



AGENDA

MONO COUNTY ECONOMIC DEVELOPMENT CORPORATION STATE OF CALIFORNIA

Meeting Location: Board Chambers, 2nd Fl., County Courthouse, 278 Main St., Bridgeport, CA 93517

June 14, 2022

TELECONFERENCE INFORMATION

This meeting will be held via teleconferencing with members of the Board attending from separate remote locations. As authorized by AB 361, dated September 16, 2021, a local agency may use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting during a declared state of emergency and local officials have recommended or imposed measures to promote social distancing or the body cannot meet safely in person and the legislative body has made such findings. Members of the public may participate via the Zoom Webinar, including listening to the meeting and providing public comment, by following the instructions below. If you are unable to join the Zoom Webinar of the Board meeting, you may still view the live stream of the meeting by visiting http://monocounty.granicus.com/MediaPlayer.php?publish_id=846529a1-9286-411d-980f-a89b36765ccc

To join the meeting by computer:

Visit <https://monocounty.zoom.us/j/82456054900> Or visit <https://www.zoom.us/>, click on "Join A Meeting" and enter the Zoom Webinar ID 824 5605 4900. To provide public comment, press the "Raise Hand" button on your screen.

To join the meeting by telephone: Dial (669) 900-6833, then enter Zoom Webinar ID 824 5605 4900. To provide public comment, press *9 to raise your hand and *6 to mute/unmute.

NOTE: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (760) 932-5530 or bos@mono.ca.gov. Notification 48 hours prior to the meeting will enable the County to make reasonable arrangements to ensure accessibility to this meeting (See 42 USCS 12132, 28CFR 35.130). Full agenda packets are available for the public to review in the Office of the Clerk of the Board (Annex I - 74 North School Street, Bridgeport, CA 93517) and online at <http://monocounty.ca.gov/bos>. Any writing distributed less than 72 hours prior to the meeting will be available for public inspection in the Office of the Clerk of the Board and online.

1:00 PM Call meeting to Order

Pledge of Allegiance

1 OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

on items of public interest that are within the subject matter jurisdiction of the Board. (Speakers may be limited in speaking time dependent upon the press of business and number of persons wishing to address the Board.)

2. AGENDA ITEMS

A. Mono County Lease Financing (Replacement Jail Facility)

Departments: Finance

30 minutes

(Janet Dutcher) - Proposed resolution R22-____, authorizing the execution of certain financing documents with respect to the execution and delivery of a tax-exempt property lease in an aggregate principal amount not to exceed \$7,000,000 to finance a portion of the construction of a replacement jail facility by Mono County. The anticipated total project cost is approximately \$32.9 million. The County anticipates receiving a SB-844 grant from the State of California in the amount of \$25 million.

Recommended Action: Adopt proposed resolution R22-____, authorizing the execution and delivery of a site and facilities lease, a property lease, and an assignment agreement in an aggregate principal amount not to exceed \$7,000,000 to finance a portion of the construction of the Mono County Replacement Jail Facility and authorizing execution of necessary documents, certificates and related actions.

Fiscal Impact: This transaction will deposit at least \$6,450,000 of lease financing proceeds into the project fund for the Jail Replacement Facility project, after deduction for the cost of issuance. Average fiscal year debt service is estimated at \$465,851, with lease payments beginning October 1, 2022 through October 1, 2041.

B. Approval of Minutes

Departments: Clerk of the Board

Approval of the Minutes from the December 14, 2021, Mono County Economic Development Corporation State of California.

Recommended Action: Approve the Minutes from the December 14, 2021, Mono County Economic Development Corporation, State of California.

Fiscal Impact: None.

ADJOURN



OFFICE OF THE CLERK
OF THE BOARD OF SUPERVISORS

ECONOMIC DEVELOPMENT AGENDA REQUEST

Print

MEETING DATE	June 14, 2022	DEPARTMENT	
ADDITIONAL DEPARTMENTS			
TIME REQUIRED	30 minutes	PERSONS APPEARING BEFORE THE BOARD	Janet Dutcher
SUBJECT	Mono County Lease Financing (Replacement Jail Facility)		

AGENDA DESCRIPTION:

(A brief general description of what the Board will hear, discuss, consider, or act upon)

Proposed resolution R22-___, authorizing the execution of certain financing documents with respect to the execution and delivery of a tax-exempt property lease in an aggregate principal amount not to exceed \$7,000,000 to finance a portion of the construction of a replacement jail facility by Mono County. The anticipated total project cost is approximately \$32.9 million. The County anticipates receiving a SB-844 grant from the State of California in the amount of \$25 million.

RECOMMENDED ACTION:

Adopt proposed resolution R22-___, authorizing the execution and delivery of a site and facilities lease, a property lease, and an assignment agreement in an aggregate principal amount not to exceed \$7,000,000 to finance a portion of the construction of the Mono County Replacement Jail Facility and authorizing execution of necessary documents, certificates and related actions.

FISCAL IMPACT:

This transaction will deposit at least \$6,450,000 of lease financing proceeds into the project fund for the Jail Replacement Facility project, after deduction for the cost of issuance. Average fiscal year debt service is estimated at \$465,851, with lease payments beginning October 1, 2022 through October 1, 2041.

CONTACT NAME: Janet Dutcher

PHONE/EMAIL: 760-932-5494 / jdutcher@mono.ca.gov

SUBMIT THE ORIGINAL DOCUMENT WITH
ATTACHMENTS TO THE OFFICE OF
THE COUNTY ADMINISTRATOR
PRIOR TO 5:00 P.M. ON THE FRIDAY
32 DAYS PRECEDING THE BOARD MEETING

SEND COPIES TO:

MINUTE ORDER REQUESTED:

YES NO

ATTACHMENTS:

Click to download[📄 Staff Report](#)[📄 Resolution](#)[📄 Property Lease](#)[📄 Site and Facility Lease](#)[📄 Assignment Agreement](#)

History

Time	Who	Approval
6/10/2022 4:32 PM	County Counsel	Yes
6/10/2022 1:39 PM	Finance	Yes
6/10/2022 4:55 PM	County Administrative Office	Yes



DEPARTMENT OF FINANCE

AUDITOR-CONTROLLER

COUNTY OF MONO

Kim Bunn
Assistant Finance Director
Auditor-Controller

Janet Dutcher, CPA, CGFM, MPA
Director of Finance

Gerald Frank
Assistant Finance Director
Treasurer - Tax Collector

TO: Mono County Board of Supervisors

FROM: Janet Dutcher, Finance Director
Robert Lawton, County Administrative Officer
Stacey Simon, County Counsel

DATE: June 14, 2022

SUBJECT: Mono County Lease Financing to finance a portion of the construction of a replacement jail facility.

Purpose of Financing

The County Board of Supervisors is considering a resolution to approve a series of documents with respect to the execution and delivery of tax-exempt lease financing documents. The purpose of the financing is to provide funds to finance a portion of the construction of a replacement jail facility and to pay costs of issuance. County staff has worked diligently with the financing team over the past several months to prepare the structure and documentation of the lease financing for the Board's consideration.

The Mono County Replacement Jail Facility

The existing Mono County Jail was constructed in 1988 with a capacity of 24 beds, increasing to 48 beds in the following years. With the implementation of public safety realignment in 2011, county jails were tasked with housing non-violent convicted felons, who previously would have been sent to state prison. The County's jail is not designed to house inmates for longer felony sentences, nor does it have the capacity to provide inmate programs and services.

In 2017, the County applied for grant funds pursuant to Senate Bill (SB) 844 to construct a new replacement jail facility. In June 2017, the County was awarded \$25 million SB 844 grant for the construction of a replacement jail at the location of the old hospital in Bridgeport. The new facility includes programing and treatment space nonexistent in the current facility. The anticipated total project cost is approximately \$32.9 million, and the budget summary table shows the estimated source of funds for the project.

SB 844 Grant	\$	25,000,000
In-kind Contribution		440,000
Cash		1,027,031
Lease Financing		6,450,000
	\$	<u>32,917,031</u>

The design process is underway with demolition of the existing old hospital beginning in September 2022, construction expected to start in April 2024, and the facility is estimated to be available for occupancy in November 2025, or earlier depending on weather and other contingencies.

The Lease Financing

The County is entering into a tax-exempt lease financing to generate proceeds to fund a portion of the construction of the project, which is a borrowing tool commonly utilized by California counties to finance capital projects. The lease will be issued as fixed-rate obligations that will pay principal annually each October 1st, and interest semi-annually for a term of 20 years, with the final maturity of October 1, 2041. The financing structure is based upon a series of leases between the County and the County of Mono Economic Development Corporation (EDC). The County will lease three County-owned facilities as security to the EDC pursuant to a ground lease: Annex I and Annex II in Bridgeport, and the Lee Vining Community Center. The County will then sublease these properties back from the EDC pursuant to a lease agreement.

Estimated Sources and Uses of Funds

Below is an estimate of the sources and uses of the proceeds from the lease financing transaction, as negotiated with First Foundation Bank and our financing team.

Sources:

Bond Proceeds:	
Par Amount	6,593,000.00
	<hr/>
	6,593,000.00
	<hr/> <hr/>

Uses:

Project Fund Deposits:	
Project Fund	6,450,000.00
Delivery Date Expenses:	
Cost of Issuance	143,000.00
	<hr/>
	6,593,000.00
	<hr/> <hr/>

Financing Documents for Approval

The Board of Supervisors is approving the form of several financing related documents, each of which has been reviewed by County Counsel, Finance, and CAO, and is summarized below:

- *County Financing Resolution* – The financing resolution approves the form of each of the documents, as well as key parameters for the execution and delivery of lease financing documents in an aggregate principal amount not to exceed \$7,000,000. The resolution instructs County staff to complete the transaction, based upon the parameters specified in the resolution.
- *Property Lease* – Mono County will lease the three properties to the EDC under the property lease.
- *Site and Facility Lease* – Mono County will sublease the three properties back from the EDC under the site and facility lease agreement.
- *Assignment Agreement* – The EDC will assign its rights to receive lease payments under the Property Lease to First Foundation, the lender.

Financing Schedule:

Following your Board’s approval of today’s financing documents, the next steps towards closing the transaction are anticipated as follows:

- June 15 to June 22 – gather necessary signatures for closing
- June 23 – closing



R22-__

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COUNTY OF MONO
ECONOMIC DEVELOPMENT CORPORATION OF THE STATE OF CALIFORNIA
APPROVING DOCUMENTS AND ACTIONS RELATING TO THE EXECUTION AND
DELIVERY OF A PROPERTY LEASE TO FINANCE A REPLACEMENT JAIL
FACILITY AND RELATED PUBLIC IMPROVEMENTS**

WHEREAS, the County of Mono Economic Development Corporation (the “Corporation”) has been formed for the purpose, among others, of assisting the County of Mono (the “County”) in financing and refinancing for certain projects of the County by entering into, among other arrangements, lease/leasebacks with the County; and

WHEREAS, the County desires to finance public capital improvements for the County consisting generally of a portion of the cost of a replacement jail facility and related public improvements (collectively, the “Project”); and

WHEREAS, in order to raise funds necessary for the acquisition and construction of the Project, the County has proposed to lease the following real property and the improvements located and to be located thereon (collectively, the “Leased Property”) to the Corporation under a Site and Facility Lease (the “Site Lease”), in consideration of the payment by the Corporation of an upfront rental payment (the “Site Lease Payment”) that is sufficient to provide funds for the financing of the Project:

- (i) the Courthouse Annex #1,
- (ii) the Courthouse Annex #2, and
- (iii) the Crowley Lake Community Center and skate park; and

1 **WHEREAS**, the Corporation will, through an assignment to First Foundation
2 Public Finance (the "Assignee"), pursuant to an Assignment Agreement (the "Assignment
3 Agreement") between the Corporation and the Assignee, obtain the necessary funds to make the
4 Site Lease Payment under the Site Lease; and
5

6 **WHEREAS**, the County will lease back the Leased Property from the
7 Corporation pursuant to a Property Lease (the "Property Lease"), and will pay to the
8 Corporation base rental payments (the "Base Rental Payments") and additional rental pursuant
9 to the Property Lease; and
10

11 **WHEREAS**, under the Assignment Agreement, the Corporation will assign
12 amounts received from the County as Base Rental Payments and certain additional rental
13 payments under the Property Lease to the Assignee; and
14

15 **WHEREAS**, in consideration of such assignment, the Assignee has agreed to
16 provide the funds to the Corporation sufficient to make the Site Lease Payment under the Site
17 Lease; and
18

19 **WHEREAS**, the Board has duly considered such transactions and wishes at this
20 time to approve certain matters relating to said transactions in the public interest of the
21 Corporation and the County;
22

23 **NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the
24 County of Mono Economic Development Corporation, that:
25

26 1. Recitals. The Board of Directors hereby finds and determines that the
27 foregoing recitals are true and correct.
28

29 2. Findings and Determinations. Based on the information provided to the
30 Board of Directors by County staff and consultants, all as set forth in the proceedings and
31 documents providing for the execution and delivery of the Site Lease and the Property Lease
32

1 and the transactions related thereto, the Board of Directors approves the financing plan as
2 recited above for the purpose of providing funds to finance the Project.

