
TAX COMPLIANCE AGREEMENT

Dated as of November __, 2009

among

**CaLease Public Funding Corporation,
as Lessor**

**County of Santa Barbara, California,
as Lessee**

and

**Wells Fargo Bank, National Association,
as Escrow Agent**

\$1,600,000

Lease and Leaseback Agreement

Dated as of November __, 2009

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "**Tax Agreement**"), entered into as of November __, 2009, among the **CaLease Public Funding Corporation**, a nonprofit public benefit corporation duly organized and existing under the laws of California (the "**Lessor**"), **County of Santa Barbara, California**, a political subdivision duly organized and existing under the laws of the State of California (the "**Lessee**") and **Wells Fargo Bank, National Association**, a national banking association, as Escrow Agent (the "**Escrow Agent**");

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the execution of a Lease and Leaseback Agreement dated as of November __, 2009 (the "**Lease**") between the Lessor and the Lessee evidencing a financing lease obligation of the Lessee in the aggregate principal amount of \$1,600,000. The proceeds received by the Lessee upon the execution of the Lease will be deposited with the Escrow Agent pursuant to Escrow Agreement dated as of November __, 2009 among the Lessor, the Lessee and the Escrow Agent (the "**Escrow Agreement**") and applied by the Lessee to (a) renovate a portion of the two-story, 23,800 square-foot building owned by the Lessee and located at 4440 Calle Real, Santa Barbara, California (said building but excluding the portion thereof currently leased to the Federal Bureau of Veterans Affairs, together with the land described on **Exhibit A** to the Lease, being referred to herein as the "**Project**"), and (b) pay certain related expenses.

2. The Internal Revenue Code of 1986, as amended (the "**Code**"), and the applicable regulations and rulings issued by the U.S. Treasury Department, impose certain limitations on the uses and investment of the Lease proceeds and of certain other money relating to the Lease, and set forth the conditions under which interest component of rent paid on the Lease will be excluded from gross income for federal income tax purposes.

3. The Lessor, the Lessee and the Escrow Agent are entering into this Tax Agreement in order to set forth certain representations, facts, expectations, terms and conditions relating to the use of the Project, and the use and investment of the Lease proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest component of Rental Payments on the Lease from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Lessor, the Lessee and the Escrow Agent represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Lease and the Escrow Agreement, and certain

other words and phrases have the meanings assigned in Code § 148 and the Regulations. In addition, the following words and terms used in this Tax Agreement have the following meanings:

"Available Construction Proceeds" means the Sale Proceeds of the Lease, increased by investment earnings on the Sale Proceeds, earnings on amounts in a reasonably required reserve or replacement fund allocable to the Lease but not funded from the Lease, and earnings on such earnings, reduced by Sale Proceeds (1) in a reasonably required reserve or replacement fund and (2) used to pay issuance costs of the Lease. But Available Construction Proceeds do not include investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (i) the date two years after the Issue Date, or (ii) the date construction of the Project is substantially completed. If the Lessee has elected under Code § 148(f)(4)(C)(vi)(IV) to rebate earnings on a reasonably required reserve or replacement fund, then Available Construction Proceeds do not include any earnings on such account.

"Bona Fide Debt Service Fund" means a fund or account, which may include Lease proceeds, that—

(1) is used primarily to achieve a proper matching of revenues with principal and interest payments on the Lease within each Lease Year; and

(2) is depleted at least once each Lease Year, except for a reasonable carryover amount not to exceed the greater of (A) the earnings on the fund for the immediately preceding Lease Year, or (B) one-twelfth of the principal and interest payments on the Lease for the immediately preceding Lease Year.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means each date on which arbitrage rebate for the Lease is computed. The Lessee may treat any date as a Computation Date, subject to the following limits: (1) the first Computation Date cannot be later than five years after the Issue Date; (2) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and (3) the date the last Lease is discharged is the final Computation Date.

"Current Lessor" means initially, the Lessor, and thereafter, any other person who is assigned and then owns the Lessor's rights under the Lease, including the right to receive Rental Payments.

