STAFF REPORT

MEETING DATE:	**3/26/15**
SUBJECT:	**Financing of 1255 East Street Building**
AGENDA ITEM:	**4**
STAFF CONTACT:	**Dan Little, Executive Director**

SUMMARY:

SRTA is purchasing the building at 1255 East Street in Redding and requires board approval of the financing documents.

STAFF RECOMMENDATION:

It is recommended that the board of directors:

1. Approve finance of 1255 East Street, Redding, pursuant to attached Resolution Number 15-02; and
2. Authorize the executive director to execute a "Lease Agreement" and a "Site and Facility Lease Agreement" (drafts attached) with Umpqua Bank and any other documents necessary to complete the transaction.

DISCUSSION:

The board of directors authorized purchase of the 1255 East Street Building for $1,001,511. Escrow will close no later than April 17. SRTA occupies half of the second floor. The first floor would continue to be leased to a private firm. An estimated $1.354 million building budget and finance need was previously reviewed by the board. This includes the purchase price, needed building repairs, Americans with Disabilities Act (ADA) improvements, and remodel costs to occupy and sublease the now-vacant half of the second floor.

The SRTA Finance Committee approved a building financing plan on March 9 and recommends board of director's approval. The plan would finance about $923,000 under a non-taxable loan from Umpqua Bank at a 2.98% annual interest rate over a 15-year term. The remaining $431,000 would be funded from SRTA's $1 million Transportation Development Act (TDA) loan fund. This would be replenished either immediately or over a seven-year period at the board's discretion depending on resources available in each budget cycle.

The SRTA Finance Committee recommends funding the $431,000 taxable portion with SRTA reserves because the taxable portion would have a higher interest rate that cannot be recovered by SRTA planning revenues. This would save the agency approximately $105,000 in interest.

The board of directors was provided a prior analysis comparing the cost to rent a portion of the building with the cost to own the entire building. Ownership under the proposed financing package will generate $1,625,714 in lease revenue cash over 40 years. In addition to the cash generation, the agency would save $1,511,479 in state and federal planning revenues that would be freed up for other eligible purposes. After 15 years, the property would be paid in full and have enough space to accommodate long-term agency needs. Ownership also offers stability from increased lease rates or lease terminations.

The attached resolution provides findings and actions needed for financing. This includes a lease/sublease arrangement with Umpqua Bank applicable until the building is completely paid off. Legal counsel has verified that SRTA has authority to purchase the building and hold title. The lease/sublease arrangement recommended is common in public financing and needed to comply with debt limitations and default remedies. It is recommended that the board of directors authorize the executive director to approve the lease agreements. The attached drafts are substantially complete and have been developed through consulting bond counsel and SRTA legal counsel. Technical changes may be needed prior to close of escrow by April 17 and the exact dollar amounts will be included after refinement of the payment schedule.

FINANCING:

The building – including operations and maintenance – would be paid for through a combination of SRTA revenues (to the full extent cost recovery is allowed) and building lease revenues. Short-term cash needs are estimated at $46,000 annually over 7 years. This would come from SRTA cash reserves and TDA administration funds. Cash generated over the subsequent 33-year analysis period would average about $59,000 annually which will result in higher SRTA cash reserves and reduced reliance on TDA administration funds.

Daniel S. Little, AICP, Executive Director

Attachments: Resolution 15-02
Draft Site and Facility Lease
Draft Lease Agreement

RESOLUTION

RESOLUTION NUMBER:	**15-02**
SUBJECT:	**Authorizing the Financing of the Acquisition of the Commercial Building Located at 1255 East Street, Redding, California; Approving the Forms of and Authorizing and Directing Execution and Delivery of a Lease Agreement and a Site and Facility Lease Related to Such Financing Transaction; and Providing for Other Matters Properly Related Thereto**

WHEREAS, the Shasta Regional Transportation Agency (the "Agency") desires and intends to finance the cost of acquiring (the "Acquisition") improved real property located at 1255 East Street, Redding, California (the "Subject Facilities"); and

WHEREAS, in order to provide financing (the "Financing") for the Acquisition, the Agency proposes to simultaneously purchase and lease the Subject Facilities to Umpqua Bank (the "Bank") pursuant to a Site and Facility Lease (the "Site Lease"), dated as of April 1, 2015, by and between the Bank and the Agency, pursuant to which the Bank agrees to make an upfront lump sum payment (the "Financed Amount"), which when combined with an upfront cash contribution from the Agency, equals the amount necessary to successfully accomplish the Acquisition (the "Acquisition Price"); and

WHEREAS, the Bank proposes to then sublease the Subject Facilities back to the Agency pursuant to a Lease Agreement (the "Lease Agreement"), dated as of April 1, 2015, by and between the Bank and the Agency, pursuant to which the Agency will make semi-annual lease payments from its general fund, sufficient in amount to pay back the debt service on the Financed Amount advanced by the Bank under the Site Lease; and

WHEREAS, the Board of Directors of the Agency (the "Board"), with the aid of its staff, has reviewed the Site Lease and the Lease Agreement, the forms of which are on file with the Secretary, and the Board wishes at this time to approve the foregoing documents (collectively, the "Financing Documents") as being in the public interests of the Agency; and

WHEREAS, the Board desires to designate the Lease Agreement as a "Qualified Tax-Exempt Obligation" for purposes of Paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, the Board wishes at this time to authorize all proceedings relating to the Acquisition and Financing of the Subject Facilities and the execution and delivery of Financing Documents and all other agreements and documents relating thereto;

NOW, THEREFORE, BE IT RESOLVED that the Shasta Regional Transportation Agency:

Section 1. Findings and Determinations. The Board hereby finds that the above recitals are true and correct. The Board determines that it is necessary and desirable to provide for the Acquisition of the

Subject Facilities and that the actions authorized hereby constitute, and are in furtherance of, authorized public purposes of the Agency and will result in public benefits to the Agency and its constituents.

Section 2. Authorized Representatives. The Executive Director, the Chief Fiscal Officer, and any other person authorized by the Board to act on behalf of the Agency shall each be an "Authorized Representative" of the Agency for the purposes of structuring and providing for the Acquisition and Financing of the Subject Facilities.

Section 3. Approval of Site Lease. The Board hereby authorizes and approves the lease of the Subject Facilities to the Bank pursuant to the Site Lease. The Board hereby approves the Site Lease in substantially the form on file with the Secretary and consents to such revisions, amendments and completions as shall be approved by the Agency. Any Authorized Representative of the Agency is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Agency to, the final form of the Site Lease for and in the name and on behalf of the Agency and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Site Lease.

Section 4. Approval of Lease Agreement. The Board hereby authorizes and approves the sublease of the Subject Facilities back from the Bank pursuant to the Lease Agreement. The Board hereby approves the Lease Agreement in substantially the form on file with the Secretary and consents to such revisions, amendments and completions as shall be approved by the Agency. Any Authorized Representative of the Agency is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Agency to, the final form of the Lease Agreement for and in the name and on behalf of the Agency and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Lease Agreement.

Section 5. Bank Qualification. The Board hereby confirms that it has no present intention of providing for the issuance of any additional tax-exempt obligations during calendar year 2015 and believes that the reasonably anticipated amount of tax-exempt obligations which will be issued by the Agency in calendar year 2015 will not exceed $10,000,000, and based on the foregoing, the Lease Agreement is hereby designated as a qualified tax-exempt obligation pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Section 6. Confirmation and Direction to Proceed with Acquisition and Financing of the Subject Facilities. All actions heretofore taken by the officers and agents of the Agency with respect to the Acquisition and Financing of the Subject Facilities are hereby approved, confirmed and ratified. The Executive Director, Chief Fiscal Officer, the Secretary and any and all other officers of the Agency are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, including requisitions for the payment of costs of issuance, agreements, notices, consents, instruments of conveyance, title reports, insurance policies, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the Acquisition and Financing of the Subject Facilities in accordance with the Financing Documents approved herein. Whenever in this Resolution any officer of the Agency is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated and confirmed in a closing certificate by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 7. Cash From SRTA Reserves. The Board hereby authorizes a reduction in the SRTA Transportation Development Act (TDA) loan reserve (SRTA TDA Handbook Section #1330) for all costs not included in the Umpqua Bank financing. The amount needed from the TDA loan fund is estimated at $431,000. The board of directors intends to replenish the TDA reserve fund over a period not to exceed seven years as determined in each budget cycle.

