

SANTA CRUZ CITY SCHOOLS DISTRICT  
REGULAR MEETING OF THE BOARD OF EDUCATION  
FOR THE ELEMENTARY AND SECONDARY DISTRICTS  
WEDNESDAY, MAY 11, 2016  
SESSION BEGINS FOLLOWING THE ADJOURNMENT OF THE REGULAR MEETING  
SANTA CRUZ COUNTY OFFICE OF EDUCATION BOARD ROOM  
400 ENCINAL STREET, SANTA CRUZ, CA

DATE:  
TIME:  
LOCATION:  
EMPLOYEE:

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**AGENDA**

Agenda Item	Purpose / Support
<b>1. Convene Session</b>	<b>Following Adjournment of the Regular Meeting</b>
1.1. Roll Call	
1.2. Public Comments prior to Session	For presentations of matters <b><i>not</i></b> on the Agenda. 3 minutes for individuals; 15 minutes per subject.  <b><i>Note to Members of the Public: Thank you for taking the time to attend this meeting. Santa Cruz City School Board Members appreciate your presence and your comments regarding items not on the agenda are valued. Due to the legal constraints of the Brown Act, your Trustees are not allowed to comment on Public Comments during this time.</i></b>
<b>2. Conduct Business for the District Financing Authority</b>	
3. New Business: Resolution FA-03-15-16 Santa Cruz High School Municipal Lease Agreement	Recommendation: Adopt Resolution FA-03-15-16 Approving, Authorizing and Directing Execution and Delivery of a Site Lease, a Lease Purchase Agreement and an Assignment Agreement and Authorizing Certain Additional Actions.
<b>4. Adjournment</b>	

The board book for this meeting, including this agenda and back-up materials, may be viewed or downloaded online: <http://www.sccs.santacruz.k12.ca.us/board-of-education/agendas-&-minutes.html> or may be viewed at the District Office, Superintendent's Office, Room 303, 405 Old San Jose Road, Soquel, CA.

**Public Participation:**

All persons are encouraged to attend and, when appropriate, to participate in meetings of the Santa Cruz City Schools Board of Education. If you wish to speak to an item on the agenda, please be present at the beginning of the meeting as any item, upon motion, may be moved to the beginning of the agenda. Consideration of all matters is conducted in open session except those relating to litigation, personnel and employee negotiations, which, by law, may be considered in closed session.

**Translation Requests:**

Spanish language translation is available on an as-needed basis. Please make advance arrangements with Nancy Lentz by telephone at (831) 429-3410 extension 220.

**Las Solicitudes de Traducción:**

Traducciones del inglés al español y del español al inglés están disponibles en las sesiones de la mesa directiva. Por favor haga arreglos por anticipado con Nancy Lentz por teléfono al numero (831) 429-3410 x220.

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**AGENDA**

1. The Regular Meeting on May 25, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
2. The Annual Board of Education Governance Session on June 1, 2016, 5:30 p.m., will be held in Room 312 of the District Office, 405 Old San Jose Road, Soquel, CA.
3. The Special Meeting for Denied Interdistrict Transfer Appeals Hearings on June 6, 2016, 6:00 p.m., will be held in Room 313 of the District Office, 405 Old San Jose Road, Soquel, CA.
4. The Regular Meeting on June 15, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
5. The Regular Meeting on June 22, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA

## **SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY**

AGENDA ITEM: Resolution No. FA 03-15-16 Approving, Authorizing And Directing Execution and Delivery Of A Site Lease, a Lease Purchase Agreement, and an Assignment Agreement and Authorizing Certain Additional Actions

MEETING DATE: May 11, 2016

FROM: Jim Monreal, Treasurer

THROUGH: Kris Munro, Executive Director

### **RECOMMENDATION:**

Adopt Resolution No. FA 03-15-16 Approving, Authorizing and Directing Execution and Delivery of a Site Lease, a Lease Purchase Agreement and an Assignment Agreement and Authorizing Certain Additional Actions

### **BACKGROUND:**

The Santa Cruz City High School District is in the process of issuing its 2016 Lease Financing via a direct placement with a financial institution. For smaller, shorter-term financings, the direct placement method can be advantageous as it has lower issuance costs. The private placement lease financing is being done to finance field construction at Santa Cruz High School.

Under the oversight of the Dale Scott & Company, the District's financial advisor, Brandis Tallman, serving as placement agent, issued a request for proposals from potential lenders. The RFP was sent to twelve banks that are regular investors in California school district financings. The District received six responses with interest rates ranging from a low of 2.02% to a high of 3.43% (a summary of the results are attached). BB&T, the winning bidder for the 2015 Lease financing submitted the lowest cost bid for the 2016 Lease.

The role of the Santa Cruz City Schools Financing Authority is to assist its member districts with lease-based capital financings. By adopting the Resolution, the Board of Directors is approving this financing and approving a series of agreements in form only, which will be finalized by staff as we move towards the closing. A set of the draft agreements has been included in the Board packet for review.

### **FISCAL IMPACT:**

The total amount projected to be financed is \$1,600,000.

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**RESOLUTION NO. FA 03-15-16**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ  
CITY SCHOOLS FINANCING AUTHORITY APPROVING,  
AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF A  
SITE LEASE, A LEASE PURCHASE AGREEMENT, AND AN  
ASSIGNMENT AGREEMENT AND AUTHORIZING CERTAIN  
ADDITIONAL ACTIONS**

**WHEREAS**, the Santa Cruz City Schools Financing Authority (the "Authority"), a duly organized joint powers agency comprised of the Santa Cruz City High School District ("High School District") and the Santa Cruz City Elementary School District ("Elementary School District"), which two districts are operated by a joint administration and collectively referred to as Santa Cruz City Schools ("Santa Cruz City Schools"), is authorized to assist in financing and refinancing school facilities projects for the benefit of Santa Cruz City Schools; and

**WHEREAS**, the High School District intends to finance the construction of certain athletic improvements at Santa Cruz High School (the "Project");

**WHEREAS**, the High School District has requested the Authority to assist the High School District in financing the Project through the execution and delivery of a Lease Purchase Agreement;

**WHEREAS**, there has been presented to this meeting of the Board of Directors of the Authority (the "Board") the following documents:

1) Proposed form of Site Lease Agreement, by and between the High School District and the Authority (the "Site Lease");

2) Proposed form of Lease Purchase Agreement, by and between the High School District and the Authority (the "Lease Purchase Agreement"); and

3) Proposed form of Assignment Agreement, by and between the Authority and Branch Banking and Trust Company, a North Carolina banking corporation ("Lender") (the "Assignment Agreement");

**WHEREAS**, it appears to the Board that the authorization, approval, execution, and delivery of the Site Lease, the Lease Purchase Agreement, the Assignment Agreement, and other documents contemplated thereby or incidental thereto are desirable and in the best interests of the Authority.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Authority as follows:

Section 1. Recitals. This Board finds and determines that all of the above recitals are true and correct.

Section 2. Authorization of Officers to Execute and Deliver Documents. The Board hereby approves the form of the Site Lease, the Lease Purchase Agreement, and the Assignment Agreement as presented to this meeting and on file with the Executive Director of the Authority. The Board hereby authorizes and directs the Chair, Vice-Chair, Secretary, Treasurer and Executive Director of the Authority (the "Designated Officers"), and each of them individually, for and in the name of and on behalf of the Authority, to execute and deliver the Site Lease, the Lease Purchase Agreement, and the Assignment Agreement in substantially the form presented to this meeting, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the Designated Officer or Officers executing the documents for the Authority. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the Board's approval of any such changes, insertions, revisions, corrections, or amendments to the respective form of documents presented to this meeting.

Section 3. General Authorization. The Designated Officers and other officers of the Authority, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver any and all documents, to do any and all things, and to take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the delivery of the Site Lease, the Lease Purchase Agreement, and the Assignment Agreement and to effect the purposes of this Resolution. All actions heretofore taken by officers, employees, and agents of this Authority that are in conformity with the purposes and intent of this Resolution are hereby approved, confirmed, and ratified.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

The foregoing Resolution was duly passed at a meeting of the Board of Directors of the Santa Cruz City Schools Financing Authority held on May 11, 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Chair, Board of Directors  
Santa Cruz City Schools Financing Authority

RECORDING REQUESTED BY:  
Santa Cruz City High School District

WHEN RECORDED RETURN TO:  
Dannis Woliver Kelley  
750 B Street, Suite 2310  
San Diego, CA 92101  
Attn: Janet L. Mueller

---

**SITE LEASE**

**By and between**

**SANTA CRUZ CITY HIGH SCHOOL DISTRICT**

**And**

**SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY**

**Dated as of May 1, 2016**

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This recording is exempt from recording fees pursuant to California Government Code section 27383. This transfer is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

## SITE LEASE

This Site Lease, dated as of May 1, 2016 ("Site Lease"), by and between the Santa Cruz City High School District, a school district duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "District"), as lessor, and the Santa Cruz City Schools Financing Authority, a joint powers agency duly organized and validly existing under and by virtue of the laws of the State of California (the "Authority"), as lessee;

### WITNESSETH:

WHEREAS, the District intends to finance the construction of certain capital projects through the execution and delivery of a Lease Purchase Agreement, dated May 1, 2016 (the "Project");

WHEREAS, pursuant to the request of the District, the Authority will assist the District in financing the Project;

WHEREAS, such financing will be accomplished by: (i) the Authority's entering into this Site Lease with the District; (ii) the Authority's leasing back the property leased hereunder to the District pursuant to the Lease Purchase Agreement, dated May 1, 2016 and recorded concurrently herewith (the "Lease Purchase Agreement"), under which the District will be obligated to make Rental Payments to the Authority; (iii) the Authority's assignment without recourse of all rights to receive such Rental Payments to \_\_\_\_\_ (the "Assignee") pursuant to an Assignment Agreement dated as of May \_\_, 2016 and recorded concurrently herewith;

NOW THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree as follows:

Section 1. Leased Premises. The District hereby leases to the Authority, and the Authority hereby hires and leases from the District, on the terms and conditions hereinafter set forth, the real property located in the County of Santa Cruz, State of California, described in **Exhibit A** attached hereto and made a part hereof (the "Leased Premises") and the improvements located thereon.

Section 2. Term. The term of this Site Lease shall commence on the date of its execution and shall end on May 31, 2026 unless such term is extended or sooner terminated as hereinafter provided. If on May 31, 2026 the rental payable under the Lease Purchase Agreement shall have been abated at any time and for any reason, or the District shall have defaulted in its payment of rental or any other Event of Default has occurred thereunder and continues without cure by the District, then the term of this Site Lease shall be extended for a period of ten (10) years. When the aggregate rental paid under the Lease Purchase Agreement equals the total rental originally scheduled therein, or the District has prepaid its rental obligations pursuant to Section 4.8 of the Lease Purchase Agreement, and the District has paid and performed in full all of its other obligations under the Lease Purchase Agreement, the term of this Site Lease shall end ten (10) days thereafter or ten (10) days after written notice by the District to the Authority, whichever is earlier.

Section 3. Rental. The Authority shall pay to the District as and for advance rental hereunder for the entire term hereof the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_), on or before the date of commencement of the term of this Site Lease. The Authority hereby waives any right that it may have under the laws of the State of California to a rebate of such



rental in full or in part in the event there is substantial interference with the use and right to possession by the Authority of the Leased Premises or portion thereof as a result of material damage, destruction, or condemnation.

