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EXEMPT FROM AFFIDAVIT AND FEE
PURSUANT TO SECTION 11-1134(A)(3),
ARIZONA REVISED STATUTES, AS
AMENDED

LEASE-PURCHASE AGREEMENT

by and between

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee,
as Lessor**

and

**CITY OF FLAGSTAFF, ARIZONA,
as Lessee**

Dated as of June 1, 2018

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LEASE-PURCHASE AGREEMENT

THIS LEASE-PURCHASE AGREEMENT, dated as of June 1, 2018 (this "*Lease Agreement*"), by and between THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee, as lessor (the "*Lessor*"), and CITY OF FLAGSTAFF, ARIZONA, as lessee (the "*Lessee*" or the "*City*"), a municipal corporation duly organized and existing pursuant to the laws of the State of Arizona;

WITNESSETH:

WHEREAS, pursuant to a Ground Lease, dated as of even date herewith (the "*Ground Lease*"), the Lessee has leased to the Lessor certain real property, as more fully set forth on Exhibit B hereto (the "*Leased Land*") and improvements thereon; and

WHEREAS, in order to facilitate the financing of construction of a multipurpose facility for public works operations of the City (the "*Projects*"), the Lessor has proposed to re-lease the Leased Land together with the improvements now or hereafter existing on the Leased Land (the "*Leased Property*") to the Lessee, and the Lessee is authorized pursuant to the laws of the State of Arizona to enter into leasehold agreements for such purposes;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; EXHIBITS

Section 1.1 Definitions

. Unless the context otherwise requires, the terms used herein shall have the meanings given to them in the Recitals hereto as well as the following:

"*2018 Certificates*" means the \$____,000 aggregate principal amount of Certificates of Participation, Series 2018 Evidencing Undivided Proportionate Interests of the Owners Thereof in Lease Payments to be made by City of Flagstaff, Arizona, as Lessee of Certain Property Pursuant to a Lease-Purchase Agreement dated as of June 1, 2018, to be executed and delivered in denominations of \$5,000 denominated as principal or integral multiples thereof payable as to interest semiannually as provided in Article II of the Trust Agreement.

"*2018 Underwriter*" means Piper Jaffray & Co., as original purchaser of the 2018 Certificates.

"*Additional Certificates*" means any certificates executed and delivered pursuant to Section 2.11 of the Trust Agreement.

“*Additional Rent*” means any payments to be made pursuant to Section 4.7 of this Lease Agreement in addition to the Lease Payments.

“*Business Day*” means a day of the year other than (i) a Saturday or Sunday or (ii) a day on which banking institutions located in the city designated for the presentation and payment of Certificates are required or authorized to remain closed.

“*Certificates*” means, jointly, the 2018 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

“*Closing Date*” means June ____, 2018.

“*Code*” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any regulations promulgated pursuant thereto.

“*Costs*” means the costs incurred in constructing and acquiring, as applicable, the Projects.

“*Defeasance Obligations*” means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause) and (ii) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including (A) U.S. treasury obligations, (B) all direct or fully guaranteed obligations, (C) Farmers Home Administration, (D) General Services Administration, (E) Guaranteed Title XI financing, (F) Government National Mortgage Association (GNMA), and (G) State and Local Government Series. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

“*Delivery Costs*” means all items of expense directly or indirectly payable by or reimbursable to the Lessee or the Lessor relating to the execution, sale and delivery, as applicable, of the Ground Lease, this Lease Agreement, the Trust Agreement or the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Lessor, legal fees and charges, accountants’ verification fees, insurance fees and charges, costs of any title insurance policy, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and any other costs, expenses, fees and charges in connection with the foregoing.

“*Delivery Costs Fund*” means the fund by that name established and held pursuant to Section 3.2 of the Trust Agreement.

“*Fiscal Period*” means a period of 12 consecutive months commencing on the first day of July and ending on the last day of June, or any other consecutive 12-month period that may be established hereafter as the fiscal year of the Lessee for budgeting purposes.

“*Hazardous Substances*” means any substance or material at the level defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous or toxic chemical, a hazardous, toxic or radioactive substance, petroleum or other similar term, by any federal, state or local environmental statute, regulation, or ordinance presently in effect or that may be promulgated in the future, as such statutes, regulations and ordinances may be amended from time to time, including, but not limited to, the statutes listed below:

Federal Resource Conservation and Recovery Act of 1976,
42 U.S.C. Sections 6901, et seq.

Federal Comprehensive Environmental Response, Compensation,
and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq.

Federal Emergency Planning and Community Right-to-Know Act
of 1986 42 U.S.C. Sections 11001, et seq.

Federal Clean Air Act, 42 U.S.C. Sections 7401-7642.

Federal Water Pollution Control Act, Federal Clean Water Act of
1977, 33 U.S.C. Sections 1251, et seq.

Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C.
Sections 136, et seq.

“*Independent Counsel*” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Lessor or the Lessee.

“*Insurance and Condemnation Fund*” means the fund by that name established and held pursuant to Article VII of the Trust Agreement.

“*Lease Payments*” means the payments required to be paid by the Lessee in the amounts and on the dates as set forth in Exhibit A hereto.

“*Lease Payment Fund*” means the fund by that name established and held pursuant to Article V of the Trust Agreement.

“*Lessee Representative*” means the Management Services Director of the City, or any other person designated by the Management Services Director of the City to act on behalf of the Lessee pursuant to or with respect to the Trust Agreement and this Lease Agreement by a certificate filed with the Lessor containing the specimen signature of such person signed by the Management Services Director of the City.

“*Lessor Representative*” means any officer properly designated in writing to act as such by an appropriate document of the governing body of the Lessor filed with the Lessee containing the specimen signature of such person.

“*Net Proceeds*” means any insurance proceeds (other than proceeds of any insurance policy maintained pursuant to Section 5.3 of this Lease Agreement) or condemnation award in excess of \$25,000, paid with respect to the Leased Property, or any proceeds resulting from the re-renting, re-leasing or sale of all or any portion of the Leased Property pursuant to Section 9.2(c) of this Lease Agreement, remaining after payment therefrom of all expenses incurred in the collection thereof.

“*Outstanding*,” when used with reference to the Certificates, means, as of any date of determination, all Certificates theretofore executed and delivered except:

- (i) Certificates theretofore canceled or delivered for cancellation;
- (ii) Certificates that are deemed paid and no longer Outstanding as provided herein;
- (iii) Certificates in lieu of which other Certificates of the same series shall have been executed and delivered pursuant to the provisions hereof relating to Certificates destroyed, stolen or lost, unless satisfactory evidence has been received that any such Certificate is held by a bona fide purchaser; and
- (iv) For the purposes described in Section 10.3 of the Trust Agreement, the Certificates described in said Section 10.3.

“*Owner*” or “*Owner of a Certificate*,” or any similar term, when used with respect to a Certificate, means the person in whose name such Certificate shall be registered.

“*Permitted Encumbrances*” mean, as of any particular time (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or that the Lessee may, pursuant to provisions of Article V of this Lease Agreement, permit to remain unpaid; (ii) this Lease Agreement; (iii) the Trust Agreement; (iv) the Ground Lease; (v) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions that exist as of the Closing Date and that the Lessee certifies in writing will not materially impair the use of the Leased Property; and (vi) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Lessor and the Lessee consent in writing.

