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## **MASTER FACILITY LEASE**

**by and between the**

**SAN DIEGO COUNTY CAPITAL ASSET LEASING CORPORATION,  
as Sublessor**

**and the**

**COUNTY OF SAN DIEGO,  
as Sublessee**

**dated as of \_\_\_\_\_ 1, 2026**

**relating to the**

**County of San Diego  
Certificates of Participation**

**and**

**County of San Diego  
Certificates of Participation, 2026 Series A  
(Multiple Capital Projects)**

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## **MASTER FACILITY LEASE**

This Master Facility Lease (this “Facility Lease”), executed and entered into as of \_\_\_\_\_ 1, 2026, by and between the SAN DIEGO COUNTY CAPITAL ASSET LEASING CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”), as sublessor, and the COUNTY OF SAN DIEGO, a political subdivision duly organized and existing under the Constitution and laws of the State of California (the “County”), as sublessee;

### **W I T N E S S E T H:**

**WHEREAS**, the County has determined to finance the costs to construct, improve, replace and acquire certain capital facilities and equipment all on County-owned property and/or for the beneficial use of the County (collectively, the “2026A Project” including as further defined in the Trust Agreement (as defined herein)); and

**WHEREAS**, in order to provide the funds necessary to finance the costs of the 2026A Project, the County and the Corporation have determined to enter into a Master Site Lease (the “Site Lease”), whereby the County will lease to the Corporation certain real property and improvements thereon or to be located thereon, more particularly described in Exhibit A attached thereto and hereto (such real property and the facilities and improvements thereon being collectively referred to herein as the “Leased Property”); and

**WHEREAS**, the County will then sublease the Leased Property back from the Corporation pursuant to this Facility Lease; and

**WHEREAS**, the County is authorized by law to sublease the Leased Property as provided in this Facility Lease and the Leased Property is necessary and proper for public purposes; and

**WHEREAS**, concurrently with the execution and delivery of the Site Lease and this Facility Lease, Zions Bancorporation, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”), the County and the Corporation are entering into a Master Trust Agreement, dated as of \_\_\_\_\_ 1, 2026 (the “Trust Agreement”); and

**WHEREAS**, pursuant to the Trust Agreement, the Trustee will execute and deliver those County of San Diego Certificates of Participation, 2026 Series A (Multiple Capital Projects) evidencing aggregate principal in the amount of \$\_\_\_\_\_ (the “Series 2026A Certificates”), which Series 2026A Certificates represent the aggregate principal and interest components of the Base Rental Payments payable under the Facility Lease (as defined therein); and

**WHEREAS**, the Corporation has assigned without recourse all its rights to receive the Base Rental Payments scheduled to be paid by the County under and pursuant to this Facility Lease, and certain other rights to the Trustee pursuant to the Memorandum of Assignment (the “Memorandum of Assignment”) executed and entered into as of \_\_\_\_\_ 1, 2026 and which is recorded concurrently herewith; and

**WHEREAS**, the County and the Corporation desire to provide for certain efficiencies in its plans of finance and the delivery of additional certificates of participation from time to time (the “Additional Certificates”) payable from Base Rental Payments to be made under this Facility Lease on a parity with the Series 2026A Certificates (the Series 2026A Certificates and any such Additional Certificates being collectively referred to as the “Certificates”) including by amendment or supplement to the Trust

Agreement, the Site Lease and this Facility Lease including, as necessary, to increase the Base Rental Payments payable by the County under the Facility Lease, subject to the limitations set forth therein;

**WHEREAS**, the County is authorized by law to sublease the Leased Property and the Leased Property is necessary and proper for public purposes; and

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

**NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:**

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All other capitalized terms used herein without definition shall have the meanings as set forth in the Trust Agreement.

#### Additional Payments

“Additional Payments” means all amounts payable by the County pursuant to Section 5.01(b) hereof.

#### Base Rental Payment Date

“Base Rental Payment Date” means 15th day of the month preceding each Interest Payment Date.

#### Base Rental Payments

“Base Rental Payments” means all amounts payable to the Corporation by the County as Base Rental Payments under and pursuant to Section 5.01(a) hereof in the amounts and at the times set forth in Exhibit B hereto and as may be provided in an amendment hereof or supplement hereto relating to Additional Certificates.

#### Closing Date

“Closing Date” means, as the context suggests, the date on which the respective Series of Certificates are initially delivered to the initial purchaser thereof.

Code

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

Corporation

“Corporation” means the San Diego County Capital Asset Leasing Corporation, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California and its successors and assigns.

County

“County” means the County of San Diego, a political subdivision duly organized and existing under the Constitution and laws of the State of California.

Event of Default

“Event of Default” means any occurrence or event specified in and defined by Section 10.01 hereof.

Expiry Date

“Expiry Date” means October 1, 20\_\_ with respect to the Series 2026A Certificates and otherwise as it may from time to time be amended in accordance herewith.

Facility Lease

“Facility Lease” means this Master Facility Lease, as originally executed and entered into and as it may from time to time be amended in accordance herewith.

Fiscal Year

“Fiscal Year” means the fiscal year of the County which, as of the date hereof, is the period from July 1 to and including the following June 30.

Insurance Consultant

“Insurance Consultant” means an individual or firm retained by the County as an independent insurance consultant, experienced in the field of risk management.

Leased Property

“Leased Property” has the meaning set forth in the preambles hereto (as the same may be changed from time to time by Removal or Substitution), together with the improvements thereon or to be located thereon, and as may be provided in an amendment thereof or supplement thereto relating to Additional Certificates.

### Lease Year

“Lease Year” means the period from each July 1 to and including the following June 30 during the term hereof; *provided* that the final Lease Year shall terminate on the Expiry Date.

### Memorandum of Assignment

“Memorandum of Assignment” has the meaning set forth in the preambles hereto and as it may be supplemented and amended from time to time in accordance with its terms together with such other memoranda of assignment executed and entered into in connection with the delivery of Additional Certificates, as the context suggests.

### Opinion of Counsel

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

### Owner

“Owner” means any person who shall be the registered owner of any Outstanding Series 2026A Certificate or Additional Certificate as indicated in the registration books of the Trustee.