Section 4. Purpose. The Authority shall use the leased property solely for the purpose of leasing the Leased Premises, including the improvements thereon, to the District pursuant to the Lease Purchase Agreement and for such purposes as may be incidental thereto; provided that in the event of default by the District under the Lease Purchase Agreement the Authority may exercise the remedies provided in the Lease Purchase Agreement.

Section 5. Owner in Fee. The District covenants that it is the owner in fee of the Leased Premises described on **Exhibit A**.

Section 6. Assignment and Subleases. Unless the District is in default under the Lease Purchase Agreement, the Authority may not assign its rights under this Lease or sublet all or any portion of the Leased Premises except as provided in the Lease Purchase Agreement, without the prior written consent of the District. If the District is in default under the Lease Purchase Agreement, the successor-in-interest to the Authority may fully and freely assign and sublet the Leased Premises or any portion thereof, subject to this Site Lease.

Section 7. Right of Entry. The District reserves the right for any of its duly authorized representatives to enter upon the Leased Premises at any reasonable time to inspect the same or to make any repairs, improvements, or changes necessary for the preservation thereof.

Section 8. Surrender of Possession. The Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Premises to the District, without warranty as to condition.

Section 9. Default. If the Authority defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, and such default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the District may exercise any and all remedies granted by law, provided, however, that the District shall have no power to terminate this lease by reason of any default on the part of the Authority. In the event of an occurrence of an Event of Default under the Lease Purchase Agreement, the Authority may: (i) exercise the remedies provided in the Lease Purchase Agreement; (ii) use the Leased Premises for any lawful purpose, subject to applicable legal limitations or restrictions; and/or (iii) exercise all options provided herein.

Section 10. Quiet Enjoyment. At all times during the term of this Site Lease, the Authority shall peaceably and quietly have, hold and enjoy all of the Leased Premises.

Section 11. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Authority shall be solely liabilities of the Authority, and the District hereby releases each and every incorporator, director and officer of the Authority of and from any personal or individual liability under this Site Lease unless such person acted outside of the scope of his or her duties. No incorporator, director or officer of the Authority shall at any time or under any circumstances be individually or personally liable under this Site Lease to the District or to any other party for anything done or omitted to be done by the Authority hereunder.

Section 12. Taxes. The District covenants and agrees to pay any and all taxes and/or assessments of any kind or character, including possessory interest taxes, levied or assessed upon the Leased Premises (including both land and improvements).

Section 13. Eminent Domain. If the whole or any part of the improvements on the Leased Premises is taken by eminent domain proceedings, the effect of such taking hereunder shall be in accord with the provisions of the Lease Purchase Agreement relating thereto. The District hereby waives any and all rights that it has, or may hereafter have, to acquire the interest of the Authority in and to the Leased Premises through the eminent domain powers of the District.

Section 14. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order, or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and mailed by United States registered or certified mail, return receipt requested, postage prepaid, and if to the District, addressed to the District as follows:

Santa Cruz City High School District  
405 Old San Jose Road  
Soquel, CA 95073  
Attention: Assistant Superintendent, Business Services

or, if to the Authority, addressed to the Authority as follows:

Santa Cruz City Schools Financing Authority  
405 Old San Jose Road  
Soquel, CA 95073  
Attention: Secretary/Treasurer

or, if to the Assignee, addressed to the Assignee as follows:

Section 16. Headings. All section headings contained herein are for convenience or reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 17. Amendment. The Authority and the District may at any time amend or modify any of the provisions of this Site Lease, but only with the prior written consent of the Assignee.

Section 18. Third Party Beneficiary. The Assignee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

Section 19. No Merger. Neither this Site Lease, the Lease Purchase Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the District to the Leased Premises under this Site Lease and the District's leasehold interest therein under the Lease Purchase Agreement.

Section 20. Execution in Counterparts. This Site Lease may be executed separately by the District and the Authority and/or 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 lease, all with the same force and effect as though the same counterpart had been executed by both the District and the Authority.

IN WITNESS WHEREOF, the District and the Authority have caused this Site Lease to be executed as of the date first written above.

**LESSOR:**

**SANTA CRUZ CITY HIGH SCHOOL DISTRICT**

---

Kris Munro, Superintendent

**LESSEE:**

**SANTA CRUZ CITY SCHOOLS FINANCING  
AUTHORITY**

---

Alisun Thompson,  
Chair, Board of Directors

### **CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property conveyed by the Site Lease dated as of May 1, 2016 by and between the Santa Cruz City High School District and the Santa Cruz City Schools Financing Authority, a joint powers governmental agency, is hereby accepted by order of the Board of Directors of the Santa Cruz City Schools Financing Authority pursuant to authority conferred by Resolution No. FA \_\_-\_\_-\_\_ of the Santa Cruz City Schools Financing Authority adopted on May 11, 2016, and the grantee consents to recordation thereof by its duly authorized officer.

SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY

By: \_\_\_\_\_  
Alisun Thompson, Chair, Board of Directors

Date: \_\_\_\_\_

*[Acknowledgement on Following Page]*

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

On May \_\_\_\_, 2016, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

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

On May \_\_\_\_, 2016, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

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## EXHIBIT A

### LEASED PREMISES

The Leased Premises shall consist of Soquel High School located at 410 Soquel San Jose Road, Soquel, California 95073.

The legal description of the Leased Premises is as follows:

BEING A PART OF LANDS CONVEYED TO LOUISA J. O'NEILL AND J.P. O'NEILL, AS JOINT TENANTS, BY DEED RECORDED IN [VOLUME 1083 OF OFFICIAL RECORDS AT PAGE 135](#), SANTA CRUZ COUNTY RECORDS AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, TO WIT;

BEGINNING AT A 1/2 INCH IRON PIPE ON THE WESTERN BOUNDARY OF LANDS CONVEYED TO THE COUNTY OF SANTA CRUZ BY DEED RECORDED IN [VOLUME 1203 OF OFFICIAL RECORDS AT PAGE 250](#), SANTA CRUZ COUNTY RECORDS, FROM WHICH THE INTERSECTION OF SAID BOUNDARY WITH THE NORTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL BEARS NORTHEASTERLY ALONG A CURVE TO THE RIGHT FROM A TANGENT BEARING NORTH 8° 53' 47" EAST WITH A RADIUS OF 5030 FEET THROUGH AN ANGLE OF 3° 39' 13" A DISTANCE OF 320.75 FEET TO A POINT OF TANGENCY AND NORTH 12 33' EAST 263.65 FEET DISTANT; THENCE FROM SAID POINT OF BEGINNING ALONG A LINE PARALLEL TO AND DISTANT SOUTHERLY 580 FEET MEASURED AT RIGHT ANGLES FROM THE NORTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL, SOUTH 89° 36' WEST 1668.98 FEET TO A STATION FROM WHICH A 1/2 INCH IRON PIPE BEARS NORTH 89° 36' EAST 90.00 FEET DISTANT; THENCE SOUTH 0° 24' EAST 365.64 FEET; THENCE SOUTH 58° 05' EAST 634.45 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 21° 57' 50" EAST 172.05 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 0° 30' 10" EAST 103.83 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 25° 39' 20" WEST 215.60 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 19° 17' 40" EAST 98.32 FEET TO A 1/2" IRON PIPE; THENCE SOUTH 51° 22' 50" EAST 196.47 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 23° 23' 10" EAST 103.52 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 17° 08' 40" WEST 66.96 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 12° 00' 20" EAST 195.56 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 31° 07' 20" WEST 98.56 FEET TO THE NORTHEASTERN CORNER OF LANDS DESCRIBED AS PARCEL TWO IN DEED CONVEYING LANDS TO P.D. WILSON, ET UX., RECORDED IN [VOLUME 1200 OF OFFICIAL RECORDS AT PAGE 586](#), SANTA CRUZ COUNTY RECORDS; THENCE ALONG THE NORTHEASTERN BOUNDARY OF SAID LAST MENTIONED LANDS, SOUTH 13° 50' EAST 283.14 FEET TO AN ANGLE POINT ON THE SOUTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL; THENCE ALONG SAID LAST MENTIONED BOUNDARY, EAST 123.97 FEET, NORTH 81° 28' 10" EAST 223.79 FEET, NORTH 77° 44' 20" EAST 141.77 FEET, AND NORTH 64° 19' 10" EAST 77.91 FEET; THENCE ALONG THE EASTERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL, NORTH 18° 04' 10" EAST 103.18 FEET TO A 1/2 INCH IRON PIPE, NORTH 18° 04' 10" EAST 205.70 FEET, NORTH 85° 55' 50" WEST 101.64 FEET, NORTH 4° 48' WEST 98.82 FEET, NORTH 16° 48' WEST 135.29 FEET, SOUTH 89° 49' EAST 90.94 FEET, NORTH 20° 13' EAST 200.57 FEET, NORTH 1° 12' EAST 106.51 FEET, AND SOUTH 89° 01' EAST 163.12 FEET TO THE WESTERN BOUNDARY OF SAID LANDS CONVEYED TO THE COUNTY OF SANTA CRUZ; THENCE ALONG SAID LAST MENTIONED BOUNDARY, NORTH 1° 11' 30" WEST 329.86 FEET; THENCE NORTH 3 12' EAST 452.28 FEET TO A 1/2 INCH IRON PIPE; THENCE NORTHEASTERLY, CURVING TO THE RIGHT, FROM A TANGENT BEARING NORTH 4° 19' 50" EAST WITH A RADIUS OF 5030 FEET THROUGH AN ANGLE OF 4° 33' 57" FOR A DISTANCE OF 400.83 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF THE ABOVE LAND AS WAS CONVEYED TO THE COUNTY OF SANTA CRUZ BY THAT CERTAIN GRANT DEED RECORDED JULY 30, 1987 IN [VOLUME 4199, PAGE 817](#) AND RE-RECORDED SEPTEMBER 1, 1987 IN [VOLUME 4215, PAGE 880](#), OFFICIAL RECORDS OF SANTA CRUZ COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A STRIP OF LAND FOR STREET WIDENING PURPOSES, BEING A PORTION OF LANDS OF THE SANTA CRUZ CITY HIGH SCHOOL DISTRICT (SOQUEL HIGH SCHOOL) FOR THE CONSTRUCTION AND MAINTENANCE OF A SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BUS STOP, TURNOUT AND SHELTER DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON PIPE ON THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD AT THE NORTHERLY END OF THE COURSE "NORTH 3° 12' EAST 452.28 FEET", AS SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP RECORDED IN [VOLUME 32 OF MAPS AT PAGE 104](#), RECORDS OF SANTA CRUZ COUNTY, SAID POINT OF BEGINNING BEING ALSO ON THE EASTERLY BOUNDARY OF THE LANDS CONVEYED TO SANTA CRUZ CITY HIGH SCHOOL DISTRICT BY DEED RECORDED IN [VOLUME 1294 AT PAGE 253](#), OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE FROM SAID POINT OF BEGINNING ALONG THE WESTERLY LINE OF SOQUEL-SAN JOSE ROAD, SOUTH 3° 12' WEST 125.00 FEET; THENCE LEAVING THE LAST MENTIONED LINE, NORTH 86° 48' WEST 15.00 FEET; THENCE PARALLEL TO AND 15.00 FEET DISTANT FROM THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD, NORTH 3° 12' EAST 105.00 FEET; THENCE NORTH 86° 48' WEST 10.00 FEET; THENCE NORTH 3° 12' EAST 10.00 FEET; THENCE SOUTH 86° 48' EAST 10.00 FEET; THENCE NORTH 3° 12' EAST 60.00 FEET; THENCE SOUTH 86° 48' EAST 15.00 FEET TO THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD; THENCE ALONG THE LAST MENTIONED LINE 50 FEET TO THE POINT OF BEGINNING.