Section 8. Certification of Resolution. The Secretary shall certify to the adoption of this resolution. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this resolution may be performed by an Assistant Secretary with the same force and effect as if performed by the Secretary hereunder.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED this 26th day of March, 2015, by the Shasta Regional Transportation Agency.

____

Missy McArthur, Chair
Shasta Regional Transportation Agency

RECORDING REQUESTED BY:)
Shasta Regional Transportation Agency)
)
WHEN RECORDED MAIL TO:)
The Weist Law Firm)
108 Whispering Pines Drive, Suite 235)
Scotts Valley, California 95066)
Attn: Cameron A. Weist)
)

(DO NOT WRITE ABOVE LINE - SPACE FOR RECORDERS USE ONLY)

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE SHASTA REGIONAL TRANSPORTATION AGENCY. THIS TRANSACTION IS EXEMPT FROM DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE

by and between

SHASTA REGIONAL TRANSPORTATION AGENCY, CALIFORNIA,
as Lessor

And

UMPQUA BANK,
as Lessee

Dated as of April 1, 2015

SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (this "Site and Facility Lease"), dated as of April 1, 2015, is by and between the **SHASTA REGIONAL TRANSPORTATION AGENCY**, a political subdivision of the State of California duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "Agency"), as lessor, and the **UMPQUA BANK**, an Oregon State Chartered Bank (the "Bank"), as lessee;

W I T N E S S E T H :

WHEREAS, to enable the Agency to finance (the "Financing") the acquisition (the "Acquisition") of certain real property situated in the City of Redding, County of Shasta, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), the Agency proposes to acquire and lease the Property to the Bank pursuant to this Site and Facility Lease; and

WHEREAS, the Bank has agreed to lease the Property back to the Agency pursuant to that certain Lease Agreement, dated as of April 1, 2015, a memorandum of which is recorded in the Office of the Agency Recorder of the County of Shasta concurrently herewith (the "Lease Agreement"); and

WHEREAS, the Agency possesses statutory authority to acquire and lease the Property and its governing body has duly authorized the execution and delivery of the Lease Agreement and this Site and Facility Lease; 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 Site and 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 Site and Facility Lease;

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

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site and Facility Lease. The Agency hereby leases to the Bank and the Bank hereby leases from the Agency, on the terms and conditions hereinafter set forth, the Property.

Section 3. Term. The term of this Site and Facility Lease shall commence ________ __, 2015, or the date this Site and Facility Lease or a memorandum thereof is recorded, whichever is later, and shall end on ________ 1, 20__, unless such term is extended or sooner terminated as hereinafter provided. If, on ______ 1, 20__, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid by reason of abatement, default or otherwise, or provision shall not have been made for their payment in accordance with the

Lease Agreement, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than June 1, 20__. If, prior to June 1, 20__, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Advance Rental Payment. The Agency agrees to lease the Property to the Bank in consideration of the payment by the Bank of an advance rental payment of $________.

Section 5. Purpose. The Bank shall use the Property solely for the purpose of leasing the Property to the Agency pursuant to the Lease Agreement and for such purposes as may be incidental thereto; provided, however, that in the event of default by the Agency under the Lease Agreement, the Bank and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. Agency's Interest in the Property. The Agency covenants that it is the owner in fee of the Property.

Section 7. Assignments and Subleases. Unless the Agency shall be in default under the Lease Agreement, the Bank may not assign its rights under this Site and Facility Lease or sublet the Property, except as provided in the Lease Agreement. If the Agency is in default under the Lease Agreement, the Bank (including its successors and assigns under the Lease Agreement) may fully and freely assign and sublease the Property or any portion thereof, subject to this Site and Facility Lease.

Section 8. Right of Entry. The Agency reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Bank agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the Agency.

Section 10. Default. In the event the Bank shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for 30 days following notice and demand for correction thereof to the Bank, the Agency may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the Agency shall have no right to terminate this Site and Facility Lease as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the Agency will continue to pay the Lease Payments to the Bank.

In the event of the occurrence of an Event of Default under the Lease Agreement, the Bank may (a) exercise the remedies provided in the Lease Agreement, (b) use the Property for any lawful purpose, subject to any applicable legal limitations or restrictions, and (c) exercise all options provided herein.

Section 11. Quiet Enjoyment. The Bank, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement.

Section 12. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Bank are solely liabilities of the Bank and the Agency hereby releases each and every director, officer, employee and agent of the Bank of and from any personal or individual liability under this Site and Facility Lease. No director, officer, employee or agent of the Bank shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Bank hereunder.

Section 13. Taxes. All assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Property or the Bank's interest in the Property created by this Site and Facility Lease (including both land and improvements) will be paid by the Agency in accordance with the Lease Agreement.

Section 14. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Bank shall be recognized and is hereby determined to be the amount of the then unpaid principal component of the Lease Payments, any then unpaid interest component of the Lease Payments and any premium due with respect to the prepayment of Lease Payments to the date such amounts are remitted to the Bank or its assignee, and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the Agency. The Agency hereby waives, to the extent permitted by law, any and all rights that it has or may hereafter have to acquire the interest of the Bank in and to the Property through the eminent domain powers of the Agency. However, the Agency hereby agrees, to the extent permitted by law, that the compensation to be paid in any condemnation proceedings brought by or on behalf of the Agency with respect to the Property shall be in an amount not less than the total unpaid principal component of Lease Payments, the interest component of Lease Payments accrued to the date of payment of all Lease Payments and any premium due with respect to the prepayment of Lease Payments under the Lease Agreement.

Section 15. Use of the Proceeds. The Agency and the Bank hereby agree that the lease to the Bank of the Agency's right and interest in the Property pursuant to Section 2 serves the public purposes of the Agency.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses set forth in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Binding Effect. This Site and Facility Lease shall inure to the benefit of and shall be binding upon the Agency and the Bank and their respective successors and assigns.

Section 19. Amendment. This Site and Facility Lease may not be amended except as permitted under the Lease Agreement.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 21. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

Section 22. No Merger. Neither this Site and Facility Lease, the Lease Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the Agency to the Property under this Site and Facility Lease and the Agency's subleasehold interest therein under the Lease Agreement.

Section 23. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

* * * * * * * * * * * *

IN WITNESS WHEREOF, the Agency and the Bank have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

SHASTA REGIONAL TRANSPORTATION AGENCY

By: ______________________________

Attest:

By: ______________________________

UMPQUA BANK, an Oregon State Chartered Bank

By: ______________________________

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
SHASTA REGIONAL TRANSPORTATION AGENCY)

On ___________________________, before me, ____,

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.

____

EXHIBIT A

DESCRIPTION OF THE SITE

All that certain real property situated in the City of Redding, County of Shasta, State of California, described as follows:

EXHIBIT B

DESCRIPTION OF THE FACILITY

Means those certain existing facilities and improvements presently existing on the Site, including the building, parking areas and related facilities, together with any permitted additions, replacements, modifications or other alterations thereto, and together with and including, all riparian rights, water and water rights, easements, rights-of-way, licenses, franchises, rights of service and use, and the construction of all permissible auxiliary work necessary or convenient for the foregoing.

$__________

LEASE AGREEMENT
dated as of April 1, 2015,
by and between UmpquaBank, as Sublessor, and
the Shasta Regional Transportation Agency, California, as Sublessee,

CERTIFICATE OF ACCEPTANCE OF SITE AND FACILITY LEASE

This is to certify that the interest in real property conveyed by the Site and Facility Lease, dated as of April 1, 2015, from the Shasta Regional Transportation Agency, California, as lessor, to the Umpqua Bank, an Oregon State Chartered Bank (the "Bank"), as lessee, is hereby accepted by the undersigned officer on behalf of the Bank, pursuant to authority conferred by resolution of the Board of Directors of the Bank, and the lessee consents to recordation thereof by its duly authorized officer.