### Permitted Encumbrances

“Permitted Encumbrances” means, as of any particular time: (i) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the County may, pursuant to Section 6.02, permit to remain unpaid; (ii) the Memorandum of Assignment, as it may be amended from time to time; (iii) this Facility Lease, as it may be amended from time to time; (iv) the Site Lease, as it may be amended from time to time; (v) the Trust Agreement, as it may be amended from time to time; (vi) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facility Lease in the office of the County Recorder of the County of San Diego; (viii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the date of recordation of this Facility Lease and to which the Corporation and the County consent in writing and certify to the Trustee will not materially impair the interests of the Corporation or use of the facilities by the County; and (ix) subleases and assignments of the County which will not adversely affect the exclusion from gross income of interest payable with respect to the Series 2026A Certificates or Tax-Exempt Additional Certificates.

### Removal

“Removal” means the release of all or a portion of the Leased Property from the leasehold hereof and of the Site Lease as provided in Section 2.06.

### Rental Payments

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Payments.

### Site Lease

“Site Lease” has the meaning set forth in the preambles hereto and as it may be supplemented and amended from time to time in accordance with its terms.

### Substitution

“Substitution” means the release of all or a portion of the Leased Property from the leasehold hereof and of the Site Lease, and the lease of substituted real property and improvements hereunder and under the Site Lease as provided in Section 2.06.

### Trust Agreement

“Trust Agreement” has the meaning set forth in the preambles hereto and as it may be supplemented and amended from time to time in accordance with its terms, under and pursuant to which the Trustee executes and delivers the Certificates.

### Trustee

“Trustee” means Zions Bancorporation, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee acting in its capacity as such under the Trust Agreement, or any successor as therein provided.

The singular form of any word used herein, including the terms defined in this Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. All references herein to “Sections” and other subdivisions hereof are to the corresponding Sections or subdivisions of this Facility Lease as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Facility Lease as a whole and not to any particular Section or subdivision hereof.

## ARTICLE II

### THE LEASED PROPERTY

**Section 2.01    Lease of the Leased Property.** The Corporation hereby leases to the County for the benefit of the Owners of the Certificates, and the County hereby rents and hires from the Corporation, the Leased Property on the conditions and terms hereinafter set forth. The County hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Leased Property for public purposes so as to afford the public the benefits contemplated hereby and so as to permit the Corporation to carry out its agreements and covenants contained herein and in the Trust Agreement, and the County hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Leased Property.

**Section 2.02    Quiet Enjoyment.** The parties hereto mutually covenant that the County, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Corporation.



**Section 2.03    Right of Entry and Inspection.** The Corporation shall have the right to enter the Leased Property and inspect the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Corporation's rights or obligations hereunder and for all other lawful purposes.

**Section 2.04    Prohibition Against Encumbrance or Sale.** The County and the Corporation will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Leased Property, except Permitted Encumbrances, and except incident to the execution and delivery of Additional Certificates as contemplated by Section 5.07 hereof. The County and the Corporation will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property, except as otherwise provided herein. Notwithstanding anything to the contrary herein contained, the County may assign, transfer or sublease any and all of the Leased Property or its other rights hereunder; *provided that* (a) the rights of any assignee, transferee or sublessee shall be subordinate to all rights of the Corporation hereunder, (b) no such assignment, transfer or sublease shall relieve the County of any of its obligations hereunder, (c) the assignment, transfer or sublease shall not result in a breach of any covenant of the County contained in any other Section hereof, (d) any such assignment, transfer or sublease shall by its terms expressly provide that the fair rental value of the Leased Property for all purposes shall be first allocated to this Facility Lease, as the same may be amended from time to time before or after any such assignment, transfer or sublease and (e) no such assignment, transfer or sublease shall confer upon the parties thereto any remedy which allows reentry upon the Leased Property unless concurrently with granting such remedy the same shall be also granted hereunder by an amendment to this Facility Lease which shall in all instances be prior to and superior to any such assignment, transfer or sublease.

**Section 2.05    Liens.** In the event the County shall at any time during the term hereof cause any improvements to the Leased Property to be constructed or materials to be supplied in or upon or attached to the Leased Property, the County shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon, about or relating to the Leased Property and shall keep the Leased Property free of any and all liens against the Leased Property or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Corporation's interest therein, and the enforcement thereof is not stayed or if so stayed such stay thereafter expires, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the County shall forthwith pay and discharge or cause to be paid and discharged such judgment. The County shall, to the maximum extent permitted by law, indemnify and hold the Corporation and its assignee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Leased Property or the Corporation's interest therein.

**Section 2.06    Additions to the Leased Property; Substitution or Removal of the Leased Property.**

(a) The County may amend this Facility Lease and the Site Lease, and the Corporation and the Trustee may amend the Memorandum of Assignment, to add additional real property to the Leased Property in accordance with Section 2.11 of the Trust Agreement, to substitute alternate real property and/or improvements (the "Substituted Property") for any portion of the existing Leased Property, and/or to release real property (including undivided interests therein) and/or improvements by Removal from this Facility

Lease and the definition of Leased Property, upon compliance with all of the conditions set forth in subsection (b) below. After a Substitution or Removal, the part of the Leased Property for which the Substitution or Removal has been effected shall be evidenced by an amendment to the leasehold hereunder and under the Site Lease and the assignment of rights related thereto under the Memorandum of Assignment. All costs and expenses incurred in connection with such addition, substitution or release shall be borne by the County. Notwithstanding any Substitution or Removal pursuant to this Section, there shall be no reduction in or abatement of the Rental Payments due from the County hereunder as a result of such Substitution or Removal.