APN: [030-341-05](#)

(End of Legal Description)



RECORDING REQUESTED BY:

Santa Cruz City High School District

WHEN RECORDED RETURN TO:

Dannis Woliver Kelley  
ATTN: Janet L. Mueller  
750 B Street, Suite 2310  
San Diego, CA 92101

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**LEASE PURCHASE AGREEMENT**

**by and between**

**SANTA CRUZ CITY HIGH SCHOOL DISTRICT**

**and the**

**SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY**

**Dated as of**

**May \_\_, 2016**

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This recording is exempt from recording fees pursuant to California Government Code section 27383. This transfer is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

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## LEASE PURCHASE AGREEMENT

This Lease Purchase Agreement dated as of May 1, 2016, and entered into by and between the Santa Cruz City Schools Financing Authority (the "Authority"), a joint powers agency duly organized and existing under the laws of the State of California, as lessor, and the Santa Cruz City High School District (the "District"), a school district duly organized and validly existing under and by virtue of the laws of the State of California, as lessee.

### WITNESSETH:

WHEREAS, the District intends to finance the construction of certain capital projects through the execution and delivery of this Lease Purchase Agreement (the "Project");

WHEREAS, the Authority has agreed to assist the District in financing the Project by entering into the Site Lease dated as of May 1, 2016 (which has been recorded concurrently herewith) with the District, pursuant to which the District has agreed to lease the property described on **Exhibit A** hereto together with all present and future improvements located thereon and furniture installed or located therein (collectively, the "Facilities") to the Authority and the Authority will lease the Facilities back to the District and the District will make Rental Payments to the Authority as herein provided; and

WHEREAS, the Authority has agreed to assist the District in financing the Project by entering into this Lease Purchase Agreement, pursuant to which the Authority will lease to the District the Facilities for the Rental Payments described herein;

WHEREAS, the Authority desires to lease the Facilities to the District and the District desires to lease the Facilities from the Authority subject to the terms and conditions of and for the purposes set forth in this Lease Purchase Agreement; and

WHEREAS, the District is authorized to enter into this Lease Purchase Agreement for the purposes and subject to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree as follows:

### ARTICLE 1 DEFINITIONS; OTHER PROVISIONS OF GENERAL APPLICABILITY

1.1 Definitions. For all purposes of this Lease Purchase Agreement and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires:

- (A) The terms defined in this Section shall have the meanings herein specified and include the plural as well as the singular.
- (B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.
- (C) All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of applicability thereof.

- (D) All references herein to "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Lease Purchase Agreement as originally executed.
- (E) The words "herein," "hereof," "hereby," "hereunder," and other words of similar import refer to this Lease Purchase Agreement as a whole and not to any particular Article, Section, or other subdivision.
- (F) Words of any gender shall mean and include words of all other genders.

**Applicable Environmental Laws** means and shall include, but shall not be limited to, the "Comprehensive Environmental Response, Compensation" and Liability Act ("CERCLA"), title 42 of the United States Code sections 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), title 42 of the United States Code sections 6901 et seq.; the Federal Water Pollution Control Act, title 33 of the United States Code sections 1251 et seq.; the Clean Air Act, title 42 of the United States Code sections 7401 et seq.; the California Hazardous Waste Control Law ("HWCL"), California Health and Safety Code sections 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), California Health and Safety Code sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code sections 1300 et seq.; the Air Resources Act, California Health and Safety Code sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health and 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:

- (1) the existence, cleanup, and/or remedy of contamination on property;
- (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (3) the control of hazardous wastes; or
- (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

**Assignment Agreement** means the Assignment Agreement, dated May 1, 2016, between the Authority and the Lender pursuant to which the Authority assigns all of its rights under the Site Lease and the Lease Purchase Agreement to the Lender.

**Authority** means the Santa Cruz City Schools Financing Authority or its successors or assigns as lessee under the Site Lease and lessor hereunder.

**Business Day** means any day other than a Saturday, Sunday, or a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed.

**Closing Date** means May 25, 2016, or such other date as the District and Lender shall agree.

**Code** means the Internal Revenue Code of 1986 and the regulations applicable to or issued thereunder.

**District** means the Santa Cruz City High School District.

**Effective Interest Rate** means the rate of interest per annum specified on **Exhibit B**.

**Event of Default** means any of the events specified in Section 7.01 herein.

**Facilities** means the real property described in **Exhibit A** attached to this Lease Purchase Agreement together with all present and future improvements located thereon and furniture installed or located therein.

**Fiscal Year** means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other twelve-month period hereafter selected and designated as the official fiscal year period of the District.

**Funding Date** means the date payment is made by the Authority to or for the account of the District under the Site Lease.

**Hazardous Substance** means any substance that shall, at any time, be listed as "hazardous" or "toxic" in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Facilities, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. § 2011 et seq.).

**Insurance Consultant** means any independent person with experience in consulting on the insurance requirements of governmental entities of the general size and character of the District, selected by the District.

**Lease Purchase Agreement** means this Lease Purchase Agreement by and between the Authority and the District, dated May \_\_, 2016, wherein the Authority leases the Facilities to the District, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof.

**Lender** means \_\_\_\_\_, as assignee of the Authority under the Assignment Agreement.

**Net Proceeds** means the amount remaining from the gross proceeds of any insurance claim or condemnation award made in connection with the Facilities, after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

**Opinion of Counsel** means a written opinion of a law firm experienced in matters relating to obligations, the interest on which is excluded from gross income for federal income tax purposes, selected by the District.

**Payment Dates** mean May 1 and November 1 in each year, commencing November 1, 2016.

**Person** means a natural person, firm, association, partnership, trust, the Authority, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

**Rental Payments** means the Rental Payments payable by the District pursuant to the provisions of the Lease Purchase Agreement.

**Site Lease** means the Site Lease by and between the District and the Authority, dated May 1, 2016, and recorded concurrently herewith, wherein the District leases the Facilities to the Authority, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof and thereof.

**Special Counsel** means (a) the law firm of Dannis Woliver Kelley, and/or (b) any other attorney or firm of attorneys acceptable to the Lender of nationally recognized expertise with respect to legal matters relating to obligations, the interest on which is excludable from gross income for federal income tax purposes.

**State** means the State of California.

**Statement, Certificate, Request, Requisition, and Order of the District** mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the District by the Superintendent or the Assistant Superintendent, Business Services, of the District, or any other person authorized by the District to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

**Tax Certificate** means the tax certificate delivered by the District at the time of the execution and delivery of this Lease Purchase Agreement, as the same may be further amended or supplemented in accordance with its terms.

1.2 **Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to:

**District:** Santa Cruz City High School District  
405 Old San Jose Road  
Soquel, CA 95073  
Attention: Assistant Superintendent, Business Services

**Authority:** Santa Cruz City Schools Financing Authority  
405 Old San Jose Road  
Soquel, CA 95073  
Attention: Secretary/Treasurer,

**Lender:**

The District, the Authority, and the Lender may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

1.3 **Successors and Assigns.** Whenever in this Lease Purchase Agreement either the District, the Authority, or the Lender is named or referred to, such reference shall be deemed to include the successors or assigns thereof; and all the covenants and agreements in this Lease Purchase Agreement contained by, on behalf of, or for the benefit of the District, the



Authority, or the Lender shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

1.4 Benefits of Agreement. Nothing in this Lease Purchase Agreement expressed or implied is intended, or shall be construed, to give to any person other than the District, the Authority, and the Lender as the Authority's assignee, any legal or equitable right, remedy, or claim under or in respect to this Lease Purchase Agreement or any covenant, condition, or provision herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Authority, and the Lender as the Authority's assignee.

1.5 Amendments. This Lease Purchase Agreement may be altered, amended, or modified in writing as may be mutually agreed by the Authority and the District, subject to the prior written approval of the Lender.

1.6 Effect of Headings and Table of Contents. The headings or titles of the Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience and shall not affect the meaning, construction, or effect of this Lease Purchase Agreement.

1.7 Validity and Severability. If anyone or more of the provisions contained in this Lease Purchase Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Lease Purchase Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Lease Purchase Agreement, and this Lease Purchase Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District and the Authority hereby declare that they would have adopted this Lease Purchase Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Lease Purchase Agreement may be held illegal, invalid, or unenforceable.

If any of the covenants and conditions of the District hereunder, including the covenant to pay rentals hereunder, is, for any reason, held to be unenforceable for the full term hereof, and in such event this Lease Purchase Agreement is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the District annually in consideration of the right of the District to possess, occupy, and use the Facilities, then all of the rental and other terms, provisions, and conditions of this Lease Purchase Agreement, 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.

1.8 Governing Law. This Lease Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

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

## **ARTICLE 2**

### **REPRESENTATIONS OF AUTHORITY AND DISTRICT**

2.1 Representations of Authority. The Authority represents and covenants for the benefit of the District, the Lender and their assignees as follows:

- (A) Valid Existence. The Authority has been duly organized and is validly existing as a joint powers agency under the laws of the State of California.
- (B) Power to Enter into Agreements. The Authority is authorized under the terms of the Joint Powers Agreement and applicable law to enter into the Site Lease, this Lease Purchase Agreement, and the Assignment Agreement and perform all of its obligations thereunder and hereunder.
- (C) Due Authorization. This Lease Purchase Agreement, the Site Lease, and the Assignment Agreement have been duly authorized by all necessary action on the part of the Authority.
- (D) Enforceability of Agreements. The Authority represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of the Site Lease, this Lease Purchase Agreement, and the Assignment Agreement (except as such enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and by the application of equitable principles).

2.2 Representations of District. The District hereby represents and covenants for the benefit of the Authority, the Lender, and their assignees as follows:

- (A) Valid Existence. The District has been duly organized and is validly existing as a school district under the laws of the State.
- (B) Power to Enter into Agreements. The District is authorized under the California Education Code to enter into the Site Lease and this Lease Purchase Agreement and perform all of its obligations thereunder and hereunder.
- (C) Due Authorization. The Site Lease and this Lease Purchase Agreement have been duly authorized by all necessary action on the part of the District.
- (D) Enforceability of Agreements. The District represents, covenants, and warrants that the Site Lease and this Lease Purchase Agreement are valid and binding obligations of the District, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles.
- (E) No Violation of Law or Breach of Contract. The execution and delivery of the Site Lease and this Lease Purchase Agreement and compliance with the provisions thereof and hereof will not: (i) violate any applicable provision of statutory law or regulation; (ii) breach or otherwise violate any existing obligation of the District under any court order or administrative decree to which the District is subject; or (iii) breach, or result in a default under, any loan agreement, note, resolution, indenture, contract, agreement, or other instrument to which the District is a party or is otherwise subject or bound.