“*Prepayment*” means any payment made, in whole or in part, pursuant to Article X of this Lease Agreement as a prepayment of the Lease Payments.

“*Project Fund*” means the fund by that name established and held pursuant to Section 3.1 of the Trust Agreement.

“*Special Counsel*” means any law firm, acceptable to the Lessee Representative and the Lessor, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations.

“*State*” means the State of Arizona.

“*Tax Certificate*” means the Certificate Relating To Federal Tax Matters, dated the Closing Date, executed and delivered by the Lessee.

“*Term*” or “*Term of this Lease Agreement*” means the time during which the Lease Agreement is in effect, as provided in Section 4.2 of this Lease Agreement.

“*Trust Agreement*” means the Trust Agreement, dated as of even date herewith, by and between the Lessor, in its separate capacity as trustee, and the City, together with any amendments or supplements thereto permitted to be made pursuant thereto.

Section 1.2 Exhibits

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

Exhibit A: The schedule of the Lease Payments.

Exhibit B: The description of the Leased Land.

Exhibit C: The form of “Certificate of Completion” required to be delivered by the Lessee to the Lessor pursuant to Section 4.3 hereof.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Lessee

. The Lessee represents, covenants and warrants, as applicable, to the Lessor as follows:

(a) The Lessee is a municipal corporation duly organized and existing in accordance with the laws of the State.

(b) The Constitution and the laws of the State authorize the Lessee to enter into this Lease Agreement, the Ground Lease and the Trust Agreement and to enter into the transactions contemplated by, and to carry out its obligations pursuant to, all of the aforesaid agreements, and the Lessee has duly authorized and executed all of the aforesaid agreements.

(c) Neither the execution and delivery of this Lease Agreement, the Ground Lease or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any law, regulation, court order, restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitutes a default with respect to any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the Lessee, or upon the Leased Property, except Permitted Encumbrances.

(d) The Lessee has duly authorized, executed and delivered this Lease Agreement in accordance with the laws of the State and upon such execution and delivery the Lease Agreement will be a valid and binding agreement of the Lessee.

(e) The Lessee has an immediate need for, and expects to make immediate use of, all of the Leased Property, which need is not temporary or expected to diminish in the foreseeable future, and there are no circumstances presently affecting the Lessee that could alter its foreseeable need for the Leased Property or adversely affect its ability or willingness to budget funds for the payment of Lease Payments, Additional Rent and other payments due hereunder.

(f) The Leased Property shall be used during the Term of this Lease Agreement only by the Lessee to carry out the governmental purposes of the Lessee.

(g) The Lessee shall perform all obligations and duties imposed on it pursuant to this Lease Agreement, the Ground Lease and the Trust Agreement. Immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting its estates in the Leased Property, the Lessee will deliver the same, or a copy thereof, to the Lessor.

(h) The Lessee shall promptly, upon request of the Lessor or any assignee, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall, to the extent permitted by applicable law, indemnify and save the Lessor and every assignee harmless for, from and against all loss cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

(i) Except as disclosed in writing to the Lessor prior to the date hereof, the Lessee has not been informed of, nor does the Lessee have any knowledge of (A) the presence of any Hazardous Substances on any of the Leased Property, or (B) any spills, releases, threatened releases, discharges or disposal of Hazardous Substances that have occurred or are presently occurring on or onto any of the Leased Property or any properties adjacent to any of the Leased Property, or (C) any spills or disposal of Hazardous Substances that have occurred or are presently occurring on any other properties as a result of any construction on or operation and use of any such Leased Property.

(ii) In connection with the construction on or operation and use of any of the Leased Property, there has not been any failure to comply with any applicable local, state or federal environmental laws, regulations, ordinances and administrative and judicial orders relating to the generation, treatment, recycling, reuse, sale, storage, handling, transport and disposal of any Hazardous Substances.

(iii) The Lessee has not given any release or waiver of liability that would impair any claim based upon Hazardous Substances to a previous owner of any of the Leased Property or to any party who may be potentially responsible for the presence of Hazardous Substances thereon nor has it made promises of indemnification regarding Hazardous Substances on or associated with any of the Leased Property to any person other than the Lessor.

(iv) In the event that the Lessee becomes aware of the release of any Hazardous Substances on, or other environmental condition, problem or liability with respect to, any of the Leased Property, the Lessee shall promptly notify the Lessor in writing of such condition. The Lessee further agrees to take actions to investigate and clean up the release of any Hazardous Substances on, or other environmental condition, problem or liability affecting, any of the Leased Property, promptly after the Lessee becomes aware of any such condition and to keep the Lessor advised of all such actions taken by the Lessee.

(i) With respect to the execution and delivery of the 2018 Certificates, the Lessee shall, subject to annual appropriation to cover the costs of preparation and mailing thereof, comply with the applicable reporting requirements for obligated persons included in Rule 15c2-12 adopted pursuant to the Securities Exchange Act of 1934, as amended, or any successor provision, including entering into a continuing disclosure undertaking or agreement, if necessary, in form and substance satisfactory to the 2018 Underwriter for such purpose.

Section 2.2 Representations, Covenants and Warranties of the Lessor

. The Lessor represents, covenants and warrants, as applicable, to the Lessee as follows:

(a) The Lessor is a national banking association with full power and authority to enter into and perform this Lease Agreement, the Ground Lease and the Trust Agreement and has duly authorized the execution and delivery of all of the aforesaid agreements.

(b) The Lessor shall not pledge the Lease Payments, Additional Rent or other amounts derived from the Leased Property or from its other rights pursuant to this Lease Agreement and will not transfer, mortgage or encumber its interest in the Leased Property, except as provided pursuant to the terms of this Lease Agreement and the Trust Agreement.

(c) None of (i) the execution and delivery of this Lease Agreement, the Ground Lease or the Trust Agreement, (ii) the fulfillment of or compliance with the terms and conditions hereof or thereof or (iii) the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default with respect to any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessor, or upon the Leased Property, except Permitted Encumbrances.

(d) Except as provided herein, the Lessor shall not assign this Lease Agreement, its right to receive Lease Payments, Additional Rent or other amounts derived from the Leased Property or from its other rights pursuant to this Lease Agreement or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

Section 2.3 Tax Covenants

(a) (i) As described in further detail in the Tax Certificate, no direction for the making of any investment or other use of the proceeds of any of the 2018 Certificates shall be made which would cause the 2018 Certificates to be “arbitrage bonds” as that term is defined in section 148 (or any successor provision thereto) of the Code or “private activity bonds” as that term is defined in section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with throughout the term of the 2018 Certificates. (Particularly, the Lessee shall be the owner of the Projects for federal income tax purposes. The Lessee shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Projects unless the management or service contract complies with the requirements of such authority as may control at the time or any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion thereof.) In consideration of the purchase and acceptance of the 2018 Certificates by the owners from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the Lessee shall, and the appropriate officials of the Lessee are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(ii) (A) The Lessee shall take all necessary and desirable steps, as determined by the Mayor and Council of the Lessee, to comply with the requirements hereunder in order to ensure that the interest on the 2018 Certificates is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the Lessee receives a Special Counsel’s Opinion (as such term is defined in the next Section) that either compliance with such requirement is not required to maintain the exclusion from gross income of the interest on the 2018 Certificates or compliance with some other requirement will meet the requirements of the Code. In the event the Lessee receives such a Special Counsel’s Opinion, the parties agree to amend this Lease Agreement to conform to the requirements set forth in such opinion.

