TO BE RECORDED AND WHEN RECORDED
RETURN TO:

Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108
Attention: William H. Madison, Esq.

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

LEASE AGREEMENT
(QUALIFIED ZONE ACADEMY BONDS, TAX CREDIT)

This LEASE AGREEMENT (QUALIFIED ZONE ACADEMY BONDS, TAX CREDIT) (this "Lease"), dated as of May 1, 2014, is between CALIFORNIA PUBLIC AGENCIES FINANCING CORPORATION, a nonprofit public benefit corporation organized under the California Corporations Code and its successors and assigns (the "Corporation"), as lessor, and SAN LEANDRO UNIFIED SCHOOL DISTRICT, a unified school district duly organized and existing under and by virtue of the laws of the State of California (the "District"), as lessee.

B A C K G R O U N D:

1. The District has submitted three Qualified Zone Academy Bond Applications to the State of California Department of Education, School Facilities Planning Division (the "Department"), which were approved to provide financing in the maximum amount of $5,000,000 for an educational program of the District (the "QZAB Program"), which consists generally of fiber optic connections, network and technology upgrades and modernization Programs (collectively, the "Equipment") to be located at the Bancroft Middle School S.T.E.A.M. Academy (Science, Technology, Engineering, Arts and Mathematics), the John Muir Middle School S.T.E.A.M. Academy (Science, Technology, Engineering, Arts and Mathematics) and the San Leandro High School S.T.E.A.M. Academy (Science, Technology, Engineering, Arts and Mathematics), as more particularly described in the District's applications to the Department.

2. The District has received a proposal from Banc of America Leasing & Capital, LLC for a lease financing obligation to finance the costs of the QZAB Program.

3. The District intends to finance (a) the QZAB Program through the issuance of Qualified Zone Academy Bonds (the "QZAB Lease Component") in the form of a financing lease in a total principal amount of $_____, and (b) the costs of issuance associated with

the financing of the QZAB Program through the issuance of a taxable component of such financing lease in the amount of $_____ (the "Taxable Lease Component").

4. In order to provide financing for the QZAB Program, the District has proposed to lease the real property consisting of the land together with all buildings, facilities and other improvements located thereon comprising the District's Washington Elementary School, located at 250 Dutton Avenue, San Leandro, California, as such real property is described more fully in Appendix B attached hereto and made a part hereof (the "Leased Property"), to the Corporation by entering into a Site Lease dated as of May 1, 2014 (the "Site Lease"), which has been recorded concurrently herewith, for an up-front rental payment of $_____ (the "Site Lease Payment") which is sufficient for that purpose;

5. The Corporation has agreed to assist the District with such financing by entering into this Lease, pursuant to which the Corporation will sublease the Leased Property back to the District, in consideration of the payment by the District of annual lease payments as the rental for the Leased Property (the "Lease Payments") payable hereunder;

6. The Lease Payments are comprised of two separate components – those Lease Payments (the "QZAB Lease Payments"), which will be sufficient to repay the QZAB Lease Component as the same becomes due and payable, as shown on Appendix C-1, and those Lease Payments (the "Taxable Lease Payments"), which will be sufficient to repay the Taxable Lease Component as the same becomes due and payable, as shown on Appendix C-2.

7. In order to provide a source of financing to fund the Site Lease Payment, the Corporation assigned certain if its rights under this Lease and the Site Lease, including, but not limited to the right to receive and enforce payment of the QZAB Lease Payments and the Taxable Lease Payments, to Banc of America Leasing & Capital, LLC, and its successors and assigns (the "Assignee") under an Assignment Agreement, dated as of May 1, 2014 (the "Assignment Agreement"), between the Corporation and the Assignee, and recorded concurrently herewith.

8. The District is authorized to enter into a lease-leaseback arrangement with the Corporation to provide financing for the QZAB Program under Sections 17455 and 17456 of the California Education Code and other applicable State law.

A G R E E M E N T:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Corporation formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

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

"*Additional Payments*" means any and all amounts payable by the District hereunder (other than Lease Payments).

"*Applicable Environmental Laws*" means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 et seq.; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

(a) the existence, cleanup, and/or remedy of contamination on property;

(b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;

(c) the control of hazardous wastes; or

(d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

"*Assignee*" means Banc of America Leasing & Capital, LLC, as assignee of certain rights of the Corporation hereunder, its successors and assigns.

"*Assignment Agreement*" means the Assignment Agreement dated as of May 1, 2014, between the Corporation, as assignor, and the Assignee, as assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

"*Available Program Proceeds*" means (a) the excess of: (i) the proceeds from the assignment and transfer of certain rights of the Corporation under this Lease and the Site Lease to the Assignee pursuant to the Assignment Agreement, less (b) Costs of Issuance (not exceeding 2% of the proceeds of such assignment and transfer), plus (c) investment earnings on the difference between (a) – (b).

"*Bond Counsel*" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to municipal bonds and relating to qualified tax credit bonds issued under Section 54A of the Tax Code.

"*Business Day*" means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State of California.

"*Closing Date*" means the date of execution and delivery of this Lease by the parties hereto, being _____, 2014.

"*Corporation*" means California Public Agencies Financing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California.

"*Costs of Issuance*" means the costs incurred in connection with the execution and delivery of this Lease, the Site Lease, the Assignment Agreement and the Program Fund Agreement, including counsel fees, fees and expenses of the Program Fund Custodian and similar costs, fees and expenses.

"*Costs of Issuance Account*" means the account by that name established and held by the Program Fund Custodian for the benefit of the District under the Program Fund Agreement.

"Credit Allowance Date" means: (i) March 15, June 15, September 15 and December 15, of each year while this Lease Agreement is outstanding, commencing [June 15], 2014; and (ii) the final maturity date of this Lease Agreement.

"*District*" means San Leandro Unified School District, a unified school district duly organized and existing under and by virtue of the laws of the State of California.

"*Equipment*" has the meaning given to said term in the recitals hereto.

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

"*Expenditure Period*" means the "expenditure period" defined in Section 54A(d)(2)(B)(ii) of the Tax Code and consists of the period beginning on the Closing Date and ending on the later of the date which is three years after the Closing Date or such later date, if any, as permitted by the Internal Revenue Service in response to a request to extend the Expenditure Period.

"*Facilities*" means all buildings and other improvements at any time situated on the Leased Property.

"*Fair Market Value*" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the

District and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term "investment" will include a hedge.

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

"*Fiscal Yea*r" means each twelve-month period during the Term of this Lease commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

"*Hazardous Substance*" means any substance that shall, at any time, be listed as "hazardous" or "toxic" in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the facilities, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.).

"*Lease*" *or* "*Lease Agreement*" means this Lease Agreement (Qualified Zone Academy Bonds, Tax Credit) dated as of May 1, 2014, between the Corporation, as lessor, and the District, as lessee, as originally executed or as thereafter amended under any duly authorized and executed amendments hereto.

"*Lease Payments*" means all payments required to be paid by the District under Section 4.4, including any prepayment thereof under Section 9.2 or 9.3, and includes the QZAB Lease Payments and the Taxable Lease Payments.

"*Lease Payment Date*" means May 16 and November 16 in each year, commencing November 16, 2014, and continuing to and including the date on which the Lease Payments are paid in full.

"*Leased Property*" means the real property which is more particularly described in Appendix B. From and after the date of any substitution of property under Section 4.8 or release of property under Section 4.9, the term "Leased Property" means the real property which remains subject to this Lease following such substitution or release.

