, 183 FEET; SOUTH 63 DEGREES 30' EAST, 142 FEET; SOUTH 56 DEGREES 00' EAST, 360 FEET TO THE MOUTH OF FRENCH CAMP SLOUGH; THENCE UPSTREAM ALONG THE RIGHT BANK OF FRENCH CAMP SLOUGH, AS FOLLOWS:

SOUTH 53 DEGREES 20' EAST, 247 FEET; SOUTH 38 DEGREES 40' EAST, 344 FEET; SOUTH 34 DEGREES 13'30" E 256.71 FEET; SOUTH 48 DEGREES 15' EAST, 100 FEET; SOUTH 73 DEGREES 20' EAST, 183 FEET; SOUTH 80 DEGREES 00' EAST, 140 FEET; NORTH 81 DEGREES 10' EAST, 118 FEET; NORTH 59 DEGREES 20' EAST, 103 FEET; NORTH 53 DEGREES 00' EAST, 302 FEET; NORTH 54 DEGREES 05' EAST, 225 FEET; NORTH 58 DEGREES 15' EAST 125 FEET; NORTH 72 DEGREES 40' EAST, 100 FEET TO THE SOUTHWEST CORNER OF THE ABOVEMENTIONED 35.87 ACRE TRACT; THENCE ALONG THE WEST LINE OF SAID 35.87 ACRE TRACT, DUE NORTH 533 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO CHARLES RAYMOND VAN BUSKIRK, ET UX, BY GRANT DEED, RECORDED MAY 17, 1967, IN BOOK 3124 PAGE 411, OFFICIAL RECORDS.

PARCEL E:

A TRACT OF LAND SITUATED IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SECTIONS 21 AND 22, T1N., R6E., M.D.B.&M., AND MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT AN IRON PIPE AT THE NORTHWEST CORNER OF THE 35.87 ACRE TRACT DESCRIBED IN DEED TO THE CITY OF STOCKTON, RECORDED IN BOOK OF OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, VOLUME 2146 AT PAGE 233; THENCE ALONG THE NORTHERLY LINE OF SAID 35.87 ACRE TRACT AS FOLLOWS:

DUE EAST 620 FEET TO AN IRON PIPE; SOUTH 85 DEGREES 15' EAST, 1136 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; SOUTHEASTERLY ON A CURVE TO THE RIGHT, RADIUS 700 FEET (LONG CHORD BEARS SOUTH 67 DEGREES 00' EAST, 438.43 FEET) AN ARC DISTANCE OF 445.93 FEET TO AN IRON PIPE AT END OF CURVE; SOUTH 48°45" EAST, 89.25 FEET TO A CONCRETE MONUMENT AT THE SOUTHWEST CORNER OF THE 43.241 ACRE TRACT DESCRIBED IN DEED TO THE HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN, RECORDED IN BOOK OF OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, VOLUME 2348 AT PAGE 265; THENCE ALONG THE WESTERLY LINE OF ABOVE MENTIONED 43.241 ACRE TRACT, NORTH 28 DEGREES 45' EAST, 102.43 FEET TO AN IRON PIPE; THENCE NORTH 48 DEGREES 45' WEST, 15.52 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; THENCE NORTHWESTERLY ON A CURVE TO THE LEFT, RADIUS 880 FEET (LONG CHORD BEARS NORTH 67 DEGREES 00' WEST, 551.17 FEET) AN ARC DISTANCE OF 560.60 FEET TO AN IRON PIPE AT END OF CURVE; THENCE NORTH 85 DEGREES 15' WEST, 1,047.98 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; THENCE WESTERLY ON A CURVE TO THE LEFT, RADIUS 2,060 FEET (LONG CHORD BEARS NORTH 87 DEGREES 37'30" WEST, 170.73 FEET) AN ARC DISTANCE OF 170.78 FEET TO AN IRON PIPE AT END OF CURVE; THENCE DUE WEST 406.12 FEET TO AN IRON PIPE AT BEGINNING OF CURVE; THENCE WESTERLY ON A CURVE TO THE LEFT, RADIUS 760 FEET (LONG CHORD BEARS SOUTH 85 DEGREES 00' WEST, 132.48 FEET) AN ARC DISTANCE OF 132.65 FEET TO AN IRON PIPE AT END OF CURVE; THENCE DUE SOUTH 73.45 FEET TO THE IRON PIPE AT THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 60 FEET, WHICH WAS CONVEYED AS AN EASEMENT FOR ROADWAY PURPOSES ONLY.