(B) If for any reason any requirement hereunder is not complied with, the Lessee shall take all necessary and desirable steps, as determined by the Lessee, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the Lessee shall pay any required interest or penalty under hereinafter described Regulations section 1.148-3(h) with respect to the Code.

(iii) Written procedures have been established for the Lessee to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of section 148 of the Code relating to arbitrage, with which the Lessee will comply.

(iv) The procedures required by any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the 2018 Certificates (initially, those in the next Section) shall be complied with for so long as compliance is necessary pursuant to the Code.

Section 2.4 Arbitrage Rebate Covenants

(a) Terms not otherwise defined in Subsection (b) hereof shall have the meanings given to them in the Tax Certificate.

(b) The following terms shall have the following meanings:

Bond Year shall mean each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of execution and delivery of the 2018 Certificates and shall end on the date selected by the Lessee, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last 2018 Certificate.

Bond Yield is as indicated in the Tax Certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the 2018 Certificates as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of execution and delivery of the 2018 Certificates and using semiannual compounding on the basis of a 360-day year.

Gross Proceeds shall mean:

(i) any amounts actually or constructively received by the Lessee from the sale of the 2018 Certificates but excluding amounts used to pay accrued interest on the 2018 Certificates within one year of the date of execution and delivery of the 2018 Certificates;

(ii) transferred proceeds of the 2018 Certificates under Regulations section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii) and

(iv) replacement proceeds of the 2018 Certificates within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the 2018 Certificates, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the 2018 Certificates in the event the Lessee or the Lessor encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under the Trust Agreement.

Investment Property shall mean any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

Issue Price is as indicated in the Tax Certificate and shall be determined as provided in Regulations section 1.148-1(b).

Nonpurpose Investment shall mean any Investment Property acquired with Gross Proceeds and which is not acquired to carry out the governmental purposes of the 2018 Certificates.

Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under section 148(f)(4) of the Code or Regulations section 1.148-7.

Receipt shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

Special Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Lessee.

(c) Within 60 days after the end of each Bond Year, unless an exception to the requirement to do is properly established, the Lessee shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(1) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all

previous rebate payments with respect to the 2018 Certificates (determined as of such Computation Date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with respect to the 2018 Certificates (determined as of the last day of such Bond Year); and

(2) not later than 60 days after the retirement of the last 2018 Certificate, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last 2018 Certificate).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

(d) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(e) For purposes of Subsection (d), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(1) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(2) Except as provided in Subsection (f) or (g), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(3) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(f) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(1) the yield on reasonably comparable direct obligations of the United States; and

(2) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(g) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(1) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Lessee or any other person (whether or not in connection with the 2018 Certificates), and that the bid is not being submitted solely as a courtesy to the Lessee or any other person for purposes of satisfying the requirements in the Regulations that the Lessee receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the 2018 Certificates.

(2) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(3) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the 2018 Certificates (e.g., a lead underwriter within 15 days of the issue date of the 2018 Certificates or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the Lessee uses an agent to conduct the bidding, the agent may not bid.

(4) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(5) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(6) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(7) The provider of the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(8) The Lessee retains until three years after the last outstanding 2018 Certificate is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the Lessee and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the

terms of the guaranteed investment contract deviate from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) Such experts and consultants shall be employed by the Lessee to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with section 148(f) of the Code with respect to the 2018 Certificates.

ARTICLE III

DEPOSIT OF MONEYS; CONSTRUCTION OF PROJECT

Section 3.1 Deposit of Moneys

. On the Closing Date, the proceeds of sale of the 2018 Certificates shall be deposited as provided in Section 2.6 of the Trust Agreement for disbursement pursuant to the Trust Agreement.

Section 3.2 Construction of Projects

(a) The Lessor shall construct the Projects through the payment of such funds/deposit and disbursement of funds in accordance with Article III of the Trust Agreement.

(b) The Lessor hereby appoints the Lessee as its agent to plan and design the Projects and thereafter as its agent to carry out all phases of the acquisition, construction, installation and equipping of the Projects. The Lessee, as agent of the Lessor, assumes all rights, duties and responsibilities of the Lessor regarding acquisition, construction, installation and equipping of the Projects and any items related thereto, except as limited herein.

(c) The Lessee, as agent, may enter directly into any purchase order or contract without further written approval of the Lessor. The written approval of the Lessee Representative shall be required to authorize any payments of costs of the Projects from the proceeds of the Certificates deposited in the Project Fund.

(d) The Lessee, as agent of the Lessor, shall have the right to supervise the acquisition, construction, installation and equipping of the Projects, and to monitor the performance by the contractors selected to construct and install the Projects in whatever manner the Lessee, in its sole discretion, deems appropriate.

(e) The Lessor hereby assigns to the Lessee all of its rights and powers under all such purchase orders and contracts as it enters into with respect to the Projects and the Lessee shall have the right to enforce, in its own name or the name of the Lessor, if necessary, such purchase orders or contracts at law or in equity; provided, however, that this assignment shall not prevent the Lessor from asserting said rights and powers in its own behalf.

Section 3.3 Payment of Delivery Costs

. Payment of the Delivery Costs relating to the 2018 Certificates shall be made from the moneys deposited in the Delivery Costs Fund as provided in Section 3.1 hereof, which moneys shall be disbursed for this purpose in accordance and upon compliance with Article III of the Trust Agreement.

Section 3.4 Unexpended Proceeds and Other Moneys

. All excess moneys remaining in the Project Fund and the Delivery Costs Fund and not required for payment of Costs payable from such fund and Delivery Costs relating to the 2018 Certificates, respectively, shall be transferred to the Lease Payment Fund pursuant to Section 3.1 and Section 3.2 of the Trust Agreement and applied to pay the next-succeeding Lease Payments as the same become due and payable.

Section 3.5 Additional Certificates

. The Lessor, in its separate capacity as Trustee, upon the request of the City, may, in its discretion, execute and deliver Additional Certificates upon the terms and conditions provided herein and in Section 2.11 of the Trust Agreement. Additional Certificates may be executed and delivered to the extent permitted by law and to provide funds to expand or improve the Projects or to pay the costs of refunding Outstanding Certificates. In the event of the execution and delivery of Additional Certificates for such purpose, the amount of Additional Certificates executed and delivered may include all applicable Delivery Costs as shall be approved by Special Counsel. Before any Additional Certificates are executed and delivered (a) the City and the Lessor shall have entered into an amendment to this Lease Agreement, to provide, among other things, for additional Lease Payments in an amount at least sufficient to pay the principal and interest represented by the Additional Certificates when due, and (b) the City and the Lessor shall have otherwise complied with the provisions herein and in Section 2.11 of the Trust Agreement with respect to the execution and delivery of such Additional Certificates.