"*Loss of Qualified Zone Academy Status*" has the meaning set forth in Section 4.5 hereof.

"*Net Proceeds*" means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"*Permitted Encumbrances*" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid under Section 5.1 of this Lease; (b) the Site Lease, this Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy required by Section 5.7 with respect to the Leased Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

"*Program Costs*" means costs of acquisition, equipping and installation of the QZAB Program, including, without limitation, the Equipment.

"*Program Fund Agreement*" means the Program Fund Agreement dated as of May 1, 2014, among the District, the Corporation, the Assignee and the Program Fund Custodian, relating to the administration of the QZAB Program Fund and the Costs of Issuance Account.

"*Program Fund Custodian*" or "*Custodian*" means [Bank of America, N.A.], its successors and assigns, as custodian of the QZAB Program Fund and the Costs of Issuance Account under the Program Fund Agreement.

"*Purchase Agreement*" means the Purchase Agreement dated _____, 2014 between the Assignee and the District.

"*QZAB Lease Component*" means the principal amount of the Lease Payments equal to $_____ on the Closing Date.

"*QZAB Lease Payments*" means that portion of the Lease Payments sufficient to repay the QZAB Lease Component, on the dates and in the amounts set forth in Appendix C-1.

"*QZAB Program*" means the Equipment and those certain capital improvements, equipment and educational development and training programs to be financed by the District from the Site Lease Payment, as set forth in the applications approved by the School Facilities Division of the California Department of Education, located or to be located at a public school or public schools, each constituting a "qualified zone academy" within the meaning of section 54E(d)(1) of the Tax Code.

"*QZAB Program Fund*" means the fund by that name established and held by the Program Fund Custodian for the benefit of the District as described in Section 3.3.

"*Rental Period*" means, for each Lease Payment Date, the period from the preceding May 16 to (and including) May 15; provided that the first Rental Period begins on the Closing Date and ends on May 16, 2015.

"*Site Lease*" is defined in the preambles hereto.

"*Site Lease Payment*" is defined in the preambles hereto.

"*Taxable Lease Component*" means the principal amount of the Lease Payments equal to $_____ on the Closing Date.

"*Taxable Lease Payments*" means that portion of the Lease Payments sufficient to repay the Taxable Lease Component, on the dates and in the amounts set forth in Appendix C-2.

"*Tax Code*" or "Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

"Tax Credit" means the credit against federal income tax that is allowed under Section 54A of the Tax Code to a taxpayer holding all or part of a "qualified zone academy bond" as defined in section 54E of the Tax Code on one or more Credit Allowance Dates.

"*Term of this Lease*" or "*Term*" means the time during which this Lease is in effect, as provided in Section 4.3; provided that in no event shall the term of this Lease exceed the maximum term established by the Secretary of the Treasury that is applicable to this Lease.

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

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

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

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

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

(a) *Due Organization and Existence*. The District is a unified school district duly organized and validly existing under and by virtue of the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into the Site Lease, this Lease, the Purchase Agreement and the Program Fund Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action the District has duly authorized the execution and delivery of the Site Lease, this Lease and the Program Fund Agreement.

(b) *Due Execution*. The representatives of the District executing the Site Lease, this Lease, the Purchase Agreement and the Program Fund Agreement have been fully authorized to execute the same pursuant to official action duly adopted by the Board of Education of the District.

(c) *Valid, Binding and Enforceable Obligations*. The Site Lease, this Lease, the Purchase Agreement and the Program Fund Agreement have each been duly authorized, executed and delivered by the District and each constitutes the legal, valid and binding agreement of the District enforceable against the District in accordance with its terms.

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

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the District of the Site Lease, this Lease, the Purchase Agreement and the Program Fund Agreement, or the consummation of any transaction therein or herein contemplated, except as have been obtained or made and as are in full force and effect, or except as would not materially adversely effect the transactions contemplated hereby.

(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 District after reasonable investigation, threatened

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

(g) *Essential Purpose*. The Leased Property and the financing of the QZAB Program pursuant to this Lease and the Assignment Agreement are essential to the District's efficient and economic operation, serve an essential governmental function of the District and are in the best interests of the District.

(h) *Budget*. The obligations of the District under this Lease, including without limitation the obligation to make Lease Payments, are obligations payable from the District's general fund budget.

(i) *Available Funds*. The District has funds available for the payment of Lease Payments due during the current Fiscal Year, and reasonably believes that sufficient funds can be obtained to make all Lease Payments and payments of other amounts required to be paid hereunder.

(k) *Prevailing Wage Requirement*. To the extent any construction is required for the QZAB Program, the District shall ensure, through its bid and construction documents, that the work is performed in compliance with prevailing wage requirements contained in Subchapter IV of Chapter 31 of Title 40, United States Code (the "Davis-Bacon Act").

(h) *Allocations of State QZAB Limitation*. The District has received allocations of qualified zone academy bond authority awarded to the District on _____, 2014 in the total amount of $5,000,000 from the Division Director of the School Facilities Planning Division of the State Superintendent of Public Instruction, included in the transcript for this Lease.

(i) *Public Bidding Requirements.* The District has complied with such public bidding requirements as may be applicable to this Lease and the acquisition by District of the Equipment.

(j) *Use of Equipment.* During the Term of this Lease, the Equipment will be used by District only for the purpose of performing essential governmental or proprietary functions of District consistent with the permissible scope of District's authority. District has an immediate need for the Equipment and expects to make immediate use of the Equipment. District's need for the Equipment is not temporary

and District does not expect the need for any item of the Equipment to diminish during the Term of this Lease.

(k) *Fee Owner.* The District is the fee owner of all of the real estate where the Equipment is and will be located and has good and marketable title thereto, and there exists no mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on or with respect to such real estate.

(l) *Further Assurances.* The District will, at its expense, maintain its legal existence and do any further act and execute, acknowledge, deliver, file, register and record any further documents Corporation may reasonably request in order to protect Corporation's first priority security interest in the Program Fund Agreement, the QZAB Program Fund and the Costs of Issuance Account and the Corporation's rights and benefits under the Site Lease, this Lease and the Program Fund Agreement.

*Section 2.2. Covenants, Representations and Warranties of the Corpor*ation. The Corporation makes the following covenants, representations and warranties to the District as of the date of the execution and delivery of this Lease:

(a) *Due Organization and Existence*. The Corporation is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into the Site Lease, this Lease and the Assignment Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery of the Site Lease, this Lease, the Program Fund Agreement and the Assignment Agreement.

(b) *Due Execution*. The representatives of the Corporation executing the Site Lease, this Lease, the Program Fund Agreement and the Assignment Agreement are fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.

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

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

upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease, this Lease, the Program Fund Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the Corporation of the Site Lease, this Lease, the Program Fund Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect, or except as would not materially adversely affect the transactions contemplated hereby.

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

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS

Section 3.1. Deposit of and Application of Funds. As provided in the Assignment Agreement, the proceeds therefrom in the amount of $_____ will be deposited with the Program Fund Custodian on the Closing Date and applied as follows: (a) $_____ will be deposited into the Costs of Issuance Account and held, administered and applied to pay Costs of Issuance on behalf of the District as provided in the Program Fund Agreement; and (b) $_____ will be deposited into the QZAB Program Fund and held, administered and invested for the purpose of financing the QZAB Program as provided herein and in the Program Fund Agreement.

