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Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, California 94105  
Attn: Steffi Chan, Esq.

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**SUBLEASE  
(SANTA BARBARA COUNTY)**

by and between the

SANTA BARBARA COUNTY FINANCE CORPORATION, INC.

and the

COUNTY OF SANTA BARBARA

Executed and Entered into as of April 1, 2024

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## SUBLEASE

This Sublease (the “Sublease”), executed and entered into as of April 1, 2024, by and between the **SANTA BARBARA COUNTY FINANCE CORPORATION, INC.**, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (as further defined in Section 1.01 hereof, the “Corporation”), as lessor, and the **COUNTY OF SANTA BARBARA**, a political subdivision duly organized and existing under and by virtue of the Constitution and laws of the State of California (as further defined in Section 1.01 hereof, the “County”), as lessee;

### WITNESSETH:

**WHEREAS**, the County has leased certain parcels of real property and all buildings, structures and fixtures thereon and improvements thereto (the “Demised Premises”) to the Corporation pursuant to a lease, entitled “Lease (Santa Barbara County),” dated as of April 1, 2024, between the County and the Corporation (the “Lease”); and

**WHEREAS**, the County is authorized pursuant to the Government Code of the State of California to sublease the Demised Premises from the Corporation; and

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

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

## ARTICLE I

### DEFINITIONS

**Section 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof have the meanings defined herein:

**“Additional Rental”** means all amounts payable to the Corporation or the Trustee from the County as Additional Rental pursuant to Section 3.02 hereof.

**“Assignment Agreement”** means that certain Assignment Agreement executed and entered into as of the date hereof by and between the Corporation and the Trustee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

**“Base Rental” or “Base Rental Payments”** means all amounts payable to the Corporation from the County as Base Rental pursuant to Section 3.01 hereof together with any amounts held by the Trustee and credited against the Base Rental which would otherwise be

payable by the County or used to pay interest or principal with respect to the Certificates when the County does not have use and occupancy of the Demised Premises (including without limitation insurance proceeds used to make Base Rental Payments pursuant to Section 5.03 of the Trust Agreement and earnings on investments credited against Base Rental Payments pursuant to Section 11.09 thereof).

**“Certificates”** means the 2024 Certificates of Participation, Series A-1 (Tax-Exempt) and Series A-2 (Taxable) authorized by and at any time outstanding under the Trust Agreement that are executed and delivered by the Trustee under and pursuant to Article II of the Trust Agreement.

**“Certification” or “Request”** means, with respect to the County, an instrument in writing signed on behalf of the County by the Chairman or the Vice Chairman of its Board of Supervisors, the County Treasurer or her designee or any other officer of the County duly authorized by the Board of Supervisors of the County for that purpose and, with respect to the Corporation, an instrument in writing signed on behalf of the Corporation by its President, its Vice President or any other person (whether or not an officer of the Corporation) who is specifically authorized by resolution of the Board of Directors of the Corporation to sign or execute such a document on its behalf. If and to the extent required by the provisions of Section 11.06 of the Trust Agreement, each such Certification of the County shall include the statements provided for in said Section 11.06.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

**“Corporation”** means the Santa Barbara County Finance Corporation, Inc., a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, any surviving, resulting or transferee corporation and, except where the context requires otherwise, any assignee of the Corporation.

**“County”** means the County of Santa Barbara, a political subdivision duly organized and existing under and by virtue of the Constitution and laws of the State of California.

**“Demised Premises”** means the improvements, the real property on which the improvements are located, and access easements, as required, all as shown in Exhibit A attached hereto.

**“Event of Default”** means any of the events described in Section 7.01 hereof as an “Event of Default.”

**“Expiry Date”** means \_\_\_\_\_ 1, 20\_\_.

**“Insurance Consultant”** means an individual or firm employed by the County as an independent contractor, experienced in actuarial analysis or the field of risk management.

**“Interest Payment Date”** means a date on which interest evidenced and represented by the Certificates becomes due and payable, being June 1 and December 1 of each year to which reference is made (commencing on \_\_\_\_\_ 1, 20\_\_).

**“Lease”** means that certain lease, entitled “Lease (Santa Barbara County),” dated as of the date hereof, by and between the County, as lessor and the Corporation, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

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

**“Permitted Encumbrances”** means, as of any particular time:

- (1) liens for general *ad valorem* taxes and assessments, if any, not then delinquent;
- (2) the Lease, as it may be amended from time to time;
- (3) the Assignment Agreement, as it may be amended from time to time;
- (4) the Sublease, as it may be amended from time to time;
- (5) any lien, right to a lien or claim of any mechanic, laborer, materialman, supplier or vendor;

(6) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date the term hereof commences and which the County certifies in writing will not materially impair the use of the Demised Premises by the County;

(7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Sublease and to which the County and the Corporation consent in writing; and

(8) discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters which a correct survey or inspection would disclose and which are not shown by the public records.