ARTICLE IV

**AGREEMENT TO LEASE; TERMINATION OF LEASE AGREEMENT;
LEASE PAYMENTS; TITLE TO THE LEASED PROPERTY**

Section 4.1 Lease

. The Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, the Leased Property upon the terms and conditions set forth in this Lease Agreement.

Section 4.2 Term of Agreement; Termination.

(a) The Term of this Lease Agreement shall commence on the date hereof, and continue until the end of the current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the Term, being the time through and including July

1, 20__, unless terminated prior thereto. If, before July 1, 20__, the Trust Agreement shall be discharged in accordance with its terms, the Term of this Lease Agreement shall thereupon terminate.

(b) If, on or before the third Business Day prior to the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period, the Lessee fails to adopt a budget containing an annual budgetary appropriation sufficient to make all Lease Payments coming due during the Fiscal Period for which such budgeting and appropriation are made, the Lessee will immediately notify the Lessor in writing of that fact. If, on the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period, no such proper budgeting and final appropriation by the Mayor and Council of the Lessee shall have been made, then all of the Lessee's right, title and interest in and future obligations pursuant to this Lease Agreement shall terminate (subject to reinstatement as provided in subsection (c)), effective as of the last day of the last Fiscal Period for which such budgetary appropriation was properly obtained, and the Lessee shall be relieved of any subsequent obligation pursuant to this Lease Agreement with respect thereto, other than to return the Lessor possession of the Leased Property as provided in this Lease Agreement and to pay any accrued and unpaid obligations.

(c) If this Lease Agreement terminates pursuant to subsection (b) hereof and if, within 45 days following such date of termination, amounts described in subsection (b) are determined to be available that would have permitted this Lease Agreement to have continued in effect with respect to the Leased Property if such amounts had been determined to be available before the termination of the prior Fiscal Period, then this Lease Agreement shall be reinstated with respect thereto and deemed renewed as of the day following the date of such termination, and no such termination shall be deemed to have occurred.

Section 4.3 Possession

. After execution and delivery of the Ground Lease, the Lessee shall take immediate possession of the Leased Property. Thereafter, the Lessee shall notify the Lessor of the completion of the construction of the Projects by delivery to the Lessor of a Certificate of Completion in the form attached hereto as Exhibit C, as promptly as possible after such completion. The Lessee agrees to surrender possession of the Leased Property upon termination of the Lease Agreement for any reason (i) on the day following the 45 day reinstatement period provided in Section 4.2(c) hereof or (ii) on the date set by the Lessor pursuant to Section 9.2(c) hereof. To the extent permitted by law, the Lessee agrees to hold the Lessor harmless for, from and against any costs, loss or damage whatsoever arising from or occasioned by any removal of property by the Lessor due to such termination.

Section 4.4 Lease Payments; Additional Rent; Other Payments.

(a) Subject to the provisions of Section 4.2 and Articles VI and X hereof, the Lessee shall pay to the Lessor, its successors and assigns, as rental for the use and occupancy of the Leased Property, the Lease Payments in the respective principal and interest amounts specified in Exhibit A, to be due and payable on the respective Lease Payment Dates specified in Exhibit A. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than (i) amounts resulting from the Prepayment of the Lease Payments in part but not

in whole pursuant to Article X hereof and (ii) amounts required for payment of past due principal or interest evidenced by any Certificates not presented for payment) shall be credited towards the Lease Payments then due and payable, and no Lease Payments need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund (other than (y) amounts resulting from the Prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof and (z) amounts required for payment of past due principal or interest evidenced by any Certificates not presented for payment) are at least equal to the Lease Payments then required to be paid. Lease Payments for each Fiscal Period shall be for the use of the Leased Property during such Fiscal Period.

The obligations of the Lessee to pay Lease Payments and Additional Rent as required in this Lease Agreement and the performance and observance of the other covenants and agreements on the Lessee's part contained herein shall be absolute and unconditional in all respects, except as specifically otherwise provided herein with respect to termination upon nonappropriation. During the Term hereof, the Lessee (A) shall not suspend or discontinue payment of the Lease Payments or Additional Rent, and (B) shall perform and observe all of its agreements contained herein and, other than pursuant to Section 4.2(b), will not terminate this Lease Agreement for any reason, including, without limitation, any acts or circumstances that may constitute destruction of or damage to the Leased Property, frustration of purpose, any failure of the Lessor to perform and observe any agreement whether express or implied or any duty, liability or obligation arising out of or connected with this Lease Agreement.

The Lessor acknowledges that, pursuant to State law, the Lessee's obligation to make Lease Payments is a current expense of the Lessee, payable exclusively from budgeted and appropriated funds during each Fiscal Period, and is not a general obligation or indebtedness of the Lessee or the State.

(b) In the event that the Lessee prepays all remaining Lease Payments and Additional Rent in full pursuant to Article X hereof, the obligations of the Lessee pursuant to this Lease Agreement shall thereupon cease and terminate, including but not limited to the obligation of the Lessee to pay Lease Payments pursuant to this Section. In the event the Lessee prepays less than all of the remaining Lease Payments and Additional Rent pursuant hereto, the principal and interest components of the remaining Lease Payments shall be reduced proportionately such that the remaining Lease Payments correspond to the remaining payments of principal and interest evidenced by the Outstanding Certificates (determined by reference to the Trust Agreement).

(c) In the event the Lessee should fail to pay any of the Lease Payments and Additional Rent required in this Section 4.4, the payment in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of 10 percent per annum.

(d) The Lease Payments and Additional Rent for each rental payment period during the Term of this Lease Agreement shall constitute the total rental for the Leased Property for such rental payment period and shall be paid by the Lessee in each rental payment period for and in consideration of the right of the use and occupancy of, and the continued quiet

use and enjoyment of, the Leased Property during each such period for which said rental is to be paid. The parties hereto have agreed and determined that the total Lease Payments and Additional Rent represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the appraised value of the Leased Property, other obligations of the parties pursuant to this Lease Agreement, the uses and purposes of which may be served by the Leased Property and the benefits therefrom that will accrue to the Lessee and the general public.

(e) All interest of the Lessor in and to this Lease Agreement and in and to the Lease Payments and Additional Rent to be paid pursuant hereto for the Leased Property are held in trust pursuant to the Trust Agreement for the benefit of the Owners from time to time of the Certificates. The Lessor hereby directs the Lessee, and the Lessee hereby agrees to pay at the designated corporate trust office, all Lease Payments and Additional Rent payable by the Lessee pursuant to this Lease Agreement.

Section 4.5 Quiet Enjoyment

. During the Term of this Lease Agreement, the Lessee shall have quiet use and enjoyment of the Leased Property, and the Lessee shall during such Term peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Lessor, except as expressly set forth in this Lease Agreement. The Lessor will, at the request of the Lessee and at the Lessee's cost, join in any legal action in which the Lessee asserts its right to such possession and enjoyment to the extent the Lessor may lawfully do so. Notwithstanding the foregoing, the Lessor have the right to inspect the Leased Property as provided in Section 7.1 hereof.