3 3. Approval of Financing Agreements. The Board hereby authorizes and
4 approves the Property Lease, the Site Lease and the Assignment Agreement, in substantially the
5 respective forms on file with the Secretary, together with any changes therein or additions
6 thereto deemed advisable by the President, Vice-President, Secretary or Chief Financial Officer
7 (each, an “Authorized Officer”) upon consultation with special counsel, whose execution
8 thereof shall be conclusive evidence of the approval of any such changes or additions; provided,
9 however, that no such changes or additions may authorize the principal amount represented by
10 the Base Rental Payments to exceed \$7,000,000, or the annual interest rate represented by the
11 Base Rental Payments to exceed 5.00%, subject to an increase to the Default Rate or Taxable
12 Rate as defined in the Property Lease. Any Authorized Officer is hereby authorized and
13 directed for and on behalf of the Corporation to execute, and the Secretary is hereby authorized
14 and directed to attest, the final form of each such agreement. The Board of Directors hereby
15 authorizes the performance by the Corporation of its obligations under the Property Lease, the
16 Site Lease and the Assignment Agreement.

17 4. Official Actions. The Authorized Officers, the Secretary and all other
18 officers of the Corporation are each authorized and directed in the name and on behalf of the
19 Corporation to: execute any and all certificates requisitions, agreements, notices, consents,
20 instruments of conveyance, assignments and other documents which they or any of them deem
21 necessary or appropriate in order to consummate the transactions contemplated by the
22 documents approved pursuant to this Resolution; execute and record any notice or other
23 documents in accordance with the Property Lease, including without limitation a memorandum
24 of the Property Lease; designate a custodian for the payment of costs relating to the financing

1 authorized hereby and execute a costs of issuance custodian agreement with respect thereto; and
2 designate additional public improvements to be financed with the proceeds of the Property
3 Lease. Whenever in this Resolution any officer of the Corporation is authorized to execute or
4 countersign any document or take any action, such execution, countersigning or action may be
5 taken on behalf of such officer by any person designated by such officer to act on their behalf in
6 the case such officer is absent or unavailable. All actions previously taken by the Authorized
7 Officers, the Secretary and all other officers of the Corporation in furtherance of this Resolution
8 are hereby ratified and confirmed.

9
10
11
12 5. Effective Date. This Resolution shall take effect immediately upon its
13 passage and adoption.

14
15 **PASSED, APPROVED and ADOPTED** this _____ day of _____, 2022, by
16 the following vote, to wit:

17
18 **AYES:**
19 **NOES:**
20 **ABSENT:**
21 **ABSTAIN:**

22
23
24
25 **ATTEST:**

26 _____
27 Clerk of the Board

28
29
30
31
32

Bob Gardner, Chair
Mono County Board of Supervisors

APPROVED AS TO FORM:

County Counsel

23026-05

Jones Hall

5/27/2022

6/03/2022

6/10/2022

Recording Requested By
COUNTY OF MONO

When Recorded Mail To:
Scott R. Ferguson
JONES HALL, A PROFESSIONAL LAW CORPORATION
475 Sansome Street, Suite 1700
San Francisco, California 94111

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA 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.

PROPERTY LEASE

By and Between the

**COUNTY OF MONO ECONOMIC DEVELOPMENT CORPORATION,
as Lessor**

and the

**COUNTY OF MONO,
as Lessee**

Dated as of June 1, 2022

TABLE OF CONTENTS

ARTICLE I DEFINITIONS

Section 1.01. Definitions.....	3
--------------------------------	---

ARTICLE II LEASE OF LEASED PROPERTY; TERM

Section 2.01. Lease of Leased Property.....	7
Section 2.02. Term.....	7

ARTICLE III RENTAL PAYMENTS

Section 3.01. Base Rental.....	8
Section 3.02. Additional Rental.....	8
Section 3.03. Fair Rental Value.....	9
Section 3.04. Payment Provisions.....	9
Section 3.05. Source of Payments; Budget and Appropriation.....	9
Section 3.06. Rental Abatement.....	10
Section 3.07. Application of Rental Payments.....	10
Section 3.08. Prepayment of Rental Payments.....	11
Section 3.09. Governmental Relief.....	11
Section 3.10. No Obligation to Prepay Rent for Future Years.....	11

ARTICLE IV TITLE TO THE LEASED PROPERTY; PROJECT FUND; ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 4.01. Title to the Leased Property.....	12
Section 4.02. Project Fund.....	12
Section 4.03. Construction of Project.....	12
Section 4.04. Completion of Project.....	12

ARTICLE V MAINTENANCE OF THE LEASED PROPERTY; ALTERATIONS AND ADDITIONS

Section 5.01. Maintenance and Utilities.....	13
Section 5.02. Changes to the Leased Property.....	13

ARTICLE VI INSURANCE

Section 6.01. General Liability and Automobile Liability Insurance.....	14
Section 6.02. Property Insurance.....	14
Section 6.03. Rental Income Interruption Insurance.....	14
Section 6.04. Recordation; Title Insurance.....	14
Section 6.05. Additional Provisions Relating to Insurance.....	15
Section 6.06. Alternative Risk Management Programs; Additional Insurance.....	15
Section 6.07. Application of Net Proceeds of Insurance.....	15

ARTICLE VII DEFAULTS AND REMEDIES

Section 7.01. Defaults and Remedies.....	18
Section 7.02. Remedies on Default.....	18
Section 7.03. No Remedy Exclusive.....	20
Section 7.04. Agreement to Pay Attorneys' Fees and Expenses.....	20
Section 7.05. No Additional Waiver Implied by One Waiver.....	20

Section 7.06. Application of Proceeds	20
---	----

**ARTICLE VIII
EMINENT DOMAIN**

Section 8.01. Eminent Domain.	21
------------------------------------	----

**ARTICLE IX
COVENANTS**

Section 9.01. Right of Entry.	23
Section 9.02. Liens.....	23
Section 9.03. Quiet Enjoyment.	23
Section 9.04. Corporation Not Liable.	23
Section 9.05. Prohibition Against Encumbrance or Sale.	23
Section 9.06. Assignment.	24
Section 9.07. Tax Covenants.....	24
Section 9.08. Nondiscrimination.	24

**ARTICLE X
DISCLAIMER OF WARRANTIES; USE OF THE LEASED
PROPERTY**

Section 10.01. Disclaimer of Warranties.....	26
Section 10.02. Use of the Leased Property	26

**ARTICLE XI
ASSIGNMENT**

Section 11.01. Assignment by Corporation.....	27
Section 11.02. Indemnification.....	27

**ARTICLE XII
SUBSTITUTION, RELEASE AND ADDITION OF LEASED
PROPERTY**

Section 12.01. Substitution of Leased Property.....	29
Section 12.02. Removal of Leased Property.	30
Section 12.03. Addition of Leased Property.....	30
Section 12.04. Amendment of Site Lease.....	30

**ARTICLE XIII
DISCHARGE OF OBLIGATIONS**

Section 13.01. Discharge of Obligations.....	31
--	----

**ARTICLE XIV
MISCELLANEOUS**

Section 14.01. Law Governing	32
Section 14.02. Notices.	32
Section 14.03. Validity and Severability.....	32
Section 14.04. Net Lease.....	33
Section 14.05. Taxes.	33
Section 14.06. Article and Section Headings.....	33
Section 14.07. Execution.	33
Section 14.08. Assignee A Third Party Beneficiary.	33
Section 14.09. Amendment.....	33

Exhibit A - Description of Leased Property
Exhibit B - Base Rental Payment Schedule

PROPERTY LEASE

THIS PROPERTY LEASE (this "Property Lease"), is made and entered into as of June 1, 2022, by and between the COUNTY OF MONO ECONOMIC DEVELOPMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), as lessor, and the COUNTY OF MONO, a political subdivision duly organized and existing under the Constitution and laws of the State of California, as lessee (the "County").

RECITALS

WHEREAS, the Corporation has been formed for the purpose, among others, of assisting the County in financing and refinancing for certain projects of the County by entering into, among other arrangements, lease/leasebacks with the County; and

WHEREAS, the County desires to finance public capital improvements for the County consisting generally of (i) a replacement jail facility and related public improvements and (ii) any other public improvements selected by the County in accordance with Section 4.03 of this Property Lease (collectively, the "Project"); and

WHEREAS, in order to raise funds necessary for the acquisition and construction of the Project, the County has proposed to lease the following real property and the improvements located and to be located thereon to the Corporation, as more particularly described in Exhibit A attached hereto and by this reference incorporated herein (collectively, the "Leased Property"), pursuant to a Site and Facility Lease dated as of June 1, 2022 (the "Site Lease"), which is being recorded concurrently herewith, between the County, as lessor, and the Corporation, as lessee:

(i) a portion of the real property and improvements located at 74 North School Street in the City of Bridgeport, County of Mono, consisting generally of Courthouse Annex #1,

(ii) a portion of the real property and improvements located at 25 Bryant Street in the City of Bridgeport, County of Mono, consisting generally of Courthouse Annex #2, and

(iii) the real property and improvements located at 58 Pearson Road in the unincorporated community of Crowley Lake, County of Mono, consisting generally of the Crowley Community Center and adjacent skate park; and

WHEREAS, under the Site Lease, the Corporation will make an upfront rental payment to the County (the "Site Lease Payment") sufficient to provide funds for the financing of the Project; and

WHEREAS, the Corporation will, through an assignment to First Foundation Public Finance (the "Assignee") pursuant to an Assignment Agreement dated as of June 1, 2022, and recorded concurrently herewith (the "Assignment Agreement"), between the Corporation and the Assignee, obtain the necessary funds to make the Site Lease Payment under the Site Lease; and

WHEREAS, pursuant to this Property Lease, the Corporation will lease the Leased Property back to the County; and

WHEREAS, under the Assignment Agreement, the Corporation will assign amounts received from the County as Base Rental payments (as hereinafter defined) to the Assignee; 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 Property 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 Property Lease; and

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall have the meanings herein specified for all purposes of this Property Lease, and shall be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Addition” shall have the meaning assigned to such term in Section 12.04.

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

“Applicable Environmental Laws” means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act, 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, California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act, California Health & Safety Code Sections 25300 et seq.; the Porter- Cologne Water Quality Control 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.

“Assignee” means First Foundation Public Finance, and its successors and assigns, and any other entity to whom the rights of the Corporation hereunder are assigned as permitted under the Assignment Agreement, including subsequent assignees of the Assignee.

“Assignment Agreement” means the Assignment Agreement dated as of June 1, 2022, by and between the Corporation and the Assignee, as it may from time to time be amended or supplemented by any supplemental agreement entered into pursuant to its terms.

“Authorized Officer” means the County Administrative Officer, County Finance Director, or County Counsel.

“Base Rental” means all amounts payable to the Corporation by the County as Base Rental pursuant to Section 3.01 hereof.

“Base Rental Payment Date” means any date on which Base Rental is scheduled to be paid hereunder, April 1 and October 1 of each year, commencing on October 1, 2022 (subject to the provisions of Section 3.06 hereof).

“Base Rental Payment Schedule” means the schedule of Base Rental payments payable to the Corporation from the County pursuant to Section 3.01 hereof, as set forth in Exhibit B hereto.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks located in the city in which the principal office of the Assignee is located are authorized or required by law to close.

“Closing Date” means June ____, 2022, the date of execution and delivery of this Property Lease.

“Corporation” means the County of Mono Economic Development Corporation, a nonprofit public benefit corporation duly organized and existing under the Constitution and laws of the State of California.

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

“Default Rate” means the interest rate otherwise applicable to the Base Rental payments, plus 3.00%.

“Defeasance Obligations” means:

- (a) Cash;
- (b) Government Obligations;
- (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America.

“Event of Default” means the events set forth in Section 7.01 hereof.

“Generally Accepted Accounting Principles” means the accounting reporting standards promulgated by the Government Accounting Standards Board.