Section 3.2. Appointment of District as Agent of Corporation. The Corporation hereby appoints the District as its agent to carry out all phases of the QZAB Program under and in accordance with the provisions hereof. The District hereby accepts its appointment as agent of the Corporation and assumes all rights, liabilities, duties and responsibilities of the Corporation regarding the QZAB Program. The District, as agent of the Corporation hereunder, will enter into, administer and enforce all purchase orders, energy services contracts or other contracts relating to the QZAB Program. The District will requisition the payment of Program Costs from amounts held by the Program Fund Custodian in the QZAB Program Fund, pursuant to and in accordance with the Program Fund Agreement. All contracts for, and all work relating to, the QZAB Program are subject to all applicable provisions of law relating to the acquisition, installation, improvement, and equipping of like facilities, equipment and property by the District.

Section 3.3. Acquisition, Equipping and Installation of the QZAB Program; Payment of Program Costs from QZAB Program Fund.

(a) As agent of the Corporation, the District hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, equipping and installation of the QZAB Program in accordance with the plans and specifications, purchase orders, acquisition and installation contracts, energy services contracts and other documents relating thereto and approved by the District under all applicable requirements of law.

(b) In order to ensure that moneys sufficient to pay the Program Costs will be available when required, the Corporation shall deposit the sum of $_____ in a special account (the "QZAB Program Fund") to be established by the Program Fund Custodian as custodian for the benefit of the District. The Program Fund Custodian shall disburse moneys in the QZAB Program Fund from time to time to pay the Program Costs (or to reimburse the District for payment of Program Costs) upon delivery to the Program Fund Custodian of written disbursement requests from the District, each of which conforms to the requirements of the Program Fund Agreement and is substantially the form set forth as Schedule 1 to the Program Fund Agreement.

Notwithstanding anything in this Article III to the contrary, the District shall assure that amounts in the QZAB Program Fund are expended solely in accordance with the requirements of Section 7.7 relating to the observance of all requirements applicable to qualified zone academy bonds under Section 54E of the Tax Code.

(c) The District shall deliver to the Assignee original invoices (and proof of payment of such invoices) and bills of sale (if title to such Equipment has passed to the District) relating to each item of Equipment accepted by District.

Section 3.4. Payment of Costs of Issuance from Costs of Issuance Account. The Corporation shall deposit the sum of $_____ in a special account (the "Costs of Issuance Account") to be established by the Program Fund Custodian as custodian for the benefit of the District. Subject to Section 7.7(k) hereof, the Program Fund Custodian shall disburse moneys in Costs of Issuance Account from time to time to pay the Costs of Issuance upon delivery to the Program Fund Custodian of written disbursement requests from the District, each of which conforms to the requirements of the Program Fund Agreement and is in substantially the form set forth as Schedule 2 to the Program Fund Agreement.

ARTICLE IV

LEASE OF LEASED PROPERTY; QZAB PROGRAM FUND AND COSTS OF ISSUANCE ACCOUNT; LEASE PAYMENTS

Section 4.1. Lease of Leased Property by Corporation to District. For and in consideration of the application by the Corporation of funds in accordance with Section 3.1, the District has leased the Leased Property to the Corporation under the Site Lease. For and in consideration of the Lease Payments to be made by the District hereunder, the Corporation hereby leases the Leased Property to the District and the District hereby leases the Leased Property from the Corporation, pursuant to this Lease, upon the terms and provisions hereof.

Section 4.2. QZAB Program Fund and Costs of Issuance Account. As additional security for the payment and performance of all of District's obligations hereunder, the District hereby grants to Corporation a first priority security interest constituting a first lien on (a) moneys and investments held from time to time in the QZAB Program Fund and the Costs of Issuance Account and (b) any and all proceeds of any of the foregoing. District authorizes Corporation to file (and District agrees to execute, if applicable) such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Corporation, which Corporation deems necessary or appropriate to establish and maintain Corporation's security interest in the QZAB Program Fund, the Costs of Issuance Account and the proceeds thereof, including such financing statements with respect to personal property and fixtures under Article 9 of the California Commercial Code and treating such Article 9 as applicable to entities such as District.

Section 4.3. Term. The Term of this Lease commences on the Closing Date and ends on the date on which all of the Lease Payments have been paid in full. In the event the obligation of the District to pay Lease Payments is abated for any period under Section 6.3 or 6.4, the term

of this Lease shall extend until such time as all Lease Payments set forth on Appendix C hereto have been paid in full, provided that the term of this Lease shall not extend more than ten years following the last Lease Payment Date shown on Appendix C; and provided further, however, that in no event shall any such extension result in the Lease Term exceeding the maximum term established by the Secretary of the Treasury that is applicable to this Lease.

Section 4.4. Lease Payments.

(a) *Obligation to Pay*. Subject to the provisions of Section 6.3 and the provisions of Article IX, the District agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Appendix C attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Appendix C. The Lease Payments payable in any Rental Period with respect to the Leased Property shall be for the use of the Leased Property during such Rental Period. The interest components of the Lease Payments have been calculated based on an interest rate of ___% per annum, on the basis of a 360-day year of twelve 30-day months. The District's obligation to pay Lease Payments in accordance with this Section 4.4(a), subject to the provisions of Section 6.3, shall be absolute and unconditional in all events without diminution, deduction, set-off or defense for any reason, including (without limitation) (i) any failure or lack of completion of all or part of the QZAB Program, (ii) any dispute with any vendor or other entity with respect to all or part of the QZAB Program, (iii) the failure or inability (for whatever reason) of the District to receive revenues resulting from sales of electricity or thermal energy from any part of the QZAB Program, (iv) any failure of below-market energy purchases or other benefits provided by the QZAB Program to make-up the difference between the fair rental value for the Leased Property and the Lease Payments or (v) any failure of the QZAB Program to provide electrical energy or conservation services that are less than the anticipated marginal cost to the District of thermal, electrical, or other energy that would have been consumed by the District in the absence of the Lease and/or the QZAB Program.

(b) *Effect of Prepayment*. If the District prepays all Lease Payments in full under Section 9.2 or 9.3, the District's obligations under this Section will thereupon cease and terminate. If the District prepays the Lease Payments in part but not in whole under Section 9.2, the related Lease Payments will be reduced in inverse order of maturity and due date, or if the Lease Payments are abated in part under Sections 6.2 or 6.3, the remaining Lease Payments will be reduced, in inverse order of maturity and due dates. In that event, the County will cause a revised schedule of Lease Payments to be prepared and will file such revised schedule with the Corporation and the Assignee.

(c) *Rate on Overdue Payments*. If the District fails to make any of the payments required in this Section 4.4, the payment in default will continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment, at the rate of ____% per annum.

(d) *Fair Rental Value*. The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and will be paid by the District in each Rental Period for and in consideration of the right of the use and occupancy, and the continued quiet use and enjoyment, of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments are not in excess of the fair rental value of the Leased Property. In making this determination, consideration has been given to the estimated fair market value of the Leased Property, the replacement costs of the Leased Property, the costs of financing the deposit required to be made under Section 3.1, other obligations of the District and the Corporation under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the District and the general public.

(e) *Source of Payments; Budget and Appropriation*. The Lease Payments are payable from any source of legally available funds of the District, subject to the provisions of Sections 6.3, 6.4 and 9.1. The District covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the District herein contained constitute duties imposed by law and it is the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the District.