- (F) No Adverse Litigation. No litigation is pending before any court or administrative agency or, to the knowledge of the District, threatened against the District (i) regarding the Facilities or the District's use of the Facilities for the purposes contemplated by the Site Lease or the Lease Purchase Agreement, or (ii) that will materially adversely affect the ability of the District to perform its obligations under the Site Lease and the Lease Purchase Agreement.
- (G) No Defaults. The District has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Purchase Agreement, or under any of its bonds, notes, or other debt obligations.
- (H) Fee Title; Encumbrances. The District is the owner in fee of title to the Facilities. No lien or encumbrance on the Facilities materially impairs the District's use of the Facilities for the purposes for which they are, or may reasonably be expected to be, held. The Site Lease and this Lease Purchase Agreement are the only leases that encumber the Facilities.
- (I) Use of the Facilities. During the term of this Lease Purchase Agreement, the Facilities will be used by the District only for the purpose of performing one or more governmental or proprietary functions of the District consistent with the permissible scope of the District's authority. The Facilities are essential to the District's efficient and economic operations and the lease thereof for use by the District is in the best interest of the District.
- (J) Current Compliance. The District is in all material respects in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to the Facilities.
- (K) Hazardous Substances. To the best of the District's knowledge, the Facilities are free of all Hazardous Substances.
- (L) Flooding Risk. To the best of the District's knowledge, the Facilities are not located in a flood hazard area and have never been subject to material damage from flooding.
- (M) Value of Facilities. The insured value of the Facilities is no less than \$\_\_\_\_\_.
- (N) Financial Condition. The financial statements of the District for the year ended June 30, 2015, supplied to the Lender (i) were prepared in accordance with generally accepted accounting principles, consistently applied, and (ii) fairly present the District's financial condition as of the date of the statements. There has been no material adverse change in the District's financial condition subsequent to June 30, 2015.
- (O) No Qualified or Negative Certification. The District has not filed a qualified or negative certification (nor has the county superintendent classified the District's certification as qualified or negative) pursuant to Education Code section 42131 in the current or immediately preceding fiscal year.

- (P) Role of the Lender. The District acknowledges that: (i) the Lender is acting in this financing transaction solely for its own account and not as a fiduciary for the District or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor; (ii) the Lender has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the District with respect to this financing; and (iii) the District has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the financing transaction from its financial, legal, and other advisors (and not the Lender) to the extent that the District desired to obtain such advice.
- (Q) Accuracy of Information. All information, reports and other papers and data furnished by the District to the Lender were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Lender a true and accurate knowledge of the subject matter and were provided in expectation of the Lender's reliance thereon in entering into the transactions contemplated by this Lease Purchase Agreement. No fact is known to the District which has had or, so far as the District can now reasonably foresee, may in the future have, a material adverse effect, which has not been set forth in the financial statements previously furnished to the Lender or in other such information, reports, papers and data, or otherwise disclosed in writing to the Lender prior to the Closing Date. Any financial, budget and other projections furnished to the Lender by the District 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 date of this representation represent, the District's best estimate of its future financial performance. No document furnished and no representation, warranty or other written statement made to the Lender in connection with the negotiation, preparation or execution of this Lease Purchase Agreement contains, or will contain, any untrue statement of a material fact or omits, or will omit, to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

### **ARTICLE 3 LEASE OF FACILITIES**

3.1 Lease of Facilities. The Authority hereby demises and leases to the District, and the District hereby rents and hires from the Authority, the Facilities in accordance with the provisions of this Lease Purchase Agreement, to have and to hold for the term of this Lease Purchase Agreement.

3.2 Lease Term; Occupancy.

- (A) Term. The term of this Lease Purchase Agreement shall commence on the Funding Date and shall end on May 31, 2026, unless such term is extended or sooner terminated as hereinafter provided. If on May 31, 2026, the rental payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental abatement insurance or other sources, or the

District shall have defaulted in its payment of rental hereunder or any Event of Default has occurred and continues without cure by the District, then the term of this Lease Purchase Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, but in no event shall such extension exceed ten (10) years. When the aggregate rental paid under this Lease Purchase Agreement equals the total rental originally scheduled herein, and the District has paid and performed in full all of its other obligations under this Lease Purchase Agreement, the term of this Lease Purchase Agreement shall end ten (10) days thereafter or ten (10) days after written notice by the District to the Authority, whichever is earlier.

- (B) Occupancy. The District will take possession of the Facilities upon commencement of the term of this Lease Purchase Agreement.

3.3 Modifications to the Facilities. Subject to Section 5.5 hereof, the District shall, at its own expense, have the right to remodel, make alterations or improvements to, or attach fixtures, structures, or signs to the Facilities if the alterations, improvements, fixtures, structures, or signs are necessary or beneficial for the use of the Facilities by the District, provided, however, that such actions by the District shall not materially adversely affect the value of the Facilities.

3.4 Title to the Facilities. At all times during the term of this Lease Purchase Agreement, the District will hold leasehold title to the Facilities, subject to the Site Lease. Upon the termination of this Lease Purchase Agreement (other than under Section 7.2(A) hereof), all right, title and interest of the Authority in and to the Facilities shall be transferred to and vested in the District. Upon the payment in full of all Rental Payments, all right, title and interest of the Authority in and to the Facilities shall be transferred to and vested in the District. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer of title.

## **ARTICLE 4 RENTAL PAYMENTS**

4.1 Rental Payments. The District agrees to pay to the Authority, its successor or assigns, as annual rental for the use of the Facilities (subject to the provisions of Section 4.6) the following amounts, at the following times, in the manner hereinafter set forth:

- (A) Amount and Timing. The District shall pay rental payments, comprising principal and interest components, in semi-annual installments of the amounts and at the times set forth in the Schedule of Rental Payments attached as **Exhibit B** hereto. The interest components of the Rental Payments shall be paid by the District as, and constitute interest paid on, the principal components of the Rental Payments.
- (B) Extension of Lease Term. If the term of this Lease Purchase Agreement shall have been extended pursuant to Section 3.2 hereof because of an abatement of rental, Rental Payments shall continue to be due as described herein. Rental Payment installments shall continue to be payable in installments on May 1 and November 1 in each year, continuing to and including the date of termination of this Lease Purchase Agreement. Upon such extension of this Lease Purchase Agreement, the principal and interest components of the Rental Payments shall be established so that the principal components will, in the aggregate, be sufficient to pay all unpaid principal components and the

interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at the Effective Interest Rate, computed on the basis of a 360-day year composed of twelve 30-day months.

- (C) Rental Period. Each payment of Rental Payments shall be for the use of the Facilities for the six-month period commencing on the May 2 or November 2, as applicable, of the period in which such installments are payable (except that the first rental period shall commence on the Funding Date and end on November 1, 2016.
- (D) Medium and Place of Payment. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to, or upon the order of, the Lender, as assignee of the Authority.
- (E) Rate on Overdue Payments. Any Rental Payment installment that is not paid when due shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate required by law, from the date the installment was due hereunder until the same shall be paid.
- (F) Failure to Maintain Tax Exemption. If the Lender either: (i) receives notice, in any form, from the Internal Revenue Service; or (ii) reasonably determines, based on an opinion of Special Counsel, in either case that the Lender may not exclude the interest component of any Rental Payment from gross income for federal income tax purposes due to the District's action or failure to take any action, then the District shall pay to the Lender, within thirty (30) days after the Lender notifies the District of such determination, the amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of all Rental Payments due through the date of such event) that are imposed on Rental Payments as a result of the loss of the exclusion, will restore to the Lender the same after tax yield on the transaction evidenced by this Lease Purchase Agreement (assuming tax at the highest marginal corporate tax rate) that it would have realized had the exclusion not been lost. Additionally, the District agrees that upon the occurrence of such an event, it shall thereafter pay additional rent on each succeeding Payment Date in such amount as will maintain such after tax yield to the Lender.

4.2 Allocation of Rental Payment. All Rental Payments received shall be applied first to the interest components of the Rental Payments due hereunder, then to the principal components of the Rental Payments due hereunder, but in no event shall the application of any payments that are less than the total rental due and owing be deemed a waiver of any default hereunder.

4.3 No Offsets. Notwithstanding any dispute between the Authority and the District, the District shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the District was not liable for the Rental Payments or any portion thereof, the payments or excess payments, as the case may be, shall, at the option of

the District, be credited against subsequent Rental Payments due hereunder or be refunded at the time of such determination.

4.4 Net Lease. This Lease Purchase Agreement shall be deemed and construed to be a "net-net-net lease" and the District hereby agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges, or setoffs whatsoever.

4.5 Covenant to Budget and Appropriate. The District covenants and agrees to take such action as may be necessary to include all Rental Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Rental Payments. Annually, within thirty days of the adoption of the budget, the District will furnish to the Lender and the Authority a Certificate of the District certifying that such budget contains the necessary appropriation for all Rental Payments. If requested in writing by either the Authority or the Lender, the District will furnish a copy of such budget. The agreements and covenants on the part of the District 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 District to take such action and do such things as are required by law in the performance of their official duties to enable the District to carry out and perform the agreements and covenants in this Lease Purchase Agreement as agreed upon by the District.

4.6 Abatement of Rental. Rental Payments shall be abated proportionately during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to, any portion of the Facilities, there is substantial interference with the use and possession of the Facilities or a portion thereof. The amount of abatement shall be such that the resulting Rental Payments represent fair consideration for the use and possession of the portion of the Facilities not so interfered with. Such abatement shall commence with the date of such interference and shall end only with cure thereof.

The District waives the benefits of Civil Code sections 1932, subdivision 2, and 1933, subdivision 4, and any and all other rights to terminate this Lease Purchase Agreement by virtue of any such damage or destruction.

4.7 Contributions/Advances. Nothing contained in this Lease Purchase Agreement shall prevent the District from making contributions or advances to the Authority from time to time for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Facilities in the event of damage to or the destruction of the Facilities.

4.8 Optional Prepayment. On any Payment Date on or after \_\_\_\_\_, the District may prepay its obligations hereunder in whole by paying to the Lender a prepayment price equal to one hundred percent (100%) of the unpaid principal components of the Rental Payments plus interest thereon from the last Payment Date to the date fixed for prepayment at the Effective Interest Rate, computed on the basis of a 360-day year composed of twelve 30-day months, plus the amount of any interest components of the Rental Payments that were abated and that have not otherwise been paid from rental abatement insurance or other sources or paid during an extension of the lease term, if any.

The District shall, at least thirty (30) days prior to such prepayment, notify the Lender in writing of its intention to prepay its obligations hereunder. The District agrees that, if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments. Upon

such prepayment and satisfaction of all other obligations of the District hereunder, the term of this Lease Purchase Agreement shall terminate.

4.9 Special Optional Prepayment. On any day on or after May 1, 2017, the District may prepay its obligations hereunder from general obligation bond proceeds in whole or in part by paying to the Lender a prepayment price equal to one hundred percent (100%) of the unpaid principal components of the Rental Payments plus interest thereon from the last Payment Date to the date fixed for prepayment at the Effective Interest Rate, computed on the basis of a 360-day year composed of twelve 30-day months, plus the amount of any interest components of the Rental Payments that were abated and that have not otherwise been paid from rental abatement insurance or other sources or paid during an extension of the lease term, if any.

The District shall, at least thirty (30) days prior to such prepayment, notify the Lender in writing of its intention to prepay its obligations hereunder. The District agrees that, if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments. Upon such prepayment and satisfaction of all other obligations of the District hereunder, the term of this Lease Purchase Agreement shall terminate.

4.10 Prepayment from Insurance or Eminent Domain. The District shall prepay the unpaid principal components of the Rental Payments in whole on any date, or in part on any Payment Date, from and to the extent of any Net Proceeds of insurance award or eminent domain award allocated to the Facilities and to be applied for purposes of such prepayment under Article 4, by paying a prepayment price equal to one hundred three percent (103%) of the aggregate principal components of the Rental Payments to be prepaid, plus accrued interest on such prepaid principal components to the prepayment date. The District shall give the Authority notice of prepayment of Lease Payments under this Section not less than thirty (30) days in advance of such prepayment date. Prepayment in part of the unpaid principal components of Rental Payments as provided in this Section 4.9 shall be applied to reduce the principal components of Rental Payments in inverse order of the Payment Dates.