**“Project”** means (i) the Cachuma Lake Recreational Vehicle Park Renovation; (ii) construction of the New Cuyama Fire Station 27; (iii) improvement of the primary Santa Barbara County Main Jail; (iv) construction of the new Probation Department Headquarters, (v) replacement of the Public Safety Radio Network, (vi) construction of the Regional Fire Communication Center; and (vii) any other capital projects in substitution for, or in addition to, the foregoing which are identified in a request of the County delivered to the Trustee.

**“Sublease”** means this Sublease (Santa Barbara County), as originally executed and entered into and as it may from time to time be amended in accordance herewith.

**“Trust Agreement”** that certain Trust Agreement executed and entered into as of April 1, 2024, by and among the Trustee, the Corporation and the County, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance with the terms thereof.

**“Trustee”** means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States at its principal corporate trust office in Los Angeles, California, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in Section 8.02 of the Trust Agreement.

## ARTICLE II

### PURPOSE AND TERM

**Section 2.01. Purpose.** The Corporation hereby subleases the Demised Premises to the County and the County hereby subleases the Demised Premises from the Corporation on the conditions and terms hereinafter set forth, and subject to all easements, encumbrances and restrictions that existed at the commencement of the term hereof. The County hereby agrees and covenants during the term hereof that, except as hereinafter provided, it will use the Demised Premises for public purposes of the County so as to afford the public the benefits contemplated hereby and so as to permit the Corporation to carry out its agreements and covenants contained in the Trust Agreement, and the County hereby further agrees and covenants during the term hereof, except as otherwise provided herein, that it will not abandon or vacate the Demised Premises.

**Section 2.02. Term.** The term hereof shall commence on \_\_\_\_\_ 1, 20 \_\_, or the date the Sublease is recorded, whichever is earlier, and shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Expiry Date, the principal components of the Base Rental Payments and all Additional Rental attributable to the Demised Premises shall not have been paid, or provision therefor made in accordance with Section 8.02 hereof, for any reason, including, without limitation, because the Base Rental Payments shall have been abated at any time and for any reason, then the term hereof with respect to such Demised Premises shall be extended until 10 days after all the principal components of the Base Rental Payments and all Additional Rental attributable to the Demised Premises have been paid, or provision therefor made in accordance with Section 8.02 hereof, except that the term hereof shall in no event be extended beyond 10 years after the Expiry Date. If prior to the Expiry Date, the principal components of the Base Rental Payments and all Additional Rental attributable to the Demised Premises have been paid, or provision therefor made, the term hereof with respect to the Demised Premises shall end 10 days thereafter or 10 days after written notice by the Corporation to the County, whichever is earlier.

**Section 2.03. Occupancy.** It is contemplated that the County will have the use and occupancy of the Demised Premises for public purposes on the effective date of this Sublease and that the payments of Base Rental shall be due on the Base Rental Payment Dates, all as provided in Section 3.01 hereof and consistent with Exhibit B attached hereto and made a part hereof.

**Section 2.04. Substitution; Release.** The County and the Corporation may substitute real property and the improvements, buildings, fixtures and equipment thereon for all or a part of, or may release a part of, the Demised Premises for purposes of the Lease and this Sublease, but only after the County shall have filed with the Corporation and the Trustee, with copies to each rating agency then providing a rating for the Certificates, all of the following:

(a) Executed copies of the Lease and this Sublease or amendments thereto containing the amended description of the Demised Premises, including the legal description of the Demised Premises as modified if necessary.

(b) A Certification of the County, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the annual fair rental value of the Demised Premises which will constitute the Demised Premises after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the County) or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year or in any subsequent year.

(c) With respect to substitution, a leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Demised Premises after such substitution in an amount at least equal to the amount of such insurance provided with respect to the Demised Premises prior to such substitution; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Corporation in such substituted property subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the County under this Sublease.

(d) A Certification of the County stating that such substitution or withdrawal, as applicable, does not adversely affect the County's use and occupancy of the Demised Premises.

(e) An Opinion of Counsel stating that such amendment or modification (i) will, upon the execution and delivery thereof, be valid and binding upon the County; and (ii) will not, in and of itself, cause the interest represented by the Certificates to be included in gross income for federal income tax purposes.