Section 4.6 Title

. Title to the Leased Land will remain with the Lessee pursuant to Section 3 of the Ground Lease.

If the Lessee prepays the Lease Payments and Additional Rent in full pursuant to Article X hereof or makes the advance deposit required by Section 10.1 hereof, or pays all Lease Payments and Additional Rent during the Term of this Lease Agreement as the same become due and payable, all right, title and interest of the Lessor in and to the Leased Property shall be transferred to and vested in the Lessee clear of this Lease Agreement. Such title shall be vested in the Lessee hereunder without the necessity of any additional payments or of any further instrument of transfer. The Lessor agrees, at the Lessee's expense, to take any and all steps and execute and record any and all documents reasonably required by the Lessee to confirm such vesting of title.

Section 4.7 Additional Rent

. In addition to the Lease Payments described in Section 4.4 hereof, the Lessee shall pay when due (i) all costs and expenses incurred by the Lessor to comply with the provisions of the Trust Agreement, (ii) payments required to be made pursuant to Sections 2.3 and 2.4 hereof, (iii) compensation, expenses and any other amounts payable pursuant to Section

9.8 of the Trust Agreement, (iv) all amounts payable by the Lessee pursuant to Section 7.2 hereof, (v) all costs and expenses of auditors, engineers, accountants and legal counsel, if necessary, but excluding Delivery Costs (which shall be paid by the Lessor from moneys deposited in the Delivery Costs Fund) and (vi) all rent for any holdover period during which Lessee stays in possession of the Leased Property after termination of this Lease Agreement, which rent shall be calculated as: (A) number of days of holdover divided by (B) 365 multiplied by (C) the Lease Payments for such Fiscal Period.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; OTHER MATTERS

Section 5.1 Maintenance, Utilities, Taxes and Assessments

. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Leased Property, the Lessee shall keep in good repair and maintain the Leased Property, and the Lessee shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the Lessee or any assignee or sublessee thereof. In exchange for the Lease Payments and Additional Rent herein provided, the Lessor agrees to provide only the Leased Property, as herein provided.

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

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

Section 5.2 Modification of Leased Property

. The Lessee and any sublessee shall, at their own expense, have the right to remodel any portion of the Leased Property or to make additions, modifications and improvements to any portion of the Leased Property. All such additions, modifications and improvements which cannot be removed without damaging the Leased Property shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than those authorized pursuant to the provisions of State and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section, shall be of a value that is not substantially less than the value of such Leased Property immediately before the making of such additions, modifications and improvements. The Lessee shall not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the Lessee or any sublessee or assignee pursuant to this Section; provided that if any such lien is established and the Lessee shall first notify or cause to be notified the Lessor of the Lessee's or any sublessee's intention to do so, the Lessee or any sublessee may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Lessor with full security against any loss or forfeiture that might arise from the nonpayment of any such item, in form satisfactory to the Lessor. The Lessor shall cooperate fully in any such contest, upon the request and at the expense of the Lessee or such sublessee.

Section 5.3 General Liability Insurance

. The Lessee shall maintain or cause to be maintained, throughout the Term of this Lease Agreement, a standard commercial general insurance policy or policies or Qualified Self-Insurance (as defined in the Trust Agreement), with a responsible insurance company or companies authorized pursuant to the laws of the State to assume such risks, of such types and in such amounts as are determined by the Lessee to be customary for similar institutions carrying on similar activities. Said policy or policies, or any Qualified Self-Insurance as discussed below, shall name the Lessor as an additional insured and shall provide for coverage against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Leased Property; provided, however, to the extent the Lessor is not named as an additional insured for the purposes of any insurance or Qualified Self-Insurance, the Lessee hereby assigns to the Lessor its rights to receive any or all proceeds received from such insurance or Qualified Self-Insurance as their respective interests or rights pursuant to this Lease Agreement may appear on the date of payment thereof. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee and may be maintained in the form of Qualified Self-Insurance by the Lessee. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the proceeds of such insurance shall have been paid.

Section 5.4 Fire and Extended Coverage Insurance

. The Lessee shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, insurance or Qualified Self-Insurance against loss or damage to any structures or equipment constituting any part of the Leased Property 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 then in existence. Such insurance shall be in an amount equal to 100 percent of the replacement cost of the Leased Property then in existence. Such insurance may be subject to deductible clauses of not to exceed \$25,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee and may be maintained in the form of Qualified Self-Insurance by the Lessee. Said policy or policies, or any Qualified Self-Insurance, shall provide for insuring the Lessor and the Lessee against such loss or damage; provided, however, to the extent the Lessor is not named as an additional insured for the purposes of any insurance or Qualified Self-Insurance, the Lessee hereby assigns to the Lessor its rights to receive any or all proceeds received from such insurance or Qualified Self-Insurance as their respective interests or rights pursuant to this Lease Agreement may appear on the date of payment thereof. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

Section 5.5 Insurance Net Proceeds; Form of Policies

. Each policy of insurance required by Sections 5.3 and 5.4 hereof shall provide that all proceeds thereunder shall be payable to the Lessor or assigned to the Lessor by the Lessee pursuant to Sections 5.3 and 5.4 hereof and such proceeds shall be applied as provided in Section 6.2 hereof. The Lessee shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Lessor shall be given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Lessor shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Lessee. The Lessee shall cause to be delivered annually to the Lessor a certificate stating that the insurance policies required by this Lease Agreement are in full force and effect. In the event the Lessee maintains self-insurance for the insurance required by Sections 5.3 and 5.4 hereof, the Lessee shall cause to be delivered annually to the Lessor the documentation required for the determination that such self-insurance constitutes Qualified Self-Insurance.

Section 5.6 Advances

. If the Lessee shall fail to perform any of its obligations pursuant to this Article, the Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the Lessee shall be obligated to repay all such advances as Additional Rent as soon as possible, with interest at the rate of 10 percent per annum from the date of the advance to the date of repayment.

Section 5.7 Installation of Lessee's Equipment

. The Lessee and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of such party, in which the Lessor shall not have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the Lessee and any sublessee from purchasing or leasing items to be installed in accordance with this Section pursuant to any lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

Section 5.8 Liens

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

Section 5.9 Delivery of Leased Property Upon Termination

. The Lessee shall, (i) subject to Section 4.2(c) hereof, upon the early termination of the full Term of this Lease Agreement pursuant to Section 4.2(b) hereof or (ii) on the date set by the Lessor pursuant to Section 9.2(c) hereof, deliver the Leased Property to the Lessor, or another person, as directed by the Lessor, in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear excepted. The Leased Property shall be delivered to the Lessor, or another person, as directed by the Lessor, as herein required, free and clear of all liens, encumbrances and rights of others except Permitted Encumbrances (other than this Lease Agreement).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1 Eminent Domain

. If all of the Leased Property shall be taken permanently pursuant to the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken and the Net Proceeds shall be deposited pursuant to Section 7.2 of the Trust Agreement. If less than all

of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily, pursuant to the power of eminent domain, (i) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial reduction of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the Prepayment of the Lease Payments hereunder as provided in Section 6.3 hereof.