“Government Obligations” means and includes any of the following securities:

- (a) State and Local Government Series notes issued by the United States Treasury;
- (b) United States Treasury bills, notes and bonds as traded on the open market;
- (c) zero coupon United States Treasury bonds; and
- (d) interest strips of the Resolution Funding Corporation for which separation of principal and interest is made by a Federal Reserve Bank in book-entry form.

“Lease Year” means the period from the Closing Date to September 30, 2022, and thereafter the period from each October 1 to and including September 30 of the next succeeding calendar year during the term of this Property Lease.

“Leased Property” means the real property and improvements located thereon described in Exhibit A attached hereto and made a part hereof, as may be amended from time to time in accordance with Article XII hereof, and including any Substitute Leased Property.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business or operations of the County, (b) the ability of the County to carry out its business as of the date of this Property Lease or as proposed herein to be conducted or to meet or perform its obligations under this Property Lease on a timely basis, (c) the validity or enforceability of this Property Lease, or (d) the rights or remedies of the Assignee under this Property Lease, the Site Lease or the Assignment Agreement.

“Material Litigation” means actions, suits or proceedings threatened against the County or any property of the County in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, which, in any case, (i) directly or indirectly relates to the Leased Property or the enforceability of this Property Lease, the Site Lease or the Assignment Agreement; (ii) involve claims equal to or in excess of \$5,000,000 or (iii) may have a Material Adverse Effect.

“Opinion of Bond Counsel” means a written opinion of an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

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

(a) liens for general ad valorem taxes and assessments, if any, not then delinquent;

(b) this Property Lease, the Site Lease and the Assignment Agreement;

(c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; and

(d) the exceptions disclosed in the title insurance policy issued by Inyo-Mono Title Company with respect to the Leased Property issued as of the Closing Date.

“Project” means, collectively, (i) a replacement jail facility and related public improvements and (ii) any other public improvements selected by the County in accordance with Section 4.03 of this Property Lease.

“Project Fund” means the fund by that name established under Section 4.02 hereof.

“Property Lease” means this lease, as it may be amended in accordance with the terms hereof.

“Risk Manager” means such person or firm of favorable reputation, qualified and experienced in the field of insurance and risk management consultation with respect to structures of the same nature as the Leased Property, as may from time to time be designated by the County, and who may be employed by the County.

“Site Lease” means the Site and Facility Lease dated as of June 1, 2022, between the County, as lessor, and the Corporation, as lessee, as it may be amended in accordance with the terms thereof.

“Site Lease Payment” means the upfront rental payment made by the Corporation to the County under Section 3.03 of the Site Lease.

“Substitute Leased Property” means any and all real property and the improvements thereon in the County and all additions and extensions or improvements thereto that are hereafter described as Substitute Leased Property by an amendment to this Property Lease as provided herein.

“Substitution” means the release of the Leased Property or any portion thereof from the leasehold hereof and the lease of a Substitute Leased Property hereunder as provided in Article XII.

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

“Taxable Rate” means 4.65%.

ARTICLE II

LEASE OF LEASED PROPERTY; TERM

Section 2.01. Lease of Leased Property. The Corporation hereby leases to the County, and the County hereby leases from the Corporation, the Leased Property on the terms and conditions hereinafter set forth.

The County hereby agrees and covenants that during the term hereof, except as hereinafter provided, (i) it will use the Leased Property for public purposes so as to afford the public the benefits contemplated hereby, and (ii) it will not abandon or vacate the Leased Property.

Section 2.02. Term. The term hereof shall commence on the date of execution hereof, and shall end on the date on which all of the Base Rental and Additional Rental payments have been paid in full, including by reason of any extension of the term hereof due to abatement under Section 3.06; but in no event may the term of this Property Lease extend beyond the date that is 10 years after October 1, 2041.

ARTICLE III

RENTAL PAYMENTS

Section 3.01. Base Rental. The County shall pay to the Corporation as Base Rental for the use and occupancy of the Leased Property (subject to the provisions of Sections 3.03, 3.06 and 8.01 of this Property Lease) the amounts at the times specified in and in accordance with the Base Rental Payment Schedule set forth in Exhibit B (including any supplements thereto). Base Rental shall be payable on each Base Rental Payment Date during the term of this Property Lease. Any abated Base Rental shall be paid at the earliest opportunity.

Base Rental shall be for the use and occupancy of the Leased Property for the Lease Year in which such October 1 and April 1 occurs, provided that the Base Rental paid on any October 1 or April 1 shall only be for that portion of the applicable period that the County has use and occupancy of all or a portion of the Leased Property.

The County shall provide written notice to the Assignee at least 10 Business Days prior to any Base Rental Payment Date upon which the County expects to be unable to pay all or any portion of the Base Rental payment due on such Base Rental Payment Date, informing the Assignee of such expectation.

The interest components of the Base Rental payments shall be calculated based on an interest rate of 3.35% per annum on the basis of a 360-day year composed of twelve 30-day months. Upon the occurrence and during the continuance of an Event of Default, the interest components of the Base Rental payments shall be calculated at the Default Rate. Furthermore, if it is determined that any of the interest components of the Base Rental payments may not be excluded from gross income for purposes of federal income taxation due to any action or inaction by the County, the interest components of the Base Rental payments shall be calculated at the Taxable Rate for the remainder of the term of this Property Lease.

Section 3.02. Additional Rental. The County shall also pay (but only after payment of Base Rental), as Additional Rental hereunder such amounts as shall be required for the payment of the following:

(a) All taxes, assessments or governmental charges of any type or nature charged to the Corporation or affecting the Leased Property or the respective interests or estates of the Corporation or the County therein (including without limitation taxes, assessments or governmental charges assessed or levied by any governmental agency or district having power to levy taxes, assessments or governmental charges).

(b) All reasonable administrative costs of the Corporation relating to the Leased Property including without limitation salaries, wages, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of this Property Lease, the Site Lease or the Assignment Agreement or to defend the Corporation and its members, officers, agents and employees.

(c) Insurance premiums for all insurance required pursuant to Article VI of this Property Lease and not obtained by the County.

(d) Amounts, if any, required to be rebated by the Corporation to the United States of America pursuant to Section 9.07.

Such Additional Rental shall be billed to the County by the person or persons to whom such amounts are payable from time to time. Amounts so billed shall be paid by the County within 60 days after receipt of the bill by the County.

Section 3.03. Fair Rental Value. The payments of the foregoing Base Rental and Additional Rental during the term of this Property Lease shall constitute the total rental for the County's use and occupancy of the Leased Property for the Lease Year in which such payments are scheduled to be made, and the parties hereto have agreed and determined that the Base Rental represents the fair rental value of the Leased Property. In making such determination, consideration has been given to the costs of financing and leasing of the Leased Property by the Corporation, the uses and purposes which may be served by the Leased Property, and the benefits which will accrue to the Corporation, the County and the general public therefrom.

Notwithstanding any other provision of this Property Lease, if Base Rental due hereunder is abated partially for any period of time under Section 3.06, the Base Rental due for that period of time shall not exceed the fair rental value of that portion of the Leased Property available for use and occupancy by the County during that period of time.

Section 3.04. Payment Provisions. Each installment of Base Rental and Additional Rental payable hereunder shall be absolute and unconditional (subject to the terms regarding abatement contained in Section 3.06) and paid in lawful money of the United States of America to or upon the order of the Assignee, as the assignee of Corporation under the Assignment Agreement.

Any installment of Base Rental or Additional Rental accruing hereunder and not paid when due shall, from and after such due date until paid, bear interest at the Default Rate.

Notwithstanding any dispute between the Corporation and the County, the County shall make all Base Rental payments and Additional Rental payments when due without deduction or offset of any kind and shall not withhold any Base Rental payments or Additional Rental payments pending the final resolution of such dispute.

Section 3.05. Source of Payments; Budget and Appropriation.

(a) *Source of Payments.* The Base Rental payments and Additional Rental payments are payable from any source of legally available funds of the County.

(b) *Covenant to Budget and Appropriate.* The County covenants to take such action as may be necessary to include all Base Rental and Additional Rental in each of its annual budgets during the Term of this Property Lease and to make the necessary annual appropriations for all such Base Rental and Additional Rental.

The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform

the covenants and agreements in this Property Lease agreed to be carried out and performed by the County.

Section 3.06. Rental Abatement.

(a) During any period in which by reason of material damage to or destruction of the Leased Property, or condemnation of or defects in the title of the Leased Property, there is substantial interference with the use and occupancy by the County of any portion of the Leased Property, or the County is otherwise not able to use or enjoy the benefit of the Leased Property, Base rental due hereunder shall be abated proportionately, and the County waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Property Lease by virtue of any such interference or lack of use and the Property Lease shall continue in full force and effect.

The amount of such abatement shall be in that proportion which the value of that portion of the Leased Property rendered unusable bears to the value of the whole of the Leased Property, subject to the requirements regarding fair rental value set forth in Section 3.03. The County shall calculate such abatement and shall provide the Corporation and the Assignee with a certificate setting forth such calculation and the basis therefor.

Such abatement shall continue for the period commencing with the date of such damage, destruction, condemnation or defect, and ending with the substantial completion of the work of repair or replacement of the Leased Property so rendered unusable; and the term of this Property Lease shall be extended by the period during which the rental is abated hereunder and such abated rental shall be payable during such extension period.

(b) Notwithstanding the foregoing, there shall be no abatement of Base Rental hereunder to the extent that amounts legally available to the County for payments of Base Rental and Additional Rental due under this Property Lease, including without limitation net proceeds of rental interruption insurance maintained under Section 6.03 hereof, net proceeds of other insurance maintained under Article VI, and condemnation awards, are available to pay Base Rental that would otherwise be abated hereunder, it being declared that such proceeds and amounts constitute a special fund for the payment of Base Rental.

(c) If all or any part of the Leased Property is destroyed or damaged (in whole or in part) by fire or other casualty, subject to Section 6.07(b) hereof, the County will, as expeditiously as possible, continuously and diligently cause the repair or rehabilitation of the Leased Property.

Section 3.07. Application of Rental Payments. All rental payments made by the County shall be applied first to the Base Rental payments due hereunder, and then to the Additional Rental payments due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Section 3.08. Prepayment of Base Rental Payments.

(a) *Mandatory Prepayment from Net Proceeds.* To the extent required by Article IV, the County shall prepay, from net insurance proceeds or eminent domain proceeds, all or any portion of the Base Rental payments then unpaid, in whole or in part on any date, at a prepayment price equal to the sum of the principal components of the Base Rental payments to be prepaid, plus accrued interest thereon to the date of prepayment, without premium.

(b) *Optional Prepayment.* The County may prepay, from any source of available funds, all or any portion of the principal components of the Base Rental payments in whole or in part as follows:

(i) on any Base Rental Payment Date through and including April 1, 2024, at a prepayment price equal to the sum of the principal components of the Base Rental payments being prepaid, plus accrued interest thereon to the date of prepayment, plus a redemption premium equal to 3% of the principal components of the Base Rental payments being prepaid,

(ii) on any Base Rental Payment Date from and including October 1, 2024 and through and including April 1, 2026, at a prepayment price equal to the sum of the principal components of the Base Rental payments being prepaid, plus accrued interest thereon to the date of prepayment, plus a redemption premium equal to 2% of the principal components of the Base Rental payments being prepaid,

(iii) on any Base Rental Payment Date from and including October 1, 2026 and through and including April 1, 2028, at a prepayment price equal to the sum of the principal components of the Base Rental payments being prepaid, plus accrued interest thereon to the date of prepayment, plus a redemption premium equal to 1% of the principal components of the Base Rental payments being prepaid, and

(iv) on any date on or after April 2, 2028, at a prepayment price equal to the sum of the principal components of the Base Rental payments being prepaid, plus accrued interest thereon to the date of prepayment, without premium.

(c) *Notice.* The County shall, not less than 15 days before the date of prepayment, give written notice to the Corporation and the Assignee specifying the amount of the prepayment and the date on which the prepayment will be made.

Section 3.09. Governmental Relief. The Corporation and the County hereby covenant that they will each use their best efforts to appropriate funds and apply for any grants, loans or other relief available from the State of California or federal government in order to obtain amounts necessary to rebuild any portion of the Leased Property destroyed or damaged in connection with an uninsured or underinsured calamity causing destruction or damage.

Section 3.10. No Obligation to Prepay Rent for Future Years. Notwithstanding any other provision of this Property Lease, the County shall in no event be obligated to prepay Base Rental or Additional Rental due hereunder in any Lease Year for any subsequent Lease Year.