### ARTICLE III

#### RENTAL PAYMENTS

**Section 3.01. Base Rental.** The County shall pay as Base Rental hereunder, without deduction or offset of any kind except as otherwise expressly provided herein or in the Trust Agreement, annual rental payments with interest and principal components, the interest components being payable semiannually, in accordance with the Base Rental Payment Schedules set forth in Exhibits B-1, B-2 and B-3 attached hereto and made a part hereof or, in the event that a portion of the Certificates are prepaid, in accordance with the provisions of Section 8.02(e). Each Base Rental Payment shall be payable in funds that are immediately available to the Trustee no later than the date which is five days before its due date, and the Trustee shall deposit any interest or other income with respect thereto accruing prior to such due date in the appropriate Base Rental Payment Fund. The interest components of the Base Rental Payments payable by the County hereunder shall be paid by the County as and shall constitute interest paid on the principal components of the Base Rental Payments payable by the County hereunder calculated on the basis of a 360-day year composed of twelve 30-day months. Each aggregate annual payment of Base Rental shall be for the use of the Demised Premises for the twelve-month period ending on the day

immediately preceding the June 1 on which the principal component of such Base Rental is due. If the term of the Sublease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payments shall continue to be due on June 1 and December 1 in each year, and payable as hereinabove described, continuing to and including the date of termination of the Sublease. Upon such extension of the Sublease, the principal and interest components of the Base Rental Payments shall be established so that the principal components will in the aggregate be sufficient to pay all unpaid principal components and interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at a rate equal to the composite rate on the Outstanding Certificates.

**Section 3.02. Additional Rental.** The County shall pay to the Corporation as Additional Rental hereunder such amounts in each year as shall be required by the Corporation for the payment in full of all costs and expenses incurred by the Corporation in connection with the execution, performance or enforcement hereof or any assignment hereof, of the Trust Agreement, of the sublease of the Demised Premises to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Corporation and the Trustee in connection with the Demised Premises, the Sublease, the Assignment Agreement and the Trust Agreement and all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the Corporation, the Demised Premises or the rentals and the other payments required to be made by the County hereunder. Such additional rental shall be billed to the County by the Corporation or the Trustee, as applicable, from time to time, together with a statement certifying that the amount so billed has been paid by the Corporation or the Trustee, as applicable, for one or more of the items above described, or that such amount is then payable by the Corporation or the Trustee, as applicable, for one or more of such items, and all amounts so billed shall be due and payable by the County within thirty (30) days after receipt of the bill by the County.

**Section 3.03. Fair Rental Value.** Each payment of Base Rental and Additional Rental for each rental payment period during the term hereof shall constitute the total rental for such rental payment period, and shall be paid by the County in each rental payment period for and in consideration of the right to the use and occupancy, and the continued quiet enjoyment, of the Demised Premises during the rental payment period for which such rental is paid. The parties hereto have agreed and determined that such rental does not exceed the fair rental value of the Demised Premises. In making such determination, consideration has been given to the appraised value or construction cost of the Demised Premises, other obligations of the parties hereunder, the uses and purposes which may be served by the Demised Premises and the benefits therefrom which will accrue to the County, its residents and the general public.

**Section 3.04. Payment Provisions.** Each installment of Base Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation or its assignee at the principal corporate trust office of the Trustee, and each installment of Additional Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation or the Trustee at their respective principal offices. Any such installment of Base Rental or Additional Rental accruing hereunder which shall not be paid when due shall bear interest at the composite rate on the Outstanding Certificates, or such lesser rate of interest as may be required by law, from the date when the same is due hereunder until the same shall be paid, [and all such delinquent installments of Base Rental and the interest

thereon, and all such delinquent installments of Additional Rental and interest thereon, shall be paid to the order of the Corporation]. Notwithstanding any dispute between the Corporation and the County, the County shall make all Base Rental Payments when due hereunder without deduction or offset of any kind except as otherwise expressly provided herein or in the Trust Agreement and shall not withhold any Base Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for such Base Rental Payments or any portion thereof, such payments or excess of payments, as the case may be, shall be credited against subsequent Base Rental Payments due hereunder. All Base Rental Payments received shall be applied first to the interest components of the Base Rental due hereunder and then to the principal components of the Base Rental due hereunder, but no such application of any payments which are less than the total Base Rental due and owing shall be deemed a waiver of any default hereunder.

**Section 3.05. Appropriations Covenant.** The County agrees and covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such payments, and the County further agrees and covenants to furnish to the Trustee within thirty (30) days after the final adoption thereof a Certification that the budget for the ensuing fiscal year appropriates sufficient monies to make all payments due under this Sublease and to the Corporation copies of each annual budget of the County within sixty (60) days after the final adoption thereof. The agreements and covenants on the part of the County contained herein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such actions and do such things as are required by law in the performance of the official duties of such officials to enable the County to carry out and perform the agreements and covenants required to be carried out and performed by it contained herein and in the Trust Agreement.