Section 4.5. Loss of Qualified Zone Academy Bond Status. If the Assignee or any owner or holder of all or part of this Lease (the "Holder") either: (i) receives notice, in any form, from the Internal Revenue Service ("IRS") that due to a final determination of the IRS or a court of competent jurisdiction (after the District has exhausted all administrative appeal remedies), or (ii) reasonably determines, based on an opinion of an independent tax counsel selected by such Holder and approved by the District (which approval the District shall not unreasonably withhold), in either case, that this Lease Agreement is not a "qualified zone academy bond" as defined in section 54E of the Tax Code (each such case is referred to herein as a "Loss of Qualified Zone Academy Status"), then the District shall pay to the Holder, within thirty (30) days after the Holder notifies the District of such determination or opinion, the amount which, taking into account all penalties, fines, interest and additions to tax that are imposed on the Holder as a result of the loss of "qualified zone academy bond" status for this Lease Agreement owned by such Holder, will restore to the Holder the same after-tax yield on this Lease Agreement that the Holder would have realized from the date of execution and delivery of this Lease Agreement to the date of such determination, had the loss of "qualified zone academy bond" status or prepayment or deemed prepayment not occurred. In addition, the District agrees that upon the occurrence of such an event, it will pay an additional amount, on each Credit Allowance Date occurring after the date on which the first additional payment was made by District pursuant to the preceding sentence, as will maintain such after-tax yield to the Holder through the Term of this Lease as long the Holder holds all or a portion of the Lease. Such Holder shall provide the District a certificate setting forth the calculation made by it to determine the amount of such additional payments. In the event that the District makes any payment to an Holder pursuant to this Section 4.5, and it is subsequently determined, pursuant

to a final, conclusive and non-appealable decision of the IRS or a court of competent jurisdiction that this Lease Agreement constitutes a qualified zone academy bond, the District shall be entitled to reimbursement for all amounts so paid to such Holder under this Section 4.5.

Section 4.6. Quiet Enjoyment. Throughout the Term of this Lease, the Corporation will provide the District with quiet use and enjoyment of the Leased Property and the District will peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease. The Corporation will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation has the right to inspect the Leased Property as provided in Section 7.2.

Section 4.7. Title. At all times during the Term of this Lease, the Corporation shall hold leasehold title to the Leased Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

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

Section 4.8. Substitution of Property. With the prior written consent of the Assignee, in its sole and absolute discretion, the District may substitute other land, facilities or improvements (the "Substitute Property") for the Leased Property or any portion thereof (the "Former Property"), provided that the District has satisfied all of the following requirements, which are hereby declared to be conditions precedent to such substitution:

(a) The District has certified to the Corporation and the Assignee that no Event of Default has occurred and is continuing.

(b) The District has filed with the Corporation and the Assignee, and caused to be recorded in the Office of the Alameda County Recorder, sufficient memorialization of an amended Appendix B to this Lease which adds thereto a description of such Substitute Property and deletes therefrom the description of such Former Property.

(c) The District has obtained a CLTA policy of title insurance insuring the District's leasehold estate hereunder in the Substitute Property, in an amount at least equal to the aggregate unpaid principal components of the Lease Payments and naming the Assignee as an additional insured.

(d) The District has certified in writing to the Corporation and the Assignee that such Substitute Property is essential to the District's efficient and economic operation, serves an essential governmental function of the District and constitutes property which the District is permitted to lease under the laws of the State of California.

(e) The Substitute Property does not cause the District to violate any of its covenants, representations and warranties made herein. No event giving rise to an abatement of Lease Payments has occurred or is continuing with respect to the Substitute Property.

(f) The District has certified in writing to the Corporation and the Assignee that the estimated value and the estimated fair rental value of the Substitute Property are at least equal to the estimated value and the estimated fair rental value, respectively, of the Former Property as of the date hereof, and that the useful life of the Substitute Property extends to or beyond May 16, 20__. If requested by the Assignee, the District has delivered to the Assignee valuations prepared or confirmed by an independent third party, which might include, without limitation, an appraisal or a valuation by an insurance company.

(g) The District has delivered to the Assignee an environmental survey or surveys with respect to the Substitute Property, and other documents that the Assignee may reasonably require; provided, however, that if the environmental studies have recommended that remedial action be taken with respect to the Substitute Property so that it will be in compliance with Applicable Environmental Laws, the Corporation, at the direction of the Assignee, does not have an obligation or duty to accept the Substitute Property as Leased Property until such time as the remedial action has been completed and the Assignee has received assurances to its satisfaction that the Substitute Property is in compliance with Applicable Environmental Laws.

(h) The Assignee has received an opinion of Bond Counsel satisfactory to the Assignee that the substitution of the Leased Property will not constitute reissuance of the Lease or any Lease Payments for federal tax purposes or adversely affect the status of the Lease as a "qualified zone academy bond" or adversely affect any Tax Credits claimed or to be claimed by a Holder.

If at any time the Facilities are damaged or destroyed by earthquake or other uninsured casualty for which rental interruption insurance is not available, or if the use by the District of the Leased Property is unavailable due to Applicable Environmental Laws or the presence of a Hazardous Substance and rental interruption insurance is not available, the District shall, promptly after the occurrence of such event, substitute property for the Facilities under this Section 4.8; provided, however, that nothing in this paragraph shall supersede the provisions of Article VI.

Upon written consent of the Assignee and the satisfaction of all conditions precedent to any substitution under this Section 4.8, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property. The Corporation and the District

shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Former Property.

If for any reason the District is unable to so substitute real property for the Leased Property with an estimated value and an estimated fair rental value at least equal to the remaining Lease Payments hereunder, the District shall use its best efforts to obtain other financing in an amount necessary to prepay the principal component of the Lease Payments not supported by the fair rental value of the substituted property, if any.

In the event the District is unable to implement the actions described above in this Section 4.8, the District and the Corporation hereby agree that the obligations evidenced by this Lease shall be the senior encumbrance on the Leased Property and any future encumbrance, including without limitation any lease, mortgage, deed of trust or security interest, shall be subordinate to this Lease and there shall be no payments in any Rental Period on the obligations evidenced or secured thereby until all of the scheduled Lease Payments set forth on Appendix C hereto for such Rental Period have been paid in full.

Section 4.9. Release of Property. With the prior written consent of the Assignee, in its sole and absolute discretion, the District may release any portion of the Leased Property from this Lease (the "Released Property") provided that the District has satisfied all of the following requirements, which are hereby declared to be conditions precedent to such release:

(a) The District has certified to the Corporation and the Assignee that no Event of Default has occurred and is continuing.

(b) The District has filed with the Corporation and the Assignee, and caused to be recorded in the Office of the Alameda County Recorder, sufficient memorialization of an amendment hereof which removes the Released Property from this Lease.

(c) The District has certified in writing to the Corporation and the Assignee that the value of the property which remains subject to this Lease following such release is at least equal to the aggregate unpaid principal components of the Lease Payments, and the fair rental value of the property which remains subject to this Lease following such release is at least equal to the Lease Payments thereafter coming due and payable hereunder. If requested by the Assignee, the District has delivered to the Assignee valuations prepared or confirmed by an independent third party, which might include, without limitation, an appraisal or a valuation by an insurance company.