## **ARTICLE 5 COVENANTS**

5.1 Quiet Enjoyment. The Authority hereby covenants to provide the District during the term of this Lease Purchase Agreement with quiet use and enjoyment of the Facilities and the District shall during the term of this Lease Purchase Agreement peaceably and quietly have, hold, and enjoy the Facilities without suit, trouble, or hindrance from the Authority, so long as the District observes and performs its covenants and agreements and is not in default hereunder.

5.2 Right of Entry. The Authority and its assignees shall have the right (but not the duty) to enter the Facilities during reasonable business hours (and in emergencies at all times) (i) to inspect the same; (ii) for any purpose connected with the Authority's or the District's rights or obligations under this Lease Purchase Agreement; and (iii) for all other lawful purposes.

5.3 Maintenance of the Facilities by the District. The District agrees that, at all times during the term of this Lease Purchase Agreement, the District will, at the District's own cost and expense, maintain, preserve, and keep the Facilities and every portion thereof in good



repair, working order, and condition and that the District will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.

#### 5.4 Taxes and Other Governmental Charges.

- (A) Taxes and Other Governmental Charges on the Facilities. The parties to this Lease Purchase Agreement contemplate that the Facilities will be used for governmental purposes of the District and, therefore, that the Facilities will be exempt from all taxes presently assessed and levied with respect to property. In the event that the use, possession, or acquisition by the District, the Authority, or the Lender of the Facilities, or the assignment of the Authority's interests therein to the Lender, is found to be subject to taxation in any form, the District shall pay during the term of this Lease Purchase Agreement, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities, and any equipment or other property acquired by the District in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Facilities; provided that, with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are accrued during such time as this Lease Purchase Agreement is in effect.
- (B) Utility Charges. The District shall pay or cause to be paid all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility, and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Facilities.
- (C) Contest of Charges. In good faith, the District may, at the District's expense and in its name, contest any taxes, assessments, or other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Lender shall notify the District that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes, assessments, or charges or provide the Authority with full security against any loss that may result from nonpayment, in form satisfactory to the Authority and the Lender.

5.5 Liens. In the event the District shall at any time during the term of this Lease Purchase Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Facilities, the District shall pay, when due, all sums of money that may become due for, or purporting to be due for, any labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to or for the District in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the District shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so in good faith. 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 the stay thereafter expires, the District shall forthwith pay (or cause to be paid) and discharge such

judgment. The District agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority, the Lender, their directors, agents, successors and assigns, harmless from and against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

5.6 Environmental Covenants. Compliance with Laws; No Hazardous Substances. The District will comply with all Applicable Environmental Laws with respect to the Facilities and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Facilities. The District shall indemnify and hold the Authority and the Lender harmless from any liabilities, damages, or expenses incurred in connection with a violation by the District of this Section 5.6.

- (A) Remediation. The District shall conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances on, from, or affecting the Facilities, in accordance with all Applicable Environmental Laws and in accordance with the orders and directives of all Federal, State and local governmental authorities.
- (B) Notification of the Lender. The District will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Facilities, and any operations conducted thereon, and/or any conditions existing thereon to the Lender. The District will notify the Lender in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Facilities, the people, structures, and/or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Lender.
- (C) Access for Inspection. The District will permit the Lender, its agents, or any experts designated by the Lender to have full access to the Facilities during reasonable business hours for purposes of conducting independent investigation(s) for compliance with all Applicable Environmental Laws, provided that the Lender has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

5.7 Assignment and Subleasing. Neither this Lease Purchase Agreement nor any interest of the District hereunder shall be mortgaged, pledged, assigned, sublet, or transferred by the District by voluntary act or by operation of law or otherwise, except with the prior written consent of the Lender, which, in the case of subletting, shall not be unreasonably withheld, provided that: (i) such subletting shall not, in the written opinion of Special Counsel delivered to the Lender, affect the tax-exempt status of the interest components of the Rental Payments payable by the District hereunder; (ii) the District shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Lender a true and complete copy of such sublease; and (iii) no such sublease by the District may cause the Facilities to be used for a purpose which is not authorized under the provisions of the laws of the State. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the District to make the Rental Payments required hereunder, and any such sublease shall be subject to and subordinate to the Site Lease and this Lease. Notwithstanding the foregoing, the District may allow use of the Facilities by civic groups

pursuant to the provisions of the Civic Center Act (California Education Code sections 38130 and following) and by State and local agencies for their governmental purposes pursuant to joint use agreements and similar arrangements.

**5.8 District Consent to Assignment.** Certain of the Authority's rights under this Lease Purchase Agreement, including the right to receive and enforce payment of the Rental Payments, are being assigned to the Lender pursuant to the Assignment Agreement. The District hereby consents to such assignment and to any additional assignment of such rights by the Lender or its assignees. The District agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which reasonably may be requested by the Authority, the Lender, or its assignees to protect their interests in the Facilities and in this Lease Purchase Agreement.

The Lender may further assign its rights under this Lease Purchase Agreement in whole or in part to one or more assignees or sub-assignees, without the necessity of obtaining the consent of the District; provided, that any such assignment, transfer or conveyance:

- (A) shall be made only to: (i) persons, each of whom the Lender reasonably believes is a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act or an "accredited investor" as defined in Sections 501(a)(1), (2), (3) and (7) of Regulation D promulgated under the Securities Act; or (ii) a trust, partnership, custodial arrangement or similar entity, the interests of which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors;
- (B) shall not result in the creation of any interest in the assigned rights in an aggregate principal component that is less than \$100,000; and
- (C) shall not require the District to make Rental Payments to, send notices to or, with respect to matters arising under this Lease Purchase Agreement, otherwise deal with, more than one trustee, owner, servicer, or other fiduciary or agent (herein referred to as the "Lease Servicer").

Any trust agreement, participation agreement, or custodial agreement under which multiple ownership interests in the assigned rights are created, shall provide the method by which the owners of such interests shall establish the rights and duties of a single Lease Servicer to act on their behalf with respect to the assigned rights, including the exercise of rights and remedies on behalf of such owners upon the occurrence of an Event of Default hereunder.

The Authority (including the initial assignee pursuant to the Assignment) and the District hereby acknowledge and agree that the restrictions and limitations on transfer as provided in this Section 5.8 shall apply to the first and subsequent assignees and sub-assignees of any of the assigned rights (or any interest therein).

No assignment, transfer or conveyance permitted by this Section 5.8 that changes the Lease Servicer or its payment instructions or mailing address shall be effective until the District receives written notice of assignment that discloses the name, payment instructions and address of each assignee; provided, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests evidencing interests in the assigned rights, it shall thereafter be sufficient that the District receives notice of the name, payment instructions and address of such bank or trust company that acts as the Lease Servicer. During the term of this Lease

Purchase Agreement, the District shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. The District shall retain all such notices as a register of all assignees and shall make all payments to the Lender or Lease Servicer designated in such register. The District shall not have the right to, and shall not, assert against the initial assignee or any subsequent assignee any claim, counterclaim or other right that the District may have against the Authority. If an assignee notifies the District of its intent to assign the assigned rights (or any interest therein) to a different Lease Servicer, the District agrees that it shall execute and deliver to the requesting assignee a notice and acknowledgment of assignment in form reasonably required by such assignee within five (5) business days after its receipt of such request.

5.9 Authority's Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY, OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR FITNESS FOR USE OF THE FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE DISTRICT ACKNOWLEDGES THAT THE AUTHORITY HAS NOT CONSTRUCTED THE FACILITIES AND IS NOT A REAL ESTATE BROKER, THAT THE DISTRICT LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event shall the Authority or the Lender be liable for any incidental, indirect, special, or consequential damage in connection with, or arising out of, this Lease Purchase Agreement or the existence, furnishing, functioning, or the District's use of the Facilities, or any item or products or services provided for in this Lease Purchase Agreement.

5.10 Authority and Lender Not Liable; Indemnification of the Authority and the Lender. The Authority and the Lender and their directors, officers, agents, and employees shall not be liable to the District, or to any other party, for any death, injury, or damage that may result to any person or property by or from any cause in, on, or about the Facilities.

The District shall to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Authority and its assignees (including the Lender) and their directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of, or as the result of, entering into this Lease Purchase Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the Facilities, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the Facilities, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Facilities 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 District or the Authority; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease Purchase Agreement or the termination of the term of this Lease Purchase Agreement for any reason. The District and the Authority mutually agree to promptly give notice to the Lender of any claim or liability hereby indemnified against following either's learning thereof.

5.11 Federal Income Tax Covenants.

- (A) Tax Exemption. The District shall at all times do and perform all acts and things permitted by law and this Lease Purchase Agreement that are necessary and desirable in order to assure that the interest component of the Rental Payments will be excluded from gross income for federal income tax purposes and shall

take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the payment in full of the District's obligations hereunder.

- (B) Small Issuer Exemption from Bank Nondeductibility Restriction. The District hereby designates this Lease Purchase Agreement for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Code, except certain qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code, and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Lease Purchase Agreement, has been or will be issued by the District, including all subordinate entities of the District, during the calendar year 2016.

5.12 Further Assurances. The District and the Authority 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 be necessary or proper to carry out the intention or to facilitate the performance of this Lease Purchase Agreement.

5.13 Financial Statements. During the term of this Lease Purchase Agreement, the District shall furnish or cause to be furnished to the Lender, at the District's expense: (i) the audited financial statements of the District within six (6) months of the end of the Fiscal Year, or as soon as practicable thereafter; and (ii) any interim or unaudited financial statements that may be reasonably requested by the Lender as soon as available. Any audited financial statements furnished to the Lender shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the District's financial condition as of the date of the statements.

## **ARTICLE 6 INSURANCE; EMINENT DOMAIN**

6.1 Insurance Covenant. At its own expense, the District shall maintain: (i) casualty insurance insuring the Facilities against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State of California and any other risks reasonably required by the Lender in an amount equal to 100% of the replacement cost without deduction for depreciation; (ii) liability insurance that protects the Lender from liability in all events in a reasonable amount satisfactory to the Lender; (iii) rental abatement insurance in an amount equal to at least two years' Rental Payments; and (iv) workers' compensation insurance covering all employees working on, in, near, or about the Facilities.

6.2 Alternative Risk Management. The District may provide the insurance required by Section 6.1 through: (i) a self-insurance method or plan of protection, except for rental abatement insurance, and otherwise only with the Lender's prior written consent; (ii) a program involving captive insurance companies; (iii) participation in state or federal insurance programs; (iv) participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint

exercise of powers agencies; or (v) establishment or participation in other alternative risk management programs.

6.3 Recordation Hereof; Title Insurance. On or before the Closing Date, the District shall, at its own expense: (i) cause this Lease Purchase Agreement, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Santa Cruz County Recorder with respect to the Facilities; and (ii) obtain a CLTA title insurance policy, from a title policy underwriter approved by the Lender, insuring the Lender's interests in the leasehold estate established hereunder in the Facilities in an amount equal to the original principal components of the Rental Payments. The District will apply the Net Proceeds received under such title insurance policy to prepay the remaining Rental Payments under Section 4.9.