The Lessee agrees, to the extent permitted by law, that it shall use its best efforts to effect any condemnation award in an amount at least equal to the principal amount of the then Outstanding Certificates plus accrued interest thereon.

Section 6.2 Application of Net Proceeds.

(a) The Net Proceeds of any insurance award resulting from any damage to or destruction of any Leased Property by fire or other casualty shall be deposited in the Insurance and Condemnation Fund created pursuant to Article VII of the Trust Agreement promptly upon receipt thereof and, if the Lessee determines, within 45 days following such deposit, that the replacement, repair, restoration, modification or improvement of such Leased Property is not economically feasible (e.g., the Net Proceeds together with any additional funds from other available sources are insufficient therefor) or is not in the best interest of the Lessee, then, upon receipt of written notice of such determination by the Lessee Representative, such Net Proceeds shall be promptly transferred to the Lease Payment Fund and applied as provided in Section 10.3 hereof; provided, however, in the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred to the Lease Payment Fund to be applied as provided in Section 10.3 hereof only if sufficient, together with other moneys available therefor, to cause the prepayment of all Outstanding Certificates; provided further, however, if the Net Proceeds are not sufficient to cause the prepayment of all Outstanding Certificates, the Lessee shall have an option to purchase the Leased Property for a price representing the difference between the amount of Net Proceeds received and available for transfer to the Lease Payment Fund and the amount required to redeem all Outstanding Certificates. If the Lessee exercises its option to purchase the Leased Property as described in the preceding sentence, the proceeds from said sale and the Net Proceeds shall then be deposited in the Lease Payment Fund and applied as provided in Section 10.3 hereof. Except in the event of damage or destruction of the Leased Property in full, all Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property by the Lessee, upon receipt of a requisition satisfactory signed by the Lessee Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. Any balance of the Net Proceeds remaining in the Insurance and Condemnation Fund because (A) the Leased Property was damaged or destroyed in full and the Net Proceeds, together with other available moneys, were insufficient to cause the prepayment of all

Outstanding Certificates, or (B) after all work to replace, repair, restore, modify or improve the Leased Property has been completed, shall be deposited in the Lease Payment Fund and applied toward subsequent Lease Payments.

(b) The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 hereof shall be deposited in the Insurance and Condemnation Fund to be held and applied pursuant to Section 7.2 of the Trust Agreement.

(c) The parties hereto agree that the provisions of this Section 6.2 are not intended and shall not be construed in any way to apply to the proceeds of any insurance or condemnation award less than or equal to \$25,000. Such proceeds shall be paid to the Lessee and applied by the Lessee in its sole discretion.

Section 6.3 Reduction of Rental in the Event of Prepayment of Lease Payments

. In the event the Net Proceeds of any insurance or condemnation awards are deposited in the Lease Payment Fund and credited towards Prepayments pursuant to Section 10.3 hereof, the amount of remaining Lease Payments shall be reduced proportionately as to the principal and interest components thereof such that the resulting Lease Payments will correspond to the remaining payments of principal and interest evidenced by the Outstanding Certificates (after any prepayment of Certificates pursuant to Section 4.2 of the Trust Agreement resulting from such Prepayments), which resulting Lease Payments are hereby deemed to represent fair consideration for the use and occupancy of the portions of the Leased Property not taken, damaged or destroyed. In the event of any such reduction, this Lease Agreement shall continue in full force and effect and the Lessee waives any right to terminate this Lease Agreement by virtue of any damage or destruction of the Leased Property causing such reduction of Lease Payments.

ARTICLE VII

ACCESS TO LEASED PROPERTY

Section 7.1 Access to the Leased Property

. The Lessor and any Lessor Representative shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Leased Property. The Lessee further agrees that the Lessor, any Lessor Representative and the Lessor's successors or assigns shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the Lessee to perform its obligations hereunder.

Section 7.2 Release and Indemnification Covenants

. To the extent permitted by law, the Lessee shall indemnify and save the Lessor harmless for, from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the ownership, use, maintenance, condition or management of, or from any work or thing done on, the Leased Property, including any environmental condition relating to the Leased Property, (ii) any breach or default on the part of the Lessee in the performance of any of its obligations pursuant to this Lease Agreement or of any of its representations or warranties pursuant to this Lease Agreement, (iii) any act or negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (iv) any act or negligence of any sublessee of the Lessee with respect to the Leased Property or (v) the acquisition and construction of the Projects, the execution and delivery of this Lease Agreement and the Trust Agreement, the acceptance and/or the administration of the Trust created by the Trust Agreement, and the execution, delivery and sale of the Certificates. No indemnification is provided pursuant to this Section or elsewhere in this Lease Agreement for claims, suits and actions successfully brought against the Lessor for failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Lease Agreement, or for claims, suits and actions successfully brought for willful misconduct, negligence, or breach of duty pursuant to this Lease Agreement by the Lessor or its respective officers, agents, employees, successors or assigns. The indemnification provided herein shall survive the termination or expiration of this Lease Agreement, the prepayment or defeasance of the Certificates and the resignation or removal of the Lessor.

ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1 Assignment and Subleasing by the Lessee

. This Lease Agreement may not be assigned by the Lessee. The Leased Property may be subleased only with the written consent of the Lessor, which consent shall not be unreasonably withheld, and subject to all of the following conditions:

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

(ii) The Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of such sublease;

(iii) No such sublease by the Lessee shall cause any of the Leased Property to be used for a purpose other than a governmental or proprietary function authorized pursuant to the provisions of the Constitution and laws of the State; and

(iv) The Lessee shall furnish the Lessor with a written opinion of Special Counsel, with respect to any such sublease, stating that such sublease shall not adversely affect the exclusion of the interest components of the Lease Payments from gross income for federal income tax purposes when paid to the

Owners of the 2018 Certificates and any Additional Certificates, sold on the basis of the interest thereon being excluded from gross income for federal income tax purposes.

Section 8.2 Amendment of this Lease Agreement

. Neither the Lessor nor the Lessee will alter, modify or (subject to Section 8.3 hereof) cancel, or agree or consent to alter, modify or (subject to Section 8.3 hereof) cancel this Lease Agreement, excepting only such alteration or modification as may be permitted by Article X of the Trust Agreement.

Section 8.3 Release or Exchange of Property

. If, during the Term of this Lease Agreement, the Lessee desires to acquire legal title to any of the improvements on the Leased Land and the related portion of the Leased Land, unencumbered by the terms and conditions of the Lease Agreement, the Lessor shall sell to the Lessee any of such improvements on the Leased Land and portion of the Leased Land so desired by the Lessee, provided the following conditions are met, to wit:

(a) Contemporaneously with any such sale by the Lessor (i) the Lessee delivers to the Lessor the net proceeds from the sale of such improvements on the Leased Land and related portion of the Leased Land, or (ii) the Lessee sells to the Lessor substitute property (“substitute property”) for the Leased Property which the Lessee wishes to acquire from the Lessor;

(b) The sale or exchange of property will not cause any decrease in the total Lease Payments required pursuant to this Lease Agreement or any change in the interest component or principal component thereof;

(c) The Lessee furnishes to the Lessor an opinion of Special Counsel acceptable to the Lessor that the sale or exchange of property will not adversely affect the exclusion of the interest payable on the 2018 Certificates and any Additional Certificates (sold on the basis of the interest thereon being excluded from gross income for federal income tax purposes) from the federal gross income of the owners thereof;

(d) Any substitute property shall be subject to all the terms and conditions of this Lease Agreement and shall be subjected to the lien of the Trust Agreement; and

(e) All costs and expenses incurred in connection with the sale or exchange of property contemplated by this Section shall be borne by the Lessee.