PARCEL F:

COMMENCING AT THE INTERSECTION OF THE EXISTING CENTER LINE OF FRESNO AVENUE, A 40 FOOT WIDE STREET, WITH THE EXISTING CENTER LINE OF EIGHTH STREET, AN 80 FOOT WIDE STREET; THENCE SOUTH IN A DIRECT LINE A DISTANCE OF 2,038.40 FEET TO A POINT, SAID POINT BEING THE TRUE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL OF LAND; THENCE SOUTH IN A DIRECT LINE A DISTANCE 30.46 FEET TO A POINT; THENCE SOUTH 80 DEGREES 00' WEST, A DISTANCE OF 183.71 FEET TO A POINT; THENCE SOUTHWESTERLY ON A CURVE TO THE RIGHT, RADIUS 730.00 FEET (LONG CHORD BEARS SOUTH 85 DEGREES 00' WEST, 127.25) AN ARC DISTANCE OF 127.41 FEET TO A POINT; THENCE WEST IN A DIRECT LINE 972.32 FEET TO A POINT; THENCE NORTHWESTERLY ON A CURVE TO THE RIGHT, RADIUS OF 60 FEET (LONG CHORD BEARS NORTH 45 DEGREES 00' WEST, 84.85 FEET) AN ARC DISTANCE OF 94.25 FEET TO A POINT; THENCE NORTH IN A DIRECT LINE A DISTANCE OF 311.79 FEET TO A POINT; THENCE SOUTH 52 DEGREES 16'57" EAST, A DISTANCE OF 400.00 FEET TO A POINT; THENCE SOUTH 87 DEGREES 00' EAST, A DISTANCE OF 1,025.00 FEET TO A POINT, SAID POINT AS HEREINBEFORE REFERRED TO, THE TRUE POINT OF BEGINNING.

PARCEL G:

COMMENCING AT THE INTERSECTION OF THE EXISTING CENTER LINE OF FRESNO AVENUE, A 40 FOOT WIDE STREET, WITH THE EXISTING CENTER LINE OF EIGHTH STREET, A 80 FOOT WIDE STREET; THENCE SOUTH IN A DIRECT LINE A DISTANCE OF 2,038.40 FEET TO A POINT; THENCE SOUTH IN A DIRECT LINE, A DISTANCE OF 2,038.40 TO A POINT; THENCE SOUTH IN A DIRECT LINE, A DISTANCE OF 30.46 FEET TO A POINT; THENCE SOUTH 80 DEGREES 00' WEST, A DISTANCE OF 183.71 FEET TO A POINT; THENCE SOUTHWESTERLY ON A CURVE TO THE RIGHT,

RADIUS 730 FEET (LONG CHORD BEARS SOUTH 85 DEGREES 00' WEST, 127.25) AN ARC DISTANCE OF 127.41 FEET TO A POINT; THENCE WEST IN A DIRECT LINE 972.32 FEET TO A POINT; THENCE NORTHWESTERLY ON A CURVE TO THE RIGHT, RADIUS 60 FEET (LONG CHORD BEARS NORTH 45 DEGREES 00' WEST., 84.85 FEET) AN ARC DISTANCE OF 94.25 FEET TO A POINT; THENCE NORTH IN A DIRECT LINE, A DISTANCE OF 311.79 FEET TO A POINT; THENCE NORTH 52 DEGREES 16'57" WEST, A DISTANCE OF 869.69 FEET TO A POINT, SAID POINT BEING THE TRUE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL OF LAND; THENCE WEST IN A DIRECT LINE 452.04 FEET; THENCE NORTHWESTERLY ON A CURVE TO THE RIGHT, RADIUS 60 FEET (LONG CHORD BEARS NORTH 45 DEGREES 00' WEST 84.85 FEET) AN ARC DISTANCE OF 94.25 FEET TO A POINT; THENCE NORTH IN A DIRECT LINE 336.00 FEET TO A POINT; THENCE SOUTH 52 DEGREES 16'57" EAST, A DISTANCE OF 647.30 FEET TO A POINT, SAID POINT AS HEREINBEFORE REFERRED TO, THE TRUE POINT OF BEGINNING.

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the following:

Oak Park. This property is an approximately 61.2 acre park, located bounded on the east by Union Pacific railroad tracks, on the north by East Fulton Street, on the south by East Alpine Street, and on the west by North Sutter and Alvarado Streets. This park features group picnic areas, 20 picnic tables, two tot lots, 15 barbecue pits, and four restrooms. In addition, Oak Park features 11 tennis courts, two regulation softball fields, the Billy Hebert Field, a 6,000 seat, regulation professional minor league baseball field, renovated in 2002; and a multi-use field, a community swimming pool complex with changing facilities, and an approximately 13,875 square foot ice rink facility with seating for 350. An approximately 5,000 square foot, one-story senior center, which is available for rental to the public, is also located at Oak Park.