"Gross Proceeds" means (1) Sale Proceeds; (2) investment proceeds (any amounts received from investing Sale Proceeds, other investment proceeds, or transferred proceeds); (3) any transferred proceeds; (4) any amounts held in a Sinking Fund for the Lease; (5) any amounts held in a pledged fund or reserve fund for the Lease; and (6) any other replacement proceeds. Specifically, Gross Proceeds include all amounts held in the Acquisition Fund.

"Guaranteed Investment Contract" is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (e.g., a forward supply contract).

"Investment" means any security, obligation, annuity contract or other investment-type property which is purchased directly with, or otherwise allocated to, Gross Proceeds. Such term does not include

obligations the interest on which is excluded from federal gross income, except for "specified private activity bond" as such term is defined in Code § 57(a)(5)(C).

"IRS" means the United States Internal Revenue Service.

"Issue Date" means November __, 2009.

"Lease Year" means each one-year period (or shorter period for the first Lease Year) ending December 30.

"Minor Portion" means the lesser of \$100,000 or 5% of the Sale Proceeds of the Lease.

"Net Proceeds of the Lease" means Proceeds of the Lease, investment proceeds, and transferred proceeds of the Lease.

"Person" means any individual, corporation, trust, partnership, joint venture, limited liability company or any other legal entity however created, but such term does not include a state or local governmental unit.

"Project" means all property to be acquired and constructed with Lease proceeds, including property financed or refinanced with such proceeds, as described in **Exhibit A** to the Lease.

"Reasonable Retainage" means Gross Proceeds retained by the Lessee for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of Net Proceeds of the Lease on the date 18 months after the Issue Date; or (b) for purposes of the two-year spending test, 5% of the Available Construction Proceeds as of the end of the two-year spending period.

"Rebate Analyst" means Gilmore & Bell, P.C., an independent certified public accountant, or such other person or firm selected by the Lessee to compute arbitrage rebate.

"Regulations" means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Lease.

"Sale Proceeds of the Lease" means the amount received by the Lessee (actually or constructively) from the Lessor (or any Current Lessor taking the Lessor's interest in the Lease) as a result of the Lessee's execution of the Lease).

"Sinking Fund" means any fund or account to the extent such fund or account contains money that the Lessee intends or expects to use to pay Rent Payments under the Lease.

"Special Tax Counsel" means Gilmore & Bell, P.C., or other firm of nationally recognized legal counsel acceptable to the Lessee and the Current Lessor.

"Tax Agreement" means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

"Transcript" means the Transcript of Proceedings relating to the authorization and issuance of the Lease.

"Yield" means yield on the Lease, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Lessee. The Lessee represents and covenants to the Escrow Agent as follows:

(a) *Organization and Authority.* The Lessee (1) is a political subdivision duly organized and existing under the laws of the State of California, and (2) has lawful power and authority to issue the Lease for the purposes set forth therein, to enter into, execute and deliver the Lease, the Escrow Agreement and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary corporate action has been duly authorized to execute and deliver the Lease, the Escrow Agreement and this Tax Agreement, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Lease--General.* In order to maintain the exclusion of the interest component of Rental Payments on the Lease from gross income for federal income tax purposes, the Lessee—

(1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code;

(2) will not use or invest, or permit the use or investment of, any Gross Proceeds in a manner that would violate applicable arbitrage provisions of the Code;

(3) will not use, or permit the use of, any portion of the Project in a manner that would cause any Lease to become a "private activity bond" as defined in Code § 141;

(4) will not permit any Person to have any special legal entitlement to the use of the Project other than as permitted in **Section 2.1(c)** and **(d)**;

(5) will not loan to any Person, directly or indirectly any Sale Proceeds of the Lease; and

(6) will at all times make the Project available for the governmental purposes of the Lessee or for the use of the general public.

(c) *Management Contracts.* The Lessee will not enter into or renew any "management contract" (defined below) with any Person, without first obtaining and delivering to the Escrow Agent and the Current Lessor an opinion of Special Tax Counsel, addressed to the Escrow Agent and the Current Lessor, that such management contract will not adversely affect the exclusion of the interest component of Rental Payments on the Lease from gross income for federal income tax purposes. The term "management contract" is defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an Person that provides services involving all or a portion of any

function of the Project, such as a contract to manage the entire Project or a portion of the Project. Contracts for services that are solely incidental to the primary governmental function of the Project (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not treated as "management contracts" and may be entered into without an opinion of Special Tax Counsel.