(b) No Substitution or Removal shall take place hereunder until the County delivers to the Corporation and the Trustee the following:

(1) A Certificate of the County containing a description of all or part of the Leased Property to be released by Removal and, in the event of a Substitution, a description of the Substituted Property to be substituted in its place;

(2) A Certificate of the County (A) stating that the annual fair rental value of the Leased Property after a Substitution or Removal, in each year during the remaining term of this Facility Lease, is at least equal to the maximum annual Base Rental Payments payable hereunder attributable to the Leased Property prior to said Substitution or Removal, as determined by the County on the basis of commercially reasonable evidence of the fair rental value of the Leased Property after said Substitution or Removal; and (B) demonstrating that the useful life of the Leased Property after Substitution or Removal equals or exceeds the remaining term of this Facility Lease;

(3) An Opinion of Counsel to the effect that the amendments hereto and to the Site Lease contemplating Substitution or Removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the County and the Corporation enforceable in accordance with their terms;

(4) (A) In the event of a Substitution, a CLTA leasehold owner's policy, endorsement to an existing policy, or reissuance of an existing policy, as determined by the County, insuring an amount equal to the same proportion of the principal amount as the principal portion of the Base Rental Payments for the Substituted Property bears to the total principal portion of the Base Rental Payments payable hereunder, insuring the County's leasehold interest in the Substituted Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Trustee for the benefit of the Owners of the Certificates, and (B) in the event of a partial Removal, evidence that the title insurance in effect immediately prior thereto is not affected;

(5) In the event of a Substitution, an opinion of the County Counsel of the County to the effect that the exceptions, if any, contained in the title insurance policy referred to in (4) above do not interfere with the beneficial use and occupancy of the Substituted Property described in such policy by the County for the purposes of leasing or using the Substituted Property;

(6) An Opinion of Counsel that the Substitution or Removal does not cause the interest with respect to the Series 2026A Certificates and any Tax-Exempt Additional Certificates to be includable in gross income of the Owners thereof for federal income tax purposes; and

(7) Evidence that the County has complied with the covenants contained in clauses (1) and (2) of Section 6.03 hereof with respect to the Substituted Property.

### ARTICLE III

#### TERM OF THE FACILITY LEASE

**Section 3.01 Commencement of the Facility Lease.** The effective date of this Facility Lease is the Closing Date, and the term of this Facility Lease shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Expiry Date, the rental payable hereunder shall not be fully paid and all Certificates shall not be fully paid and retired, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Facility Lease shall be automatically extended until the date upon which all Certificates shall be fully paid, or provision therefor made in accordance with Article X of the Trust Agreement, and the Trust Agreement shall be discharged by its terms, except that the term of this Facility Lease shall in no event be extended more than ten years by such provision. If prior to the Expiry Date, the rental payable hereunder shall be fully paid and all Certificates shall have been fully paid, or deemed fully paid, in accordance with Article X of the Trust Agreement, the term of this Facility Lease shall end immediately.

### ARTICLE IV

#### USE OF PROCEEDS; TAX COVENANTS

**Section 4.01 Use of Proceeds.** The parties hereto agree that the proceeds of the Series 2026A Certificates will be used to (a) finance the 2026A Project, and (b) pay the costs associated with delivering the Series 2026A Certificates and incidental and related expenses.

**Section 4.02 Tax Covenants.**

(a) The County will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest evidenced and represented by the Series 2026A Certificates and any Tax-Exempt Additional Certificates pursuant to Section 103 of the Code, and specifically the County will not directly or indirectly use or make any use of the proceeds of the Series 2026A Certificates or Tax-Exempt Additional Certificates or any other funds of the County or take or omit to take any action that would cause the Series 2026A Certificates or Tax-Exempt Additional Certificates to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code or “private activity bonds” subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are “federally guaranteed” as provided in Section 149(b) of the Code; and to that end the County, with respect to the proceeds of the Series 2026A Certificates and any Tax-Exempt Additional Certificates and such other funds, will comply with all requirements of such sections of the Code to the extent that such requirements are, at the time, applicable and in effect; *provided*, that if the County shall obtain an Opinion of Counsel to the effect that any action required under this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest evidenced and represented by the Series 2026A Certificates and any Tax-Exempt Additional Certificates pursuant to Section 103 of the Code, the County may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the County is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement or otherwise

the County shall so instruct the Trustee in writing, and the Trustee shall take such action in accordance with such instructions.

(b) To the ends covenanted in this section, the County hereby specifically agrees to ensure that the following requirements are met:

(1) The County will not invest or allow to be invested proceeds of the Series 2026A Certificates or Tax-Exempt Additional Certificates at a yield in excess of the yield on the Series 2026A Certificates and such Tax-Exempt Additional Certificates, except to the extent allowed under the Tax Certificate.

(2) The County will rebate or cause to be rebated any amounts due to the federal government, as provided in the Tax Certificate.

## ARTICLE V

### RENTAL PAYMENTS

**Section 5.01 Rental Payments.** The County agrees to pay to the Corporation, its successors or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Leased Property, the following amounts at the following times:

(a) **Base Rental.** The County shall pay to the Corporation rental hereunder, for the use and occupancy of the Leased Property for each Lease Year or portion thereof, the Base Rental Payments, at the times and in the amounts set forth in the Base Rental Payment Schedule attached hereto as Exhibit B. [The County shall make an initial transfer and deposit of \$\_\_\_\_\_ to the Base Rental Payment Fund on \_\_\_\_\_, 2026. Thereafter, notwithstanding the dates designated as the Base Rental Payment Dates herein, all Base Rental Payments for each Lease Year shall be due and payable in one sum on July 5 of each year (the "Prepayment Amount"), commencing on July 5, 2026.] The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the County hereunder.

If the term of this Facility Lease shall have been extended pursuant to Section 3.01 hereof, installments of Base Rental Payments shall continue to be payable on the Base Rental Payment Dates, continuing to and including the date of termination of this Facility Lease. Upon such extension of this Facility Lease, the County shall deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule shall establish the Base Rental Payments at an amount sufficient to pay all unpaid principal and interest evidenced by the Certificates; provided, however, that annual Rental Payments shall not exceed the annual fair rental value of the Leased Property.

(b) **Additional Payments.** The County shall also pay, as rental hereunder in addition to the Base Rental Payments, to the Corporation or the Trustee, as hereinafter provided, such amounts ("Additional Payments") in each year as shall be required for the payment of all costs and expenses incurred by the Corporation in connection with the execution, performance or enforcement of this Facility Lease or the assignment hereof, the Trust Agreement or the respective interests in the Leased Property and the lease of the Leased Property by the Corporation to the County hereunder, including but not limited to all fees, costs and expenses and all administrative

costs of the Corporation relating to the Leased Property including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee (to the extent not paid or otherwise provided for out of the proceeds of the sale of the Certificates), fees of auditors, accountants, attorneys or engineers, insurance premiums, and all other reasonable and necessary administrative costs of the Corporation or charges required to be paid by it to comply with the terms of the Certificates or the Trust Agreement.