Dated: April __, 2015

UMPQUA BANK, an Oregon State Chartered Bank

By ___________________________________

LEASE AGREEMENT

by and between

UMPQUA BANK,
as Sublessor

And

SHASTA REGIONAL TRANSPORTATION AGENCY,
as Sublessee

Dated as of April 1, 2015

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease" or "Lease Agreement"), dated as of April 1, 2015, is by and between the **UMPQUA BANK**, an Oregon State Chartered Bank, as sublessor (the "Bank"), and the **SHASTA REGIONAL TRANSPORTATION AGENCY**, a political subdivision of the State of California duly organized and existing under and by virtue of the Constitution and laws of the State of California, as sublessee (the "Agency");

W I T N E S S E T H :

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of April 1, 2015 (the "Site and Facility Lease"), the Agency has leased those certain parcels of real property situated in the City of Redding, County of Shasta, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Bank, all for the purpose of enabling the Agency to Finance (the "Financing") the acquisition (the "Acquisition") of the Property; and

WHEREAS, the Bank proposes to lease the Property back to the Agency pursuant to this Lease Agreement; and

WHEREAS, in consideration of the right of possession of, and the continued quiet use and enjoyment of, the Property during each Rental Period (as hereinafter defined) under this Lease Agreement, the Agency agrees to make certain Lease Payments (as hereinafter defined); and

WHEREAS, the Agency and the Bank have agreed to enter into this Lease Agreement providing for Lease Payments with an aggregate principal component in the amount of $________ for the primary purpose of providing for the Acquisition and Financing of the Property; and

WHEREAS, the Agency and the Bank agree to mutually cooperate now and hereafter, to the extent possible, in order to sustain the intent of this Lease Agreement and the bargain of both parties hereto.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and the covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

Section 1.01. Definitions. All terms defined in this Section 1.01 have the meanings herein specified for all purposes of this Lease Agreement.

"*Additional Payments*" means the amounts specified as such in Section 4.03(b) of this Lease Agreement.

"*Agency*" means the Shasta Regional Transportation Agency, California, a regional transportation planning agency, duly organized and existing under and by virtue of the Constitution and laws of the State.

"*Agency Representative*" means the Executive Director, the Chief Fiscal Officer, the Secretary of the Agency, or the designee of any such official, or any other person authorized by resolution delivered to the Bank to act on behalf of the Agency under or with respect to the Site and Facility Lease and this Lease Agreement.

"*Applicable Environmental Laws*" means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 et seq.; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

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

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

(c) the control of hazardous wastes; or

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

"*Bank*" means Umpqua Bank, an Oregon State Chartered Bank, and any other successor or any other entity to whom the rights of the Bank hereunder are assigned.

"*Board of Directors*" means the Board of Directors of the Agency.

"*Bond Counsel*" means (a) The Weist Law Firm, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

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

"*Closing Date*" means the date that the Agency receives the Lease Obligation Proceeds from the Bank.

"*Contract*" means any indenture, trust agreement, contract, agreement (other than this Lease Agreement), other contractual restriction, lease, mortgage or instrument.

"*Costs of Issuance*" means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the Acquisition and Financing of the Property, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, and fees for execution, transportation and safekeeping of this Lease Agreement and charges and fees in connection with the foregoing.

"*Date of Taxability*" means the date from and for which the Tax-Exempt Interest Component on the Lease Obligation becomes subject to federal income taxation as a result of a Determination of Taxability.

"*Determination of Taxability*" means any determination, decision, or decree made by the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of actions or omissions of the Agency the Tax-Exempt Interest Component payable on the Lease Obligation is includable in the gross income for federal income tax purposes of the Bank; provided, however, that no such Determination of Taxability shall be deemed to have occurred if the Agency is contesting such determination in good faith and is proceeding diligently to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the Agency.

"*Event of Default*" means any of the events of default as defined in Section 8.01.

"*Facility*" means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to this Lease Agreement.

"*Fair Market Value*" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"*Federal Securities*" means (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

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

"*Governmental Authority*" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

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

"*Combined Interest Components*" means the collective combination of Tax-Exempt Interest Component and the Taxable Interest Component, as such is set forth on Exhibit C hereto.

"*Lease Agreement*" or "Lease" means this Lease Agreement, dated as of April 1, 2015, between the Bank and the Agency.

"*Lease Obligation*" means the obligation represented by this Lease Agreement.

"*Lease Obligation Proceeds*" means the $________ amount received by the Agency from the Bank on the Closing Date.

"*Lease Payment Date*" means _____ 1 and ______ 1 in each year, commencing _____ 1, 2015, and continuing to and including the date on which the Lease Payments are paid in full.

"*Lease Payments*" means all payments required to be paid by the Agency, as such is set forth on Exhibit C hereto, on each Lease Payment Date pursuant to Section 4.03, including any prepayment thereof under Sections 9.02 or 9.03.

"*Material Adverse Effect*" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Agency, (b) the ability of the Agency to carry out its business in the manner conducted as of the date of this Lease Agreement or to meet or perform its obligations under this Lease Agreement on a timely basis, (c) the validity or enforceability of this Lease Agreement, or (d) the exclusion of the Tax-Exempt Interest Component from gross income from federal income tax purposes or the exemption of the Tax-Exempt Interest Component for State income tax purposes.

"*Material Litigation*" means any action, suit, proceeding, inquiry or investigation against the Agency in any court or before any arbitrator of any kind or before or by any Governmental Authority, which (i) if determined adversely to the Agency, may have a Material Adverse Effect,

(ii) seeks to restrain or enjoin any of the transactions contemplated by this Lease Agreement, or (iii) may adversely affect the ability of the Agency to perform its obligations under this Lease Agreement.

"*Net Proceeds*" means any insurance or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

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

"*Permitted Investments*" means any of the following which at the time of investment are determined by the Agency to be legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;

(c) bonds, notes or other evidences of indebtedness rated AAA by S&P and Aaa by Moody's issued by the Fannie Mae or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U.S. dollar denominated deposit accounts, secured or unsecured certificates of deposit, demand deposits, including interest bearing money market accounts, trust deposits, trust accounts, time deposits, overnight bank deposits, interest-bearing deposits, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase;

(e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;

(f) investments in a money market mutual fund, rated at the time of purchase AAAm or AAAm-G or better by S&P;

(g) Repurchase and reverse repurchase agreements collateralized with Federal Securities;

(h) any pre-refunded bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, at the time of purchase, based on the refunding escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium (if any) by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium (if any) in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent Accountant, to pay principal of and interest and redemption premium (if any) on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(i) investment agreements, which are rated, at the time of investment, in the highest rating category of S&P and Moody's;

(j) the Local Agency Investment Fund established under Section 16429.1 of the Government Code of the State of California; and

(k) any other investment permitted under Section 53601 of the California Government Code.

"*Principal Component*" means the portion of each Lease Payment designated as Principal Component, as such is set forth on Exhibit C hereto.

"*Property*" means, collectively, the Site and the Facility.

"*Rental Period*" means each period during the Term of the Lease commencing on and including ______ 2 in each year and extending to and including the next succeeding _____ 1. The first Rental Period begins on the Closing Date and ends on ______ 1, 2015.

"*Resolution*" means the Resolution No. ______, adopted by the Board of Directors on March __, 2015, authorizing and otherwise providing for the execution and delivery of this Lease Agreement.

"*Site*" means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to this Lease Agreement.

"*Site and Facility Lease*" means the Site and Facility Lease, dated as of April 1, 2015, by and between the Agency, as lessor, and the Bank, as lessee, together with any duly authorized and executed amendments thereto.

"*State*" means the State of California.

"*Taxable Interest Component*" means the portion of each Lease Payment designated as a

Taxable Interest Component, as such is set forth on Exhibit C hereto.

"*Taxable Rate*" means an interest rate with respect to the Lease Obligation equal to five and forty nine hundredths of one percent (_.____%) per annum.

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

"*Tax-Exempt Interest Component*" means the portion of each Lease Payment designated as a Tax-Exempt Interest Component, as such is set forth on Exhibit C hereto.

"*Term of this Lease Agreement*" or "*Term*" means the time during which this Lease Agreement is in effect, as provided in Section 4.02.

"*Written Request*" means a request in writing signed by Agency Representative, or by any other officer of the Agency duly authorized for that purpose.

Section 1.02. Interpretation.

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

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

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

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.01. Covenants, Representations and Warranties of the Agency. The Agency makes the following covenants, representations and warranties to the Bank as of the date of the execution and delivery of this Lease Agreement:

(a) ***Due Organization and Existence.*** The Agency is a political subdivision of the State of California duly organized and existing under and by virtue of the Constitution and laws of the State of California, with full legal right, power and authority under the laws of the State to enter into the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby.

(b) ***Due Execution.*** By all necessary official action, the Agency has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, this Lease Agreement, the Site and Facility Lease, and the consummation by it of all other transactions contemplated by this Lease Agreement, the Site and Facility Lease and the Resolution. The Agency Representative executing the Site and Facility Lease and this Lease Agreement has been fully authorized to execute the same.

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

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

(e) ***Consents and Approvals.*** No consent or approval of any trustee or holder of any indebtedness of the Agency or of the voters of the Agency, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) ***No Litigation.*** There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Agency or, to the knowledge of the Agency after reasonable investigation, threatened against or affecting the Agency or the assets, properties or operations of the Agency which, if determined adversely to the Agency or its interests, would have a Material Adverse Effect, and the Agency is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement.