Any proceeds delivered pursuant to subsection (a)(i) above shall be applied to acquire, construct or improve additional Leased Property, or be applied to Lease Payments as directed by the Lessee, subject to any restrictions contained in the opinion of Special Counsel delivered pursuant to subsection (c) above.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined

. The following shall be “events of default” for the purposes of this Lease Agreement and the terms “events of default” and “default” means, whenever they are used in this Lease Agreement, with respect to the Leased Property, any one or more of the following events:

(i) Except when not paid due to the Lessee not having lawfully available funds budgeted therefor, failure by the Lessee to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of five days.

(ii) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed pursuant to the Trust Agreement or this Lease Agreement, other than as referred to in clause (i) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Lessor, the Owners of not less than five percent in aggregate principal amount evidenced by Certificates then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, none of the Lessor or such Owners shall unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

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

Notwithstanding the foregoing, if, by reason of force majeure, the Lessee is unable to perform or observe any agreement, term or condition of this Lease Agreement, other than any obligation to make Lease Payments or Additional Rent required pursuant to this Lease Agreement and to comply with Section 2.3 hereof, the Lessee shall not be deemed in default during the continuance of such inability. However, the Lessee shall promptly give notice to the Lessor of the existence of any event of force majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strike or labor disturbances shall be entirely within the Lessee’s discretion.

Section 9.2 Remedies on Default and Failure to Budget.

(a) Whenever any event of default described in Section 9.1 hereof or a termination pursuant to Section 4.2(b) hereof shall have occurred and be continuing, the Lessor may exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or Additional Rent or otherwise declare any Lease Payments or Additional Rent not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the Lessee is expressly made a condition and upon the breach thereof the Lessor may terminate this Lease Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided.

(b) If, upon the occurrence and continuation of an event of default described in Section 9.1 hereof or a termination pursuant to Section 4.2(b) hereof, the Lessor does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subsection (c) of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee to enter upon the Leased Land and relet the Lessee's interests in the Leased Property and to remove all personal property not constituting Leased Property whatsoever situated upon the Leased Land and the Leased Property and to place such property in storage or other suitable place in Coconino County, Arizona, for the account of and at the expense of the Lessee, and, to the extent permitted by law, the Lessee hereby exempts and agrees to save harmless the Lessor for, from and against any costs, loss or damage whatsoever arising or occasioned by any such entry upon and reletting of the Leased Property and the removal and storage of personal property by the Lessor or its duly authorized agents in accordance with the provisions herein contained. The Lessee hereby waives any and all claims for damages caused or that may be caused by the Lessor in reentering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the Lessee that may be in or upon the Leased Property.

The Lessee agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Lessor to re-rent the Leased Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Lessor in effecting such re-renting or re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing or re-renting is made or the terms and conditions of such re-leasing or re-renting, or otherwise, but that, on the contrary, in the event of such default by the Lessee the right to terminate this Lease Agreement shall vest in the Lessor to be effected in the sole and exclusive manner hereinafter provided for in subsection (c) of this Section.

(c) Upon the occurrence and continuation of an event of default described in Section 9.1 hereof or a termination pursuant to Section 4.2(b) hereof, the Lessor at its option may terminate this Lease Agreement and re-rent or re-lease all or any portion of its interests in the Leased Property. Neither notice to pay rent or to deliver up possession of the

premises given pursuant to law nor any proceeding in unlawful detainer taken by the Lessor shall of itself operate to terminate this Lease Agreement and no termination of this Lease Agreement on account of default by the Lessee shall be or become effective by operation of law, or otherwise, unless and until the Lessor shall have given written notice to the Lessee of the election on the part of the Lessor to terminate this Lease Agreement. The Lessee covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Lessor by such written notice. Additionally, to the extent permitted by law, the Lessee hereby exempts and agrees to save harmless the Lessor for, from and against any costs, loss or damage whatsoever arising or occasioned by any removal of the Leased Property by the Lessor or its duly authorized agents in accordance with the provisions contained in this Lease Agreement.

Section 9.3 No Remedy Exclusive

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

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses

. In the event either party to this Lease Agreement should default in the performance of any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, to the extent permitted by law, the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.5 No Additional Waiver Implied by One Waiver

. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of Proceeds

. All Net Proceeds received from the sale, re-lease or other disposition of the Leased Property pursuant to this Article IX, and all other amounts derived by the Lessor as a result of an event of default hereunder, shall be applied as provided in the Trust Agreement.

Section 9.7 Lessor to Exercise Rights

. Such rights and remedies as are given to the Lessor pursuant to this Article IX shall be exercised by the Lessor and the Owners of the Certificates as provided in the Trust Agreement.

ARTICLE X

PREPAYMENT OF LEASE PAYMENTS

Section 10.1 Security Deposit

. Notwithstanding any other provision of this Lease Agreement, the Lessee may on any date secure the payment of Lease Payments by a deposit of (i) an amount of cash that, as required by the Trust Agreement, together with amounts on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund, is sufficient to pay all unpaid Lease Payments and Additional Rent, including the principal and interest components thereof, in accordance with the Lease Payment Schedule set forth in Exhibit A hereto or (ii) Defeasance Obligations, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant pursuant to the terms of the Trust Agreement, together with interest to accrue thereon but without reinvestment thereof and, if required, all or a portion of moneys or Defeasance Obligations then on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund, be fully sufficient to pay all unpaid Lease Payments and Additional Rent on their respective Lease Payment Dates, as the Lessee shall instruct at the time of said deposit. In the event of a deposit pursuant to this Section and upon the defeasance of all the Certificates pursuant to Section 14.1 of the Trust Agreement, all obligations of the Lessee pursuant to this Lease Agreement (except those that survive termination of this Lease Agreement), and all security provided by this Lease Agreement for said obligations, shall cease and terminate, excepting only the obligations of the Lessee to make, or cause to be made, Lease Payments and Additional Rent from the deposit made by the Lessee pursuant to this Section, and title to the Leased Property shall vest in the Lessee on the date of said deposit automatically and without further action by the Lessee or the Lessor. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments and Additional Rent in accordance with the provisions of this Lease Agreement.

Section 10.2 Optional Prepayment

. The Lessee may prepay the Lease Payments, in whole or in part, at any time. Such Prepayments shall be deposited in the Lease Payment Fund and applied to the payment or prepayment of Certificates as provided in Articles II and IV of the Trust Agreement or, if the Certificates are not subject to prepayment at the time of such deposit, shall be applied as provided in Section 14.1 of the Trust Agreement to provide for the payment of Certificates as directed by the Lessee.