The foregoing Additional Payments shall be billed to the County by the appropriate party from time to time, together with a statement certifying that the amount billed has been incurred or paid for one or more of the items above described, or that such amount is then so payable for such items. Amounts so billed shall be paid by the County not later than the latest time as such amounts may be paid without penalty or, if no penalty is associated with a late payment of such amounts, within 30 days after receipt of a bill by the County for such amounts.

The Corporation may enter into leases to finance facilities other than the Leased Property. The administrative costs of the Corporation shall be allocated among said facilities and the Leased Property, as hereinafter in this paragraph provided. Any taxes levied against the Corporation with respect to the Leased Property, the fees of the Trustee, and any other expenses directly attributable to the Leased Property shall be included in the Additional Payments payable hereunder. Any taxes levied against the Corporation with respect to real property other than the Leased Property, the fees of any trustee or paying agent under any resolution securing bonds of the Corporation or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Leased Property shall not be included in the administrative costs of the Leased Property and shall not be paid from the Additional Payments payable hereunder. Any expenses of the Corporation not directly attributable to any particular project of the Corporation shall be equitably allocated among all such projects, including the Leased Property, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Corporation to consider the question and render an opinion thereon, shall be final and conclusive determination as to such allocation. The Trustee may conclusively rely upon a Certificate of the Corporation in making any determination that costs are payable as Additional Payments hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Leased Property.

(c) Consideration.

(i) Such payments of Base Rental Payments for each Lease Year or portion thereof during the term of this Facility Lease shall constitute, together with Additional Payments, the total amount due for such Lease Year or portion thereof and shall be paid or payable by the County for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property. On the Closing Date, the County shall deliver a certificate to the Corporation and the Trustee, which shall set forth the annual fair rental value of the Leased Property. The parties hereto have agreed and determined that the annual fair rental value of the Leased Property is not less than the maximum Base Rental Payments payable hereunder in any year. In making such determinations of annual fair rental value, consideration has been given to a variety of factors including the replacement costs of the existing improvements on the Leased Property, other obligations of the parties under this Facility Lease, the uses and purposes

which may be served by the improvements on the Leased Property and the benefits therefrom which will accrue to the County and the general public.

(ii) The parties hereto hereby acknowledge that the parties hereto may amend this Facility Lease from time to time to increase the Base Rental Payments payable hereunder, as then determined necessary by the County and special counsel to the County, so that Additional Certificates may be executed and delivered pursuant to Section 5.07 hereof and Sections 2.11 and 2.12 of the Trust Agreement. The proceeds of such Additional Certificates shall be used for any lawful purpose. Notwithstanding anything to the contrary herein contained, this Facility Lease may not be amended in a manner such that the sum of Base Rental Payments, including Base Rental Payments payable pursuant to such amendment, in any year is in excess of the annual fair rental value of the Leased Property and other land and improvements leased to the County hereunder.

(d) Payment; Credit. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation at the principal corporate trust office of the Trustee in Los Angeles, California, or such other place as the Corporation shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall continue as an obligation of the County hereunder until the amount in default shall have been fully paid. Notwithstanding any dispute between the County and the Corporation, the County shall make all rental payments when due, without deduction or offset of any kind, and shall not withhold any rental payments pending the final resolution of any such dispute. In the event of a determination that the County was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of the County, be credited against subsequent rental payments due hereunder or be refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee pursuant to this Section 5.01(d) on any date shall be reduced to the extent of available amounts on deposit on such date in the Base Rental Payment Fund, and the Interest Account or the Principal Account therein. Any payment scheduled to be made on a date which is not a Business Day shall be made on the next succeeding Business Day.

**Section 5.02 Annual Budgets; Reporting Requirements.** The County covenants to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under this Facility Lease in its operating budget for each fiscal year commencing after the date hereof (an "Operating Budget") and to make all necessary appropriations for such Base Rental Payments and Additional Payments.

**Section 5.03 Application of Rental Payments.** All Base Rental Payments received shall be applied first to the interest components of the Base Rental Payments due hereunder, then to the principal components (including any prepayment premium components, if any) of the Base Rental Payments due hereunder and thereafter to all Additional Payments due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

**Section 5.04 Rental Abatement.** Except to the extent of (a) amounts held by the Trustee in the Base Rental Payment Fund, (b) amounts received in respect of rental interruption insurance, and (c) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Certificates, during any period in which, by reason of material damage, destruction, title defect, or condemnation, there is substantial interference with the use and possession by the County of any portion of the Leased Property, Rental Payments due hereunder with respect to the Leased Property shall be abated to the extent that the

annual fair rental value of the portion of the Leased Property in respect of which there is no substantial interference is less than the annual Rental Payments, in which case rental payments shall be abated only by an amount equal to the difference. In the event the County shall assign, transfer or sublease any or all of the Leased Property or other rights hereunder, as permitted by Section 2.04 hereof, for purposes of determining the annual fair rental value available to pay Rental Payments, annual fair rental value of the Leased Property shall first be allocated to this Facility Lease as provided in clause (d) of Section 2.04 hereof. Any abatement of Rental Payments pursuant to this Section shall not be considered an Event of Default as defined in Article X hereof. The County waives the benefits of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate this Facility Lease by virtue of any such interference and this Facility Lease shall continue in full force and effect. [The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Leased Property of which there is no such substantial interference. The County and the Corporation shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed, and the term of this Facility Lease shall be extended as provided in Section 2.02 hereof; *provided, however*, that such term shall in no event be extended more than ten years beyond the Expiry Date.]

Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the Leased Property so damaged, destroyed, defective or condemned.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Trust Agreement, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

In the event that rental is abated, in whole or in part, pursuant to this Section due to damage, destruction, title defect or condemnation of any part of the Leased Property and the County is unable to repair, replace or rebuild the Leased Property from the proceeds of insurance, if any, the County agrees to apply for and to use its best efforts to obtain any appropriate state and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Leased Property.