ARTICLE IV

TITLE TO THE LEASED PROPERTY; PROJECT FUND; ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 4.01. Title to the Leased Property. During the term of the Property Lease, the Corporation shall hold a leasehold interest in the Leased Property pursuant to the Site Lease. Title to all moveable property that is placed in or about the Leased Property by the County during the term of the Property Lease shall remain in the County during the term of the Property Lease.

The Corporation's interest in and title to the Leased Property shall be transferred, conveyed and assigned to and become vested in the County, and this Property Lease shall terminate with respect thereto, at the end of the term hereof and upon payment in full of all Base Rental payments and Additional Rental payments due hereunder pertaining to the Leased Property, and the Corporation will execute and deliver such conveyances, registration documents and other instruments as may be necessary to effect such vesting of record.

Section 4.02. Project Fund. The County shall establish and maintain an account that is designated as the "Project Fund," into which the County shall deposit the net proceeds of Site Lease Payment received under Section 3.03 of the Site Lease. Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of (or reimbursement to the County for) the costs of the Project. The County shall maintain accurate records showing the expenditures of moneys disbursed from the Project Fund.

All amounts in the Project Fund in excess of the amounts retained therein for payment of future costs of the Project (as identified in such written certificate of the County, if any) in accordance with Section 4.04 below will be applied, at the option of the County, to the payment of Base Rental under Section 3.01 or the prepayment of Base Rental under Section 3.08.

Section 4.03. Construction of Project. The County will enter into, administer and enforce all purchase orders or other contracts relating to the acquisition, construction and installation of the Project. All contracts for, and all work relating to, the acquisition and construction of the Project shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and installation of like facilities and property by the County.

Any Authorized Officer may designate additional public improvements as components of the Project with the prior written consent of the Assignee, which shall not be unreasonably withheld.

Section 4.04. Completion of Project. The County expects that the Project will be substantially completed by April 2023. The failure to complete the Project by such date will not constitute an Event of Default hereunder or a grounds for termination of this Property Lease.

Upon the completion of the acquisition and construction of the Project, but in any event not later than 30 days following such completion, the County shall execute and deliver to the Corporation and the Assignee a written certificate that:

(a) states that the acquisition, construction and installation of the Project has been substantially completed, and

(b) identifies the amounts, if any, to remain on deposit in the Project Fund for payment of costs of the Project thereafter.

ARTICLE V

MAINTENANCE OF THE LEASED PROPERTY; ALTERATIONS AND ADDITIONS

Section 5.01. Maintenance and Utilities. Throughout the term of this Property Lease, as part of the consideration for rental of the Leased Property, all improvement, repair and maintenance of the Leased Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water, sewer and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof.

In exchange for the Base Rental payments and Additional Rental payments herein provided, the Corporation agrees to provide only the use, possession and quiet enjoyment of the Leased Property.

Section 5.02. Changes to the Leased Property. Subject to the approval of the Corporation and the Assignee, the County shall have the right during the term of this Property Lease to make additions, alterations or improvements or to attach fixtures, structures or signs to the Leased Property if said additions, alterations, improvements, fixtures, structures and signs are necessary or beneficial for the use of the Leased Property by the County.

The County may remove any fixture, structure or sign added by the County, but such removal shall be accomplished so as to leave the Leased Property in substantially the same condition as it was in before the fixture, structure or sign was attached.

ARTICLE VI
INSURANCE

Section 6.01. General Liability and Automobile Liability Insurance. The County shall maintain or cause to be maintained, throughout the term of this Property Lease, general liability insurance insuring the County and the Corporation, and their respective officers, agents and employees, against liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Said policy or policies shall provide coverage in the minimum amount of \$5,000,000 combined single limit for bodily and personal injury, death and property damage per occurrence.

Section 6.02. Property Insurance.

(a) Throughout the term of this Property Lease, and subject to the provisions of paragraph (c) below, the County shall maintain or cause to be maintained fire and lightning (i.e., property) insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement) on all structures constituting any part of the Leased Property in an amount equal to 100% of the replacement cost of such structures (less a deductible amount of not more than \$100,000).

This extended coverage endorsement shall, as nearly as possible, cover loss or damage by such events as explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement, if such coverage is commercially available in reasonable amounts at reasonable cost on the open market from reputable insurance companies (as determined in the sole discretion of the County).

(b) Throughout the term of this Property Lease, the County will maintain, or cause to be maintained, earthquake insurance with respect to the Leased Property if it is obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies (as determined in the sole discretion of the County).

Section 6.03. Rental Income Interruption Insurance. The County shall maintain or cause to be maintained, throughout the term of this Property Lease, rental income interruption insurance in an amount not less than the maximum Base Rental payable by the County pursuant to this Property Lease during any 24-month period, plus the Additional Rental expected to be payable pursuant to this Property Lease for such period, to insure against loss of rental income from the Leased Property caused by perils covered by the insurance required by Section 6.02 of this Property Lease.

Section 6.04. Recordation; Title Insurance. On or before the Closing Date, the County shall, at its expense, (a) cause this Property Lease, the Site Lease and the Assignment Agreement to be recorded in the office of the County Recorder with respect to the Leased Property, and (b) obtain a CLTA title insurance policy from Inyo-Mono Title Company insuring the County's interests in the leasehold estate established hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Base Rental.

Section 6.05. Additional Provisions Relating to Insurance. All policies of insurance required by Section 6.01, 6.02 and 6.03 shall be in form certified by the County's Risk Manager to be in compliance with the requirements of this Property Lease.

All policies of insurance required by Sections 6.01, 6.02 and 6.03 hereof shall provide that the Assignee shall be named as an additional insured and all proceeds thereunder shall be payable to the Assignee pursuant to a lender's loss payable endorsement

The County shall pay when due the premiums for all insurance policies required by this Property Lease, and promptly shall furnish evidence of such payments to the Corporation and the Assignee.

All insurance required under this Property Lease shall be primary to any other insurance available to the Corporation and the Assignee, and shall apply separately to each insured against whom claim is made or suit is brought and shall provide that the Assignee shall be given 30 days' prior written notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby, provided that such separate coverage shall not increase the limit of liability under any such insurance.

All insurance required to be maintained pursuant to this Property Lease may be maintained either separately or as a part of or in conjunction with any other insurance coverage carried by the County.

The County shall cause to be delivered to the Assignee annually, promptly following the end of each fiscal year of the County, evidence that the insurance policies required by this Property Lease have been renewed and are in full force and effect for the then-current fiscal year of the County.

Section 6.06. Alternative Risk Management Programs; Additional Insurance. Notwithstanding anything in this Article VI to the contrary, the County shall have the right to adopt alternative risk management programs to insure, in whole or in part, against any of the risks required to be insured against under the terms of this Article VI, including a program of self-insurance (except self-insurance against loss of rental income as required by Section 6.03 hereof and title insurance required by Section 6.04).

Any such alternative risk management program must be approved as reasonable and appropriate by a Risk Manager. The approval of the Risk Manager shall be in the form of a report on the nature of the program and the adequacy of its funding which shall be prepared and filed annually with the Assignee not later than March 1 of each year during any period when such program is in effect, commencing on or prior to the date such program is implemented.

In addition, the County Administrative Officer may, if it is in the best interests of the County, approve such other types of insurance, including any increases in the insurance coverage required by this Article, upon the recommendation of a Risk Manager.

Section 6.07. Application of Net Proceeds of Insurance.

(a) *Liability Insurance.* The net proceeds of all liability insurance maintained under Section 6.01 above shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

(b) *Property Insurance.* If all or any part of the Leased Property is destroyed or damaged (in whole or in part) by fire or other casualty, the net proceeds of insurance required by Section 6.02 hereof resulting from claims for such losses will be applied and disbursed by the County as follows:

(i) If the County certifies to the Assignee that such damage or destruction has not materially affected the operation of the Leased Property or the ability of the County to meet any of its obligations hereunder, and that such proceeds are not needed for repair or rehabilitation of the Leased Property, the County will apply such proceeds toward the payment of Base Rental payments.

(ii) If the County certifies to the Assignee that such damage or destruction has not materially affected the operation of the Leased Property or, even if it has, that such damage or destruction has not materially affected the ability of the County to meet any of its obligations hereunder, and that such proceeds are needed for repair or rehabilitation of the Leased Property, the County shall apply said proceeds for such repair or rehabilitation.

(iii) If less than all of the Leased Property has been damaged or destroyed, and if the County certifies to the Assignee that such damage or destruction has materially affected the ability of the County to meet any of its obligations hereunder, the County will either apply the net proceeds of insurance.

(A) to the prepayment of the then-unpaid Base Rental payments under Section 3.08, but only if the County certifies to the Assignee that the Base Rental payments thereafter to be made by the County will not exceed the fair rental value of the Leased Property, and otherwise

(B) together with other legally available funds, to the repair or rehabilitation of the Leased Property in amounts sufficient to repair or rehabilitate the Leased Property to a condition such that the Base Rental payments thereafter to be made by the County will not exceed the fair rental value of the Leased Property.

(iv) If all of the Leased Property has been damaged or destroyed and if that portion of the net proceeds of insurance are sufficient to provide for the payment of the entire amount of then-unpaid principal components of the Base Rental payments, together with the interest thereon, so as to enable the County to prepay all Base Rental payments, then the County will apply such proceeds to such prepayment. Notwithstanding the foregoing, if such net proceeds of insurance are insufficient to prepay all of the then-unpaid Base Rental payments, then the County will

(A) use such net proceeds to repair and rehabilitate the Leased Property, or

(B) use its best efforts to substitute alternate real property and improvements for the Leased Property, upon compliance with the requirements of Section 12.01 of this Property Lease, from among the County's properties, if available, and reasonably satisfactory to the Bank on the basis of essentiality, fair rental value and insurance coverage and

the existence of any mortgage, pledge, lien, charge, encumbrance or claim thereon or with respect thereto.

(c) *Title Insurance.* The net proceeds of all title insurance maintained under Section 6.04 above shall be applied as follows:

(i) If the County certifies to the Assignee that such title defect has not materially affected the operation of the Leased Property, or that such title defect has not materially affected the ability of the County to meet any of its obligations hereunder, the County shall will apply such net proceeds toward the payment of Base Rental payments.

(ii) If less than all of the Leased Property has been affected by such title defect, and if the County certifies to the Assignee that such title defect has materially affected the operation of the Leased Property or the ability of the County to meet any of its obligations hereunder, the County shall at its option apply such proceeds to

(A) the prepayment of the then-unpaid Base Rental payments under Section 3.08, but only if the County certifies to the Assignee that the Base Rental payments thereafter to be made by the County will not exceed the fair rental value of the Leased Property, or

(B) or to the acquisition of real property or an interest therein sufficient to cure such title defect.

(iii) If all of the Leased Property has been affected by such title defect and if such net proceeds of insurance are sufficient to provide for the payment of the entire amount of then-unpaid principal components of the Base Rental payments, together with the interest thereon, so as to enable the County to prepay all Base Rental payments, then the County will apply such proceeds to such prepayment. Notwithstanding the foregoing, if such net proceeds of insurance are insufficient to prepay all of the then-unpaid Base Rental payments, then the County will use its best efforts to substitute alternate real property and improvements for the Leased Property, upon compliance with the requirements of Section 12.01 of this Property Lease, from among the County's properties, if available, and reasonably satisfactory to the Bank on the basis of essentiality, fair rental value and insurance coverage and the existence of any mortgage, pledge, lien, charge, encumbrance or claim thereon or with respect thereto

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Defaults and Remedies.

Each of the following events constitutes an Event of Default hereunder:

- (a) Failure by the County to pay any Base Rental, Additional Rental or other payment required to be paid hereunder.
- (b) Any representation or warranty of the County herein shall prove to have been false or misleading in any material respect.
- (c) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed herein, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Corporation or the Assignee; *provided, however,* that if the County notifies the Corporation and the Assignee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 30-day period, the failure will not constitute an Event of Default if the County commences to cure the failure within such 30-day period and thereafter diligently and in good faith cures such failure within 90 days.
- (d) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

Section 7.02. Remedies on Default.

Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under this Property Lease. Notwithstanding anything herein to the contrary, there is no right under any circumstances to accelerate the Base Rental or otherwise declare any Base Rental not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the County is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; provided, that no termination of this Property Lease 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 Corporation may exercise each and every one of the following remedies, subject in all respects to the limitations set forth in Section 7.3.

- (a) Enforcement of Payments Without Termination. If the Corporation does not elect to terminate this Property Lease in the manner hereinafter provided

for in subsection (b) of this Section, the County agrees to remain liable for the payment of all Base Rental and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Property, or, if the Corporation is unable to re-lease the Leased Property, then for the full amount of all Base Rental to the end of the Term of this Property Lease, but said Base Rental and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Base Rental hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation.