6.4 General Insurance Provisions. All such insurance shall be with insurers that are authorized to issue such insurance in the State (other than the workers' compensation insurance), shall name the Lender as an additional insured, and shall contain a provision to the effect that such insurance shall not be cancelled or modified materially and adversely to the interest of the Lender without first giving written notice thereof to the Lender at least ten (10) days in advance of such modification or cancellation. Such changes shall not become effective without the Lender's prior consent, which consent shall not be unreasonably withheld. All such casualty insurance and title insurance shall contain a provision making any losses payable to the Lender and the District as their respective interests may appear. All insurance proceeds from rental abatement insurance shall be paid to the Lender or its assigns and shall be credited toward the payment of Rental Payments in the order in which the Rental Payments come due and payable. The District shall, at the Lender's request, furnish to the Lender certificates evidencing the required coverage.

6.5 Advances. In the event the District fails to maintain the full insurance coverage required by this Lease Purchase Agreement or fails to keep the Facilities in good repair and operating condition, the Lender may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and the District agrees to reimburse the Lender all amounts so advanced within thirty (30) days of a written request therefor, with interest at the rate set forth in Section 4.1(E) hereof.

6.6 Damage, Destruction, and Condemnation. If (i) the Facilities or any portion thereof is damaged or destroyed, in whole or in part, or (ii) title to, or the temporary use of, the Facilities or any part thereof is taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or authority acting pursuant to governmental authority, the District and the Authority shall cause the proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt repair, reconstruction, or replacement of the Facilities, unless the District has exercised its right to prepay this Lease Purchase Agreement as provided herein. Any balance

of the proceeds not required for such repair, reconstruction, or replacement shall be paid to the District.

## **ARTICLE 7 DEFAULT AND REMEDIES**

7.1 Events of Default. The following events shall be Events of Default:

- (A) Payment Default. Failure of the District to pay any Rental Payments payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Lease Purchase Agreement;
- (B) Breach of Covenant. Failure of the District to keep, observe, or perform any other term, covenant or condition contained herein to be kept or performed by the District for a period of thirty (30) days after notice of the same has been given to the District by the Authority or the Lender;
- (C) Transfer of District's Interest. Assignment or transfer of the District's interest in this Lease Purchase Agreement or any part hereof without the written consent of the Authority and the Lender, either voluntarily or by operation of law or otherwise;
- (D) Bankruptcy or Insolvency. Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law, or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the District, or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without District consent that is not permanently stayed or dismissed within sixty (60) days; or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts; or request by the District for a reorganization, or to effect a plan of reorganization, or for a readjustment of the District's debts; or any assignment, whether general or otherwise, by the District for the benefit of the District's creditors; or
- (E) Abandonment of the Facilities. Abandonment by the District of any part of the Facilities.

7.2 Remedies on Default. Upon the occurrence and during the continuance of an Event of Default, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or the following remedies granted pursuant to this Lease Purchase Agreement:

(A) Termination of Lease.

- (i) Notice of Termination; Re-entry. By written notice to the District, to terminate this Lease Purchase Agreement and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place in the State in which the District is located. In the event of such termination, the District agrees to surrender immediately possession of the Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry



upon the Facilities and removal or storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(ii) No Termination Except by Notice. Neither (a) notice to pay rent or to deliver up possession of the Facilities given pursuant to law, nor (b) any entry or re-entry by the Authority, nor (c) any proceeding brought by the Authority to recover possession of the Facilities, nor (d) the appointment of a receiver upon initiative of the Authority to protect the Authority's interests under this Lease Purchase Agreement shall of itself operate to terminate this Lease Purchase Agreement. No termination of this Lease Purchase Agreement on account of default by the District shall be or become effective by operation of law or acts of the parties hereto, unless and until the Authority shall have given written notice to the District of the election on the part of the Authority to terminate this Lease Purchase Agreement. The District covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this Lease Purchase Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(B) Continuation of Lease; Reletting.

(i) Continuation Remedies. Without terminating this Lease Purchase Agreement, (a) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the District, regardless of whether or not the District has abandoned the Facilities, and/or (b) to enter, retake possession of, and re-let the Facilities. The term "re-let" or "re-letting" as used in this Article shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities.

(ii) District to Remain Liable. If the Authority does not elect to terminate this Lease Purchase Agreement in the manner provided for in Subsection (A) hereof, the District shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the District. If the Facilities are not re-let, the District agrees to pay the full amount of the rent to the end of the term of this Lease Purchase Agreement; if the Facilities are re-let, the District agrees to pay any deficiency in rent that results therefrom. The District further agrees to pay the rent punctually at the same time and in the same manner as for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Authority or proceeding brought by the Authority to recover possession of the Facilities.

(iii) Agency. Should the Authority elect to enter or re-enter the Facilities as herein provided, the District hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the District to re-let the Facilities, or any item or part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions, and for such use and period as the Authority may deem advisable. The District further appoints the Authority as its agent to remove all persons in possession of the Facilities, and all personal property whatsoever situated upon the Facilities, and to place such personal property in storage in any warehouse or other suitable place in the State in



which the District is located, for the account of, and at the expense of, the District. The District hereby exempts and agrees to save harmless the Authority from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such retaking of possession and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance herewith.

(iv) Adequate Notice. The District agrees that the terms of this Lease Purchase Agreement constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such retaking or re-entry without effecting a surrender of this Lease Purchase Agreement, and further agrees that no acts of the Authority in attempting such re-letting shall constitute a surrender or termination of this Lease Purchase Agreement, irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease Purchase Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in subsection (A) hereof.

(v) Waiver of Right to Excess Rent; Agreement to Pay Costs. The District waives the right to rent received by the Authority in excess of the rental amounts herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any items or part thereof. The District further agrees to pay the Authority the cost of any alterations, repairs, or additions to the Facilities, or any items or part thereof necessary to place the Facilities, or any items or part thereof, in condition for re-letting immediately upon notice to the District of the completion and installation of such additions or repairs or alterations.

(vi) Waiver of Claims. The District hereby waives any and all claims for damages caused, or that may be caused, by the Authority in entering or re-entering and taking possession of the Facilities as herein provided, and all claims for damages that may result from the destruction of, or injury to, the Facilities, and all claims for damages to or loss of any property belonging to the District, or any other person, that may be in or upon the Facilities.

7.3 No Acceleration. Notwithstanding anything herein to the contrary, there shall be no right under any circumstance to accelerate the Rental Payments or otherwise declare any Rental Payments not yet due to be immediately due and payable.

7.4 No Remedy-Exclusive. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies. If any statute or rule of law validly limits the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

7.5 Authority Defaults; District Remedies.

(A) Authority Defaults. The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such

obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the District to the Authority properly specifying wherein the Authority has failed to perform any such obligation.

- (B) District Remedies. The Authority's failure to perform any of its obligations hereunder shall not be an event permitting the nonpayment of rent by the District. The parties hereto agree that the performance of the Authority is unique, that the remedies at law for the Authority's nonperformance would be inadequate, and that the District shall institute a suit for specific performance by the Authority upon any default by the Authority.

7.6 Attorneys' Fees. If the Authority prevails in any action brought to enforce any of the terms and provisions of this Lease Purchase Agreement, the District agrees to pay a reasonable amount as and for attorneys' fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

7.7 No Additional Waiver. Failure of the Authority to take advantage of any default on the part of the District shall not be, or be construed as, a waiver thereof, nor shall any custom or practice that may grow up between the parties in the course of administering this Lease Purchase Agreement be construed to waive or to lessen the right of the Authority to insist upon performance by the District of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Lease Purchase Agreement.

7.8 Application of Amounts Collected. All amounts collected by the Authority under this Article shall be credited towards the Rental Payments in order of Payment Dates.

7.9 Judicial Reference.

- (A) Judicial Reference. The Authority and the District hereby agree:

(i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Lease Purchase Agreement or any document related thereto, any dealings between the District and the Authority related to the subject matter of this Lease Purchase Agreement or any related transactions, and/or the relationship that is being established between the District and the Authority (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time;

(ii) upon a written request, or upon an appropriate motion by either the Authority or the District, as applicable, any pending action relating to any Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision, which will constitute the conclusive determination of the Claim;

(iii) that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee;

(iv) the Authority and the District shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section;

(v) either the Authority or the District, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon; if the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it;

(vi) the Authority and the District, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and

(vii) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

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

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

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

shared by the parties to such Reference proceeding in such manner as the Referee deems just.

7.10 Lender to Exercise Rights. The rights and remedies given to the Authority under this Article 7 have been assigned by the Authority to the Lender, pursuant to the Assignment Agreement, and shall be exercised solely by the Lender as provided in the Assignment Agreement. The District hereby consents to the assignment, by the Authority, of its rights and remedies under this Article 7 to the Lender pursuant to the Assignment Agreement. To the extent that this Lease confers upon or gives or grants the Lender any right, remedy or claim under or by reason of this Lease, the Lender is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

**IN WITNESS WHEREOF**, the Authority has executed this Lease Purchase Agreement in its name and the District has caused this Lease Purchase Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

**LESSOR:**

**SANTA CRUZ CITY SCHOOLS FINANCING  
AUTHORITY**

\_\_\_\_\_  
Chair, Board of Directors

**LESSEE:**

**SANTA CRUZ CITY HIGH SCHOOL DISTRICT**

\_\_\_\_\_  
Superintendent

### **CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property conveyed by the Lease Purchase Agreement dated as of May 1, 2016, by and between the Santa Cruz City Schools Financing Authority and the Santa Cruz City High School District, a public school district, is hereby accepted by order of the Board of Trustees of the Santa Cruz City High School District pursuant to authority conferred by Resolution No. \_\_\_\_-\_\_\_\_-\_\_\_\_ of the Santa Cruz City High School District adopted on May 11, 2016, and the grantee consents to recordation thereof by its duly authorized officer.

SANTA CRUZ CITY HIGH SCHOOL DISTRICT

By: \_\_\_\_\_  
Kris Munro, Superintendent

Date: \_\_\_\_\_

*[Acknowledgement on Following Page]*

## California All-Purpose Certificate of Acknowledgment

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

STATE OF CALIFORNIA

)

) ss.

COUNTY OF SANTA CRUZ

)

On May \_\_\_\_, 2016, before me, \_\_\_\_, Notary Public, personally appeared \_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

Witness my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

(Seal)

# California All-Purpose Certificate of Acknowledgment

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

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SANTA CRUZ )

On May \_\_\_\_\_, 2016, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

Witness my hand and official seal.

Signature of Notary Public

**(Seal)**

**EXHIBIT A  
FACILITIES**

The Facilities shall consist of Soquel High School located at 410 Soquel San Jose Road, Soquel, California 95073.