**Section 5.05    Prepayment of Base Rental Payments.** The County may prepay, from eminent domain proceeds or net insurance proceeds received by it pursuant to Section 7.01 hereof, all or any portion of the components of Base Rental Payments payable hereunder relating to any portion of the Leased Property then unpaid, in whole on any date, or in part on any date in integral multiples of an Authorized Denomination so that the aggregate annual amounts of principal components of Base Rental Payments payable under this Facility Lease represented by the Certificates which shall be payable after such prepayment date shall each be in an integral multiple of an Authorized Denomination and shall be as nearly proportional as practicable to the aggregate annual amounts of principal components of Base Rental Payments payable under this Facility Lease represented by the Additional Certificates.

The County may prepay, from any source of available moneys pursuant to Section 4.01(b) of the Trust Agreement, and similarly as may be provided in a Supplemental Trust Agreement relating to Additional Certificates, all or any part (in an integral multiple of an Authorized Denomination) of the

principal components of Base Rental Payments payable under this Facility Lease then unpaid so that the aggregate annual amounts of principal components of Base Rental Payments under this Facility Lease which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of principal components represented by the Certificates unpaid prior to the prepayment date, at a prepayment amount equal to the principal component prepaid plus accrued interest thereon to the date of prepayment plus any applicable premium. Prepayments of Base Rental Payments made pursuant to this Section shall be applied to the prepayment of Certificates as provided in Section 4.01(b) of the Trust Agreement and a Supplemental Trust Agreement relating to Additional Certificates.

Before making any prepayment pursuant to this Section, at least 45 days before the prepayment date the County shall give written notice to the Corporation and the Trustee describing such event, specifying the order of Principal Payment Dates and specifying the date on which the prepayment will be made, which date shall be not less than 30 nor more than 60 days from the date such written notice is given to the Corporation and the Trustee.

**Section 5.06 Obligation to Make Rental Payments.** The agreements and covenants on the part of the County contained herein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the agreements and covenants contained herein agreed to be carried out and performed by the County.

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

**Section 5.07 Additional Certificates.** In addition to the Series 2026A Certificates to be executed and delivered under the Trust Agreement, the County may, from time to time, but only upon satisfaction of the conditions to the execution and delivery of Additional Certificates set forth in Sections 2.11 and 2.12 of the Trust Agreement, enter into a Supplemental Trust Agreement and cause the execution and delivery of Additional Certificates payable from Base Rental Payments to be made under this Facility Lease and amendments and supplements hereto on a parity with the Series 2026A Certificates; *provided* that prior to or concurrently with the execution and delivery of the Additional Certificates, the County and the Corporation shall have entered into an amendment to this Facility Lease, providing for an increase in the Base Rental Payments, as and to the extent then determined necessary by the County and special counsel to the County, to be made hereunder subject to the limitations set forth in Section 5.01(c)(ii) hereof.

Anything in Section 5.01(c) or this Section to the contrary notwithstanding, the County shall not enter into a Supplemental Trust Agreement to execute and deliver Additional Certificates or amend this Facility Lease in a manner inconsistent with or prohibited by Article 3 of Chapter 5.7 of Title 8 of the Government Code of the State of California, relating to California Superior Court facilities, as such provisions of the Government Code may relate to the Leased Property.



## ARTICLE VI

### MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

**Section 6.01 Maintenance of the Leased Property by the County.** The County agrees that, at all times during the term hereof, it will, at its own cost and expense, maintain, preserve and keep the Leased Property and every portion thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The Corporation shall have no responsibility in any of these matters or for the making of additions or improvements to the Leased Property.

**Section 6.02 Taxes, Other Governmental Charges and Utility Charges.** The parties hereto contemplate that the Leased Property will be used for public purposes by the County and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. In the event that the use, possession or acquisition by the County or the Corporation of the Leased Property is found to be subject to taxation in any form, the County will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the County in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, the Leased Property, as well as all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Leased Property; *provided*, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are accrued during such time as this Facility Lease is in effect.

**Section 6.03 Insurance.** The County shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, all coverage on the Leased Property required by this Section 6.03. Such insurance shall consist of:

(1) A policy or policies of insurance against loss or damage to the Leased Property known as "all risk," including flood, but excluding earthquake, which shall be maintained at any time in an amount per occurrence at least equal to the lesser of (i) the cumulative replacement values of the Leased Property and, in the case of a policy covering more than the Leased Property, as permitted by the next succeeding sentence, any other property which is the subject of a lease, installment purchase agreement or other financing arrangement for which bonds, certificates of participation or other obligations shall have been issued or (ii) the aggregate amount of the principal component of all then-remaining Base Rental Payments payable hereunder; *provided* that the amount of coverage required by this sentence may be reduced to a smaller amount if an insurance consultant or insurance broker retained by the County provides written advice to the County and the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of a major conflagration, windstorm, explosion, riot, flood or similar event, a specified smaller amount is believed to be reasonable given the nature of the risks insured and the proximity of the insured properties to each other. Such insurance may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County which may be limited in an amount per occurrence in the aggregate to the amount required by the preceding sentence. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss (except for flood, in which case the deductible

may not exceed \$250,000 for any one loss). The County may obtain such coverage as a joint insured with one or more other public agencies located within or without the County of San Diego which may be limited in an amount per occurrence in the aggregate for all insureds as described in the first sentence of this paragraph (1) and which may be limited in a cumulative amount of claims during a 12-month period in the aggregate for all insureds in an amount not less than \$500,000,000. Otherwise conforming policies satisfying the requirements of this paragraph (1) may provide that amounts payable as coverage under this paragraph (1) may be reduced by amounts payable under paragraph (3) for the same occurrence, and vice versa. The County is, however, under no obligation to provide insurance against loss or damage occasioned by the perils of earthquake.

(2) In the event that such coverage is not included in paragraph (1) above, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property in an amount not less than \$75,000,000 per accident; *provided, however*, that the amount of coverage required by this sentence may be reduced to a smaller amount if an insurance consultant or insurance broker retained by the County provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of loss or damage by steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property, a specified smaller amount is believed to be reasonable. Such insurance may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County which may be limited in amount to \$75,000,000 per accident. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss. The County may obtain such coverage as a joint insured with one or more public agencies located within or without the County of San Diego which may be limited in amount to \$75,000,000 per accident. Otherwise conforming policies satisfying the requirements of this paragraph (2) may provide that amounts payable as coverage under this paragraph (2) may be reduced by amounts payable under paragraph (3) for the same occurrence, and vice versa.