(d) The Assignee has received an opinion of Bond Counsel satisfactory to the Assignee that the release of the Leased Property will not constitute reissuance of the Lease or any Lease Payments for federal tax purposes or adversely affect the status of the Lease as a "qualified zone academy bond" or adversely affect any Tax Credits claimed or to be claimed by a Holder.

Upon written consent of the Assignee and the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease

Payments whatsoever as a result of such release. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Released Property.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

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

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

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

Section 5.2. Modification of Leased Property. The District has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The District will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or

replacements made by the District under this Section; provided that if any such lien is established and the District first notifies the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

The District shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of the Corporation.

Section 5.3. Public Liability Insurance. The District shall maintain or cause to be maintained throughout the Term of this Lease a standard comprehensive general insurance policy or policies in protection of the District, the Corporation 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 Leased Property. Such policy or policies must provide coverage of at least $1,000,000 per occurrence, $3,000,000 in aggregate and $5,000,000 excess liability and may be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.4. Casualty Insurance; Flood Coverage.

(a) *Requirement to Maintain Casualty Insurance*. The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, including earthquake coverage if such coverage is available at commercially reasonable cost from a reputable insurer in the reasonable determination of the District. Such insurance shall be in an amount at least equal to the greater of (i) the replacement value of the insured Facilities, or (ii) the aggregate unpaid principal components of the Lease Payments, and may be subject to such deductibles as the District deems adequate and prudent. The District shall set aside in a segregated account funds sufficient to cover such deductibles. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the

participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the Net Proceeds of such insurance as provided in Article VI.

(b) *Flood Insurance*. If at any time and for so long as the Leased Property is located in a 100 year flood area as shown on a Flood Insurance Rate Map published by the Federal Emergency Management Agency, the policy or policies of casualty insurance provided under this Section 5.4 shall include insurance against loss or damage to the Facilities due to flooding. If the District obtains an exception or waiver to the designation of the Facilities as being within a 100 year flood area from the Federal Emergency Management Agency, the District shall not be required to provide flood insurance as set forth in this subsection (b).

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

(d) *Self-Insurance*. As an alternative to providing the insurance required by this Section, the District may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection (i) affords reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the District, and (ii) has been approved in writing by the Assignee. Before such other method or plan may be provided by the District, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Lease, there shall be filed with the Corporation and the Assignee a certificate of an actuary, insurance consultant or other qualified person (who may be an employee of the District), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against and is sufficiently funded to afford such coverage. There shall also be filed a certificate of the District setting forth the details of such substitute method or plan. In the event of loss covered by any such self insurance method, the liability of the District hereunder shall be limited to the amounts in the self insurance reserve fund or funds created under such method.

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

maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. Such rental interruption or use and occupancy insurance shall not be self-insured and the District acknowledges that this requirement may limit its ability to self insure under Section 5.4. The District will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6. Worker's Compensation Insurance. If required by applicable California law, the District shall carry worker's compensation insurance covering all employees on, in, near or about the Leased Property and, upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease.

Section 5.7. Recordation Hereof; Title Insurance. On or before the Closing Date, the District shall, at its expense, (a) cause the Assignment Agreement, the Site Lease and this Lease, or a memorandum hereof or thereof, to be recorded in the office of the Alameda County Recorder with respect to the Leased Property, and (b) obtain a CLTA title insurance policy (CLTA Standard Coverage Policy–1990) insuring the Corporation's interests in the estate established under the Site Lease in the Leased Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Lease Payments. The District shall apply the Net Proceeds received under such title insurance policy to prepay Lease Payments under Section 9.3(a).

Section 5.8. Form of Policies. All insurance policies (or riders) required by this Article V shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of California, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 shall name the District and the Assignee as additional insured and loss payee and shall include a lender's loss payable endorsement for the benefit of the Assignee. Prior to the Closing Date, the District will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the District will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the District shall notify the Assignee of such fact.

Section 5.9. Installation of District's Personal Property. The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the District, in which the Corporation has no interest, and may be modified or removed by the District at any time. The District must repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the District from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the

purchase price thereof, provided that no such lien or security interest may attach to any part of the Leased Property.

Section 5.10. Liens. The District will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for Permitted Encumbrances. Except as expressly provided in this Article V, the District will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District will reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

The District covenants and agrees that in the event any issue, claim or dispute arises with respect to access, zoning, subdivision, boundaries or other matters relating to title of the Lease Property, including, without limitation, any exception disclosed in the title insurance policy required by Section 5.7 hereof (each defined as a "Property Dispute"), the District will take all steps necessary to promptly quiet and eliminate such Property Dispute and/or provide the Corporation with adequate access to the Leased Property and ensure its fee interest is and remains free and clear of Property Disputes.

Section 5.11. Advances. If the District fails to perform any of its obligations under this Article V, the Corporation may take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.4(c).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF PROCEEDS; ABATEMENT OF LEASE PAYMENTS

Section 6.1. Deposit of Net Proceeds. The Net Proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings, and the Net Proceeds of any policy of insurance maintained under Section 5.4, shall be paid to the District or the Corporation to be applied as hereinafter set forth in Section 6.2.

Section 6.2. Application of Net Proceeds. If the Leased Property is taken in eminent domain proceedings at any time during the Term of this Lease, or if the Leased Property is damaged due to an insured casualty which is covered by a policy of insurance or a program of self insurance maintained under Section 5.4, the District shall as soon as practicable after such event, with the prior written consent of the Assignee, apply the Net Proceeds resulting therefrom to one of the following:

(a) repair the Leased Property to full use;

(b) replace the Leased Property, at the District's sole cost and expense, with property of equal or greater value to the Leased Property immediately prior to the time of such destruction or damage, such replacement Leased Property to be subject to the Assignee's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement;

(c) substitute additional property as provided in Section 4.8; or

(d) prepay the Lease Payments in accordance with Section 9.3(a).

The District will notify the Corporation and the Assignee of which course of action it has elected to take within a reasonable time not to exceed 60 days after the occurrence of such eminent domain proceedings or such destruction or damage. Such repair, replacement, substitution or prepayment shall commence not later than 60 days after the occurrence of such taking, destruction or damage and be pursued diligently to completion. The Corporation may (but is not required to) in its own name or in the District's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy, and the District hereby grants to the Corporation a power of attorney coupled with an interest to accomplish all or any of the foregoing.

Section 6.3. Abatement Due to Damage or Destruction. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is provided for in Section 6.4) there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease will continue in full force and effect and the District waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the extent that rental interruption insurance proceeds are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such amounts constitute special funds for the payment of the Lease Payments.

Section 6.4. Termination or Abatement Due to Eminent Domain. If all the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease will cease with respect thereto as of the day possession is so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) this Lease will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto based upon whether such event has occurred with respect to the Leased Property, in an amount to be determined by the District

such that the resulting "Lease Payments" represent fair consideration for the use and occupancy of the remaining usable portions of the affected Leased Property.

ARTICLE VII

OTHER COVENANTS OF THE DISTRICT

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN AND THAT THE DISTRICT LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event is the Corporation liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the District.