The legal description of the Facilities is as follows:

BEING A PART OF LANDS CONVEYED TO LOUISA J. O'NEILL AND J.P. O'NEILL, AS JOINT TENANTS, BY DEED RECORDED IN VOLUME 1083 OF OFFICIAL RECORDS AT PAGE 135, SANTA CRUZ COUNTY RECORDS AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, TO WIT;

BEGINNING AT A 1/2 INCH IRON PIPE ON THE WESTERN BOUNDARY OF LANDS CONVEYED TO THE COUNTY OF SANTA CRUZ BY DEED RECORDED IN VOLUME 1203 OF OFFICIAL RECORDS AT PAGE 250, SANTA CRUZ COUNTY RECORDS, FROM WHICH THE INTERSECTION OF SAID BOUNDARY WITH THE NORTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL BEARS NORTHEASTERLY ALONG A CURVE TO THE RIGHT FROM A TANGENT BEARING NORTH 8° 53' 47" EAST WITH A RADIUS OF 5030 FEET THROUGH AN ANGLE OF 3° 39' 13" A DISTANCE OF 320.75 FEET TO A POINT OF TANGENCY AND NORTH 12 33' EAST 263.65 FEET DISTANT; THENCE FROM SAID POINT OF BEGINNING ALONG A LINE PARALLEL TO AND DISTANT SOUTHERLY 580 FEET MEASURED AT RIGHT ANGLES FROM THE NORTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL, SOUTH 89° 36' WEST 1668.98 FEET TO A STATION FROM WHICH A 1/2 INCH IRON PIPE BEARS NORTH 89° 36' EAST 90.00 FEET DISTANT; THENCE SOUTH 0° 24' EAST 365.64 FEET; THENCE SOUTH 58° 05' EAST 634.45 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 21° 57' 50" EAST 172.05 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 0° 30' 10" EAST 103.83 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 25° 39' 20" WEST 215.60 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 19° 17' 40" EAST 98.32 FEET TO A 1/2" IRON PIPE; THENCE SOUTH 51° 22' 50" EAST 196.47 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 23° 23' 10" EAST 103.52 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 17° 08' 40" WEST 66.96 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 12° 00' 20" EAST 195.56 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 31° 07' 20" WEST 98.56 FEET TO THE NORTHEASTERN CORNER OF LANDS DESCRIBED AS PARCEL TWO IN DEED CONVEYING LANDS TO P.D. WILSON, ET UX., RECORDED IN VOLUME 1200 OF OFFICIAL RECORDS AT PAGE 586, SANTA CRUZ COUNTY RECORDS; THENCE ALONG THE NORTHEASTERN BOUNDARY OF SAID LAST MENTIONED LANDS, SOUTH 13° 50' EAST 283.14 FEET TO AN ANGLE POINT ON THE SOUTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL; THENCE ALONG SAID LAST MENTIONED BOUNDARY, EAST 123.97 FEET, NORTH 81° 28' 10" EAST 223.79 FEET, NORTH 77° 44' 20" EAST 141.77 FEET, AND NORTH 64° 19' 10" EAST 77.91 FEET; THENCE ALONG THE EASTERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL, NORTH 18° 04' 10" EAST 103.18 FEET TO A 1/2 INCH IRON PIPE, NORTH 18° 04' 10" EAST 205.70 FEET, NORTH 85° 55' 50" WEST 101.64 FEET, NORTH 4° 48' WEST 98.82 FEET, NORTH 16° 48' WEST 135.29 FEET, SOUTH 89° 49' EAST 90.94 FEET, NORTH 20° 13' EAST 200.57 FEET, NORTH 1° 12' EAST 106.51 FEET, AND SOUTH 89° 01' EAST 163.12 FEET TO THE WESTERN BOUNDARY OF SAID LANDS CONVEYED TO THE COUNTY OF SANTA CRUZ; THENCE ALONG SAID LAST MENTIONED BOUNDARY, NORTH 1° 11' 30" WEST 329.86 FEET; THENCE NORTH 3 12' EAST 452.28 FEET TO A 1/2 INCH IRON PIPE; THENCE NORTHEASTERLY, CURVING TO THE RIGHT, FROM A TANGENT BEARING NORTH 4° 19' 50" EAST WITH A RADIUS OF 5030 FEET THROUGH AN ANGLE OF 4° 33' 57" FOR A DISTANCE OF 400.83 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF THE ABOVE LAND AS WAS CONVEYED TO THE COUNTY OF SANTA CRUZ BY THAT CERTAIN GRANT DEED RECORDED JULY 30, 1987 IN



VOLUME 4199, PAGE 817 AND RE-RECORDED SEPTEMBER 1, 1987 IN VOLUME 4215, PAGE 880, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A STRIP OF LAND FOR STREET WIDENING PURPOSES, BEING A PORTION OF LANDS OF THE SANTA CRUZ CITY HIGH SCHOOL DISTRICT (SOQUEL HIGH SCHOOL) FOR THE CONSTRUCTION AND MAINTENANCE OF A SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BUS STOP, TURNOUT AND SHELTER DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON PIPE ON THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD AT THE NORTHERLY END OF THE COURSE "NORTH 3° 12' EAST 452.28 FEET", AS SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP RECORDED IN VOLUME 32 OF MAPS AT PAGE 104, RECORDS OF SANTA CRUZ COUNTY, SAID POINT OF BEGINNING BEING ALSO ON THE EASTERLY BOUNDARY OF THE LANDS CONVEYED TO SANTA CRUZ CITY HIGH SCHOOL DISTRICT BY DEED RECORDED IN VOLUME 1294 AT PAGE 253, OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE FROM SAID POINT OF BEGINNING ALONG THE WESTERLY LINE OF SOQUEL-SAN JOSE ROAD, SOUTH 3° 12' WEST 125.00 FEET; THENCE LEAVING THE LAST MENTIONED LINE, NORTH 86° 48' WEST 15.00 FEET; THENCE PARALLEL TO AND 15.00 FEET DISTANT FROM THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD, NORTH 3° 12' EAST 105.00 FEET; THENCE NORTH 86° 48' WEST 10.00 FEET; THENCE NORTH 3° 12' EAST 10.00 FEET; THENCE SOUTH 86° 48' EAST 10.00 FEET; THENCE NORTH 3° 12' EAST 60.00 FEET; THENCE SOUTH 86° 48' EAST 15.00 FEET TO THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD; THENCE ALONG THE LAST MENTIONED LINE 50 FEET TO THE POINT OF BEGINNING.

APN: 030-341-05

(End of Legal Description)

**EXHIBIT B**  
**SCHEDULE OF RENTAL PAYMENTS**

PAYMENT DATE	PRINCIPAL PORTION (\$)	INTEREST PORTION (\$)	TOTAL PAYMENT (\$)
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**TOTAL**

DRAFT

RECORDING REQUESTED BY:  
Santa Cruz City High School District

WHEN RECORDED RETURN TO:  
Dannis Woliver Kelley  
750 B Street, Suite 2310  
San Diego, CA 921010  
Attn: Janet L Mueller

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**ASSIGNMENT AGREEMENT**

**By and among**

**SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY,  
SANTA CRUZ CITY HIGH SCHOOL DISTRICT  
and**

---

**Dated as of May 1, 2016**

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This recording is exempt from recording fees pursuant to California Government Code section 27383. This transfer is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

## ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT, dated as of May 1, 2016 (the "Assignment Agreement"), is made by and among the Santa Cruz City Schools Financing Authority (the "Authority"), the Santa Cruz City High School District ("District"), and is accepted by \_\_\_\_\_ (the "Lender").

WHEREAS, the Authority and the District have executed and entered into a Site Lease dated the date hereof and recorded concurrently herewith ("Site Lease"), whereby the District has agreed to lease to the Authority the real property described on Exhibit A hereto (the "Facilities"), and a Lease Purchase Agreement dated the date hereof (the "Lease Purchase Agreement"), whereby the Authority has agreed to lease back the Facilities to the District;

WHEREAS, under and pursuant to the Lease Purchase Agreement, the District is obligated to make Rental Payments, as defined therein, to the Authority for the lease of the Facilities;

WHEREAS, the Authority desires to assign to the Lender, without recourse, all of its rights to receive the Rental Payments scheduled to be paid by the District under and pursuant to the Lease Purchase Agreement;

WHEREAS, in consideration of such assignment, the Lender has agreed to deliver \$ \_\_\_\_\_ (the "Loan") to the Authority in satisfaction of the Authority's obligation to make a payment to, or for, the account of the District under the Site Lease; and

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

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

Section 1. Assignment. The Authority hereby transfers, assigns and sets over to the Lender all of the Authority's rights under the Site Lease and the Lease Purchase Agreement (hereinafter, collectively, the "Assigned Property"), including, in particular:

(A) the right to receive and collect all of the Rental Payments from the District under the Lease Purchase Agreement, and the right to receive and collect any proceeds of any insurance maintained thereunder with respect to the Facilities, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Facilities;

(B) the right to take all actions and give all consents under the Site Lease and the Lease Purchase Agreement; and

(C) the right to exercise such rights and remedies conferred on the Authority pursuant to the Site Lease and the Lease Purchase Agreement as may be necessary or convenient (i) to enforce payment of the Rental Payments, or (ii) otherwise to protect the

interests of the Lender (as assignee of the Authority) in the event of default by the District under the Lease Purchase Agreement.

Section 2. Acceptance.

(A) The Authority hereby acknowledges receipt of the Loan.

(B) The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby assign and transfer to the Lender, irrevocably and absolutely, without recourse, all of its right, title and interest in and to the Lease Purchase Agreement, including, without limitation, the right to receive the Rental Payments to be paid by the District under and pursuant to the Lease Purchase Agreement; provided, however, that the Authority shall retain the rights under the Lease Purchase Agreement to indemnification and payment for any costs and expenses. This assignment is irrevocable and absolute and is immediately effective.

(C) The Lender hereby accepts the foregoing assignment. The above assignment is intended to be an absolute and unconditional assignment to the Lender and is not intended as a loan by the Lender to the Authority. Accordingly, in the event of bankruptcy of the Authority, the Assigned Property shall not be part of the Authority's estate. However, if the above assignment is deemed to be a loan by the Lender to the Authority, then the Authority shall be deemed to have granted to the Lender, and hereby grants to the Lender, a continuing first priority security interest in the Assigned Property and all proceeds thereof as collateral security for all obligations of the Authority hereunder, and all obligations of the District under the Lease Purchase Agreement and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

Section 3. Representations.

(A) The Authority represents and warrants to the Lender that:

(i) Enforceability of Assignment Agreement. The Authority has the power, authority, and legal right to execute, deliver and perform this Assignment Agreement and this Assignment Agreement is a valid, binding, and enforceable obligation of the Authority, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles;

(ii) Marketable Title. Good and marketable title to the Assigned Property has been duly vested in the Lender free and clear of any liens, security interests, encumbrances or other claims other than the rights of the District under the Lease Purchase Agreement, and the Authority has not assigned or transferred any of the Assigned Property or any interest in the Assigned Property to any party other than the Lender; and

(iii) Neither the execution and delivery of this Assignment Agreement, 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 Authority is now a party or by which the Authority is bound.

(B) The Lender represents, warrants and covenants, as follows:

(i) The Lender is a - \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_

(ii) The Lender has the power to enter into this Assignment Agreement, to enter into the transactions contemplated hereby and to carry out its obligations under this Assignment Agreement, and the Lender has duly authorized, executed and delivered this Assignment Agreement.

(iii) The Lender **is** purchasing the Assigned Property for investment purposes. The Lender **is not** purchasing the Assigned Property for more than one account, and is not purchasing the Assigned Property with a present view to distributing the Assigned Property. The Lender shall, however, have the right at any time to transfer the Assigned Property or any interest therein or portion thereof in accordance with the provisions of Section 5 hereof, as it may determine to be in its best interests.

(iv) The Lender has sufficient knowledge and experience in financial and business matters, including regularly extending credit by purchasing loans in the form of state and local government obligations similar to the Assigned Property, to be capable of evaluating the merits and risks of an investment in the Assigned Property, and the Lender is able to bear the economic risks of such an investment.

(v) The Lender understands and acknowledges that an official statement, prospectus, offering circular, or other offering statement has not been prepared or provided with respect to the Assigned Property.

(vi) The Lender has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, the District, the Authority, the Lease Purchase Agreement, this Assignment Agreement and the Assigned Property, and the transactions and documents related to or contemplated by the foregoing.