(3) Rental interruption insurance to cover loss, total or partial, of the use of any part of the Leased Property as a result of any of the hazards covered by the insurance required pursuant to paragraph (1) or (2) above, as the case may be, in an amount sufficient at all times to pay the total rent payable under this Facility Lease for a period of not less than two years' Base Rental Payments for the Leased Property; *provided* that such rental interruption insurance may be included in the policy or policies provided pursuant to paragraph (1) or (2) without increasing the aggregate limits for coverage with respect to any hazard covered thereby. Such insurance also may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County. The County also may obtain an otherwise conforming policy required by this paragraph (3) as a joint insured with one or more other public agencies within or without the County of San Diego which may, with respect to any hazard, be limited in aggregate amount for all insureds to the amount of the policy or policies required pursuant to paragraph (1) or (2) above, as the case may be, which insures against such hazard. Otherwise conforming policies satisfying the requirements of this paragraph (3) may provide that amounts payable as coverage under this paragraph (3) may be reduced by amounts payable under paragraph (1) or (2), as the case may be, for the same occurrence, and vice versa.

The County shall collect, adjust and receive all moneys which may become due and payable under any policies contemplated by paragraphs (1) and (2) above, and, may compromise any and all claims thereunder and shall transfer the net proceeds of such insurance as provided herein or in the Trust Agreement. The Trustee shall not be responsible for the sufficiency of any insurance herein required. The

Trustee 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 County.

Any insurance policy issued pursuant to paragraph (1) or (2) above shall be so written or endorsed as to make losses, if any, payable to the County, the Corporation and the Trustee as their respective interests may appear and the net proceeds of the insurance required by paragraphs (1) or (2) above shall be applied as provided in Section 7.01 hereof. The net proceeds, if any, of the insurance policy described in paragraphs (1) and (2) above shall be payable to the County for deposit in the Insurance Proceeds and Condemnation Awards Fund. The net proceeds, if any, of the insurance policy described in paragraph (3) above shall be payable to the Trustee and deposited in the Base Rental Payment Fund. Each insurance policy provided for in this Section shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Corporation or the Trustee without first giving written notice thereof to the Corporation and the Trustee at least 30 days in advance of such intended cancellation or modification.

The County shall file a Certificate of the County with the Trustee not later than January 31 of each year certifying that the insurance policies required by this Section are in full force and effect and that the Corporation and/or the Trustee is named as a loss payee on each insurance policy which this Facility Lease requires to be so endorsed. The Trustee shall have no responsibility whatsoever for determining the adequacy of any insurance required hereunder.

**Section 6.04 Advances.** In the event the County shall fail to maintain the full insurance coverage required hereby or shall fail to keep the Leased Property in good repair and operating condition, the Corporation may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Corporation shall become Additional Payments, which amounts the County agrees to pay within 30 days of a written request therefor, together with interest thereon at the maximum rate allowed by law.

**Section 6.05 Title Insurance.** The County covenants and agrees to deliver or cause to be delivered to the Trustee on the Closing Date a CLTA leasehold owner's policy or policies, or a commitment for such policy or policies, with respect to the Leased Property with liability in the aggregate amount of the principal component of all Base Rental Payments payable hereunder with respect to the Series 2026A Certificates. Said policy or policies shall insure (a) the fee interest of the County in the Leased Property, (b) the Corporation's ground leasehold estate in the Leased Property under the Site Lease, and (c) the County's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances.

With respect to the execution and delivery of Additional Certificates, the County shall provide, at its own expense, a CLTA leasehold owner's policy or policies, endorsement to an existing policy, or reissuance of an existing policy, as determined by the County, insuring not less than the principal amount of the Additional Certificates then being delivered. Said policy or policies shall insure (a) the fee interest of the County in the Leased Property, (b) the Corporation's ground leasehold estate in the Leased Property under the Site Lease, and (c) the County's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances.

Such policy or policies, when issued, shall name the Trustee as the insured and shall insure the leasehold estate of the County in the Leased Property subject only to such exceptions as do not materially affect the County's right to the use and occupancy of the Leased Property.

All Net Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 5.03 of the Trust Agreement. So long as any of the Certificates remain Outstanding, each policy of title insurance obtained pursuant hereto or required hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners.

## **ARTICLE VII**

### **DAMAGE, DESTRUCTION, TITLE DEFECT AND CONDEMNATION**

#### **Section 7.01 Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds.**

If prior to the termination of the term hereof (a) the Leased Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Leased Property or any portion thereof or the estate of the County or the Corporation in the Leased Property or any portion thereof is defective or shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or corporation acting under governmental authority, then the County and the Corporation will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, defective or condemned portion of the Leased Property, and any balance of the net proceeds remaining after such work has been completed shall be paid to the County; *provided*, that the County, at its option and provided the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay the aggregate annual amounts of the principal and interest components of the Base Rental Payments due hereunder attributable to the portion of the Leased Property so destroyed, damaged, defective or condemned (determined by reference to the proportion which the annual fair rental value of the destroyed, damaged, defective or condemned portion thereof bears to the annual fair rental value of the Leased Property), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Leased Property and thereupon shall cause said proceeds to be used for the prepayment of Outstanding Certificates pursuant to the provisions of Section 4.01(a) of the Trust Agreement and such terms for extraordinary prepayment provided in a Supplemental Trust Agreement. Notwithstanding any other provision herein, the County shall only prepay less than all of the principal component of the then-remaining Base Rental Payments if the annual fair rental value of the Leased Property after such damage, destruction, title defect or condemnation is at least equal to the aggregate annual amount of the principal and interest components of the Base Rental Payments not being prepaid.

If all of the Leased Property (or portions thereof such that the remainder is not usable for public purposes by the County) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Leased Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the County at the time of such taking, then this Facility Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of Section 5.04 hereof. So long as any Certificates shall be Outstanding, any award made in eminent domain proceedings for the taking of the Leased Property, or any portion thereof, shall be paid to the Trustee and applied to the prepayment of Certificates as provided in Sections 4.01(a) and 5.03 of the Trust Agreement and such terms for extraordinary prepayment included in a Supplemental Trust Agreement. Any such award made after all of the Certificates, and all other amounts due under the Trust Agreement and hereunder, have been fully paid, shall be paid to the County.