(g) ***Sufficient Funds.*** The Agency reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) ***Fee Title.*** The Agency is the owner in fee of title to the Property. The Agency has disclosed all liens and encumbrances to the Bank, and no lien or encumbrance on the Property materially impairs the Agency's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

(i) ***Use of the Property, Essentiality.*** During the term of this Lease Agreement, the Property will be used by the Agency only for the purpose of performing one or more governmental or proprietary functions of the Agency consistent with the permissible scope of the Agency's authority. The Property is essential to the Agency's efficient and economic operations and the lease thereof for use by the Agency is in the best interest of the Agency.

(j) ***Hazardous Substances.*** The Property is free of all Hazardous Substances, and the Agency is in full compliance with all Applicable Environmental Laws.

(k) ***Flooding Risk.*** The Property is not located in a flood hazard area and has never been subject to material damage from flooding.

(l) ***Value of Property.*** The value of the Property (real property replacement cost) is not less than $_______.

(m) ***Financial Statements.*** The statement of financial position of the Agency as of June 30, 2014, and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Bank, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the Agency at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the Agency.

(n) ***No Material Adverse Change.*** Since the most current date of the information, financial or otherwise, supplied by the Agency to the Bank:

> (i) There has been no change in the assets, liabilities, financial position or results of operations of the Agency which might reasonably be anticipated to cause a Material Adverse Effect.
>
> (ii) The Agency has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.
>
> (iii) The Agency has not (A) incurred any material indebtedness, other than the Lease Payments, and trade accounts payable arising in the ordinary course of the Agency's business and not past due, or (B) guaranteed the indebtedness of any other person.

(o) ***Compliance with Procurement Laws.*** The Agency has complied with all applicable procurement laws with respect to the execution and delivery of this Lease Agreement;

(p) ***Due Authorization and Payment.*** All of the Lease Payments and other payments hereunder have been, or shall be, duly authorized and paid when due out of funds then on hand and legally available for such purposes.

(q) ***No Default or Non-Appropriation.*** The Agency has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, certificates of participation, or other debt obligations.

(r) ***Foreseeable need for the Property.*** There are no circumstances presently affecting the Agency that could be reasonably expected to alter its foreseeable need for the Property or adversely affect its ability or willingness to budget funds for the payment of the Lease Payments and other payments due hereunder.

(s) ***Documents Furnished.*** All information, reports and other papers and data furnished by the Agency to the Bank were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Bank a true and accurate knowledge of the subject matter and were provided in expectation of the Bank's reliance thereon in entering into the transactions contemplated by this Lease Agreement. No fact is known to the Agency which has had or, so far as the Agency can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Bank or in other such information, reports, papers and data or otherwise disclosed in writing to the Bank prior to the Closing Date. Any financial, budget and other projections furnished to the Bank by the Agency or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the Agency's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Bank in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

Section 2.02. Covenants, Representations and Warranties of the Bank. The Bank makes the following covenants, representations and warranties to the Agency as of the date of the execution and delivery of this Lease Agreement:

(a) the Bank has been duly organized and is validly existing as a banking corporation under the laws of the State of Colorado with full corporate power to enter into and undertake its duties and obligations hereunder and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the economic risks and merits of the investment represented by the Lease Obligation;

(b) the Bank is a "bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended;

(c) the execution, delivery and performance of this Lease Agreement and the Site and Facility Lease have been duly authorized by all necessary corporate actions on the part of the Bank and do not require any further approvals or consents;

(d) the execution, delivery and performance of this Lease Agreement and the Site and Facility Lease do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Bank is a party by which it or its property is bound;

(e) there is no pending or, to the knowledge of the Bank, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of the Bank to perform its obligations under this Lease Agreement and the Site and Facility Lease;

(f) the Bank will not mortgage or encumber the Property or this Lease Agreement or assign this Lease Agreement or its rights to receive Lease Payments hereunder, except as expressly permitted herein or in the Site and Facility Lease;

(g) the Bank has made its own inquiry and analysis with respect to this Lease Agreement and the security therefor, and other material factors affecting the security and payment of the Lease Payments;

(h) the Bank is aware that the operations of the Agency involve certain economic variables and risks that could adversely affect the security for the Lease and the Bank is able and willing to bear such risks;

(i) the Bank has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the Lease Obligation and is able to evaluate the risks and merits of the investment represented by entering into this Lease Agreement;

(j) the Bank is entering into this Lease Agreement for its own account and not with a view to, or for sale in connection with, any distribution thereof. The Bank has not offered to sell, solicited offers to buy, or agreed to sell the Lease Obligation or any part thereof, and has no present intention of reselling of otherwise disposing of the Lease Obligation or any part thereof;

(k) the Bank acknowledges that the Lease Obligation has not been registered with any federal or state securities agency or commission; and

(l) the Bank will deliver to the Agency a certificate substantially in the form set forth in Exhibit D attached hereto.

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS

Section 3.01. Deposit of and Application of Funds. On the Closing Date, the Bank shall cause the Lease Obligation Proceeds in the amount of $_______ to be transferred, via wire transfer, to _________________________ to be deposited and applied pursuant to the terms of the Escrow Agreement.

Section 3.02. Acquisition of the Property. As a result of the deposits made to, and in accordance with, the terms and conditions of this Lease Agreement and the Escrow Instructions, legal title and possession of the Property has been had and obtained by the Agency.

ARTICLE IV

SUBLEASE OF PROPERTY; LEASE PAYMENTS; SUBSTITUTION, ADDITION OR RELEASE

Section 4.01. Sublease of Property by the Bank Back to the Agency.

(a) The Bank hereby subleases the Property to the Agency, and the Agency hereby subleases the Property from the Bank, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the Agency to the Bank pursuant to the Site and Facility Lease shall not affect or result in a merger of the Agency's subleasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Section 4.02. Term. The Term of this Lease Agreement commences on April __, 2015, or the date this Lease Agreement or a memorandum thereof is recorded, whichever is later, and ends on ______ 1, 20__, or the date on which all of the Lease Payments have been paid in full. If on ______ 1, 20__, the Lease Payments payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the Agency shall have defaulted in its payment of Lease Payments hereunder or any Event of Default has occurred and continues without cure by the Agency, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder, not to exceed 10 years. The provisions of this Section 4.02 are subject to the provisions of Section 6.01 relating to the taking in eminent domain of the Property or any portion thereof.

Section 4.03. Lease Payments.

(a) ***Obligation to Pay.*** Subject to the provisions of Sections 6.01 and 6.03 and the provisions of Article IX, the Agency hereby agrees to repay the Lease Obligation in the aggregate principal amount of $________ together with interest (calculated at the rate of _.__% for the Tax-Exempt Interest Component and _.__% for the Taxable Interest

Component, subject to any adjustment required pursuant to Section 4.06, on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semi-annual Lease Payments in the respective amounts and on the respective Lease Payment Dates specified in Exhibit C hereto, and by this reference made a part hereof. The Agency understands that the Bank will send an invoice to the Agency in advance of each Lease Payment Date. Anything to the contrary in this Lease Agreement notwithstanding, from and after the Date of Taxability following a Determination of Taxability, the Tax-Exempt Interest Component shall bear interest at the Taxable Rate.

(b) ***Additional Payments.*** In addition to the Lease Payments set forth herein, the Agency agrees to pay as Additional Payments all of the following:

(i) Subject to Section 5.01, all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Property or upon any interest of the Bank therein or in this Lease Agreement;

(ii) insurance premiums, if any, on all insurance required under the provisions of Article V hereof;

(iii) any other reasonable fees, costs or expenses incurred by the Bank in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the Agency shall not be responsible for any costs incurred by the Bank associated with any assignment of this Lease Agreement;

(iv) any amounts required to be paid as rebate to the United States; and

(v) such amounts sufficient to indemnify the Bank and to pay all amounts due under Section 7.12.

Amounts constituting Additional Payments payable hereunder shall be paid by the Agency directly to the person or persons to whom such amounts shall be payable. The Agency shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 30 days after notice in writing from the Bank to the Agency stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) ***Effect of Prepayment.*** If the Agency prepays all Lease Payments in full under Sections 9.02 or 9.03, the Agency's obligations under this Section will thereupon cease and terminate. If the Agency prepays the Lease Payments in part but not in whole under Section 9.03, the Principal Components of the remaining Lease Payments will be reduced on a pro rata basis; and the Interest Component of each remaining Lease Payment will be reduced on a pro rata basis.