Section 7.2. Access to the Leased Property. The District agrees that the Corporation, and the Corporation's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the District, to enter upon and to examine and inspect the Leased Property or any part thereof. The District further agrees that the Corporation, and the Corporation's successors or assigns, shall have such rights of access to the Leased Property or any component thereof, following at least 48 hours written notice provided to the District, as may be reasonably necessary to cause the proper maintenance of the Leased Property if the District fails to perform its obligations hereunder. Neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

Section 7.3. Release and Indemnification Covenants. The District hereby agrees to indemnify the Corporation, the Assignee and their respective directors, officers, employees, agents, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the District, (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Leased Property, (e) the acquisition, installation, improvement and equipping of the Leased Property, (f) the use, presence, storage, disposal or clean-up of any Hazardous Substances or toxic wastes on the Leased Property or (g) the failure to comply with any Applicable Environmental Laws. No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or gross negligence under this Lease by the Corporation, the Assignee or their respective officers, agents, employees, successors or assigns.

Section 7.4. Assignment by the Corporation. The Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments to be made by the District hereunder, have been assigned to the Assignee under the Assignment Agreement. The District hereby consents to such assignment. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Assignee all payments payable by the District under Section 4.4 and all amounts payable by the District under Article IX. Whenever in this Lease any reference is made to the Corporation and such reference concerns rights which the Corporation has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

The Corporation and the Assignee may make additional assignments of their interests herein, but no such assignment will be effective as against the District unless and until the Corporation or the Assignee has filed with the District written notice thereof. The District shall pay all Lease Payments hereunder under the written direction of the Corporation or the assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Lease, the District will keep a complete and accurate record of all such notices of assignment.

Any such assignment pursuant to this Section may be in connection with the creation of fractional interests with institutional investors in the Assignee's right, title and interest herein so long as such assignment complies with applicable State law; provided that the District shall not be required to make Lease Payments, to send notices or to otherwise deal with respect to matters arising under this Lease with or to more than one individual or entity and any trust agreement, participation agreement or custodial agreement under which multiple ownership interests in this Lease are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single trustee, owner, servicer or other fiduciary or agent to act on their behalf with respect to the rights and interests of the Assignee under this Lease, including with respect to the exercise of rights and remedies of the Assignee on behalf of such owners upon the occurrence of an Event of Default hereunder.

Section 7.5. Assignment and Subleasing by the District. This Lease may not be assigned by the District. With the prior written consent of the Assignee, the District may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

(a) This Lease and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District.

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

(c) Any sublease shall be expressly subject and subordinate to this Lease.

(d) No such sublease by the District may cause the Leased Property to be used for a purpose other than an essential government function and as may be authorized under the provisions of the laws of the State of California.

(e) The Assignee shall receive an opinion of Bond Counsel satisfactory to the Assignee that such sublease by the District will not constitute reissuance of the Lease or any Lease Payments for federal tax purposes or adversely affect the status of the Lease as a "qualified zone academy bond" or adversely affect any Tax Credits claimed or to be claimed by a Holder.

Section 7.6. Amendment Hereof. This Lease may only be amended with the prior written consent of the Assignee. Prior to the effective date of any such amendment, and as a condition precedent to the effectiveness thereof, the District at its expense shall obtain an opinion of Bond Counsel stating that (a) such amendment will not adversely affect the status of the Lease as a "qualified zone academy bond" under Section 54E of the Tax Code or adversely affect any Tax Credits claimed or to be claimed by a Holder and (b) such amendment shall not trigger a reissuance of the Lease or any Lease Payments for federal tax purposes..

SECTION 7.7. *Qualified Zone Academy Bond Covenants.* At all times during the Term of this Lease, the District shall comply with the requirements of this Section 7.7 for the purpose of assuring the status of this Lease constitutes a "qualified zone academy bond" under and as defined in Sections 54E of the Tax Code.

(a) Qualified Purpose Requirement, Qualified Zone Academy. The District shall assure that 100% of the Available Program Proceeds of this Lease will be used for a "qualified purpose" within the meaning of section 54E(d)(3) of the Tax Code ("Qualified Purpose") and will be spent with respect to a "qualified zone academy" within the meaning of section 54E(d)(1) of the Tax Code, and the District hereby designates this Lease as qualified zone academy bonds for purposes of section 54E(a)(3)(A) of the Tax Code.

(b) Three Year Expenditure of Proceeds on the QZAB Program. The District reasonably expects to expend 100 percent of the proceeds of the Lease on the QZAB Program within 3 years of the Closing Date (the "3-Year Period"). To the extent that less than 100% of the Available Program Proceeds of the Lease are expended for a Qualified Purpose by the end of Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Tax Code) shall be redeemed within 90 days of the end of said Available Program Proceeds Expenditure Period, all in accordance with the requirements of Section 54A(d)(2) of the Tax Code in the time and manner prescribed by the Tax Code.

(c) Qualified Zone Academy. The District certifies that it is an eligible local education agency within the meaning of section 54E(d)(2) of the Tax Code and section 9101 of the Elementary and Secondary Education Act of 1965, and that the District established and operates the San Leandro Unified School District Qualified Zone Academy (collectively, the "School"), being the schools with respect to which the proceeds of the Lease will be spent, and intends that said School qualify as a qualified zone academy. The District also certifies with respect to the School that (i) the School is a public school (or an academic program within a public school), (ii) the School provides education or training below the post secondary level, (iii) students in the School (or the

academic program in the School) will be subject to the same academic standards and assessments as other students educated by the eligible local education agency, (iv) the District has approved the comprehensive education plan of the School, (v) the School is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce, and (vi) the school is located in an empowerment zone or enterprise community (within the meaning of section 54E(d)(1)(D)(i) of the Tax Code), or the District reasonably expects as of the Closing Date of the Lease, that at least 35% of the students attending the School or participating in the academic program will be eligible for free or reduced-cost lunches under the school program established under the National School Lunch Act. The School is located within the jurisdiction of the District.

(d) Allocation of State QZAB Limitation. The District has received allocations of qualified zone academy bond authority on _____, 2014 in the total amount of $5,000,000 from the Division Director of the School Facilities Planning Division of the State Superintendent of Public Instruction, included in the transcript for this Lease.

(e) Private Contribution Requirement. The District certifies that it has received written commitments from "private entities" (within the meaning of Section 1.1397E-1(c)(2) of the Treasury Regulations) to make Qualified Contributions with respect to the School within the meaning of section 54E(d)(4) of the Tax Code and that the present value of said contributions (using the credit rate as the discount rate) is no less than 10 percent of the sale proceeds of this Lease.

(f) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of this Lease which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date of the Lease would have caused the Lease to be "arbitrage bonds" within the meaning of section 148 of the Tax Code as modified by Section 54A(d)(4) of the Tax Code, including the Treasury Regulations with respect thereto.

(g) Acquisition, Disposition and Valuation of Investments.

(i) Except as otherwise provided in subsection (ii) of this Section, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Program Fund Agreement, or otherwise containing gross proceeds of the Lease (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value.

(ii) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at their present value (within the meaning of section 148 of the Tax Code).

(h) Rebate Requirement. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Tax 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 Lease.

(i) Binding Commitment to Spend Available Program Proceeds. The District will, within 6 months of the date of this Lease, enter into a substantial binding obligation to a third party to spend at least 10% of the Available Program Proceeds for a Qualified Purpose with respect to the QZAB Program.

(j) Financing Capital Expenditures, No Working Capital. All Available Program Proceeds of the Lease will be spent on capital expenditures with a reasonably expected economic life of one year or more.