The County hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place in the County of Mono for the account of and at the expense of the County, and the County hereby agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Property Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Property Lease, and further agrees that no acts of the Corporation in effecting such re-leasing constitute a surrender or termination of this Property Lease 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 County the right to terminate this Property Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subsection (b) of this Section. The County agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling the Leased Property to be re-let under this paragraph.

- (b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Property Lease and re-lease all or any portion of the Leased Property. If the Corporation terminates this Property Lease at its option and in the manner hereinafter provided on account of default by the County (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the County nevertheless agrees to pay to the Corporation 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 Base Rental and Additional Rental. 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 Corporation shall of itself operate to terminate this Property Lease,

and no termination of this Property Lease on account of default by the County shall be or become effective by operation of law, or otherwise, unless and until the Corporation has given written notice to the County of the election on the part of the Corporation to terminate this Property Lease. The County agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Property Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

- (c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Corporation 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.

Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy given under this Property Lease 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 Corporation to exercise any remedy reserved to it in this Article VII it is not necessary to give any notice, other than such notice as may be required in this Article VII or by law.

Section 7.04. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Property Lease defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs 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 non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 7.05. No Additional Waiver Implied by One Waiver. If any agreement contained in this Property Lease is breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not constitute a waiver of any other breach hereunder.

Section 7.06. Application of Proceeds. All net proceeds received from the re-lease of the Leased Property under this Article VII, and all other amounts derived by the Corporation or the Assignee as a result of the occurrence of an Event of Default, shall be paid to the Assignee.

ARTICLE VIII
EMINENT DOMAIN

Section 8.01. Eminent Domain.

(a) If the entirety of the Leased Property (or portions thereof such that the remainder is not usable for public purposes by the County) is taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken.

(b) If less than the entirety of the Leased Property is taken under the power of eminent domain and the remainder is usable for public purposes by the County at the time of such taking, then the Property Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount to be agreed upon by the County and the Corporation, but, subject to Section 3.03 hereof, in no event shall the Base Rental payments thereafter to be made by the County exceed the fair rental value of the Leased Property.

(c) The net proceeds of any such taking under the power of eminent shall be applied and disbursed as follows:

(i) If the County certifies to the Assignee that such eminent domain proceedings have not materially affected the operation of the Leased Property or the ability of the County to meet any of its obligations hereunder, and if such report states that such proceeds are not needed for rehabilitation of the Leased Property, the County shall apply such proceeds toward the payment of Base Rental payments.

(ii) If the County certifies to the Assignee that such eminent domain proceedings have not materially affected the operation of the Leased Property or, even if they have, that such proceedings have not materially affected the ability of the County to meet any of its obligations hereunder, and that such proceeds are needed for rehabilitation of the Leased Property, the County shall apply said proceeds for such rehabilitation.

(iii) If less than all of the Leased Property has been taken in such eminent domain proceedings, and if the County certifies to the Assignee that such eminent domain proceedings have materially affected the operation of the Leased Property or the ability of the County to meet any of its obligations hereunder, the County shall either apply such proceeds

(A) to the prepayment of the then-unpaid Base Rental payments under Section 3.08, but only if the County certifies to the Assignee that the Base Rental payments thereafter to be made by the County will not exceed the fair rental value of the Leased Property, and otherwise

(B) together with other legally available funds, to the rehabilitation of the Leased Property in amounts sufficient to rehabilitate the Leased Property to a condition such that the Base Rental payments thereafter to

be made by the County will not exceed the fair rental value of the Leased Property.

(iv) If all of the Leased Property has been taken in such eminent domain proceedings, the County shall apply such proceeds to the prepayment of the then-unpaid Base Rental payments, under Section 3.08. Notwithstanding the foregoing, if such proceeds are insufficient to prepay all of the then-unpaid Base Rental payments, then the County will use its best efforts to substitute alternate real property and improvements for the Leased Property, upon compliance with the requirements of Section 12.01 of this Property Lease, from among the County's properties, if available, and reasonably satisfactory to the Bank on the basis of essentiality, fair rental value and insurance coverage and the existence of any mortgage, pledge, lien, charge, encumbrance or claim thereon or with respect thereto

ARTICLE IX
COVENANTS

Section 9.01. Right of Entry. The Corporation and its assignees shall have the right to enter the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the Leased Property, (b) for any purpose connected with the Corporation's rights or obligations under this Property Lease, and (c) for all other lawful purposes.

Section 9.02. Liens. If the County at any time during the term of this Property Lease causes any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Leased Property and which may be secured by a mechanics', materialmen's or other lien against the Leased Property or the Corporation's interest therein, and will promptly, at its own expense, cause each such lien to be fully discharged and released. except that, if the County desires to contest any such lien, it may do so.

If any such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall promptly pay and discharge said judgment.

Section 9.03. Quiet Enjoyment. The parties hereto mutually covenant that the County, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Property Lease peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Corporation.

Section 9.04. Corporation Not Liable. The Authority and its members, officers, agents and employees, shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Leased Property.

The County shall indemnify and hold the Corporation and its members, officers, agents and employees, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Leased Property, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Leased Property, but excepting claims, liens and judgments arising from the active negligence of the person or entity seeking indemnity.

The provisions of this section shall survive the termination of this Property Lease.

Section 9.05. Prohibition Against Encumbrance or Sale. (a) The Corporation and the County will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Leased Property, or upon any real or personal property essential to the operation of the Leased Property, except Permitted Encumbrances. (b) The Corporation and the County will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property.

Section 9.06. Assignment. Neither this Property Lease nor any interest of the County hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the County by voluntary act or by operation by law or otherwise, except with the prior written consent of the Corporation, which shall not be unreasonably withheld.

Section 9.07. Tax Covenants.

(a) *Generally.* The County will not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Base Rental payments to become includable in gross income for federal income tax purposes.

(b) *Private Activity Bond Limitation.* The County will ensure that the proceeds of the Site Lease payment are not so used as to cause the County's obligations hereunder to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) *Federal Guarantee Prohibition.* The County will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Base Rental payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) *No Arbitrage.* The County will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Site Lease payment which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Base Rental payments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) *Arbitrage Rebate.* The County will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Base Rental payments.

Section 9.08. Nondiscrimination. The County and the Corporation herein covenant by and for themselves and assigns, and all persons claiming under or through them, and this Property Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of age, race, color, creed, religion, sex, marital status, sexual orientation, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, subleases, subtenants, or vendees in the premises herein leased.

Section 9.09. Further Assurances. The Corporation and the County will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of or to facilitate the performance of this Property Lease, the Site Lease and the Assignment Agreement, and for the better assuring and confirming unto the Assignee the rights and benefits provided herein.

Section 9.10. Books and Records. The County shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the County in accordance with Generally Accepted Accounting Principles consistently applied, and will furnish to the Assignee each of the following:

(a) As soon as available, and in any event within 270 days after the close of each Fiscal Year of the County, the financial statements of the County which shall be audited and reported on without qualification by independent certified public accountants reasonably acceptable to the Assignee and shall be certified to the County by such accountants as (i) having been prepared in accordance with Generally Accepted Accounting Principles consistently applied and (ii) fairly presenting the financial condition of the County as at the end of such Fiscal Year and reflecting its operations during such Fiscal Year and (iii) showing all material liabilities, direct or contingent, and disclosing the existence of any off-balance sheet transactions, and shall include, without limitation, balance sheets, statements of revenues, expenditures, and changes in fund balances, together with notes and supporting schedules, and including a copy of any management letter or audit report provided to the County by such auditors.

(b) As soon as available and in any event within 30 days after adoption, the annual operating budget of the County for such Fiscal Year.

(c) Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the County and the Leased Property as the Assignee may from time to time reasonably request.

Section 9.11. Notice to Assignee. The County shall provide to the Assignee:

(a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default;

(b) prompt written notice of any Material Litigation that has been presented to the County Board of Supervisors; and

(c) prompt written notice of any event which has or is reasonably anticipated to have a Material Adverse Effect.

ARTICLE X

DISCLAIMER OF WARRANTIES; USE OF THE LEASED PROPERTY

Section 10.01. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN AND THAT THE COUNTY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY.

In no event shall the Corporation be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Property Lease or the existence, furnishing, functioning or the County's use of the Leased Property as provided hereby.

Section 10.02. Use of the Leased Property. The County will not use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The County shall obtain all permits and licenses, if any, necessary for the use of the Leased Property.

In addition, the County agrees to comply in all respects with all laws of the jurisdictions in which its operations involving any portion of the Leased Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property, including without limitation all local, State and federal environmental and hazardous waste laws, rules and regulations; provided, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Corporation, adversely affect the estate of the Corporation in and to the Leased Property or its interest or rights hereunder.

ARTICLE XI
ASSIGNMENT

Section 11.01. Assignment by Corporation. The parties understand that the Property Lease and the rights of the Corporation hereunder will be assigned to the Assignee pursuant to the Assignment Agreement, and, accordingly, the County agrees to make all Base Rental payments due hereunder directly to the Assignee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach hereof or otherwise) that the County may from time to time have against the Corporation.

The County agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by the Corporation or the Assignee to protect their interests in the Leased Property during the term hereof.

Section 11.02. Indemnification. The County shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Corporation and the Assignee and each of its respective members, officers and employees, from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof (other than the gross negligence or willful misconduct of the Corporation or the Assignee, or its respective members, officers and employees), and reasonable expenses in connection therewith, including, without limitation, reasonable counsel fees and expenses, arising out of or as the result of

(a) the entering into of the Property Lease,

(b) any accident in connection with the operation, use, condition or possession of the Leased Property or any portion thereof resulting in damage to property or injury to or death to any person, including without limitation any claim alleging latent and other defects, whether or not discoverable by the Corporation or the County,

(c) any claim for patent, trademark or copyright infringement;

(d) any claim arising out of strict liability in tort; or

(e) the presence on, under or about, or release from the Leased Property, or any portion thereof, of any substance, material or waste which is or becomes regulated or classified as hazardous or toxic under State, local or federal law and the violation of, or non-compliance with, any such laws by the County.

The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason.

The County agrees not to withhold or abate any portion of the Base Rental payments or Additional Rental payments required under this Property Lease by reason of any defects, malfunctions, breakdowns or infirmities of the Leased Property.

The Corporation and the County mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

To the extent it may legally agree to do so pursuant to applicable law, the County shall pay or reimburse the Assignee for any and all charges, fees, costs and expenses that the Assignee may reasonably pay or incur in connection with the following (unless such charges, fees, costs and expenses are incurred by the Assignee as a result of the Assignee's gross negligence or willful misconduct): (i) the administration, enforcement, defense, or preservation of any rights or security hereunder; (ii) the pursuit of any remedies hereunder, or otherwise afforded by law or equity; (iii) any amendment, waiver, or other action with respect to or related to this Property Lease whether or not executed or completed; or (iv) any litigation or other dispute in connection with this Property Lease.

ARTICLE XII

SUBSTITUTION, RELEASE AND ADDITION OF LEASED PROPERTY

Section 12.01. Substitution of Leased Property.

(a) Whenever the County determines that the annual fair rental value of a proposed Substitute Leased Property is at least equal to the maximum annual Base Rental payments yet unpaid hereunder and that the Substitute Leased Property is complete and is available for beneficial use and occupancy by the County, the County may amend Exhibit A to this Property Lease to substitute such Substitute Leased Property for all or a portion of the Leased Property hereunder with the prior written consent of the Assignee in its sole discretion and upon compliance with all of the conditions set forth in subsection (b), and after a Substitution, all or a portion of the Leased Property originally leased hereunder shall be released from the leasehold hereunder, as appropriate.

The Corporation and the County shall also make any amendments needed to be made to this Property Lease, and shall enter into any necessary site or ground leases in connection with such Substitution.

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

(1) A certificate of the County stating that: (i) the annual fair rental value of the Substitute Leased Property is no less than the maximum annual Base Rental and Additional Rental remaining unpaid hereunder at the time of Substitution; (ii) the remaining useful life of such Substitute Leased Property is at least equal to the remaining term hereof; and (iii) the County will, at the time of the Substitution, have beneficial use and occupancy of the Substitute Leased Property.

(2) An Opinion of Bond Counsel to the effect that the amendment hereto has been duly authorized, executed and delivered and the Property Lease as so amended represents a valid and binding obligation of the County and the Corporation and that the Substitution will not adversely affect the exclusion of the interest component of the Base Rental payments from gross income for federal income tax purposes or from State of California personal income tax.