(d) ***Rate on Overdue Payments.*** If the Agency fails to make any of the payments required in this Section 4.03, the payment in default will continue as an obligation of the

Agency until the amount in default has been fully paid, and the Agency agrees to pay the same with interest thereon, from the date of default to the date of payment at the interest rate set forth in Section 4.03(a) plus three percent (3%), or any lesser maximum rate as may be required by law.

(e) ***Fair Rental Value.*** The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by the Agency in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the Agency and the general public.

(f) ***Source of Payments; Budget and Appropriation.*** The Lease Payments are payable an irrevocable pledge of legally available funds of the Agency, subject to the provisions of Sections 6.01, 6.03 and 9.01. The Agency covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the Agency herein contained constitute duties imposed by law and it is the duty of each and every public official of the Agency 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 Agency to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the Agency.

(g) ***Allocation of Lease Payments.*** All Lease Payments received shall be applied first to the Interest Components of the Lease Payments due hereunder, then to the Principal Components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(h) ***No Offsets.*** Notwithstanding any dispute between the Bank and the Agency, the Agency shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(i) ***Payments under this Lease Agreement.*** The Bank hereby directs the Agency, and the Agency hereby agrees, to pay to the Bank (or to its assignees as directed pursuant to Section 7.04 hereof) all payments payable by the Agency under this Section 4.03 and all amounts payable by the Agency under Article IX. So long as the Lease Obligation is owned by the Bank, all principal and interest payments with respect to the Lease Obligation shall be made by wire transfer using the following wiring instructions (unless the Agency shall receive subsequent wiring instructions from the Bank):

To come.

Section 4.04. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Bank will provide the Agency with quiet use and enjoyment of the Property and the Agency will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Bank, except as expressly set forth in this Lease Agreement. The Bank will, at the request of the Agency and at the Agency's cost, join in any legal action in which the Agency asserts its right to such possession and enjoyment to the extent the Bank may lawfully do so. Notwithstanding the foregoing, the Bank has the right to inspect the Property as provided in Sections 5.12(c) and 7.02.

Section 4.05. Title. At all times during the Term of this Lease Agreement, the Agency shall hold title to the Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.02. Upon the termination of this Lease Agreement (other than under Section 8.02(b) hereof), all right, title and interest of the Bank in and to the Property shall be transferred to and vested in the Agency. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the Agency of security for such Lease Payments as provided in Section 9.01, all right, title and interest of the Bank in and to the Property shall be transferred to and vested in the Agency. The Bank agrees to take any and all steps and execute and record any and all documents reasonably required by the Agency to consummate any such transfer.

Section 4.06. Reserved.

Section 4.07. Substitution, Addition or Release of the Property. The Agency shall have the right to substitute alternate real property for any portion of, or add additional real property to the Property or to release a portion of the Property from this Lease Agreement. All costs and expenses incurred in connection with such substitution, addition or release (including all reasonable costs, expenses and attorneys' fees incurred by the Bank) shall be borne by the Agency. Notwithstanding any substitution, addition or release of Property pursuant to this subsection, there shall be no reduction in or abatement of the Lease Payments due from the Agency hereunder as a result of such substitution, addition or release. Any such substitution, addition or release of any portion of the Property shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution, addition or release:

(a) The Agency shall first receive written authorization and approval from the Bank, which authorization and approval shall not be unreasonably denied by the Bank so long as the balance of conditions set forth below are satisfied;

(b) No Event of Default shall have occurred and be continuing;

(c) An independent certified real estate appraiser selected by the Agency shall have found (and shall have delivered a certificate to the Agency and the Bank setting forth its findings) that the Property, as constituted after such substitution, addition or release, (i) has an annual fair rental value greater than or equal to 105% of the maximum Lease Payments payable by the Agency in any Rental Period, and (ii) has a useful life equal to or greater than the useful life of the Property, as constituted prior to such substitution, addition or release;

(d) The property to be substituted or added must be owned in fee simple by the Agency and be free of any liens and encumbrances that would impair the use of the property for its intended purpose, and the Agency shall have obtained or caused to be obtained a CLTA title insurance policy or policies with respect to any substituted or additional property in the amount of the fair market value of such substituted or additional property, of the type described in Section 5.07 hereof;

(e) In the case of substituted or additional property, the Agency agrees to provide any required surveys, environmental reports, or other diligence items related to such proposed substituted or additional property that are reasonably required by the Bank;

(f) The Agency shall have provided the Bank with an opinion of Bond Counsel to the effect that such substitution, addition or release will not, in and of itself, cause the Interest Components to be included in gross income for federal income tax purposes;

(g) The Agency and the Bank shall have executed, and the Agency shall have caused to be recorded with the Shasta County Recorder, any document necessary to reconvey to the Agency the portion of the Property being substituted or released and to include any substituted or additional real property in the description of the Property contained herein and in the Site and Facility Lease; and

(h) The Agency shall have certified to the Bank that the substituted real property is of approximately the same degree of essentiality to the Agency as the portion of the Property for which it is being substituted.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.01. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the Agency, and the Agency will pay for or otherwise arrange for the payment of all utility services supplied to the 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 Property resulting from ordinary wear and tear or want of care on the part of the Agency or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Bank agrees to provide only the Property, as hereinbefore more specifically set forth. The Agency waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the Agency under the terms of this Lease Agreement.

The Agency will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Bank or the Agency affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Agency is 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 Agency may, at the Agency'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 Bank shall notify the Agency that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of the Bank in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the Agency will promptly pay such taxes, assessments or charges or provide the Bank with full security against any loss which may result from nonpayment, in form satisfactory to the Bank. The Agency shall promptly notify the Bank of any tax, assessment, utility or other charge it elects to contest.

Section 5.02. Modification of Property. The Agency has the right, at its own expense, to make additions, modifications and improvements to the Property or any portion thereof. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and become subject to the provisions of this Lease Agreement. Such additions, modifications and improvements may not in any way damage the Property, or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

Section 5.03. Public Liability Insurance. The Agency shall maintain or cause to be maintained throughout the Term of this Lease Agreement a standard comprehensive general liability insurance policy or policies in protection of the Agency, the Bank and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage with limits of at least $1,000,000 per occurrence, $3,000,000 in the aggregate, for bodily injury and property damage coverage, and excess liability umbrella coverage of at least $5,000,000, and in all events in form and amount (including any deductibles) satisfactory to the Bank. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the Agency (including, with Bank's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the Agency in a joint powers authority or other program providing pooled insurance. The Agency will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.04. Casualty Insurance. The Agency will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Property and owned by the Agency, in an amount at least equal to the greater of the replacement value of the insured buildings and the aggregate principal amount of the Lease Payments outstanding, with a lender's loss payable endorsement. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed $250,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the Agency (including, with the Bank's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the Agency in a joint powers authority or other program providing pooled insurance. The Agency will apply the Net Proceeds of such insurance as provided in Section 6.02.

Section 5.05. Rental Interruption Insurance. The Agency will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.04, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the Agency, and may be maintained in whole or in part in the form of the participation by the Agency in a joint powers authority or other program providing pooled insurance; provided that such rental interruption insurance shall not be self-insured by the Agency. The Agency will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.06. Worker's Compensation Insurance. If required by applicable California law, the Agency shall carry worker's compensation insurance covering all employees on, in, near or about the Property and, upon written request, shall furnish to the Bank certificates evidencing such coverage throughout the Term of this Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the Agency (including a self insurance program), and may be maintained in whole or in part in the form of the participation by the Agency in a joint powers authority or other program providing pooled insurance.

Section 5.07. Recordation Hereof; Title Insurance. On or before the Closing Date, the Agency shall, at its expense, (a) cause this Lease Agreement and the Site and Facility Lease, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Shasta County Recorder with respect to the Property, and (b) obtain a CLTA title insurance policy insuring the Bank's interests in the leasehold estate established under the Site and Facility Lease and hereunder in the Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Lease Payments. The Agency will apply the Net Proceeds of such insurance as provided in Section 6.02.

Section 5.08. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this Article V and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.03, 5.04 and 5.05 and provided by third party insurance carriers shall name the Agency and the Bank as insured parties and the Bank as loss payee and shall include a lender's loss payable endorsement for the benefit of the Bank. In the case of coverage pursuant to Section 5.03, the Bank shall be added as an additional insured. Prior to the Closing Date, the Agency will deposit with the Bank policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the Agency will furnish to the Bank evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the Agency shall notify the Bank of such fact.