Section 10.3 Mandatory Prepayment From Net Proceeds

. The Lessee shall be obligated to prepay the Lease Payments allocable to the Leased Property, in whole or in part, on any December 15 or June 15 with respect to the Lease

Payments specified on Exhibit A or the next succeeding Business Day if such date is not a Business Day, from and to the extent of any Net Proceeds theretofore deposited in the Lease Payment Fund. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the Lessee's obligations pursuant to this Section and shall be applied to the mandatory prepayment of Certificates required by Section 4.2 of the Trust Agreement or similar provision of any supplement to the Trust Agreement executed in connection with Additional Certificates.

Section 10.4 Credit for Amounts on Deposit

. In the event of Prepayment of the principal components of the Lease Payments and Additional Rent in full pursuant to this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such Prepayment, all amounts then on deposit in the Lease Payment Fund or the Insurance and Condemnation Fund shall be credited towards the amounts then required to be so prepaid.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices

. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon deposit in the United States mail postage prepaid, except that notice to the Lessor shall be effective only upon receipt by an officer of the Lessor responsible for the performance of the duties and obligations pursuant to this Lease Agreement:

If to the Lessee:

City of Flagstaff, Arizona
211 West Aspen Avenue
Flagstaff, Arizona 86001-5399
Attention: Management Services Director

If to the Lessor:

The Bank of New York Mellon Trust Company, N.A.
601 Travis Street, 17th Floor
Houston, Texas 77002
Attention: Corporate Trust Services

The Lessor and the Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2 Binding Effect

. This Lease Agreement shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

Section 11.3 Severability

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

Section 11.4 Net-net-net Lease

. This Lease Agreement shall be deemed and construed to be a “net-net-net lease,” and the Lessee hereby agrees that the Lease Payments shall be an absolute net return to the Lessor, free and clear of any expenses, charges or set-offs whatsoever, irrespective of any defense or any right of recoupment or counterclaim that the Lessee may have against the Lessor.

Section 11.5 Further Assurances and Corrective Instruments

. The Lessor and the Lessee agree that they will, from time to time, at the Lessee’s expense, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be for carrying out the expressed intention of this Lease Agreement.

Section 11.6 Execution in Counterparts

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

Section 11.7 Applicable Law

. This Lease Agreement shall be governed by and construed in accordance with the laws of the State. The venue for any proceedings on any and all controversies arising from the terms and provisions of this Lease Agreement will be Coconino County, Arizona.

Section 11.8 Lessor and Lessee Representatives

. Whenever pursuant to the provisions of this Lease Agreement the approval of the Lessor or the Lessee is required, or the Lessor or the Lessee is required to take some action at the request of the other, such approval or such request shall be given for the Lessor by a Lessor Representative and for the Lessee by a Lessee Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 11.9 Captions

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

Section 11.10 Incorporation of State Statutes

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the Lessee, a political subdivision of the State, may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this Lease Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease Agreement on behalf of the Lessee within three years from the execution of this Lease Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, as amended, is provided by the Lessee. No basis exists for the Lessee to cancel this Lease Agreement pursuant to Section 38-511, Arizona Revised Statutes, as amended, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Lessor shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the “e-verify” requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Lessor of the foregoing shall be deemed a material breach of this Lease Agreement and may result in the termination of the services of the Lessor. The Lessee retains the legal right to randomly inspect the papers and records of the Lessor to ensure that the Lessor is complying with the above-mentioned warranty. The Lessor shall keep such papers and records open for random inspection during normal business hours by the Lessee. The Lessor shall cooperate with the random inspections by the Lessee including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Lessor hereby certifies that it is not currently engaged in, and for the duration of this Lease Agreement shall not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Lessee determines that the Lessor’s certification above is false or that either has breached such agreement, the Lessee may impose remedies as provided by law.

[Signature page follows.]

IN WITNESS WHEREOF, the Lessor has caused this Lease Agreement to be executed in its corporate name by its duly authorized officer, and the Lessee has caused this Lease Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as trustee, as lessor

By:.....
Authorized Representative

CITY OF FLAGSTAFF, ARIZONA, as lessee

By:.....
Mayor

ATTEST:

.....
City Clerk

STATE OF TEXAS)
) ss:
COUNTY OF)

On this, the day of June, 2018, before me, the undersigned Notary Public, personally appeared, who acknowledged himself/herself to be an Authorized Representative of The Bank of New York Mellon Trust Company, N.A., and that he/she, as such officer, being authorized so to do, executed the foregoing Lease Agreement for the purposes therein contained by signing the name of the corporation by himself/herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

.....
Notary Public

My Commission Expires:

.....

STATE OF ARIZONA)
) ss:
COUNTY OF COCONINO)

On this, the day of June, 2018, before me, the undersigned Notary Public, personally appeared and, who acknowledged themselves to be the Mayor and City Clerk, respectively, of the CITY OF FLAGSTAFF, ARIZONA, a municipal corporation, and that they, as such officers, being authorized so to do, executed the foregoing Lease Agreement for the purposes therein contained by signing the name of the municipal corporation by themselves as such officers.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

.....
Notary Public

My Commission Expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the Lease-Purchase Agreement, dated as of June 1, 2018, executed by the City of Flagstaff, Arizona, an Arizona municipal corporation, and The Bank of New York Mellon Trust Company, N.A. a national banking association (the "Notarized Document"). The Notarized Document contains a total of pages.

EXHIBIT A

SCHEDULE OF LEASE PAYMENTS EVIDENCED BY 2018 CERTIFICATES

The following are the Lease Payments evidenced by the 2018 Certificates to be paid pursuant to the Lease Agreement.

<u>Lease Payment Dates</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
12/15/__			
06/15/__			
12/15/__			
06/15/__			
12/15/__			
06/15/__			
12/15/__			
06/15/__			
12/15/__			
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12/15/__			
06/15/__			
12/15/__			
06/15/__			
12/15/__			
06/15/__			
12/15/__			
06/15/__			

EXHIBIT B
DESCRIPTION OF LEASED LAND

EXHIBIT C

CERTIFICATE OF COMPLETION

To:, as trustee, as lessor pursuant to a Lease-Purchase Agreement, dated as of June 1, 2018 (the "Lease Agreement"), between, as trustee, and City of Flagstaff, Arizona, as lessee

Pursuant to Section 4.3 of the Lease Agreement, the undersigned Lessee Representative hereby certifies as follows:

1. That the acquisition and construction of the Projects, as such term is defined in the Lease Agreement, has been substantially completed, and includes all of the items described in the Lease Agreement;

2. That all other facilities necessary in connection with the Projects have been acquired, constructed, installed, equipped and improved;

3. That the acquisition, construction, installation, equipment and improvement of the Projects and those other facilities have been accomplished in such a manner as to conform with all applicable zoning, planning, building, environmental and other similar governmental regulations;

4. That except as provided in subparagraph 5 below, all costs of the acquisition, construction, installation, equipment and improvement of the Projects then or theretofore due and payable have been paid; and

5. That for the reasons stated below, the following amount should be retained in the Project Fund for the Projects:

- (a) Amount to be retained \$..... ;
- (b) Reasons for retention:

This certificate is given without prejudice to any rights against third parties which exist at the date hereof or which may come into being subsequent to the date hereof.

Dated as of, 20.....

.....
Lessee Representative