(3) The County shall cause to be recorded in the Office of the Mono County Recorder an executed amendment to this Property Lease containing an amended Exhibit A, or a memorandum reflecting such amendment to Exhibit A.

(4) A CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of this Property Lease in at least the amount of the aggregate principal amount of unpaid principal components of the Base Rental payments at the time of the Substitution insuring the Corporation's leasehold and the County's subleasehold interest in the Substitute Leased Property hereunder, together with an endorsement thereto making such policy payable to the Assignee, and also together with a certificate of the County to the effect that the exceptions, if any,

contained in such policy do not interfere with the beneficial use and occupancy of the Substitute Leased Property by the County.

Section 12.02. Removal of Leased Property. The County shall have, and is hereby granted, the option at any time and from time to time during the term of this Property Lease to remove from this Property Lease any portion of the Leased Property (the "Removed Property") with the prior written consent of the Assignee in its sole discretion; provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such removal:

(a) No event of default has occurred and is continuing under this Property Lease.

(b) The County shall file with the Corporation and the Assignee an amended Exhibit A to this Property Lease that deletes the legal description of such Removed Property.

(c) The County shall cause to be recorded in the Office of the County Recorder a copy of an executed amendment to this Property Lease containing an amended Exhibit A, or a memorandum reflecting such amendment to Exhibit A.

(d) The County shall cause to be filed with the Assignee an Opinion of Bond Counsel substantially to the effect that such removal will not affect the obligation of the County to continue to pay Base Rental payments in the amounts and at the times and in the manner required by this Property Lease.

(e) The County shall certify in writing to the Corporation and the Assignee that (i) the annual fair rental value of the remaining Leased Property, taking into consideration the removal of the Removed Property, is no less than the maximum annual Base Rental and Additional Rental remaining unpaid hereunder at the time of such removal, (ii) the estimated useful life of the Leased Property that will remain following such removal at least extends to the date on which the final Base Rental becomes due and payable hereunder, (iii) the County will have the beneficial use and occupancy of the Leased Property that will remain following such removal.

Upon the satisfaction of all such conditions precedent, the Term of this Property Lease will thereupon end as to the Removed Property. The County is not entitled to any reduction, diminution, extension or other modification of the Base Rental whatsoever as a result of such removal.

Section 12.03. Addition of Leased Property. The County may, at any time it deems it necessary or advisable, with the prior written consent of the Assignee in its sole discretion, amend this Property Lease, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased hereunder. No such Addition shall take place hereunder until the County delivers to the Corporation and the Assignee the opinion set forth in Section 12.01(b)(2) relating to the Addition of Leased Property and not the substitution of Leased Property.

Section 12.04. Amendment of Site Lease and Assignment Agreement. The Corporation and the County shall amend the Site Lease and Assignment Agreement as

necessary in order to accomplish any Substitution under Section 12.01, any removal of Leased Property under Section 12.02, or any Addition under Section 12.03.

ARTICLE XIII

DISCHARGE OF OBLIGATIONS

Section 13.01. Discharge of Obligations.

(a) If the County pays or causes to be paid all the Base Rental payments and Additional Rental payments at the times and in the manner provided herein, the right, title and interest of the Corporation herein and the obligations of the County hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied, except only as provided in subsection (c).

(b) Any unpaid principal component of a Base Rental payment shall on its scheduled Base Rental Payment Date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the County makes payment of such Base Rental payment in the manner provided herein, and money for this purpose of such payment or prepayment is then held by the Assignee.

(c) All or any portion of any unpaid principal component of a Base Rental payment shall, prior to its scheduled Base Rental Payment Date or date of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section (except that the County shall remain liable for such Base Rental payment, but only out of such money or securities deposited with the Assignee as herein described for such payment) if

(i) there has been deposited with the Assignee either money that is sufficient, or Defeasance Obligations that are not subject to redemption prior to maturity except by the holder thereof (including Defeasance Obligations issued or held in book entry form) the interest on and principal of which when paid will provide money that, together with money, if any, deposited with the Assignee at the same time, are sufficient, as stated in a report of a nationally recognized independent certified public accountant addressed to the County and the Assignee verifying such sufficiency in full, to pay when due such principal component of the Base Rental payment or such portion thereof on and prior to its payment date or its date of prepayment, as the case may be, and the prepayment premium, if any, thereon, and

(iii) an Opinion of Bond Counsel addressed to the County and the Assignee is filed to the effect that the action taken pursuant to this subsection will not cause the interest components of the Base Rental payments to be includable in gross income under the Tax Code for federal income tax purposes and that the Base Rental Payments have been discharged in full hereunder.

(d) After the payment of all Base Rental payments and any applicable prepayment premiums as provided in this section, the Assignee, upon request of the County, shall execute and deliver to the County and the Corporation all such instruments

as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Law Governing. This Property Lease shall be governed exclusively by the laws of the State of California in effect from time to time.

Section 14.02. Notices. All notices or communications to be given under this Property Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice will be effective either (i) upon transmission by electronic mail or other form of telecommunication, confirmed by telephone, (ii) 72 hours after deposit in the United States mail, postage prepaid, or (iii) in the case of personal delivery to any person, upon actual receipt. The Corporation and the County may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the County: County of Mono
PO Box 556
Courthouse Annex II
Bridgeport, CA 93517
Attention: Janet Dutcher, Finance Director
Telephone: (760) 932-5494
Email: jdutcher@mono.ca.gov

If to the Corporation: County of Mono Economic Development Corporation
PO Box 556
Courthouse Annex II
Bridgeport, CA 93517
Attention: Janet Dutcher, Chief Financial Officer
Telephone: (760) 932-5494
Email: jdutcher@mono.ca.gov

A copy of any such notice or other document hereinabove mentioned shall also be delivered to the Assignee at the following address (or such other address or number set forth in a written notice from the Assignee):

First Foundation Public Finance
2233 Douglas Blvd., Suite 300
Roseville, CA 95661
Attention: Trevor Mael

Section 14.03. Validity and Severability. If for any reason this Property Lease is held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Corporation or by the County, or if for any reason it is held by such a court that any of the covenants and conditions of the County hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Property Lease is and shall be deemed to be a Property Lease under which the Base Rental payments due in any fiscal

year of the County are subject to annual appropriation and are to be paid by the County annually in consideration of the right of the County to possess, occupy and use the Leased Property, and all of the rental and other terms, provisions and conditions of this Property Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 14.04. Net Lease. This Property Lease shall be deemed and construed to be a “net lease” and the County hereby agrees that the rentals provided for herein shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 14.05. Taxes. The parties understand and agree that the Leased Property constitutes public property free and exempt from all taxation; however, the Corporation agrees to take whatever steps may be necessary, upon written request by the County, to contest any proposed valuation, the amount of any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The County agrees to reimburse the Corporation for any and all costs and expenses thus incurred by the Corporation.

Section 14.06. Article and Section Headings. All article and 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 Property Lease.

Section 14.07. Execution. This Property 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 Property Lease. It is also agreed that separate counterparts of this Property Lease may separately be executed by the Corporation and the County, all with the same force and effect as though the same counterpart had been executed by both the Corporation and the County.

Section 14.08. Assignee A Third Party Beneficiary. The Assignee is hereby, designated as a third party beneficiary hereunder for the purpose of enforcing any of the rights hereunder assigned to the Assignee under the Assignment Agreement.

Section 14.09. Amendment. This Property Lease may be amended (a) in the event of a partial prepayment of the Base Rental payments as permitted by Section 3.08 hereof, in order to set forth a revised schedule of Base Rental payments, but only if the resulting Base Rental payments due hereunder after such amendment in each fiscal year do not exceed the Base Rental payments due in each such fiscal year prior to the amendment, (b) as permitted by Article XII hereof, and (c) otherwise, with the prior written consent of the Assignee.

Section 14.10. Waiver of Jury Trial; Agreement for Judicial Reference.

(a) To the fullest extent permitted by law, the County hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, this Agreement or any related documents, or the enforcement of any remedy under any law, statute, or regulation.

(b) To the extent the foregoing waiver of a jury trial is unenforceable under applicable California law, the County agrees to refer, for a complete and final adjudication, any and all issues of fact or law involved in any litigation or proceeding (including all discovery and law and motion matters, pretrial motions, trial matter and post-trial motions up to and including final

judgment), brought to resolve any dispute (whether based on contract, tort or otherwise) between the parties hereto arising out of, in connection with or otherwise related or incidental to this Agreement to a judicial referee who shall be appointed under a general reference pursuant to California Code of Civil Procedure Section 638, which referee's decision will stand as the decision of the court. Such judgment will be entered on the referee's statement of judgment in the same manner as if the action had been tried by the court. The County and the Assignee shall select a single neutral referee, who shall be a retired state or federal judge with at least five years of judicial experience in civil matters; provided that the event the County and the Assignee cannot agree upon a referee, the referee will be appointed by the court.

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

**COUNTY OF MONO ECONOMIC
DEVELOPMENT CORPORATION,**
as lessee

By: _____
Janet Dutcher,
Chief Financial Officer

ATTEST:

Scheereen Dedman,
Secretary

COUNTY OF MONO,
as lessor

By: _____
Janet Dutcher,
Finance Director

ATTEST:

Scheereen Dedman,
Clerk of the Board of Supervisors

[CERTIFICATE OF ACCEPTANCE]

FORM OF NOTARY ACKNOWLEDGMENT

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

[PARCEL A]

The real property and improvements located thereon situated in the State of California, County of Mono, City of Bridgeport, and described as follows:

APN _____

[PARCEL B]

The real property and improvements located thereon situated in the State of California, County of Mono, City of Bridgeport, and described as follows:

APN _____

[PARCEL C]

The real property and improvements located thereon situated in the State of California, County of Mono, City of Lee Vining, and described as follows:

APN _____

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

Payment Date	Principal	Interest*	Debt Service
10/01/2022	\$	\$	\$
04/01/2023			
10/01/2023			
04/01/2024			
10/01/2024			
04/01/2025			
10/01/2025			
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04/01/2039			
10/01/2039			
04/01/2040			
10/01/2040			
04/01/2041			
10/01/2041			

* The interest components of the Base Rental payments have been calculated based on an interest rate of 3.35% per annum on the basis of a 360-day year and twelve 30-day months. If and to the extent certain events occur, as provided in this Property Lease, the interest components of the Base Rental payments shall be calculated at the Default Rate or the Taxable Rate.

23026-05

Jones Hall

5/27/2022

6/03/2022

6/10/2022

Recording Requested By
COUNTY OF MONO

When Recorded Mail To:
Scott R. Ferguson
JONES HALL, A PROFESSIONAL LAW CORPORATION
475 Sansome Street, Suite 1700
San Francisco, California 94111

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA 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

**COUNTY OF MONO,
as Lessor**

and the

**COUNTY OF MONO ECONOMIC DEVELOPMENT CORPORATION,
as Lessee**

Dated as of June 1, 2022

SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (the "Site Lease") is made and entered into as of June 1, 2022, by and between the COUNTY OF MONO, a political subdivision duly organized and existing under the Constitution and laws of the State of California, as lessor, and the COUNTY OF MONO ECONOMIC DEVELOPMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), as lessee.

RECITALS

WHEREAS, the Corporation has been formed for the purpose, among others, of assisting the County in financing and refinancing for certain projects of the County by entering into, among other arrangements, lease/leasebacks with the County; and

WHEREAS, the County desires to finance public capital improvements for the County consisting generally of (i) a replacement jail facility and related public improvements and (ii) any other public improvements selected by the County in accordance with the Property Lease (collectively, the "Project"); and

WHEREAS, in order to raise funds necessary for the acquisition and construction of the Project, the County has proposed to lease the following real property and the improvements located and to be located thereon to the Corporation under this Site Lease, as more particularly described in Exhibit A attached hereto and by this reference incorporated herein (collectively, the "Leased Property"):

(i) a portion of the real property and improvements located at 74 North School Street in the City of Bridgeport, County of Mono, consisting generally of Courthouse Annex #1,

(ii) a portion of the real property and improvements located at 25 Bryant Street in the City of Bridgeport, County of Mono, consisting generally of Courthouse Annex #2, and

(iii) the real property and improvements located at 58 Pearson Road in the unincorporated community of Crowley Lake, County of Mono, consisting generally of the Crowley Community Center and adjacent skate park; and

WHEREAS, under this Site Lease, the Corporation will make an upfront rental payment to the County (as described in Section 3.03 hereof, the "Site Lease Payment") that is sufficient to provide funds for the financing of the Project; and

WHEREAS, the Corporation will, through an assignment to First Foundation Public Finance (the "Assignee"), pursuant to an Assignment Agreement dated as of June 1, 2022, and recorded concurrently herewith (the "Assignment Agreement"), between the Corporation and the Assignee, obtain the necessary funds to make the Site Lease Payment under this Site Lease; and

WHEREAS, the County will lease back the Leased Property from the Corporation pursuant to a Property Lease dated as of June 1, 2022, by and between the Corporation, as lessor, and the County, as lessee (the "Property Lease"), which is recorded concurrently

herewith, and will pay to the Corporation base rental payments ("Base Rental") and additional rental pursuant to the Property Lease; and

WHEREAS, under the Assignment Agreement, the Corporation will assign amounts received from the County as Base Rental payments under the Property Lease to the Assignee; 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 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 Lease; and

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

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. All capitalized terms defined in the Property Lease shall have the same respective meanings when used in this Site Lease.