Section 5.09. Installation of Agency's Personal Property. The Agency 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 Property. All such items shall remain the sole property of the Agency, in which the Bank has no interest, and may be modified or removed by the Agency at any time. The Agency must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the Agency from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Property.

Section 5.10. Liens. The Agency will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the Agency certifies in writing to the Bank do not materially and adversely affect the subleasehold estate in the Property hereunder and for which the Bank provides its prior written approval, which approval shall be at Bank's sole discretion. Except as expressly provided in this Article V, the Agency will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The Agency will reimburse the Bank for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Advances. If the Agency fails to perform any of its obligations under this Article V, the Bank may take such action as may be necessary to cure such failure, including the advancement of money, and the Agency shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.03(d).

Section 5.12. Environmental Covenants.

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

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

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

ARTICLE VI

EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.01. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity 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. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (a) 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 (b) there shall be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the Agency and the Bank such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Section 6.02. Application of Net Proceeds.

(a) *From Insurance Award.*

(i) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the Agency in the event of any such damage or destruction shall be deposited by the Agency promptly upon receipt thereof in a special fund with the Bank designated as the "Insurance and Condemnation Fund."

(ii) Within 90 days following the date of such deposit, the Agency shall determine and notify the Bank in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the Agency and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 9.03 hereof, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the unpaid principal component of the Lease Payments.

(iii) In the event the Agency's determination is as set forth in clause (A) of subparagraph (ii) above, such Net Proceeds shall be promptly applied to the prepayment of Lease Payments and other amounts pursuant to Section 9.03 of this Lease Agreement; provided, however, that in the event of damage or destruction of the Property in full, such Net Proceeds may be so applied only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments, all accrued and unpaid interest, Prepayment Premiums described in Section 9.02, and all other costs related to such prepayments pursuant to Section 9.03 of this Lease Agreement and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property; provided further, however, that in the event of damage or destruction of the Property in part, such Net Proceeds may be applied to the prepayment of Lease Payments only if the resulting Lease Payments following such prepayment from Net Proceeds represent fair consideration for the remaining portions of the Property and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property, evidenced by a certificate signed by a Agency Representative.

(iv) In the event the Agency's determination is as set forth in clause (B) of subparagraph (ii) above, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the Agency, and until the Property has been restored to its prior condition, the Agency shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Bank, at its sole discretion.

(b) ***From Eminent Domain Award.*** If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited by the Agency in the Insurance and Condemnation Fund and shall be applied and disbursed as follows:

(i) If the Agency has given written notice to the Bank of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the Agency to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are not needed for repair or rehabilitation of the Property, the Agency shall so certify to the Bank and the Bank, and the Agency shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.03 of this Lease Agreement.

(ii) If the Agency has given written notice to the Bank and the Bank of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the Agency to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Property, the Agency shall so certify to the Bank, and the Agency shall apply such amounts for such repair or rehabilitation.

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the Agency has given written notice to the Bank of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the Agency to meet any of its obligations with respect to the Property under the Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the Agency shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.03 of this Lease Agreement.

(iv) In making any determination under this Section 6.02(b), the Agency may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Bank. Any such determination by the Agency shall be final.

(c) ***From Title Insurance.*** The Net Proceeds from a title insurance award shall be deposited by the Agency in the Insurance and Condemnation Fund and credited towards the prepayment of Lease Payments required to be paid pursuant to Section 9.03 of this Lease Agreement.

Section 6.03. Abatement of Lease Payments. Lease Payments shall be abated during any period in which by reason of damage, destruction or condemnation there is substantial interference with the use and occupancy of the Property or any portion thereof by the Agency. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit C, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of an Agency Representative to the Bank. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the Agency waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.03 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.03, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VII

OTHER COVENANTS OF THE COUNTY

Section 7.01. Disclaimer of Warranties. THE BANK MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE COUNTY OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF. THE COUNTY ACKNOWLEDGES THAT THE COUNTY LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event is the Bank liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the Agency.

Section 7.02. Access to the Property; Grant and Conveyance of Right of Entry. The Agency agrees that the Bank, and the Bank's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the Agency, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The Agency further agrees that the Bank, and the Bank's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours written notice provided to the Agency, as may be reasonably necessary to cause the proper maintenance of the Property if the Agency fails to perform its obligations hereunder. Neither the Bank nor any of its assigns has any obligation to cause such proper maintenance.

The Agency further grants, conveys and confirms to the Bank, for the use, benefit and enjoyment of the Bank, its successors in interest to the Property, including the Bank, and its sublessees, and their respective employees, invitees, agents, independent contractors, patrons, customers, guests and members of the public visiting the Property, a right of entry which shall be irrevocable for the Term of this Lease Agreement over, across and under the property of the Agency adjacent to the Property to and from the Property for the purpose of: (a) ingress, egress, passage or access to and from the Property by pedestrian or vehicular traffic; (b) installation, maintenance and replacement of utility wires, cables, conduits and pipes; and (c) other purposes and uses necessary or desirable for access to and from and for operation and maintenance of the Property.

Section 7.03. Release and Indemnification Covenants. To the extent permitted by law, the Agency hereby indemnifies the Bank, and its directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the Agency or the Agency's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the Agency in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the Agency or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the Agency with respect to the Property, (e) the acquisition, construction, improvement and equipping of the Property, (f) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (g) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this Section 7.03 or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Bank, or its respective officers, agents, employees, successors or assigns. The indemnification hereunder shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease Agreement or the termination of the Term of this Lease Agreement for any reason. The Agency and the Bank each agree to promptly give notice to each other and the Bank of any claim or liability hereby indemnified against following learning thereof.

Section 7.04. Assignment by the Bank. The Bank may assign its rights, title and interests herein, but no such assignment will be effective as against the Agency unless and until the Bank has filed with the Agency at least five Business Days' prior written notice thereof and an executed copy of an investor's letter addressed to the Agency and the Bank substantially in the form of the letter delivered by the Bank on the Closing Date attached hereto as Exhibit D. The Agency shall pay all

Lease Payments hereunder to the Bank, as provided in Section 4.03(i) hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the Agency. During the Term of this Lease Agreement, the Bank will keep a complete and accurate record of all such notices of assignment.

Section 7.05. Assignment Agreement and Subleasing by the Agency. This Lease Agreement may not be assigned, mortgaged, pledged or transferred by the Agency. The Agency may further sublease the Property, or any portion thereof, with the prior written consent of the Bank, which consent shall not be unreasonably withheld, subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the Agency to make Lease Payments hereunder shall remain obligations of the Agency, and any sublease shall be subject and subordinate to this Lease Agreement.

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

(c) No such sublease by the Agency shall cause the interest payable on the Lease Obligation to become includable in the gross income for federal income tax purposes, or cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State.

(d) Any such sublease shall be subject and subordinate in all respects to the Site and Facility Lease and this Lease Agreement.

Notwithstanding the foregoing, in connection with any sublease entered into for financing purposes, the Principal Component of the then remaining Lease Payments plus the principal component of the sublease payments shall not exceed the fair market value of the Property.

Section 7.06. Amendment of Lease Agreement. This Lease Agreement may be amended in writing by the parties hereto.

Section 7.07. Covenants Regarding the Tax-Exempt Components.

To come.

Section 7.08. Financial Statements; Budgets. Within 240 days following the end of each Fiscal Year of the Agency during the Term of this Lease Agreement, the Agency will provide the Bank with a copy of its Audited Financials for such Fiscal Year. Such Audited Financials shall include such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law. Within 30 days of the end of each fiscal year, the Agency will provide the Bank with a copy of its annual budget and any interim updates or modifications to such budget. The Agency hereby agrees to provide the Bank with such other information as may be reasonably requested by the Bank.

Section 7.09. Records and Accounts. The Agency covenants and agrees that it shall keep proper books of record and accounts of its operations, in which complete and correct entries shall be made of all transactions relating to the Agency. Said books and records shall at all reasonable times be subject to the inspection of the Bank upon 48 hours' prior notice.

Section 7.10. Observance of Laws and Regulations. The Agency will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the Agency, including the Agency's right to exist and carry on business as a municipal corporation, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.11. Closing Conditions. The Bank has entered into this Lease Agreement in reliance upon the representations and warranties of the Agency contained in this Lease Agreement and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Agency of the obligations of the Agency pursuant to this Lease Agreement at or prior to the Closing Date. Accordingly, the obligation of Bank to execute this Lease Agreement is subject to the fulfillment to the reasonable satisfaction of the Bank of the following conditions:

(a) The representations and warranties of the Agency contained in this Lease Agreement shall be true, complete and correct on the Closing Date.