In the event that the proceeds, if any, of said insurance or condemnation award are insufficient either to (i) repair, rebuild or replace the Leased Property so that the fair rental value of the Leased Property

would be at least equal to the Base Rental Payments or (ii) to prepay all the Outstanding Certificates, both as provided in the preceding paragraph, then the County may, in its sole discretion, budget and appropriate an amount necessary to effect such repair, rebuilding or replacement or prepayment; *provided* that the failure of the County to so budget and/or appropriate shall not be a breach of or default under this Facility Lease.

## ARTICLE VIII

### DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE LEASED PROPERTY

**Section 8.01 Disclaimer of Warranties.** NEITHER THE TRUSTEE NOR THE CORPORATION MAKES ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT NEITHER THE TRUSTEE NOR THE CORPORATION IS A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event shall the Corporation or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Facility Lease or the existence, furnishing, functioning or the County's use of the Leased Property as provided hereby.

**Section 8.02 Use of the Leased Property; Improvements.** The County will not use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The County shall provide all permits and licenses, if any, necessary for the use of the Leased Property. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each portion of the Leased Property) with all laws of the jurisdictions in which its operations involving any portion of the Leased Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; *provided*, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the County adversely affect the estate of the Corporation in and to the Leased Property or its interest or rights hereunder.

## ARTICLE IX

### ASSIGNMENT AND INDEMNIFICATION

**Section 9.01 Assignment by Corporation.** The parties understand that certain of the rights of the Corporation hereunder and under the Site Lease will be assigned to the Trustee pursuant to the Memorandum of Assignment, and accordingly the County agrees to make all payments due hereunder to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach hereof or otherwise) that the County may from time to time have against the Corporation. The County agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Corporation or the Trustee to protect their interests in the Leased Property during the term hereof.

**Section 9.02 Assignment by County.** This Facility Lease and the interest of the County in the Leased Property may not be assigned or encumbered by the County except as permitted by Section 2.04 hereof.

**Section 9.03 Indemnification.** The County shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Corporation and the Trustee and their respective directors, officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Facility Lease, the acquisition, construction, installation and use of the Leased Property and each portion thereof or any accident in connection with the operation, use, condition or possession of the Leased Property or any portion thereof resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the County or the Corporation; any claim arising out of the use, presence, storage, disposal or release of any Hazardous Substances on or about the Leased Property; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this Section 9.03 shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. The County, the Trustee and the Corporation mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following the learning thereof by such party.

## **ARTICLE X**

### **DEFAULT AND REMEDIES**

#### **Section 10.01 Default and Remedies.**

(a) The following events shall be “Events of Default” under this Facility Lease and the terms “Event of Default” and “Default” shall mean, whenever they are used in this Facility Lease, any one or more of the following events:

(1) The County shall fail to deposit with the Trustee any Base Rental Payments required to be so deposited by the close of business on the day such deposit is required pursuant to Section 5.01(a) hereof; *provided*, that the failure to deposit any Base Rental Payments abated pursuant to Section 5.04 hereof shall not constitute an Event of Default;

(2) The County shall fail to pay any item of Additional Payments when the same shall become due and payable pursuant to Section 5.01(b) hereof; or

(3) The County shall breach any other terms, covenants or conditions contained herein or in the Trust Agreement, and shall fail to remedy any such breach with all reasonable dispatch within a period of 30 days after written notice thereof from the Corporation to the County; *provided, however*, that if the failure stated in the notice cannot be corrected within such period, then the Corporation shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within such period and is diligently pursued until the default is corrected.

(b) Upon the happening of any of the Events of Default specified in Section 10.01(a) or (e) hereof, it shall be lawful for the Corporation or its assignee, subject to the terms of this Facility Lease, to exercise any and all remedies available or granted to it pursuant to law or hereunder.

(c) Upon the occurrence of an Event of Default, the Corporation or its assignee must thereafter maintain this Facility Lease in full force and effect and may only recover rent and other monetary charges as they become due, all without terminating the County's right to possession of the Leased Property, regardless of whether or not the County has abandoned the Leased Property; **THIS SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE COUNTY UNDER THIS FACILITY LEASE OR OTHERWISE.** In such event, the County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County and, to pay the rent to the end of the term of this Facility Lease and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration).

(d) The Corporation expressly waives the right to receive any amount from the County pursuant to Section 1951.2(a)(3) of the California Civil Code.

(e) In addition to any Event of Default resulting from breach by the County of any agreement, condition, covenant or term hereof, if the County's interest herein or any part thereof assigned, sublet or transferred without the written consent of the Corporation (except as otherwise permitted by Section 2.04 hereof), either voluntarily or by operation of law; or the County or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the County shall make a general or any assignment for the benefit of its creditors; or the County shall abandon or vacate the Leased Property or any portion thereof (except as permitted by Section 2.04 hereof); then in each and every such case the County shall be deemed to be in default hereunder.

(f) Neither the County nor the Corporation shall be in default in the performance of any of its obligations hereunder (except for the obligation to make Base Rental Payments pursuant to Section 5.01 hereof) unless and until it shall have failed to perform such obligation within 30 days after notice by the County or the Corporation, as the case may be, to the other party properly specifying wherein it has failed to perform such obligation.

The County and Corporation and its successors and assigns shall honor the exclusive rights of the County to use the Leased Property.

**Section 10.02 Waiver.** Failure of the Corporation to take advantage of any default on the part of the Corporation shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Corporation to insist upon performance by the Corporation of any term, covenant or condition hereof, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Facility Lease.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Notices.** All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Corporation: San Diego County Capital Asset Leasing Corporation  
1600 Pacific Highway, Room 298  
San Diego, California 92101  
Attention: Chair of the Board of Directors

If to the County: County of San Diego  
1600 Pacific Highway, Room 298  
San Diego, California 92101  
Attention: Chief Financial Officer

If to the Trustee: Zions Bancorporation, National Association  
707 Wilshire Boulevard, Suite 5000  
Los Angeles, California 90017  
Attention: Corporate Trust Department

**Section 11.02 Binding Effect.** This Facility Lease shall inure to the benefit of and shall be binding upon the Corporation and the County and their respective successors and assigns.