(k) Limitation on Costs of Issuance. No proceeds of this Lease and investment earnings thereon, in an amount in excess of 2% of the proceeds of the sale of this Lease, will be used to pay Costs of Issuance. If the fees of the Assignee, as original purchaser of the Lease, are retained as a discount on the purchase of this Lease, such retention shall be deemed to be an expenditure of proceeds of this Lease for said fees and such fees are deemed to be Costs of Issuance.

(l) Prohibition on Financial Conflicts of Interest. The District hereby covenants and agrees to comply with all State and local law requirements governing conflicts of interest as such requirements may relate, directly or indirectly, to this Lease. The District hereby covenants and agrees to comply with any conflict of interest rules prescribed by the IRS or United States Department of Treasury governing the appropriate member of Congress, Federal, State, and local officials, and their spouses as such rules may apply to this Lease.

(m) Davis-Bacon Act Requirements. The District hereby covenants and agrees to comply with the requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the QZAB Program and the Equipment.

(n) Maintenance of Qualification for Tax Credit. The District shall take all actions necessary to assure that the Lease remains a "qualified zone academy bond" which is eligible for the tax credit under Sections 54A(a) and 54E(a) of the Tax Code.

(o) I.R.S. Form 8038-TC. The District covenants and represents that the information contained in the *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds,* Form 8038-TC relating to this Lease is true and complete. The District will file Form 8038-TC (and all other required information reporting forms) in a timely manner.

(p) I.R.S. Form 1097- BTC. The District understands that it is required to timely file an annual Form 1097- BTC, Bond Tax Credit, and a Form 1096, Annual Summary and Transmittal of U.S. Information Returns, for the Lease with the Internal

Revenue Service. The District also understands that it must furnish a statement to each person who is allowed a tax credit as holder of the Lease or an interest therein on a quarterly basis for the calendar quarter for which a credit was allowed. Such forms and filing requirements are subject to change at any time and the District acknowledges that it is the District's responsibility to keep abreast of developments in this area.

Section 7.8. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances*. The District will comply with all Applicable Environmental Laws with respect to the Leased Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Leased Property.

(b) In connection with its covenants provided in this Section 7.8, the District shall specifically comply with all requirements of the Asbestos Hazard Emergency Response Act (referred to as "AHERA" and constituting an Applicable Environmental Law), including developing, maintaining and updating an Asbestos Management Plan (as hereafter defined) and keeping a copy at the Leased Property; and performing re-inspections of Asbestos Containing Materials (as hereafter defined) at the Leased Property every three years. The District shall maintain all Asbestos Containing Materials in an intact and undamaged state and perform any demolition, renovation or other activities in accordance with all Applicable Environmental Laws. As used herein, (i) the term "Asbestos Containing Materials" means material in friable form containing more than one percent (1%) of the asbestiform varieties of chrysotile (serpentine), crocidolite (ricbeckite), amosite (cummington-itegrinerite), anthophyllite, tremolite and antinolite; and (ii) the term "Asbestos Management Plan" means that written plan for the Leased Property relating to monitoring and maintaining all Asbestos Containing Materials used or located on the Leased Property in accordance with the Asbestos Hazard Emergency Response Act (AHERA).

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

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

(e) The District hereby represents and warrants that the information contained in the Environmental Questionnaire that the District delivered to the Assignee on _____, 2014 is true, complete and accurate as of the Closing Date as if delivered on such Date.

Section 7.9. Financial Statements; Budgets. Within 270 days following the end of each Fiscal Year of the District during the Term of this Lease, the District shall provide the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include a balance sheet, a statement of revenues, expenses and changes in fund balances for budget and actual, a statement of cash flows, notes, schedules and any attachments to the financial statements and such other financial information as the Assignee shall reasonably request. Upon Assignee's request, the District will provide the Assignee with a copy of its annual budget and any interim updates or modifications to such budget.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

(a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein or to maintain insurance as specified in Article V.

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

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

(d) Any representation, warranty or certification made by the District hereunder or in connection herewith shall have been incorrect or misleading when made.

(e) Any default occurs under any other agreement for borrowing money or receiving credit under which the District may be obligated as borrower, if such default consists of (i) the failure to pay any amount when due under such agreement or (ii) the failure to perform any other obligation thereunder and such failure gives the holder of such agreement the right to accelerate the amounts payable thereunder.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under this Lease; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and

every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; provided, that no termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination*. If the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained, and the Corporation may take whatever action at law or in equity that may appear necessary or desirable to collect each Lease Payment as it becomes due hereunder. The District shall reimburse the Corporation for any deficiency arising out of the re leasing of the Leased Property, or, if the Corporation is unable to re lease or sell the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, 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 Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation. The District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place located in the County of Alameda for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re lease the Leased Property in the event of such re entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re leasing is made or the terms and conditions of such re leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The District agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling the Leased Property to be re let under this paragraph, and the District agrees that any rental obtained by the Corporation in excess of the Lease Payments can be applied as compensation to the Corporation for its services in re-leasing the Leased Property.

(b) *Termination of Lease*. If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease and re-lease all or any

portion of the Leased Property. If the Corporation terminates this Lease at its option and in the manner hereinafter provided due to a default by the District (and notwithstanding any re entry upon the Leased Property by the Corporation in any manner whatsoever or the re leasing of the Leased Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re leasing shall be applied by the Corporation to Lease Payments due under this Lease. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease. The District covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

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

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

(e) *Application of QZAB Program Fund*. If an Event of Default occurs and continues hereunder, at the request of the Assignee, the District shall cause the Program Fund Custodian to transfer all amounts in the QZAB Program Fund to be used to pay the next Lease Payment coming due.

(f) *Mandamus*. By action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, obtain the issuance of a writ of mandamus enforcing, for each fiscal year seriatim during the entire balance of the remaining Term of this Lease, subject to Section 6.3, the duty of the District to appropriate and take all other administrative steps necessary for the payment of Lease Payments and other amounts due hereunder.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it

in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

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

Section 8.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

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

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Lease, after delivering to the Assignee an opinion of Bond Counsel satisfactory to the Assignee that the deposit and the deemed payment by the District in this Section 9.1 will not constitute reissuance of the Lease or any Lease Payments for federal tax purposes or adversely affect the status of the Lease as a "qualified zone academy bond" or adversely affect any Tax Credits claimed or to be claimed by a Holder, the District may on any date secure the payment of the Lease Payments in whole or in part by depositing with a trustee, escrow agent or other fiduciary selected by the District and acceptable to the Assignee an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Assignee, which cash so held is either (a) sufficient to pay such Lease Payments without reinvestment, including the principal and interest components thereof, in accordance with the Schedule of Lease Payments set forth in Appendix C, or (b) invested in whole or in part in non callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Assignee and addressed and delivered to the Assignee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient, without reinvestment of any earning or income on such amounts, to pay such Lease Payments, when due under Section 4.4 or when due on any optional prepayment date under Section 9.2(a) as the District instructs at the time of said deposit. If the District delivers the opinion of Bond Counsel described in the preceding sentence and posts a security deposit under this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 4.3, (a) the Term of this Lease will continue, (b) all obligations of the District under this Lease, and all security provided by this Lease for said obligations, will thereupon cease and terminate, excepting only the obligation of the District to make, or cause to be made, all of the Lease Payments from such security deposit and its obligation provided in the next succeeding paragraph, and (c) the Corporation's leasehold interest in the Leased Property will terminate on the date of said deposit automatically and without further action by the District or the Corporation. The District hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Assignee. 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.