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Bank notwithstanding any investigation heretofore or hereafter made by the Bank or on their behalf.

(c) On the Closing Date, the Resolution and this Lease Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(d) On the Closing Date, the Agency will have adopted and there will be in full force and effect such resolutions as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated by this Lease Agreement, and all necessary action of the Agency relating to the execution and delivery the Lease Agreement will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(e) At or prior to the Closing Date, the Bank will have received the following documents:

(i) the approving opinions, dated the Closing Date and addressed to the Bank, of Bond Counsel in form and content satisfactory to the Bank and its counsel, representing (A) the Site and Facility Lease and Lease Agreement have been duly authorized, executed and delivered by the Agency and each is a legal, valid and binding obligation of the Agency, enforceable in accordance with its respective terms, subject to customary exceptions for bankruptcy and judicial discretion, (B) the Prior Obligations have been legally defeased, (C) the Interest Components will not be included in the gross income of the owners thereof for federal tax purposes, and (D) the Tax-Exempt Interest Component of the Lease Obligation has been designated by the Agency as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code;

(ii) a certificate or certificates, dated the date of the Closing and signed on behalf of the Agency by an Authorized Representative, to the effect that, among other things, (A) the representations and warranties contained in this Lease Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the Closing Date; (B) no litigation of any nature is then pending or, to his or her knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the Lease Agreement or affecting the validity of this Lease Agreement or contesting the existence or boundaries of the Agency or the titles of the present officers to their respective offices; (C) no authority or proceedings for the issuance of the Lease Obligation has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to execute and deliver this Lease Agreement has been filed with or received by the Agency; and (D) the Agency has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date;

(iii) a certified copy of the Resolution;

(iv) the items required by the Resolution as conditions for execution and delivery of this Lease Agreement;

(v) the opinion of the Agency Counsel to the Agency, dated the Closing Date, addressed to the Bank and Bond Counsel, to the effect that, among other things:

(A) the Agency is a California regional transportation planning agency, duly organized and validly existing under and by virtue of the Constitution and laws of the State of California, with full legal right, power, and authority (1) to adopt the Resolution, (2) to conduct its affairs and to lease and own its properties, including the Property, as contemplated by the Site and Facility Lease and this Lease Agreement, 3) to execute and deliver the Site and Facility Lease and this Lease Agreement, and (4) to provide for the budget and appropriation, as contemplated by this Lease Agreement;

(B) the Agency has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the Site and Facility Lease, the Escrow Instructions and this Lease Agreement, and the Agency has duly authorized the execution and delivery of, and the due performance of its obligations under, the Site and Facility Lease, the Escrow Instructions and this Lease Agreement;

(C) the adoption of the Resolution, the execution and delivery by the Agency of the Site and Facility Lease, the Escrow Instructions and this Lease Agreement, and the compliance with the provisions of the Site and Facility Lease, the Escrow Instructions and this Lease Agreement, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Agency a material breach of or default under any agreement or instrument to which the Agency is a party or by which it is bound;

(D) no litigation is pending with service of process completed or, to the best of such counsel's knowledge after due inquiry, threatened against the Agency in any court in any way affecting the titles of the officials of the Agency to their respective positions, or seeking to restrain or to enjoin the execution and delivery of the Site and Facility Lease, the Escrow Instructions and this Lease Agreement, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Lease Obligation, or in any way contesting or affecting the validity or enforceability of the Site and Facility Lease, the Escrow Instructions and this Lease Agreement or the Resolution, or contesting the powers of the Agency or its authority with respect to the Site and Facility Lease, the Escrow Instructions and this Lease Agreement or the Resolution;

(E) to the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Agency of the Site and Facility Lease, the Escrow Instructions and this Lease Agreement; and

(F) to the best of such counsel's knowledge after due inquiry, the Agency is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any lease agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject, which breach or default would materially adversely affect the Agency's ability to enter into or perform its obligations under the Site and Facility Lease, the Escrow Instructions and this Lease Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument;

(vi) the fully executed Site and Facility Lease and this Lease Agreement in form and substance acceptable to the Bank;

(vii) evidence of liability and casualty insurance satisfactory to the Bank; and

(viii) such additional legal opinions, certificates, instruments and other documents as the Bank or its counsel may reasonably request to evidence the truth and accuracy, as of the date of this Lease Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the Agency contained herein and the due performance or satisfaction by the Agency at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Agency.

Section 7.12. Notices. During the Term of this Lease Agreement, the Agency shall provide to the Bank:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which is, or with the passage of time or the giving of notice or both, would constitute an Event of Default under this Lease Agreement, together with a detailed statement by a Agency representative of the steps being taken by the Agency to cure the effect of such default or Event of Default.

(b) Prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority.

(c) With reasonable promptness, such other information respecting the Agency, and the operations, affairs and financial condition of the Agency as the Bank may from time to time reasonably request.

(d) Prompt notice of any event which could give rise to a Determination of Taxability.

(e) Immediate notice if any budget for the Agency does not include an amount sufficient to make all Lease Payments in a Rental Period.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the Agency to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

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

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

(d) Any default by the Agency to observe any covenant, condition or agreement on its part to be observed or performed under the Site and Facility Lease.

(e) Any court of competent jurisdiction shall find or rule that the Site and Facility Lease or this Lease Agreement is not valid or binding against the Agency.

(f) Any Material Adverse Effect shall exist.

Section 8.02. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Bank may exercise any and all remedies available under law or granted under this Lease Agreement, including without limitation re-leasing of the Property; provided, however, that notwithstanding anything herein to the contrary, there shall be absolutely no right to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the Agency is expressly made a condition and upon the breach thereof the Bank may exercise any and all rights granted hereunder; provided, that no termination of this Lease Agreement shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Bank may exercise any one or more of the following remedies:

(a) ***Enforcement of Payments without Termination.*** If the Bank does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the Agency agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Bank for any deficiency arising out of the re-leasing of the Property, or, if the Bank is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Bank or any suit in unlawful detainer, or otherwise, brought by the Bank for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Bank. The Agency hereby irrevocably appoints the Bank as the agent and attorney-in-fact of the Agency to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in Shasta County for the account of and at the expense of the Agency, and the Agency hereby exempts and agrees to save harmless the Bank from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Bank or its duly authorized agents in accordance with the provisions herein contained. The Agency agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Bank to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Bank in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the Agency the right to terminate this Lease Agreement shall vest in the Bank to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The Agency agrees to surrender and quit possession of the Property upon demand of the Bank for the purpose of enabling the Property to be re-let under this paragraph. Any rental obtained by the Bank in excess of the sum of Lease Payments plus costs and expenses incurred by the Bank for its services in re-leasing the Property shall be paid to the Agency.

(b) ***Termination of Lease.*** If an Event of Default occurs and is continuing hereunder, the Bank at its option may either terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site and Facility Lease. If the Bank terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the Agency (and notwithstanding any re-entry upon the Property by the Bank in any manner whatsoever or the re-leasing of the Property), the Agency nevertheless agrees to pay to the Bank all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Bank from such re-leasing shall be applied by the Bank to Lease Payments due under this Lease Agreement. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Bank shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the Agency shall be or become effective by operation of law, or otherwise, unless and until the Bank shall have given written notice to the Agency of the election on the part of the Bank to terminate this Lease Agreement. The Agency covenants and agrees that no surrender of the 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 Bank by such written notice.

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

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

Section 8.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.04. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Lease Agreement defaults under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

Section 8.05. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.06. Judicial Reference.

(a) *Judicial Reference.* The Bank and the Agency hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Lease Agreement, the Site and Facility Lease, the Property or any document related thereto, any dealings between the Agency and the Bank related to the subject matter of this Lease Agreement, the Site and Facility Lease or any related transactions, and/or the relationship that is being established hereunder between the Agency and the Bank (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Bank or the Agency, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The Bank and the Agency agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Bank and the Agency shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 8.06; (iv) either the Bank or the Agency, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the Authority and the Agency, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) *Selection of Referee; Powers.* The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Shasta County Superior Court, or of the U.S. District Court for the Northern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 8.06.

(c) *Provisional Remedies and Self Help.* No provision of this Section 8.06 shall limit the right of either the Bank or the Agency, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii)) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Bank or the Agency to the Reference pursuant to this Section 8.06(c).