(d) *Leases.* The Lessee will not enter into or renew a lease of all or any portion of the Project (disregarding portions used by members of the general public who occupy such Project on a short-term basis in the ordinary course of the Lessee's activities) with any Person, without first obtaining and delivering to the Escrow Agent and the Current Lessor, an opinion of Special Tax Counsel addressed to the Escrow Agent and the Current Lessor, that such lease will not adversely affect the exclusion of the interest component of Rental Payments on the Lease from gross income for federal income tax purposes.

(e) *Declaration of Intent.* On _____, 2009, the governing body of the Lessee adopted a resolution declaring the intent of the Lessee to finance the Project with the Lease and to reimburse the Lessee for expenditures made for the Project prior to the issuance of such Lease. A copy of the resolution is attached to this Tax Agreement as **Exhibit A**. No portion of the cost of the Project will be spent to reimburse the Lessee for amounts it spent prior to the date the Lessee adopted its resolution.

(f) *Registered Obligations.* **Section 26** of the Lease requires any Current Lessor to give notice to the Lessee of any assignment of the Current Lessor's rights under the Lease, including the right to receive Rental Payments. Lessee acknowledges that it understands that such provisions are required in order for the obligation represented by the Lease to be issued and held in registered form within the meaning of Code § 149(a), and it will not enter into any amendment to the Lease affecting this provision.

(g) *Lease Not Federally Guaranteed.* The Lessee's obligation to make Rental Payments under the Lease are not "federally guaranteed" and the Lessee will not take any action or permit any action to be taken which would cause such obligations to be "federally guaranteed" within the meaning of Code § 149(b).

(h) *IRS Form 8038-G.* Attached to this Tax Agreement as **Exhibit B** is a copy of IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) filed with the Internal Revenue Service in connection with the execution and delivery of the Lease as required by Code § 149(e). The information contained therein is true and correct to the knowledge of the Lessee.

(i) *Hedge Bonds.* The Lessee expects that at least 85% of the Net Proceeds of the Lease will be used to carry out the governmental purpose of the Lease within three years after the Issue Date, and (2) not more than 50% of the Lease proceeds will be invested in investments having a substantially guaranteed yield for four years or more.

(j) *Arbitrage Certifications.* The facts, estimates and expectations recited in **Article III** of this Tax Agreement are true and accurate as of the Issue Date; and the Lessee believes that the estimates and expectations recited in such Article are reasonable as of the Issue Date. The Lessee, Special Tax Counsel and a Current Lessor may rely on such statements and expectations. The Lessee does not expect that the Lease proceeds will be used in a manner that would cause any Lease to be an "arbitrage bond" within the meaning of Code § 148; and to the best of the Lessee's knowledge and belief, there are no other facts, estimates or circumstances that would materially change such expectations.

(k) *Compliance with Future Tax Requirements.* The Lessee understands that the Code and the Regulations may impose new or different restrictions and requirements on the Lessee in the future. The Lessee will comply with such future restrictions that are necessary to maintain the exclusion of the interest component of Rental Payments on the Lease from gross income for federal income tax purposes.

Section 2.2. Representations and Covenants of the Escrow Agent. The Escrow Agent represents and covenants to the Lessee and the Escrow Agent as follows: the Escrow Agent will comply with the record keeping and, to the extent applicable to it, investment instructions contained in Article IV of the Tax Agreement.

Section 2.3. Representations and Covenants of the Lessor. The Lessor represents and covenants to the Lessee and the Escrow Agent as follows:

(a) It has transferred to the Lessee in exchange for its interest in the Lease the sum of \$1,600,000.

(b) In connection with the execution of the Lease it has assigned its interest in the Lease (pursuant to an Assignment Agreement dated as of November __, 2009) to Capital One Public Funding, LLC. Capital One Public Funding, LLC paid Lessor \$26,233.33 for the assignment of the Lessor's interest in the Lease. Capital One Public Funding, LLC represented in such assignment that it is purchasing the Lessor's interest in the Lease for its own account and not with a present view toward resale or the distribution thereof (accept for a sale or assignment to an affiliate).