**Section 3.06. Rental Abatement.** Except to the extent of amounts otherwise available to the Trustee for payments hereunder, during any period in which, by reason of material damage or destruction (other than by condemnation, which is provided for in Section 8.01) there is substantial interference with the use and occupancy by the County of any portion of the Demised Premises, Base Rental Payments due hereunder shall be abated. The amount of such abatement will be such that the resulting Base Rental Payments do not exceed the lesser of (i) the amount necessary to pay the originally scheduled Base Rental Payments remaining unpaid and (ii) the fair rental value for the use and possession of the Demised Premises not so damaged or destroyed. Such abatement shall continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Demised Premises so damaged or destroyed. In the event of any such damage or destruction, this Sublease shall continue in full force and effect and the County waives any right to terminate this Sublease by virtue of any such damage or destruction.

## ARTICLE IV

### USE OF PROCEEDS; TAX COVENANTS

**Section 4.01. Use of Proceeds.** The parties hereto agree that the proceeds of the Certificates in an amount associated with the principal components of the Base Rental payable

hereunder together with other available moneys will be used to finance and refinance the Project and to pay the costs of issuing the Certificates and incidental and related expenses, all as more fully set forth in the Trust Agreement.

**Section 4.02. Tax Covenants.** The County and the Corporation shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest component of the Series A-1 Base Rental will not be included in the gross income of the owner thereof for federal income tax purposes and shall take no action that would result in such interest being so included. To that end, the County shall comply with the provisions of the Tax Certificate, which is incorporated herein by reference as if set forth at this place.

## ARTICLE V

### MAINTENANCE OF THE DEMISED PREMISES

**Section 5.01. Maintenance, Utilities, Taxes and Assessments.** During the term hereof, all maintenance, both ordinary and extraordinary, of the Demised Premises shall be the sole responsibility of the County, which shall at all times maintain or otherwise arrange for the maintenance of the Demised Premises for the purposes intended, and the County shall pay for or otherwise arrange for the payment of all costs of operations and maintenance and all utility services supplied to the Demised Premises. The County shall also pay to the appropriate taxing entity such amounts in each year as are required for the payment of all taxes and assessments of any type or nature charged to the Corporation, the Trustee or the County with respect to the Demised Premises. In exchange for the rentals herein provided, the Corporation agrees only to provide the Demised Premises to the County as herein provided. The County hereby agrees to operate, maintain and preserve, or cause to be operated, maintained and preserved, the Demised Premises in good repair and working order and will operate, or cause the Demised Premises to be operated, in an efficient and economical manner.

**Section 5.02. Changes to the Demised Premises.** The County shall, at its sole cost, have the right during the term hereof to make improvements to the Demised Premises or to attach any fixtures, structures or signs thereto if such improvements, fixtures, structures or signs are necessary or beneficial for the use of the Demised Premises by the County for public purposes; provided, that such actions by the County shall not materially adversely affect the operation of the Demised Premises for the purpose intended or subject the Corporation to any increase in liability or diminish the value of such property below that prior to the making of such improvements and provided further that any such fixtures, structures or signs shall become subject to the provisions of this Sublease.

**Section 5.03. Adding Fixtures to Sublease.** The County, in its discretion, may request the Corporation to sell or exchange any fixtures which may at any time constitute a part of the Demised Premises, and to release said fixtures from the Sublease, if (a) in the opinion of the County the property so sold or exchanged is no longer required or useful in connection with the operation of the Demised Premises, (b) the consideration to be received from the property is of a value equal to or greater than the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Corporation, exceed the amount of \$50,000, the Corporation shall have been furnished a certificate of an independent engineer or other qualified

independent professional consultant (satisfactory to the Corporation) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Demised Premises. In the event of any such sale, the full amount of the money or consideration received for the fixtures so sold and released shall be paid to the Corporation. Any money so paid to the Corporation may, so long as the County is not in default under any of the provisions of the Sublease, be used upon the written request of the County to purchase fixtures which property shall become a part of the Demised Premises leased hereunder. The Corporation may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of fixtures subject to the Sublease or before releasing for the purchase of new personal property money received by it for fixtures so sold.