Notwithstanding anything in this Section 9.1 or otherwise in this Lease to the contrary, if the amount held in such security deposit shall at any time be insufficient (for whatever reason) to pay Lease Payments when due in full as provided in clause (a) or (b), as applicable, of the first paragraph of this Section 9.1, the District shall immediately pay to the Assignee on the applicable due date or due dates the amount of any such shortfall from funds legally available for such purpose.

Section 9.2. Optional Prepayment.

(a) The District may prepay the unpaid principal components of the Lease Payments in whole, but not in part, on any Lease Payment Date on or after _____, 2015, by paying a

prepayment price equal to (i) 103% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or after _____, 2015 and on or before _____, 2021, (ii) 102% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or after _____, 2022 and on or before _____, 2025, and (iii) 101% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or after _____, 2026, plus in each case accrued interest on such prepaid principal components to the prepayment date.

(b) The Lease Payments are subject to prepayment in whole at the option of the District, on the first business day following a Credit Allowance Date within 180 days of a Loss of Qualified Zone Academy Status, which date shall be identified by the District in a written notice delivered to the owners of the Lease Payments at least 30 (but not more than 45) days prior to the specified prepayment date. Prepayment of the Lease Payments (as described in this paragraph) shall be at a price equal to the sum of (1)(i) ___% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or before _____, 20__, and (ii) ___% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or after _____, 20__, plus (2) in each case accrued interest on such prepaid principal components to the prepayment date, plus (3) an additional amount determined in the same manner as provided under Section 4.5, for the period during which the Lease Agreement is determined not to be eligible to be treated as a "qualified zone academy bond" under Section 54 of the Tax Code.

(c) The District shall give the Corporation and the Assignee notice of its intention to exercise its option to prepay the Lease Payments under this Section 9.2 not less than 30 days in advance of the intended prepayment date.

Section 9.3. Extraordinary Mandatory Prepayment From Certain Sources Under Certain Circumstances.

(a) The District shall prepay the unpaid principal components of the Lease Payments in whole or in part on the first business day following a Credit Allowance Date, from and to the extent of any Net Proceeds to be used for such purpose under Section 6.2, by paying a prepayment price equal to (1) ___% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs prior to _____, 20__, and (2) ___% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or after _____, 20__, plus in each case accrued interest on such prepaid principal components to the prepayment date. The District shall give the Corporation notice of prepayment of Lease Payments under this Section 9.3(a) not less than 60 days in advance of such prepayment date.

(b) The District will be obligated to prepay the Lease Payments in whole, or in part in inverse chronological order among the remaining Lease Payments, on the first business day immediately succeeding a Credit Allowance Date no later than the 90th day following the

expiration of the Expenditure Period, from amounts remaining on deposit in the QZAB Program Fund, by paying a prepayment price equal to the sum of (1)(i) ___% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or after _____, 20__ and on or before _____, 20__, and (ii) ___% of the aggregate principal components of the Lease Payments to be prepaid (which includes a prepayment premium) if such prepayment date occurs on or after _____, 20__, plus (2) in each case accrued interest on such prepaid principal components to the prepayment date.. The District will give the Corporation and the Assignee notice of such prepayment not less than 60 days in advance of the prepayment date. In connection with any such prepayment, the District shall pay the prepayment premium and interest accrued to the prepayment date on the prepaid principal portion from funds legally available to the District for that purpose, but not from Available Program Proceeds.

(c) Prepayment in part of the unpaid principal components of Lease Payments as provided in this Section 9.3 shall be applied to reduce the principal components of Lease Payments in inverse order of the Lease Payment Dates.

ARTICLE X

MISCELLANEOUS

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

If to the District:	San Leandro Unified School District 14735 Juniper Street San Leandro, California 94579-1222 Attention: Associate Superintendent, Business and Operations
If to the Corporation:	California Public Agencies Financing Corporation 1300 Clay Street, Suite 1000 Oakland, California 94612 Attention: _____
If to the Assignee:	Banc of America Leasing & Capital, LLC 11333 McCormick Road Hunt Valley II M/C MD5-032-07-05 Hunt Valley, Maryland 21031 Attention: Contract Administration

Fax: (443) 556-6977

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

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

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

Section 10.5. Further Assurances and Corrective Instruments. The Corporation and the District 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

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

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

Section 10.7. Applicable Law. This Lease is governed by and construed in accordance with the laws of the State of California.

Section 10.8. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

Section 10.9. No Merger. It is the express intention of the Corporation and the District that this Lease and the obligations of the parties hereunder are separate and distinct from the Site Lease and the obligations of the parties thereunder, and that during the term of the Site Lease and this Lease no merger of title or interest may occur or be deemed to occur as a result of the respective positions of the Corporation and the District thereunder and hereunder.

Section 10.10. Third Party Beneficiary. The Assignee is made a party beneficiary hereunder with all rights of a third party beneficiary.

[SIGNATURE PAGE FOLLOWS]

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

CALIFORNIA PUBLIC AGENCIES FINANCING CORPORATION,
as Lessor

By _____
Its _____

SAN LEANDRO UNIFIED SCHOOL DISTRICT, *as Lessee*

By _____
Superintendent

Attest:

_____
Secretary

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF _____}

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF _____}

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

APPENDIX A

SAN LEANDRO UNIFIED SCHOOL DISTRICT QZAB PROGRAM

Proceeds from the QZABs will finance connecting schools into the City of San Leandro's fiber optic loop, network and technology upgrades and modernization projects at each of the S.T.E.A.M. Academies to be located at the Bancroft Middle School, the John Muir Middle School and San Leandro High School, designed to provide students academic training in the areas of science, technology, engineering, arts and math (S.T.E.A.M.) and to enhance digital literacy at the secondary level. Equipment, technical assistance, training and online support will be provided by OSIsoft, as well as bandwidth support provided by Lit San Leandro, all as more particularly described in the District's three applications to the California Department of Education ("CDE") for Qualified Zone Academy Bond Allocation, all dated February 24, 2014.

APPENDIX B

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the following described land located in the City of San Leandro, County of Alameda, State of California, together with all buildings, facilities and other improvements which constitute real property and which are located thereon:

APPENDIX C-1

SCHEDULE OF QZAB LEASE PAYMENTS

Lease Payment Date	Interest Component	Principal Component	Total QZAB Lease Payment
Totals			

APPENDIX C-2

SCHEDULE OF TAXABLE LEASE PAYMENTS

Lease Payment Date	Interest Component	Principal Component	Total Taxable Lease Payment
Totals			

APPENDIX C-3

SCHEDULE OF AGGREGATE LEASE PAYMENTS

Lease Payment Date	Total Lease Payment
Totals	

CERTIFICATE OF ACCEPTANCE OF LEASE AGREEMENT

This is to certify that the interest in real property conveyed by the Lease Agreement (Qualified Zone Academy Bonds, Tax Credit), dated as of May 1, 2014, between California Public Agencies Financing Corporation, as lessor, and San Leandro Unified School District, as lessee (the "District"), is hereby accepted by the undersigned officer on behalf of the District pursuant to the authority conferred by duly adopted resolutions of the Board of Education of the District, and the District consents to recordation thereof by its duly authorized officer.

Dated: _____, 2014

SAN LEANDRO UNIFIED SCHOOL DISTRICT, CALIFORNIA, as Lessee

By _____
Superintendent