Section 2.4. Survival of Representations and Covenants. All representations, covenants and certifications of the Lessee, the Lessor and the Escrow Agent contained in this Tax Agreement or in any certificate or other instrument delivered by the Lessee, the Lessor or the Escrow Agent under this Tax Agreement, will survive the execution and delivery of such documents and the issuance of the Lease, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the Lessee's expectations as to the sources, uses and investment of Lease proceeds and other money, in order to support the Lessee's conclusion that the Lease is not an arbitrage bond. The person executing this Tax Agreement on behalf of the Lessee is an officer of the Lessee responsible for issuing the Lease.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and are made in reliance upon the Lessee's understanding of the documents and certificates that comprise the Transcript, including (a) the Escrow Agreement, (b) the Lease, and (c) this Tax Agreement, all of which the Lessee believes to be reasonable.

Section 3.3. Purpose for Lease. The Lessee is executing the Lease simultaneously with the execution of this Tax Agreement, under the laws of the State of California and a resolution adopted by the governing body of the Lessee. The Lease is being executed for the purpose of providing funds to (a)

finance and reimburse the costs of acquiring the Project, and (b) pay certain costs of entering into the Lease.

Section 3.4. Funds and Accounts. The following fund has been established in the custody of the Escrow Agent under the Escrow Agreement:

Acquisition Fund

Section 3.5. Amount and Use of Lease Proceeds and Other Money. The total proceeds to be received by the Lessee from the sale of the Lease will be \$1,600,000 and will be used to pay costs of the Project.

Section 3.6. Project Completion. The Lessee has incurred, or will incur within six months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Lease on the Project. The completion of the Project and the allocation of the Net Proceeds of the Lease to expenditures will proceed with due diligence. Completion of the Project is expected to occur by _____, 20__. At least 85% of the Net Proceeds of the Lease will be allocated to expenditures on the Project within three years after the Issue Date.

Section 3.7. No Over-Issuance. The Sale Proceeds of the Lease, together with expected investment earnings thereon and other money contributed by the Lessee, do not exceed the cost of the governmental purpose of the Lease as described above.

Section 3.8. Sinking Funds. The Lessee is required under the Lease to make periodic payments to the Current Lessor in amounts sufficient to pay the principal of and the interest component of Rental Payments on the Lease. The Lessee may establish a Sinking Fund to achieve a proper matching of revenues Rent Payments on the Lease within each Lease Year. The Lessee expects that any Sinking Fund will qualify as a Bona Fide Debt Service Fund. Except for such a Sinking Fund, the Lessee does not intend to establish any other Sinking Fund.

Section 3.9. Reserve, Replacement and Pledged Funds.

(a) *Reserve Fund.* No reserve fund is required to be funded at the time of the execution and delivery of the Lease.

(b) *No Other Replacement Funds.* None of the Lease proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Project, and that have been or will be used to acquire higher yielding investments. There are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or the interest component of Rental Payments on the Lease if the Lessee encounters financial difficulty.

Section 3.10. Yield.

(a) *Offering Prices.* Based on the Representation of the Lessor, the aggregate initial offering price of the Lease is \$1,626,233.33.

(b) *Lease Yield.* The Yield on the Lease is 5.43%, as computed by Special Tax Counsel.

ARTICLE IV

ARBITRAGE INVESTMENT INSTRUCTIONS

Section 4.1. Temporary Periods/Yield Restriction. Except as described below, Gross Proceeds must not be invested at a yield greater than the yield on the Lease:

(a) *Acquisition Fund.* Lease proceeds deposited in the Acquisition Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Issue Date. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without yield restriction so long as the Lessee pays to the IRS all yield reduction payments in accordance with Treas. Reg. § 1.148-5(c). These payments are required whether or not the Lease is exempt from the arbitrage rebate requirements of Code § 148.

(b) *Sinking Fund.* To the extent that any Sinking Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without yield restriction for one year after the date of receipt of such earnings.