## **ARTICLE VI**

### **INSURANCE**

#### **Section 6.01. [Reserved].**

**Section 6.02. Casualty Insurance.** The County shall procure or cause to be procured, and maintain or cause to be maintained, throughout the term of the Sublease, insurance against loss or damage to any structure constituting any part of the Demised Premises by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Demised Premises, excluding the cost of excavations, of grading and filling and of the land, but in any event, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable the Corporation either to make a payment equal to the aggregate principal components of the unpaid Base Rental or to restore the Demised Premises to the condition existing before such loss. The County may, in its discretion, insure the Demised Premises under blanket insurance policies which insure not only the Demised Premises but also other properties as long as such blanket insurance policies comply with the requirements of this Sublease. The County may, at its election, provide for insurance pursuant to this Section partially or wholly by means of a self-insurance program meeting the requirements of Section 6.05. The net proceeds of such insurance shall be applied as provided in Section 5.03 of the Trust Agreement. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$1,000,000 for all losses in any year.

**Section 6.03. Business Interruption Insurance.** The County shall procure or cause to be procured, and maintain or cause to be maintained, throughout the term of the Sublease, business interruption insurance to cover loss, total or partial, of the use of any structures constituting any part of the Demised Premises as the result of any of the hazards covered by the insurance required by Section 6.02 hereof, in an amount sufficient to pay the total Base Rental Payments hereunder for a period of at least twenty-four (24) months. The net proceeds of such insurance shall be paid to the Trustee for deposit in the Base Rental Payment Funds [pro rata].

**Section 6.04. Title Insurance.** The County shall obtain title insurance on the Demised Premises, in the form of leasehold title policy, in an amount equal to the sum of the

aggregate principal components of the Base Rental payable hereunder, issued by a company of recognized standing duly authorized to issue the same, payable to the Trustee, subject only to Permitted Encumbrances.

**Section 6.05. Insurance Proceeds; Forms of Policies; Certificates.** All policies of insurance required by Sections 6.02 and 6.03 shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Board of Fire Underwriters of the Pacific and the California Bankers Association. All proceeds of insurance received in respect of destruction of or damage to any portion of the Demised Premises by fire or other casualty or event shall be paid to the Trustee for application in accordance with the provisions of Section 5.03 of the Trust Agreement. All proceeds of insurance received in respect of a loss of the use and occupancy of the Demised Premises shall be paid to the Trustee for deposit to the Base Rental Payment Funds [pro rata].

Each insurance policy required hereunder shall require that the Corporation and the Trustee be given thirty (30) days' notice of any intended cancellation thereof or reduction of the coverage provided thereby.

The self-insurance program of the County referred to in Sections 6.01 and 6.02 shall afford reasonable protection to the County, the Corporation, its members, directors, officers, agents and employees and the Trustee, 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 County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Sublease, there shall be filed with the Trustee a certificate of an actuary, independent insurance consultant or other qualified person (who may, but need not be, an employee of the County), 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 protection to the County, the Corporation, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby.

## ARTICLE VII

### DEFAULTS AND REMEDIES

**Section 7.01. Breach and Remedies.** (a) If default shall be made by the County in the observance or performance of any agreement, condition, covenant or term contained herein required to be observed or performed by it or upon the happening of any of the events specified in subsection (b) of this section (in either case an "Event of Default"), then it shall be lawful for the Corporation or its assignee to exercise any and all remedies available or granted to it pursuant to law or hereunder. Upon the breach of any agreement, condition, covenant or term contained herein required to be observed or performed by the County, the Corporation or its assignee may exercise any and all rights of entry upon or possession of the Demised Premises and, also, at its option, with or without such entry, may terminate the Sublease; provided, that no termination shall be effected either by operation of law or acts of the parties hereto except upon express written notice from the Corporation or its assignee to the County terminating the Sublease, as provided below. In the

event of such default and notwithstanding any entry by the Corporation or its assignee, the Corporation or its assignee may at any time thereafter (with or without notice and demand and without limiting any other rights or remedies the Corporation may have):

(1) Maintain the Sublease in full force and effect and recover rent and other monetary charges as they become due without terminating the County's right to possession, regardless of whether or not the County has abandoned the Demised Premises. In the event the Corporation or its assignee elects not to terminate the Sublease, it shall have the right and the County hereby irrevocably appoints the Corporation or its assignee as its agent and attorney-in-fact for such purpose to attempt to relet the Demised Premises at such rent, upon such conditions and for such term, and to do all other acts to maintain or preserve the Demised Premises as the Corporation or its assignee deems desirable or necessary, and the County hereby waives any and all claims for any damages that may result to the Demised Premises thereby; provided, that no such actions shall be deemed to terminate the Sublease and the County shall continue to remain liable for any deficiency that may arise out of such reletting, payable at the same time and manner as provided for Base Rental in Section 3.01.