Section 1.02. Article and Section Headings. Unless otherwise specified, references to Articles, Sections, and other subdivisions of this Site Lease are to be designated Articles, Sections, and other subdivisions of this Site Lease as originally executed. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

Section 1.03. References to Agreement. The words "hereof", "herein", "hereunder", and words of similar import refer to this Site Lease as a whole.

Section 1.04. Number and Gender. The singular form of any word used herein, including terms defined as provided in Section 1.01, shall include the plural, and vice versa. The use of a word of any gender shall include all genders.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the County. The County represents, covenants and warrants to the Corporation as follows:

(a) Due Organization and Existence. The County is a political subdivision duly organized and existing under the Constitution and laws of the State of California.

(b) Authorization. The laws of the State of California authorize the County to enter into this Site Lease and to enter into the transactions contemplated by and to carry out its obligations under this Site Lease, and the County has duly authorized and executed this Site Lease.

(c) No Violations. Neither the execution and delivery of this Site Lease nor the fulfillment of or compliance with the terms and conditions hereof nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the County is now a party or by which the County is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the County, or upon the Leased Property, except Permitted Encumbrances.

(d) Title to Leased Property. The County has fee simple title to the Leased Property, subject only to Permitted Encumbrances.

(e) Estimated Useful Life; Beneficial Use. The estimated useful life of the Leased Property at least extends to the date on which the final Base Rental becomes due and payable hereunder. The County has the beneficial use and occupancy of the Leased Property.

(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 or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Site Lease, the Property Lease, and the Assignment Agreement, or upon the financial condition, assets, properties or operations of the County, and the County 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 might have consequences that would materially adversely affect the consummation of the transactions contemplated by this Site Lease, the Property Lease, or the Assignment Agreement, or the financial conditions, assets, properties or operations of the County, including but not limited to the payment and performance of the County's obligations under this Site Lease or the Property Lease.

(g) Financial Condition. The County's audited financial statements for the period ended June 30, 2021, present fairly the financial condition of the County as of the date thereof and the results of operation for the period covered thereby, and were prepared in accordance with Generally Accepted Accounting Principles consistently applied. Since the period of such statements, there has been no change which would have a Material Adverse Effect. Except as has been disclosed to the Assignee, there has been no change in the financial condition of the County since June 30, 2021, that will in the reasonable opinion of the County materially impair its ability to perform its obligations under this Site Lease or the Property Lease.

(h) Compliance with Laws. To the best of its knowledge, the County is in compliance with all applicable laws, except for noncompliance that, singly or in the aggregate, has not caused and could not reasonably be expected to cause a Material Adverse Effect or an adverse effect on the County's ability to perform its obligations under this Site Lease or the Property Lease.

(i) No Consents or Approvals. To the best of the County's knowledge, no consent or approval of any trustee or holder of any indebtedness of the County or of the voters of the County, 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 this Site Lease or the Property Lease, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(j) Rental Payments. The obligations of the County under the Property Lease, including without limitation the obligation to make Base Rental Payments and any Additional Rental payments, are obligations that are payable from lawfully available funds of the County.

The County has funds available for the payment of Base Rental Payments and any Additional Rental payments due during the current Fiscal Year and reasonably believes that sufficient funds can be obtained to make all Base Rental Payments, any Additional Rental payments, and payments of other amounts required to be paid under the Property Lease.

(k) Leased Property. To the best of the County's knowledge, the Leased Property complies with all applicable restrictive covenants, zoning ordinances, building laws and other applicable laws (including without limitation, the Americans with Disabilities Act, as amended).

No lien or encumbrance on the Leased Property materially impairs the County's use of the Leased Property for the purposes for which it is, or may reasonably be expected to be, held.

(l) Applicable Environmental Laws. The County has reviewed the effect of Applicable Environmental Laws on the business, operations and properties of the County, and has identified and evaluated associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean up or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, and related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted there at and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the County has reasonably concluded that it has not failed to comply with any Applicable Environmental Laws with respect to the Leased Property in a manner which may reasonably be expected to have a Material Adverse Effect.

(m) Flood Risk. None of the property comprising the Leased Property is in a 100-year flood zone.

(n) No Defaults. To the best of its knowledge, the County 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 the Property Lease, or under any of its bonds, notes, or other debt obligations. In addition, no Event of Default and no Default has occurred and is continuing or exists.

(n) Accuracy of Information. All information, reports and other papers and data furnished by the County to the Assignee were, at the time the same were so furnished, complete and correct in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon. No fact is known to the County which has had or, so far as the County can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the budget and financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee by the County or its 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 Closing Date, represent the County's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with this Site Lease or the Property Lease 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.

(o) Tax Exemption. The County has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other person, which action, if taken or omitted, would adversely affect the exclusion of interest components of the Base Rental payments from gross income for federal income tax purposes or the exemption of such interest components from State personal income taxes.

(p) Sovereign Immunity. The County does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Site Lease or the Property Lease. To the extent the County has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the County hereby waives, to the fullest extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Site Lease or the Property Lease.

(q) Fair Rental Value. The Base Rental payments payable under the Property Lease do not exceed the fair rental value of the Leased Property for each period for which said rental is to be paid. In making such determination of fair rental value, consideration has been given to the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the County and the general public. The County currently has the use and occupancy of the Leased Property (subject to Permitted Encumbrances) and the County has the legal authority to pay Base Rental payments and any Additional Rental payments pursuant to the Property Lease for the use and occupancy of the Leased Property.

(r) OFAC Status. The County is not listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto, the Secretary of the Treasury, or included in any Executive Orders, that prohibits or limits the Assignee from making any advance or extension of credit to the County or from otherwise conducting business with the County.

(s) Reporting. The County shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the County in accordance with Generally Accepted Accounting Principles consistently applied, and will furnish to the Assignee each of the following:

- (a) As soon as available, and in any event within 270 days after the close of each Fiscal Year of the County, the financial statements of the County which shall be audited and reported on without qualification by independent certified public

accountants and shall be certified to the County by such accountants as (i) having been prepared in accordance with Generally Accepted Accounting Principles consistently applied and (ii) fairly presenting the financial condition of the County as at the end of such Fiscal Year and reflecting its operations during such Fiscal Year and (iii) showing all material liabilities, direct or contingent, and disclosing the existence of any off-balance sheet transactions, and shall include, without limitation, balance sheets, statements of revenues, expenditures, and changes in fund balances, together with notes and supporting schedules, and including a copy of any management letter or audit report provided to the County by such auditors; and

- (b) Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the County and the Leased Property as the Assignee may from time to time reasonably request.

Section 2.02. Representations, Covenants and Warranties of Corporation. The Corporation represents, covenants and warrants to the County as follows:

(a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation duly formed, operating and existing under the laws of the State of California; has power to enter into the Site Lease; is possessed of full power to sublease real and personal property; and has duly authorized the execution and delivery of this Site Lease.

(b) Authorization. The laws of the State of California authorize the Corporation to enter into this Site Lease and to enter into the transactions contemplated by and to carry out its obligations under this Site Lease, and the Corporation has duly authorized and executed this Site Lease.

(c) No Violations. Neither the execution and delivery of this Site Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation, or upon the Leased Property, except Permitted Encumbrances.

(d) 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 or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Site Lease, the Property Lease, and the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation 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 might have consequences that would materially adversely affect the consummation of the transactions contemplated by this Site Lease, the Property Lease, or the Assignment Agreement, or the financial conditions, assets, properties or operations of the Corporation, including but not limited to the performance of the Corporation's obligations under this Site Lease, the Property Lease, or the Assignment Agreement.

ARTICLE III

AGREEMENT TO LEASE; TERM OF SITE LEASE; SITE LEASE PAYMENT

Section 3.01. Lease. The County hereby leases the Leased Property to the Corporation, and the Corporation hereby leases the Leased Property from the County, upon the terms and conditions set forth in this Site Lease.

Section 3.02. Term. The term hereof shall commence on the date of execution hereof, and shall end on the date on which all of the Base Rental payments and Additional Rental payments have been paid in full under the Property Lease, including by reason of any extension of the term hereof due to abatement under Section 3.06 of the Property Lease; but in no event may the term of this Site Lease be extended beyond the date that is 10 years after October 1, 2041.

Section 3.03. Site Lease Payment; Application of Funds. The Corporation hereby agrees to pay to the County, as rental for Leased Property during the Term, the amount of \$ _____, which shall be due and payable on the Closing Date, and which shall be applied as follows:

(a) \$ _____ shall be transferred to the County for deposit in the Project Fund established under Section 4.02 of the Property Lease; and

(b) \$ _____ shall be retained by the Assignee and used by the Assignee to pay certain costs of the financing pursuant to written instructions executed by an Authorized Officer of the County.

Section 3.04. Title. The County hereby covenants that it has insurable fee title in the Leased Property, and during the Term, the County shall hold title to the Leased Property.

Section 3.05. No Merger. It is the express intention of the parties hereto that this Site Lease and the obligations of the parties hereunder shall be and remain separate and distinct from the Property Lease and the obligations of the parties thereunder, and that during the term of the Property Lease no merger of title or interest shall occur or be deemed to occur as a result of the position of the County as lessee under the Property Lease and as lessor under this Site Lease, or the position of the Corporation as lessee under this Site Lease.

Section 3.06. Substitution, Addition or Removal of Leased Property. The Leased Property may be substituted, added to or removed in part in accordance with Section 12.01, Section 12.02, Section 12.03 or Section 12.04, as applicable, of the Property Lease, and in such event, Exhibit A hereto shall be deemed to be revised accordingly.

ARTICLE IV

EMINENT DOMAIN; NET PROCEEDS

Section 4.01. Eminent Domain. If all of the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term shall cease as of the day possession is so taken.

If less than all of the Leased Property is taken permanently, or if all of the Leased Property or any part thereof is taken temporarily, under the power of eminent domain, this Site Lease 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.

Section 4.02. Application of Net Proceeds. The net proceeds of any insurance award resulting from any damage to or destruction of the Leased Property by fire or other casualty, and the net proceeds of any eminent domain award resulting from any event described in Section 4.01 hereof, shall be applied as set forth in the Property Lease.

All such net proceeds shall be paid to the County for application in accordance with the Property Lease, and the Corporation hereby waives any and all right, title and interest which it may have in and to any such net proceeds by virtue of its estate in the Leased Property under this Site Lease.

ARTICLE V
MISCELLANEOUS

Section 5.01. Liens. The Corporation shall not, directly or indirectly, create, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than the respective rights of the Corporation and the County as herein provided and Permitted Encumbrances.

Section 5.02. Assignment and Subleasing by the Corporation. Except for the assignment of this Site Lease to the Assignee under the Assignment Agreement, the Corporation shall not have the right to further sublease or to assign any of its interests under this Site Lease in and to the Leased Property or any portion thereof. The County hereby consents to the assignment of this Site Lease to the Assignee under the Assignment Agreement.

Section 5.03. Amendment. Without the prior written consent of the Assignee, the Corporation and the County will not alter, modify or cancel, or agree or consent to alter, modify or cancel this Site Lease, except as is required in connection with the amendment of the Property Lease.

Section 5.04. Notices. All notices or communications to be given under this Site Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice will be effective either (i) upon transmission by electronic mail or other form of telecommunication, confirmed by telephone, (ii) 72 hours after deposit in the United States mail, postage prepaid, or (iii) in the case of personal delivery to any person, upon actual receipt. The Corporation and the County may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the County: County of Mono
PO Box 556
Courthouse Annex II
Bridgeport, CA 93517
Attention: Janet Dutcher, Finance Director
Telephone: (760) 932-5494
Email: jdutcher@mono.ca.gov

If to the Corporation: County of Mono Economic Development Corporation
PO Box 556
Courthouse Annex II
Bridgeport, CA 93517
Attention: Janet Dutcher, Chief Financial Officer
Telephone: (760) 932-5494
Email: jdutcher@mono.ca.gov

A copy of any such notice or other document hereinabove mentioned shall also be delivered to the Assignee at the following address (or such other address or number set forth in a written notice from the Assignee):

First Foundation Public Finance
2233 Douglas Blvd. Suite 300
Roseville, CA
Attention: Trevor Mael

Section 5.05. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the Corporation and the County and their respective successors and assigns. The Assignee is hereby made an express and intended third party beneficiary of this Site Lease.