**Section 11.03 Trustee as Third Party Beneficiary.** The Trustee is hereby designated a third party beneficiary hereunder for the purpose of enforcing any of the rights hereunder assigned to the Trustee under the Memorandum of Assignment.

**Section 11.04 Net Lease.** It is the purpose and intent of the Corporation and the County that lease payments hereunder shall be absolutely net to the Corporation so that this Facility Lease shall yield to the Corporation the lease payments, free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Leased Property, and without counterclaim, deduction, defense, deferment or set-off by the County except as herein specifically otherwise provided. The Corporation shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder except as herein expressly set forth, and all costs, expenses and obligations of any kind relating to the maintenance and operation of the Leased Property which may arise or become due during the term of this Facility Lease shall be paid by the County.

**Section 11.05 Amendments.** This Facility Lease may be amended in writing as may be mutually agreed by the Corporation and the County, subject to the written approval of the Trustee; *provided*, that no such amendment which materially adversely affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of more than 50% in principal amount of the Certificates Outstanding, and *provided further*, that no such amendment shall (a) extend the payment date of any Base Rental Payment, or reduce the interest, principal or prepayment premium component of any Base Rental Payment, without the prior written consent of the Owner of each Certificate so affected, or (b) reduce the percentage of the principal amount of the Certificates Outstanding the consent of the Owners of which is required for the execution of any amendment hereof.



This Facility Lease, the Site Lease and the Memorandum of Assignment and the rights and obligations of the Corporation and the County hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms required by the Corporation or the County to be observed or performed herein and other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation or the County, or to surrender any right or power reserved herein to or conferred herein on the Corporation or the County, and which in either case shall not materially adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Corporation or the County may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners;

(c) to effect the addition of real property to the Leased Property or a Substitution or Removal in accordance with Section 2.06 hereof;

(d) to facilitate the execution and delivery of one or more Series of Additional Certificates, and to provide the terms and conditions under which such Series of Additional Certificates may be executed and delivered, subject to and in accordance with the provisions of Section 2.11 and Section 2.12 of the Trust Agreement as provided in Section 5.07 hereof; or

(e) to make any other addition, amendment or deletion which does not materially adversely affect the interests of the Owners.

Supplements and amendments for the purposes of subsections (c) and (d) above are deemed to not materially adversely affect the rights of the Owners.

**Section 11.06 Discharge of County.** Upon the payment of all Base Rental Payments and Additional Payments payable hereunder, all of the obligations of the County hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied; *provided, however*, if any Outstanding Certificates shall be deemed to have been paid by virtue of a deposit of Base Rental Payments hereunder pursuant to Section 10.01(b) of the Trust Agreement, then the obligation of the County hereunder to make Base Rental Payments hereunder shall continue in full force and effect until the Outstanding Certificates so deemed paid have in fact been paid, but such payments shall be made solely and exclusively from moneys and securities deposited with the Trustee as contemplated by Section 10.01(b) of the Trust Agreement, and that shall be the sole source of satisfaction of the County's obligation to make Base Rental Payments. The time period for giving notice by the County to the Corporation and the Trustee specified in the third paragraph of Section 5.05 hereof shall not apply incident to the payment to the Owners of all Outstanding Certificates in accordance with Section 10.01, including Section 10.01(b), of the Trust Agreement.

**Section 11.07 Partial Invalidity.** If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final,

none of the remaining agreements, conditions, covenants or terms hereof shall be affected thereby, and each provision of this Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

**Section 11.08 California Law.** This Facility Lease shall be governed by and construed and interpreted in accordance with the laws of the State of California.

**Section 11.09 Headings.** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision hereof.

**Section 11.10 Execution.** This Facility Lease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[This space intentionally left blank]

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

**SAN DIEGO COUNTY CAPITAL ASSET  
LEASING CORPORATION**

By: \_\_\_\_\_  
Chair of the Board of Directors

**ATTEST:**

\_\_\_\_\_  
Assistant Secretary

**COUNTY OF SAN DIEGO**

By: \_\_\_\_\_  
Chief Financial Officer

**ATTEST:**

\_\_\_\_\_  
Debt Finance Manager

**APPROVED AS TO FORM:**

**DAVID J. SMITH**  
Acting County Counsel and Acting Corporation  
General Counsel

By: \_\_\_\_\_  
Walter J. de Lorrell III  
Chief Deputy County Counsel

**EXHIBIT A**

**DESCRIPTION OF THE LEASED PROPERTY**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

## EXHIBIT B

### BASE RENTAL PAYMENTS SCHEDULE

<b>Rental Payment Date*</b>	<b>Principal Component of Rental Payment</b>	<b>Interest Component of Rental Payment</b>	<b>Total Rental Payment</b>
10/01/2026			
04/01/2027			
10/01/2027			
04/01/2028			
10/01/2028			
04/01/2029			
10/01/2029			
04/01/2030			
10/01/2030			
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10/01/2042			
10/01/2043			
04/01/2044			
10/01/2044			
04/01/2045			
10/01/2045			
04/01/2046			
10/01/2046			

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\* Except as provided in Section 5.01(a), due the 15th day of the month preceding each Interest Payment Date.

## **CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property conveyed by the Master Facility Lease, executed and entered into as of \_\_\_\_\_ 1, 2026, by and between the San Diego County Capital Asset Leasing Corporation (the “Corporation”) and the County of San Diego (the “County”), from the Corporation to the County, is hereby accepted by the undersigned on behalf of the County pursuant to authority conferred by resolution of the Board of Supervisors of the County adopted on \_\_\_\_\_, 2026, and the County consents to recordation thereof by its duly authorized officer.

Dated as of \_\_\_\_\_ 1, 2026

### **COUNTY OF SAN DIEGO**

By: \_\_\_\_\_  
Chief Financial Officer

STATE OF CALIFORNIA )  
COUNTY OF SAN DIEGO ) ss

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

Signature \_\_\_\_\_ [SEAL]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                     )  
  ) ss  
COUNTY OF SAN DIEGO                 )

On \_\_\_\_\_, 2026, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

[SEAL]



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                    )  
  ) ss  
COUNTY OF SAN DIEGO                )

On \_\_\_\_\_, 2026, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

[SEAL]