(d) *Costs and Fees.* Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.01. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the Agency may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Bank or a fiduciary reasonably satisfactory to the Bank, in trust, an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Bank, which cash so held is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit C, or (b) invested in whole in non-callable Federal Securities maturing not later than the dates such funds will be required to make Lease Payments or any prepayment in an amount which is sufficient, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Bank and addressed and delivered to the Bank), together with interest to accrue thereon and without reinvestment and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.03(a) or when due on any optional prepayment date under Section 9.02, as the Agency instructs at the time of said deposit; provided, however, that at or prior to the date on which any such security deposit is established, the Agency shall deliver to the Bank an opinion of Bond Counsel (in form and substance acceptable to the Bank) to the effect that any such security deposit will not adversely affect the excludability of the Interest Component of Lease Payments from gross income of the Bank for federal income tax purposes.

In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (i) the Term of this Lease Agreement shall continue, (ii) all obligations of the Agency under this Lease Agreement, and all security provided by this Lease Agreement for said obligations, shall thereupon cease and terminate, excepting only (A) the obligation of the Agency to make, or cause to be made, all of the Lease Payments from such security deposit and, to the extent of any deficiency, as rent payable from other legally available funds of the Agency, (B) the release and indemnification obligations of the Agency under subparagraphs (f) and (g) of Section 7.03, and (C) the Agency's obligation to pay all unpaid Additional Payments, including amounts due under Section 7.12, and (iii) under Section 4.05, the Bank's leasehold interest in the Property will vest in the Agency on the date of said deposit automatically and without further action by the Agency or the Bank. The Agency hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Bank. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement and, notwithstanding anything to the contrary herein, Lease Payments therefrom shall not be subject to abatement under Section 6.03 hereof to the extent payable from the funds held by the Bank or the fiduciary as described in the first sentence of this Section 9.01.

Section 9.02. Optional Prepayment.

To come.

Section 9.03. Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain. The Agency shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the Agency on any date, together with any accrued and unpaid interest, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.02. The Agency and the Bank hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the Agency's obligations under this Section 9.03.

ARTICLE X

MISCELLANEOUS

Section 10.01. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Agency and the Bank may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the Agency: Shasta Regional Transportation Agency
1255 East Street, Suite 202
Redding, CA 96001
Attention: Executive Director
Phone: (530) 262-6191
Facsimile: (530) ______

If to the Bank: Umpqua Bank
2998 Douglas Boulevard, Suite 100
Roseville, California 95661
Attention: ____________
Phone: ___________
Facsimile: __________

Section 10.02. Binding Effect. This Lease Agreement inures to the benefit of and is binding upon the Bank, the Agency and their respective successors and assigns.

Section 10.03. Severability. If any provision of this Lease Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 10.04. Net-net-net Lease. This Lease Agreement is a "net-net-net lease" and the Agency hereby agrees that the Lease Payments are an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.05. Further Assurances and Corrective Instruments. The Bank and the Agency agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.06. Applicable Law. This Lease Agreement is governed by and construed in accordance with the laws of the State

Section 10.07. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Agency shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof; but the Bank shall retain all the rights and benefits accorded to it under any applicable provisions of law. The Agency hereby declares that it would have adopted this Lease Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.08. 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 10.09. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

* * * * * * * * * * *

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

UMPQUA BANK, an Oregon State Chartered Bank

By: ______________________________

SHASTA REGIONAL TRANSPORTATION AGENCY

By: ______________________________

Attest:

By: ______________________________

EXHIBIT A

DESCRIPTION OF THE SITE

All that certain real property situated in the City of Redding, County of Shasta, State of California, described as follows:

EXHIBIT B

DESCRIPTION OF THE FACILITY

Means those certain existing facilities and improvements presently existing on the Site, including the building, parking areas and related facilities, together with any permitted additions, replacements, modifications or other alterations thereto, and together with and including, all riparian rights, water and water rights, easements, rights-of-way, licenses, franchises, rights of service and use, and the construction of all permissible auxiliary work necessary or convenient for the foregoing.

EXHIBIT C

SCHEDULE OF LEASE PAYMENTS

EXHIBIT D

CERTIFICATE OF BANK

The undersigned hereby states and certifies, for and on behalf of, Umpqua Bank, an Oregon State Chartered Bank (the "Bank"), with respect to the $________ aggregate principal amount of the Shasta Regional Transportation Agency, Series 2015 Lease Obligations (2015 Administration Building Acquisition Project) (the "2015 Lease Obligation"), approved pursuant to Resolution No. ______ (the "Resolution"), adopted by the Board of Directors of the Shasta Regional Transportation Agency (the "Agency") on March __, 2015, and secured and consummated pursuant to a Site and Facilities Lease, dated as of April 1, 2015 (the "Site Lease"), by and between the Agency and the Bank, and pursuant to a Lease Agreement, dated as of April 1, 2015 (the "Lease Agreement," and together with the Site Lease, the "Lease Documents"), and as such, in connection with said 2015 Lease Obligation, the undersigned hereby acknowledges and represents that:

(i) the Bank is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and has the full legal right, power and authority to enter into the Lease Documents;

(ii) the Bank has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal tax-exempt and taxable obligations similar to the 2015 Lease Obligation, to be able to evaluate the risks and merits of the investment represented by the 2015 Lease Obligation and is able to bear the economic risks of such investment;

(iii) the Bank understands that neither the 2015 Lease Obligation nor Lease Documents have been registered with any federal or state securities agency or commission; and further understands that the 2015 Lease Obligation and Lease Documents (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; and (c) will not carry a rating from any rating service;

(iv) the Bank acknowledges that it has either been supplied with or has been given access to information to which a reasonable investor or lender would attach significance in making investment and lending decisions, and the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the legal, physical and fiscal condition of the Agency, and the Agency's financial statements and fund balances, as well as the insurance, security and prepayment arrangements set forth in the Lease Documents, so that, as a reasonable investor, the Bank has been able to make an informed decision to enter into the Lease Documents for the consummation of the 2015 Lease Obligation;

(v) the Bank understands and acknowledges that no official statement, offering memorandum or any disclosure document has been prepared, nor is any contemplated to be prepared;

(vi) the Bank acknowledges that there is no reserve fund required for the 2015 Lease

Obligation;

(vii) the Bank understands and acknowledges that it is purchasing the 2015 Lease Obligation on a private placement basis, and it is not intended that the transaction be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), and therefore the Agency has not undertaken, other than as provided in the Lease Documents, to provide to or for the benefit of owners of the 2015 Lease Obligation financial or operating data or any other information with respect to the Agency or the 2015 Lease Obligation on an ongoing basis;

(viii) the Bank has made its own inquiry and analysis with respect to the 2015 Lease Obligation and the security therefore, and other material factors affecting the security and payment of the 2015 Lease Obligation;

(ix) the Bank is either:

(a) an "accredited investor" as such term is defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act");

(b) a "qualified institutional buyer" as such term is defined in Rule 144A promulgated under the Securities Act; or

(c) a bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any qualified institutional buyer or on its own behalf);

(x) the Bank is purchasing the 2015 Lease Obligation for its own account as evidence of a financing transaction or for the account of institutions that meet the representations set forth herein, and not with a view to, and with no intention of, selling, pledging, transferring, conveying, hypothecating, mortgaging, disposing, reoffering, distributing, or reselling the 2015 Lease Obligation, or any part or interest thereof;

(xi) the Bank recognizes that an investment in the 2015 Lease Obligation involves significant risks, there is no established market for the 2015 Lease Obligation and that none is likely to develop and, accordingly, the Bank must bear the economic risk of an investment in the 2015 Lease Obligation for an indefinite period of time;

(xii) the Bank agrees that its right, title and interest in and to the Lease Documents and the 2015 Lease Obligation, with notice to the Agency, may be assigned and reassigned in whole (but not in part) to one or more assignees or subassignees by Bank, without the necessity of obtaining the consent of Agency, pursuant to the requirements of the Lease Agreement;

(xiii) the Bank further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws it may have with respect to subsequent assignments or assignees of the 2015 Lease Obligation if and when any such future disposition of the 2015 Lease Obligation may occur; and

(xiv) the Bank acknowledges that The Weist Law Firm ("Bond Counsel") is acting as bond counsel to the Agency, that Bond Counsel has no attorney-client relationship with the Bank, and that the Bank has sought legal advice from its own counsel to the extent it concluded legal advice was necessary.

Capitalized terms shall have the meaning set forth in the Lease Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the __th day of April, 2015.

UMPQUA BANK, an Oregon State Chartered Bank

By:______________________________