(2) Terminate this Sublease in the manner hereinafter provided on account of default by the County, notwithstanding any re-entry or re-letting of the Demised Premises and to re-enter the Demised Premises and remove all persons in possession thereof and all personal property whatsoever situated upon the Demised Premises and place such personal property in storage in any warehouse or other suitable place located within the County of Santa Barbara, California. In the event of such termination, the County agrees to surrender immediately possession of the Demised Premises, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of default by the County, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Demised Premises and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Demised Premises given pursuant to law nor any entry or re-entry by the Corporation nor any proceeding in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Demised Premises nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under this Sublease shall of itself operate to terminate this Sublease, and no termination of this Sublease on account of default by the County shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate this Sublease. The County covenants and agrees that no surrender of the Demised Premises over the remainder of the term hereof or any termination of this Sublease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

Each and all of the remedies given to the Corporation or its assignee hereunder or by any law now existing or hereafter enacted are cumulative and the exercise of any one remedy shall not impair the right of the Corporation to any or all other remedies.

(b) In addition to any default resulting from breach by the County of any agreement, condition, covenant or term hereof, if (1) the County's interest herein or any part

thereof be assigned, sublet or transferred without the written consent of the Corporation, either voluntarily or by operation of law; or (2) the County or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the County shall make a general or any assignment for the benefit of its creditors; or (3) the County shall abandon or vacate the Demised Premises or any part thereof; then in each and every such case the County shall be deemed to be in default hereunder.

(c) The County shall in no event be in default in the performance of any of its obligations hereunder (except for its obligation to make Base Rental Payments pursuant to Section 3.01) unless and until it shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the Trustee to it properly specifying wherein it has failed to perform such obligation.

(d) In addition to the remedies set forth in this section, upon the occurrence of an Event of Default as defined herein, the Corporation and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Corporation and its assignee by the Sublease by such appropriate judicial proceeding as the Corporation or its assignee shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in the Corporation and its assignee by the Sublease or by law. The provisions of the Sublease and the duties of the County and of its supervisors, officers or employees shall be enforceable by the Corporation or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Corporation and its assignee shall have the right to bring the following actions:

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

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

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

**Section 7.02. Waiver.** The waiver by the Corporation of any breach by the County of any agreement, condition, covenant or term hereof shall not operate as a waiver of any subsequent breach of the same or any other agreement, condition, covenant or term hereof.

## ARTICLE VIII

### PREPAYMENT

**Section 8.01. Eminent Domain.** If the Demised Premises (or portions thereof such that the remainder is not usable for public purposes by the County) shall be taken under the power of condemnation or eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than the entire Demised Premises shall be taken under the power of condemnation or eminent domain and the remainder is usable for public purposes by the County at the time of such taking, then this Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to that proportion of the Base Rental hereunder which the fair market value of the portion taken bears to the fair market value of the Demised Premises as a whole. So long as any of the principal components of the Base Rental remain unpaid any award made in eminent domain proceedings for taking the Demised Premises or any portion thereof shall be applied to the prepayment of the principal components of Base Rental Payments as provided in Section 8.02(a) and any remaining balance of any such award shall be applied to the making of Additional Rental as provided in Section 3.02. Any such award made after all of the Base Rental and Additional Rental have been fully paid, or provision therefor made, shall be paid to the Corporation and to the County as their respective interests may appear.

**Section 8.02. Prepayment.** (a) The County shall prepay, from proceeds of condemnation awards or eminent domain received pursuant to Section 8.01 hereof, the principal components of Base Rental Payments then unpaid, on any date in whole or in part in integral multiples of \$5,000, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment. The County shall determine the Series of Certificates to be prepaid and the Certificate Payment Dates of the Certificates to be prepaid, and the amount of Certificates with such Certificate Payment Dates, and shall provide such determination to the Trustee in a Request of the County.

(b) The County may prepay, from net insurance proceeds received pursuant to Section 6.02 hereof and in accordance with the provisions of Section 5.03(B) of the Trust Agreement, the principal components of Base Rental Payments then unpaid, on any date in whole or in part in integral multiples of \$5,000, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment. The County shall determine the Certificate Payment Dates of the Certificates to be prepaid and the amount of Certificates with such Certificate Payment Dates and shall provide such determination to the Trustee in a Request of the County.

(c) The County may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in Section 10.01(c) of the Trust Agreement sufficient to make such Base Rental Payments when due; provided that the County shall furnish the Trustee with an Opinion of Counsel that such deposit will not cause the interest represented by the Certificates to be includable in gross income for federal income tax purposes and provided further that the County shall furnish the Trustee with a Request of the County specifying the maturities of Certificates to be defeased to their maturity.