Section 5.06. Severability. If any provision of this Site Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 5.07. Further Assurances and Corrective Instruments. The Corporation and the County 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 Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Site Lease.

Section 5.08. Execution in Counterparts. This Site Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.09. Applicable Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 5.10. Captions. The captions or headings in this Site Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Site Lease.

* * * * *

IN WITNESS WHEREOF, the Corporation has caused this Site Lease to be executed in its name by its duly authorized officer; and the County has caused this Site Lease to be executed in its name by its duly authorized officer, all as of the date first above written.

COUNTY OF MONO,
as lessor

By: _____
Janet Dutcher,
Finance Director

ATTEST:

Scheereen Dedman,
Clerk of the Board of Supervisors

**COUNTY OF MONO ECONOMIC
DEVELOPMENT CORPORATION,**
as lessee

By: _____
Janet Dutcher,
Chief Financial Officer

ATTEST:

Scheereen Dedman,
Secretary

[CERTIFICATE OF ACCEPTANCE]

FORM OF NOTARY ACKNOWLEDGMENT

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

[PARCEL A]

The real property and improvements located thereon situated in the State of California, County of Mono, City of Bridgeport, and described as follows:

APN _____

[PARCEL B]

The real property and improvements located thereon situated in the State of California, County of Mono, City of Bridgeport, and described as follows:

APN _____

[PARCEL C]

The real property and improvements located thereon situated in the State of California, County of Mono, and described as follows:

APN _____

Recording Requested By
COUNTY OF MONO

When Recorded Mail To:
Scott R. Ferguson
JONES HALL, A PROFESSIONAL LAW CORPORATION
475 Sansome Street, Suite 1700
San Francisco, California 94111

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA 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.

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT, dated as of June 1, 2022 (this "Assignment Agreement"), is between the COUNTY OF MONO ECONOMIC DEVELOPMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), and FIRST FOUNDATION PUBLIC FINANCE, and its successors and assigns as permitted hereunder (the "Assignee").

BACKGROUND:

1. The County of Mono (the "County") desires to finance public capital improvements for the County consisting generally of (i) a replacement jail facility and related public improvements and (ii) any other public improvements selected by the County in accordance with the Property Lease (collectively, the "Project").

2. In order to raise funds necessary for the acquisition and construction of the Project, the County has proposed to lease the following real property and the improvements located and to be located thereon to the Corporation, as more particularly described in Exhibit A attached hereto and by this reference incorporated herein (collectively, the "Leased Property"), pursuant to a Site and Facility Lease dated as of June 1, 2022 (the "Site Lease"), which is recorded concurrently herewith, between the County, as lessor, and the Corporation, as lessee, in consideration of the payment by the Corporation of an upfront rental payment (the "Site Lease Payment"):

(i) a portion of the real property and improvements located at 74 North School Street in the City of Bridgeport, County of Mono, consisting generally of Courthouse Annex #1,

(ii) a portion of the real property and improvements located at 25 Bryant Street in the City of Bridgeport, County of Mono, consisting generally of Courthouse Annex #2, and

(iii) the real property and improvements located at 58 Pearson Road in the unincorporated community of Crowley Lake, County of Mono, consisting generally of the Crowley Community Center and adjacent skate park.

3. The Corporation has agreed to sublease the Leased Property back to the County pursuant to the Property Lease dated as of June 1, 2022 (the "Property Lease"), which is recorded concurrently herewith, in consideration of the payment by the County of Base Rental (as defined in the Property Lease) for the use and occupancy of the Leased Property thereunder.

4. In order to raise the funds needed to pay the Site Lease Payment to the County, the Corporation will assign certain of its rights under the Site Lease and the Property Lease, including the right to receive and enforce payment of Base Rental payments (the "Based Rental Payments") to the Assignee under this Assignment Agreement.

A G R E E M E N T :

In consideration of the material covenants contained in this Assignment Agreement, the parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. *Defined Terms.* All capitalized terms not otherwise defined herein have the respective meanings given those terms in the Property Lease.

SECTION 2. *Assignment.* The Corporation hereby assigns to the Assignee all of the Corporation's rights under the Site Lease and the Property Lease (excepting only the Corporation's rights under Section 11.02 of the Property Lease), including but not limited to:

- (a) the right to receive and collect all of the Base Rental Payments from the County under the Property Lease,
- (b) the right to receive and collect any proceeds of any insurance maintained under the Property Lease with respect to the Leased Property, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property, and
- (c) the right to exercise such rights and remedies conferred on the Corporation under the Property Lease and the Site Lease (including without limitation all consent and approval rights) as may be

necessary or convenient (i) to enforce payment of the Base Rental Payments and any amounts required to be applied to the prepayment of the Lease Payments, or (ii) otherwise to protect the interests of the Assignee in the event of a default by the County under the Property Lease.

The assignment made under this Section 2 is absolute and irrevocable, and without recourse to the Corporation.

SECTION 3. *Acceptance; Representations.* The Assignee hereby accepts the assignments made herein for the purpose of securing the payments due under the Property Lease to, and the rights under the Site Lease and the Property Lease of, the Corporation.

The Assignee represents that

- (a) it accepts this interest in the Site Lease and the Property Lease for its own account and will not make a public offering of the interests conveyed hereby, and is not entering into this Assignment Agreement for the purpose of transferring or assigning its rights hereunder in a manner that would constitute a public offering,
- (b) it is paying the price of par for its interest in the Site Lease and the Property Lease,
- (c) it is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended.

SECTION 4. *Consideration; Deposit of Funds.* In consideration of the assignment to the Assignee of the Base Rental Payments and certain other rights of the Corporation under Section 2, the Assignee hereby agrees to provide funds in the amount of \$_____, constituting the full amount of the Site Lease Payment, which shall be applied on the Closing Date as set forth in Section 3.03 of the Site Lease.

SECTION 5. *Execution in Counterparts.* This Assignment Agreement may be executed in any number of counterparts, each of which is an original and all together constitute one and the same agreement. Separate counterparts of this Assignment Agreement may be separately executed by the Assignee and the Corporation, both with the same force and effect as though the same counterpart had been executed by the Assignee and the Corporation.

SECTION 6. *Binding Effect; Assignment.* This Assignment Agreement inures to the benefit of and binds the Corporation and the Assignee, and their respective successors and assigns, subject, however, to the limitations contained herein.

The Assignee has the right to make assignments of its interests herein; *provided, however,* that the assignee must

- (a) be one of the following (i) a “bank” as such term is used in Section 3(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), (ii) an “accredited investor” within the meaning of Regulation D promulgated under the Securities Act, (iii) a

“qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act or (iv) an affiliate of the Lender, and

(b) deliver to the County a letter of representations satisfactory to the County.

No assignment will be effective against the County unless and until the provisions of this Section have been satisfied and the Assignee files with the County written notice thereof. The County shall pay all Rental Repayments under the Property Lease pursuant to the written direction of the Assignee named in the most recent assignment or notice of assignment filed with the County. During the term of the Property Lease, the County shall keep a complete and accurate record of all such notices of assignment. This Assignment Agreement, the assignments herein or the rights to receive Base Rental Payments may not be assigned or transferred in part.

SECTION 7. *Governing Law.* This Assignment Agreement is governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their duly authorized officers as of the day and year first written above.

**MONO COUNTY OF MONO ECONOMIC
DEVELOPMENT CORPORATION,**
as assignor

By: _____
Janet Dutcher,
Chief Financial Officer

ATTEST:

Scheereen Dedman
Secretary

FIRST FOUNDATION PUBLIC FINANCE,
as Assignee

By _____
Authorized Officer

FORM OF NOTARY ACKNOWLEDGMENT

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

[To come]



OFFICE OF THE CLERK
OF THE BOARD OF SUPERVISORS

ECONOMIC DEVELOPMENT AGENDA REQUEST

Print

MEETING DATE	June 14, 2022	DEPARTMENT
ADDITIONAL DEPARTMENTS		
TIME REQUIRED		PERSONS APPEARING BEFORE THE BOARD
SUBJECT	Approval of Minutes	

AGENDA DESCRIPTION:

(A brief general description of what the Board will hear, discuss, consider, or act upon)

Approval of the Minutes from the December 14, 2021, Mono County Economic Development Corporation State of California.

RECOMMENDED ACTION:

Approve the Minutes from the December 14, 2021, Mono County Economic Development Corporation, State of California.

FISCAL IMPACT:

None.

CONTACT NAME:

PHONE/EMAIL: /

SUBMIT THE ORIGINAL DOCUMENT WITH
ATTACHMENTS TO THE OFFICE OF
THE COUNTY ADMINISTRATOR
PRIOR TO 5:00 P.M. ON THE FRIDAY
32 DAYS PRECEDING THE BOARD MEETING

SEND COPIES TO:

MINUTE ORDER REQUESTED:

YES NO

ATTACHMENTS:

Click to download

[Board Minutes](#)

History

Time	Who	Approval
6/9/2022 3:01 PM	County Counsel	Yes

6/10/2022 6:54 AM

Finance

Yes

6/10/2022 4:55 PM

County Administrative Office

Yes



**DRAFT MEETING MINUTES
MONO COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATE OF CALIFORNIA**

Teleconference Only - No Physical Location
**Annual Meeting
December 14, 2021**

Flash Drive	Zoom Meeting Recording
Minute Orders	M21-01
Resolutions	R21-01 Not Used
Ordinance	ORD21-01 Not Used

8:03 AM Meeting Called to Order by Chair Kreitz.

Call meeting to

Supervisors Present: Corless, Duggan, Gardner, Kreitz, and Peters (all attended via teleconference).

Supervisors Absent: None.

The Mono County Board of Supervisors stream most of their meetings live on the internet and archives them afterward. To search for a meeting from June 2, 2015 forward, please go to the following link: <http://www.monocounty.ca.gov/meetings>.

Pledge of Allegiance led by Supervisor Gardner.

1 OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

- No one spoke.

Bob Lawton, CAO:

- Due to weather County Offices are closed for in person services.

2. AGENDA ITEMS

A. Board Minutes

Departments: Clerk of the Board

Approval of the minutes of the November 13, 2018, Economic Development Corporation meeting.

Action: Approve the minutes of the November 13, 2018, Economic Development Corporation meeting.

Note:

These draft meeting minutes have not yet been approved by the Mono County Board of Supervisors

Fiscal Impact: None.

Gardner motion. Peters second.

3 yes, 1 abstention, 1 absent

M21-01

Corless absent

Supervisor Duggan abstain

B. Financial Statements of the Mono County Economic Development Corporation

Departments: Finance

(Janet Dutcher, Chief Financial Officer of the Corporation) - Presentation of the Financial Statements of the Mono County Economic Development Corporation for the years ended June 30, 2019, through 2021, followed by discussion.

Action: None.

Janet Dutcher, Chief Financial Officer of the Corporation:

- Presentation

Chair Kreitz:

- Thanked Janet

Supervisor Gardner:

- Thanked Janet, presentation was very clear.

C. Proposed Jail Financing Transaction

Departments: Finance

30 minutes

(Janet Dutcher, Chief Financial Officer of the Corporation) - Presentation and discussion about the proposed Certificates of Participation debt transaction to generate the remaining local match requirements for completing the financing package for the County's new jail facility.

Action: None.

Janet Dutcher, Chief Financial Officer of the Corporation:

- Presentation
- Board to Expect resolution for reimbursement of costs

Chair Kreitz:

- What makes us eligible for this private offering?

Janet answer:

- It is a choice. Had a call with KNN last week, they will do their

Note:

These draft meeting minutes have not yet been approved by the Mono County Board of Supervisors

due diligence on the market to determine is it more cost efficient doing a public offering or a private offering. We will rely on the experts to advise us which way to go.

- Currently leaning towards private placement because those additional team members are not required, and they don't think that it is large enough that it would generate much saving on the interest rate to offset the increased cost of issuance.

ADJOURN at 8:38 AM

ATTEST

**JENNIFER KREITZ
CHAIR OF THE BOARD**

**QUEENIE BARNARD
SENIOR DEPUTY CLERK**