Swenson Golf Course. This property was opened in 1952 and is located on approximately 219 acres at 6803 Alexandria Place. Swenson Golf Course features a classic championship 18-hole, 72 par course, a nine-hole executive, par 3 course, a 15 station driving range, two putting greens and a practice bunker, paved cart paths. There is also a clubhouse, an approximately 2,000 square foot pro shop, an approximately 5,000 square foot maintenance and storage facility and an approximately 2,500 square foot café with seating located on this property.

Van Buskirk Golf Course. This property was opened in 1962 and is located on approximately 214.0 acres at 1740 Houston Avenue. Van Buskirk Golf Course features a classically designed par 72, 18-hole course, an all grass driving range with 15 stations, two practice greens and partially paved cart paths. There is also, a clubhouse, an approximately 2,000 square foot pro shop, an approximately 5,000 square foot maintenance and storage facility and an approximately 2,500 square foot cafe with seating is located on this property.

EXHIBIT C
SCHEDULE OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
03/01/10	—	\$1,154,233.47	\$1,154,233.47
09/01/10	—	1,207,918.75	1,207,918.75
03/01/11	—	1,207,918.75	1,207,918.75
09/01/11	—	1,207,918.75	1,207,918.75
03/01/12	—	1,207,918.75	1,207,918.75
09/01/12	—	1,207,918.75	1,207,918.75
03/01/13	—	1,207,918.75	1,207,918.75
09/01/13	\$ 525,000.00	1,207,918.75	1,732,918.75
03/01/14	—	1,190,200.00	1,190,200.00
09/01/14	565,000.00	1,190,200.00	1,755,200.00
03/01/15	—	1,171,131.25	1,171,131.25
09/01/15	600,000.00	1,171,131.25	1,771,131.25
03/01/16	—	1,150,881.25	1,150,881.25
09/01/16	640,000.00	1,150,881.25	1,790,881.25
03/01/17	—	1,129,281.25	1,129,281.25
09/01/17	685,000.00	1,129,281.25	1,814,281.25
03/01/18	—	1,106,162.50	1,106,162.50
09/01/18	730,000.00	1,106,162.50	1,836,162.50
03/01/19	—	1,081,525.00	1,081,525.00
09/01/19	780,000.00	1,081,525.00	1,861,525.00
03/01/20	—	1,055,200.00	1,055,200.00
09/01/20	835,000.00	1,055,200.00	1,890,200.00
03/01/21	—	1,027,018.75	1,027,018.75
09/01/21	890,000.00	1,027,018.75	1,917,018.75
03/01/22	—	996,981.25	996,981.25
09/01/22	950,000.00	996,981.25	1,946,981.25
03/01/23	—	964,918.75	964,918.75
09/01/23	1,015,000.00	964,918.75	1,979,918.75
03/01/24	—	930,662.50	930,662.50
09/01/24	1,080,000.00	930,662.50	2,010,662.50
03/01/25	—	894,212.50	894,212.50
09/01/25	1,155,000.00	894,212.50	2,049,212.50
03/01/26	—	855,231.25	855,231.25
09/01/26	1,235,000.00	855,231.25	2,090,231.25
03/01/27	—	813,550.00	813,550.00
09/01/27	1,315,000.00	813,550.00	2,128,550.00
03/01/28	—	769,168.75	769,168.75
09/01/28	1,405,000.00	769,168.75	2,174,168.75
03/01/29	—	721,750.00	721,750.00
09/01/29	1,500,000.00	721,750.00	2,221,750.00
03/01/30	—	671,125.00	671,125.00
09/01/30	1,600,000.00	671,125.00	2,271,125.00
03/01/31	—	615,125.00	615,125.00
09/01/31	1,715,000.00	615,125.00	2,330,125.00
03/01/32	—	555,100.00	555,100.00
09/01/32	1,835,000.00	555,100.00	2,390,100.00
03/01/33	—	490,875.00	490,875.00
09/01/33	1,960,000.00	490,875.00	2,450,875.00
03/01/34	—	422,275.00	422,275.00
09/01/34	2,100,000.00	422,275.00	2,522,275.00

03/01/35	—	348,775.00	348,775.00
09/01/35	2,245,000.00	348,775.00	2,593,775.00
03/01/36	—	270,200.00	270,200.00
09/01/36	2,400,000.00	270,200.00	2,670,200.00
03/01/37	—	186,200.00	186,200.00
09/01/37	2,570,000.00	186,200.00	2,756,200.00
03/01/38	—	96,250.00	96,250.00
09/01/38	2,750,000.00	96,250.00	2,846,250.00