The County agrees that if following such prepayment the Demised Premises are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(d) Before making any prepayment pursuant to this Article, the County shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Corporation and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not more than sixty-five (65) days from the date such notice is given to the Corporation.

(e) If the County shall submit a Request of the County requesting a prepayment in part of the Certificates in accordance with this Article VIII, the County shall also submit to the Trustee therewith a schedule showing the base rental payment schedule to be in effect after the prepayment of part of the Certificates. In connection with a prepayment as described in Section 8.02(a) or (b), above, the Request of the County shall provide that the Certificates shall be selected among Series and Certificate Payment Dates so that the annual Base Rental Payments payable after the prepayment is as nearly proportional as practicable to the annual Base Rental Payments prior to such prepayment.

## ARTICLE IX

### COVENANTS

**Section 9.01. Right of Entry and Inspection.** The Corporation shall have the right to enter the Demised Premises during reasonable business hours (and in emergencies at all times) for any purpose connected with the Corporation's rights or obligations hereunder and for all other lawful purposes.

**Section 9.02. Prohibition Against Encumbrance or Sale of Demised Premises; Assignment and Subleasing.** The County shall not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Demised Premises or any part thereof, or upon any real or personal property essential to the operation of the Demised Premises, without the consent of the Corporation; provided, however, the County may sublet the Demised Premises without such consent if such subletting does not adversely affect the tax-exempt status of the interest components of the Base Rental Payments payable by the County hereunder. No such mortgage, pledge, lien, charge, encumbrance or sublease shall in any event affect or reduce the obligation of the County to make the Base Rental Payments and Additional Payments required hereunder.

**Section 9.03. Liens.** In the event the County shall at any time during the term hereof cause any improvements to the Demised Premises to be constructed or materials to be supplied in or upon or attached to the Demised Premises, the County shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon, about or relating to the Demised Premises and shall keep the Demised Premises free of any and all liens against the Demised Premises or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Demised Premises or the Corporation's interest

therein, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the County desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the County shall forthwith pay or cause to be paid and discharged such judgment. The County shall, to the maximum extent permitted by law, indemnify and hold the Corporation and its assignee and its members, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Demised Premises or the Corporation's interest therein.

**Section 9.04. Quiet Enjoyment.** The parties hereto mutually covenant that the County, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Demised Premises without suit, trouble or hindrance from the Corporation.

**Section 9.05. Net Lease.** It is the purpose and intent of the Corporation and the County that Base Rental Payments hereunder shall be absolutely net to the Corporation so that the Sublease shall yield to the Corporation the lease payments, free of any charges, assessments, or impositions of any kind charged, assessed or imposed on or against the Site or the Demised Premises, and without counterclaim, deduction, defense, deferment or set-off by the County, except as herein specifically otherwise provided. The Corporation shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder except as herein expressly set forth, and all costs, expenses and obligations of any kind relating to the maintenance and operation of the Demised Premises which may arise or become due during the term of the Sublease shall be paid by the County.

**Section 9.06. Compliance with Sublease.** The County and the Corporation hereby agree to faithfully observe and perform their respective covenants, conditions and requirements herein. The County shall not suffer or permit any default to occur hereunder, nor do or permit to be done in, upon or about the Demised Premises or any part thereof, anything that might in any way weaken, diminish or impair the operation of the Demised Premises. The County shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Sublease.

**Section 9.07. Essentiality.** The County hereby represents that the use of the Demised Premises is essential to the operations of the County.

## ARTICLE X

### MISCELLANEOUS

**Section 10.01. Corporation Not Liable.** The Corporation and its assignee and its members, officers and employees shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on, about or relating to the Demised Premises.

**Section 10.02. Disclaimer of Warranties.** NEITHER THE CORPORATION NOR ITS ASSIGNEE MAKE ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE DEMISED PREMISES OR ANY OTHER WARRANTY WITH RESPECT THERETO. In no event shall the Corporation or its assignee be liable for any incidental, indirect, special or consequential damage in connection herewith or arising hereunder, or the existence, furnishing or functioning of the Demised Premises.