(c) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without yield restriction.

Section 4.2. Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with § 1.148-5 of the Regulations.

(b) *Established Securities Market.* Except for Investments purchased for a yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with § 1.148-5 of the Regulations.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (i) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal; (ii) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States; and (iii) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met—

(1) Bona Fide Solicitation for Bids. The Lessee or the Escrow Agent makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (a) that the potential provider did not consult with any other potential provider about its bid, (b) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Lessee, the Escrow Agent, or any other person (whether or not in connection with the Lease issue), and (c) that the bid is not being submitted solely as a courtesy to the Lessee, the Lessee, the Escrow Agent, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are "commercially reasonable." A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Lessee's reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(G) At least 3 "reasonably competitive providers" are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) Bids Received. The bids received by the Lessee or Escrow Agent must meet all of the following requirements:

(A) The Lessee or Escrow Agent receives at least 3 bids from providers that were solicited as described above and that do not have a "material financial interest" in the issue. For this purpose, (a) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue; (b) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue; and (c) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least one of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If the Lessee or Escrow Agent uses an agent or broker to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The Escrow Agent retains the following records with the Lease documents until 3 years after the last outstanding Lease is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by the Lessee or Escrow Agent for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Lessee or Escrow Agent, and the certification as to fees paid, described in **Section 4.2(d)(4)**.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least 3 bids on the Investment must be received from persons with no financial interest in the Lease (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.3. Records. The Escrow Agent will retain detailed records with respect to each Investment in the Acquisition Fund, including: (a) purchase date, (b) purchase price, (c) information establishing the fair market value on the date such investment was allocated to the Lease, (d) any accrued interest paid, (e) face amount, (f) coupon rate, (g) frequency of interest payments, (h) disposition price, (i) any accrued interest received, and (j) disposition date. The Escrow Agent will retain all such records until one year after the final Computation Date.

Section 4.4. Survival after Defeasance. Notwithstanding anything in the Escrow Agreement to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Lease.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the execution of the Lease and will continue in force and effect until the all Rental Payments on the Lease have been fully paid; provided that, the provisions of **Article IV** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any Current Lessor, but only if such amendment is in writing and is accompanied by an opinion of Special Tax Counsel to the effect that, under then existing law, assuming compliance with this Tax Agreement, as so amended, such amendment will not cause any Lease to be an arbitrage bond under Code § 148 or otherwise cause the interest component of any Rent Payment on any Lease to be included in gross income for federal income tax purposes.

Section 5.3. Severability. If any provision in this Tax Agreement or in the Lease is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.4. Benefit of Tax Agreement. This Tax Agreement is binding upon the Lessee and the Escrow Agent and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Lease. Nothing in this Tax Agreement or in the Escrow Agreement or the Lease, express or implied, gives to any Person, other than the parties to this Tax Agreement and their successors and assigns, and the owners of the Lease, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement. The certifications and representations made in this Tax Agreement and the expectations presented in this Tax Agreement are intended, and may be relied upon, as a certification of an officer of Lessee given in good faith described in Regulations § 1.148-2(b)(2).

Section 5.5. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.6. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of California.

THE PARTIES TO THIS TAX AGREEMENT have caused this Tax Compliance Agreement to be duly executed by their duly authorized officers as of the day and year first above written.

**CALEASE PUBLIC FUNDING CORPORATION,
as Lessor**

By: _____
Title: Program Manager

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Agent**

By: _____
Title: Assistant Vice President

**COUNTY OF SANTA BARBARA, CALIFORNIA,
as Lessee**

By _____
Name: _____
Title: _____

**ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD**

By _____
Deputy

**APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL**

By _____
Deputy County Counsel

APPROVED:

By _____
Ronn Carlentine SR/WA
Real Property Manager

**APPROVED AS TO FORM:
ROBERT W. GEIS
AUDITOR-CONTROLLER**

By _____
Deputy

APPROVED:

By _____
Ray Aromatorio
Risk Program Administrator

EXHIBIT A

RESOLUTION OF OFFICIAL INTENT

EXHIBIT B

IRS FORM 8038-G