**Section 10.03. Indemnification and Expenses.** To the extent permitted by law, the County does hereby assume liability for, and agree to defend, indemnify, protect, save and keep harmless the Corporation and its members, officers and employees and its successors and assigns from and against any and all liabilities, obligations, losses, damages (including consequential damages incurred by others), taxes and impositions, penalties, fines, claims, actions, suits, costs and expenses and disbursements (including legal fees and expenses) of whatsoever kind and nature imposed on, asserted against or incurred or suffered by the Corporation or its directors, officers or employees or its successors and assigns in any way relating to or arising out of its lease of the Demised Premises or the County's use thereof, the taking possession of, re-entering or re-letting of the Demised Premises or the exercise by the Corporation or its assignee of any other remedy provided in Section 7.01 hereof or the execution and delivery or performance hereof or the assignment hereof or the Trust Agreement or any other agreements relating thereto (including without limitation the lease of the Demised Premises), or the enforcement of any of the terms of any thereof.

**Section 10.04. Law Governing.** The Sublease shall be construed and governed in accordance with the laws of the State of California.

**Section 10.05. Notices.** All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, to its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the County:

County of Santa Barbara  
105 East Anapamu Street  
Santa Barbara, California 93101  
Attention: Treasurer, Room 109  
(with a copy to County Counsel, Room 201)

If to the Corporation:

c/o County of Santa Barbara  
105 East Anapamu Street, Room 201  
Santa Barbara, California 93101  
Attention: County Counsel, Room 201  
(with a copy to the Treasurer, Room 109)

with a copy to the Trustee at the following address or to such other address as such trustee may specify:

If to the Trustee:

U.S. Bank Trust Company, National  
Association  
633 West 5th Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services

**Section 10.06. Validity and Severability.** If for any reason the Sublease or any part thereof shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Corporation or by the County, all of the remaining terms hereof shall nonetheless continue in full force and effect. If for any reason it is held by such a court that any of the agreements, conditions, covenants or terms required to be observed or performed by the County hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event the Sublease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the County annually in consideration of the right of the County to use and occupancy of the Demised Premises, and all the other agreements, conditions, covenants and terms hereof, except to the extent that such agreements, conditions, covenants and terms are contrary to or inconsistent with such holding, shall remain in full force and effect.

**Section 10.07. Section Headings.** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision hereof.

**Section 10.08. Execution in Counterparts.** The Sublease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 10.09. Electronic Means.** Each of the parties hereto agrees that the transaction consisting of this agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this agreement in a usable format.

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Sublease by their officers thereunto duly authorized as of the day and year first above written.

**SANTA BARBARA COUNTY  
FINANCE CORPORATION, INC.**

By \_\_\_\_\_

\_\_\_\_\_  
President

By \_\_\_\_\_

\_\_\_\_\_  
Treasurer

**COUNTY OF SANTA BARBARA**

By \_\_\_\_\_

\_\_\_\_\_  
Chair of the Board of Supervisors

[SEAL]

**ATTEST:**

Mona H. Miyasato,  
Clerk of the Board of Supervisors

By \_\_\_\_\_

\_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**

Rachel Van Mullem,  
County Counsel

**APPROVED AS TO ACCOUNTING  
FORM:**

Betsy M. Schaffer, C.P.A., C.P.F.O.,  
Auditor-Controller

By \_\_\_\_\_

\_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**

Greg Milligan, ARM  
Risk Manager

By \_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_  
Deputy County Counsel

\_\_\_\_\_  
Risk Management

**EXHIBIT A**

**DEMISED PREMISES**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**EXHIBIT B-1**

**BASE RENTAL PAYMENT SCHEDULE  
(SERIES A-1 (TAX-EXEMPT) CERTIFICATES)**

<u>Due Date*</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rental</u>	<u>Total Annual Base Rental</u>
_____	_____	_____	_____	_____
=====	=====	=====	=====	=====

\* Funds must be paid to the Trustee no later than five days before its due date.

**EXHIBIT B-2**

**BASE RENTAL PAYMENT SCHEDULE  
(SERIES A-2 (TAXABLE) CERTIFICATES)**

<u>Due Date*</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rental</u>	<u>Total Annual Base Rental</u>
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\* Funds must be paid to the Trustee no later than five days before its due date.



<u>Due Date*</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rental</u>	<u>Total Annual Base Rental</u>
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\* Funds must be paid to the Trustee no later than five days before its due date.

**EXHIBIT B-3**

**BASE RENTAL PAYMENT SCHEDULE  
(SERIES A-1 (TAX-EXEMPT) AND SERIES A-2 (TAXABLE) CERTIFICATES)**

<u>Due Date*</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rental</u>	<u>Total Annual Base Rental</u>
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\* Funds must be paid to the Trustee no later than five days before its due date.



<u>Due Date*</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rental</u>	<u>Total Annual Base Rental</u>
------------------	----------------------------	---------------------------	--------------------------	---------------------------------

_____	_____	_____	_____	_____
=====	=====	=====	=====	=====

\* Funds must be paid to the Trustee no later than five days before its due date.