(vii) The Lender has been furnished with all documents and information regarding the District, the Authority, the Lease Purchase Agreement, this Assignment Agreement and the Assigned Property, and the transactions and documents related to or contemplated by the foregoing, that it has requested.

(viii) The Lender understands and agrees that the offering and sale of the Assigned Property were exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, pursuant to Section (d) of said Rule.

(C) Each of the District and the Authority acknowledges and agrees that the Lender is acting and has acted solely as lender for its own loan account and not as a fiduciary for the District or the Authority and is not acting as a broker, dealer, municipal advisor or municipal securities underwriter in connection with the execution or delivery of the Lease Purchase Agreement, or this Assignment Agreement or any documents relating thereto.

#### Section 4. Covenants.

(A) Non-impairment of Lease Purchase Agreement. The Authority agrees that it (i) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment of the Lease Purchase Agreement, and (ii) shall not take any action that may

impair the payment of Rental Payments or the validity or enforceability of the Lease Purchase Agreement.

(B) Rental Payments. If the Authority receives any Rental Payments, then the Authority shall receive such payments in trust for the Lender and shall immediately deliver the same to the Lender in the form received, duly endorsed by the Authority for deposit by the Lender.

(C) Further Assurances. The Authority shall execute and deliver to the Lender such documents, in form and substance reasonably satisfactory to the Lender, and the Authority shall take such other actions, as the Lender may reasonably request from time to time to evidence, perfect, maintain, and enforce the Lender's rights in the Assigned Property and/or to enforce or exercise the Lender's rights or remedies under the Lease Purchase Agreement.

Section 5. Restriction on Transfers. The Lender shall have the right at any time to assign, transfer or convey the Assigned Property or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the District unless and until the Lender has delivered to the District written notice thereof that discloses the name and address of the assignee or the Loan Servicer (as hereafter provided) and such assignment, transfer or conveyance shall be made only to: (i) an affiliate of the Lender; or (ii) banks, insurance companies or similar financial institutions or their affiliates. Nothing herein shall limit the right of the Lender or its assignees to sell or assign participation interests in the Assigned Property to one or more entities listed in (i) or (ii), provided that any participation, custodial or similar agreement under which multiple ownership interests in the Assigned Property are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the "Loan Servicer") to act on their behalf with respect to the rights and interests of the Lender under the Lease Purchase Agreement, including the exercise of rights and remedies of the Lender on behalf of such owners upon the occurrence of an event of default under the Lease Purchase Agreement.

Section 6. Release and Indemnification. The District shall, to the extent permitted by law, indemnify and save the Lender, and its respective officers, agents, directors and employees, harmless from and against all claims, losses, liabilities, costs, expenses and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition, or management or operation of, or from any work or thing done on, the Facilities by the District, including injury or damages to any persons or property arising therefrom; (ii) any breach or default on the part of the District in the performance of any of its obligations under the Lease Purchase Agreement; or (iii) any act of negligence of the District or the Authority or of any of their agents, contractors, servants, employees or licensees with respect to the Facilities. No indemnification is made under this Section for willful misconduct or negligence by Lender or its officers, agents, directors or employees. The provisions of this Section shall continue in full force and effect, notwithstanding the termination of the Lease Purchase Agreement for any reason.

Section 7. Conditions to Lender Performance. The Lender hereby enters into this Assignment Agreement in reliance upon its own due diligence and the representations and warranties of the District contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the District and the Authority of their respective obligations both on the Closing Date. Accordingly, the obligations of the Lender under this Assignment Agreement to purchase and to accept the assignment of Lease hereunder shall be subject, at the option of

the Lender: to the accuracy in all material respects of the representations and warranties of the District contained herein as of the date hereof; to the accuracy in all material respects of the statements of the officers and other officials of the District and the Authority made in any certificate or document furnished pursuant to the provisions of the Lease Purchase Agreement or hereof; to the performance by the District and the Authority of their respective obligations to be performed hereunder and under the Lease Purchase Agreement, at or prior to the Closing Date; and to such additional legal opinions, certificates, proceedings, instruments and other documents as the Lender or Lender's counsel may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the representations contained herein and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

Section 8. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute but one and the same instrument.

Section 9. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the Lease Purchase Agreement.

Section 10. Fees and Costs. The Authority agrees to pay, or cause the District to pay all fees and costs relating to this Assignment Agreement, the Lease Purchase Agreement and any related transactions including financial advisory fees, Bond Counsel fees, California Debt and Investment Advisory Commission (CDIAC) fees, placement agent fees, fees of the Lender's counsel or any other fees and costs in connection with this transaction.

Section 11. Applicable Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

**SANTA CRUZ CITY SCHOOLS FINANCING  
AUTHORITY**

\_\_\_\_\_  
Alisun Thompson, Chair, Board of Directors

**SANTA CRUZ CITY HIGH SCHOOL DISTRICT**

\_\_\_\_\_  
Kris Munro, Superintendent

**[LENDER]**



# California All-Purpose Certificate of Acknowledgment

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

STATE OF CALIFORNIA )  
 )  
 ) ss.  
COUNTY OF SANTA CRUZ )

On May \_\_\_\_, 2016, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

Witness my hand and official seal.

Signature of Notary Public

**(Seal)**

# California All-Purpose Certificate of Acknowledgment

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

STATE OF CALIFORNIA )  
 )  
COUNTY OF SANTA CRUZ ) ss.

On May \_\_\_\_, 2016, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

Witness my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

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\_\_\_\_\_  
Signature of Notary Public

## EXHIBIT A

### DESCRIPTION OF THE PROPERTY

The Facilities shall consist of Soquel High School located at 410 Soquel San Jose Road, Soquel, California 95073.

The legal description for the Facilities is as follows:

BEING A PART OF LANDS CONVEYED TO LOUISA J. O'NEILL AND J.P. O'NEILL, AS JOINT TENANTS, BY DEED RECORDED IN [VOLUME 1083 OF OFFICIAL RECORDS AT PAGE 135](#), SANTA CRUZ COUNTY RECORDS AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, TO WIT;

BEGINNING AT A 1/2 INCH IRON PIPE ON THE WESTERN BOUNDARY OF LANDS CONVEYED TO THE COUNTY OF SANTA CRUZ BY DEED RECORDED IN [VOLUME 1203 OF OFFICIAL RECORDS AT PAGE 250](#), SANTA CRUZ COUNTY RECORDS, FROM WHICH THE INTERSECTION OF SAID BOUNDARY WITH THE NORTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL BEARS NORTHEASTERLY ALONG A CURVE TO THE RIGHT FROM A TANGENT BEARING NORTH 8° 53' 47" EAST WITH A RADIUS OF 5030 FEET THROUGH AN ANGLE OF 3° 39' 13" A DISTANCE OF 320.75 FEET TO A POINT OF TANGENCY AND NORTH 12° 33' EAST 263.65 FEET DISTANT; THENCE FROM SAID POINT OF BEGINNING ALONG A LINE PARALLEL TO AND DISTANT SOUTHERLY 580 FEET MEASURED AT RIGHT ANGLES FROM THE NORTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL, SOUTH 89° 36' WEST 1668.98 FEET TO A STATION FROM WHICH A 1/2 INCH IRON PIPE BEARS NORTH 89° 36' EAST 90.00 FEET DISTANT; THENCE SOUTH 0° 24' EAST 365.64 FEET; THENCE SOUTH 58° 05' EAST 634.45 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 21° 57' 50" EAST 172.05 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 0° 30' 10" EAST 103.83 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 25° 39' 20" WEST 215.60 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 19° 17' 40" EAST 98.32 FEET TO A 1/2" IRON PIPE; THENCE SOUTH 51° 22' 50" EAST 196.47 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 23° 23' 10" EAST 103.52 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 17° 08' 40" WEST 66.96 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 12° 00' 20" EAST 195.56 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 31° 07' 20" WEST 98.56 FEET TO THE NORTHEASTERN CORNER OF LANDS DESCRIBED AS PARCEL TWO IN DEED CONVEYING LANDS TO P.D. WILSON, ET UX., RECORDED IN [VOLUME 1200 OF OFFICIAL RECORDS AT PAGE 586](#), SANTA CRUZ COUNTY RECORDS; THENCE ALONG THE NORTHEASTERN BOUNDARY OF SAID LAST MENTIONED LANDS, SOUTH 13° 50' EAST 283.14 FEET TO AN ANGLE POINT ON THE SOUTHERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL; THENCE ALONG SAID LAST MENTIONED BOUNDARY, EAST 123.97 FEET, NORTH 81° 28' 10" EAST 223.79 FEET, NORTH 77° 44' 20" EAST 141.77 FEET, AND NORTH 64° 19' 10" EAST 77.91 FEET; THENCE ALONG THE EASTERN BOUNDARY OF SAID LANDS CONVEYED TO O'NEILL, NORTH 18° 04' 10" EAST 103.18 FEET TO A 1/2 INCH IRON PIPE, NORTH 18° 04' 10" EAST 205.70 FEET, NORTH 85° 55' 50" WEST 101.64 FEET, NORTH 4° 48' WEST 98.82 FEET, NORTH 16° 48' WEST 135.29 FEET, SOUTH 89° 49' EAST 90.94 FEET, NORTH 20° 13' EAST 200.57 FEET, NORTH 1° 12' EAST 106.51 FEET, AND SOUTH 89° 01' EAST 163.12 FEET TO THE WESTERN BOUNDARY OF SAID LANDS CONVEYED TO THE COUNTY OF SANTA CRUZ; THENCE ALONG SAID LAST MENTIONED BOUNDARY, NORTH 1° 11' 30" WEST 329.86 FEET; THENCE NORTH 3° 12' EAST 452.28 FEET TO A 1/2 INCH IRON PIPE; THENCE NORTHEASTERLY, CURVING TO THE RIGHT, FROM A TANGENT BEARING NORTH 4° 19' 50" EAST WITH A RADIUS OF 5030 FEET THROUGH AN ANGLE OF 4° 33' 57" FOR A DISTANCE OF 400.83 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF THE ABOVE LAND AS WAS CONVEYED TO THE COUNTY OF SANTA CRUZ BY THAT CERTAIN GRANT DEED RECORDED JULY 30, 1987 IN [VOLUME 4199, PAGE 817](#) AND RE-RECORDED SEPTEMBER 1, 1987 IN [VOLUME 4215, PAGE 880](#), OFFICIAL RECORDS OF SANTA CRUZ COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A STRIP OF LAND FOR STREET WIDENING PURPOSES, BEING A PORTION OF LANDS OF THE SANTA CRUZ CITY HIGH SCHOOL DISTRICT (SOQUEL HIGH SCHOOL) FOR THE CONSTRUCTION AND MAINTENANCE OF A SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BUS STOP, TURNOUT AND SHELTER DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON PIPE ON THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD AT THE NORTHERLY END OF THE COURSE "NORTH 3° 12' EAST 452.28 FEET", AS SHOWN ON THAT CERTAIN RECORD OF SURVEY MAP RECORDED IN [VOLUME 32 OF MAPS AT PAGE 104](#), RECORDS OF SANTA CRUZ COUNTY, SAID POINT OF BEGINNING BEING ALSO ON THE EASTERLY BOUNDARY OF THE LANDS CONVEYED TO SANTA CRUZ CITY HIGH SCHOOL DISTRICT BY DEED RECORDED IN [VOLUME 1294 AT PAGE 253](#), OFFICIAL RECORDS OF SANTA CRUZ COUNTY; THENCE FROM SAID POINT OF BEGINNING ALONG THE WESTERLY LINE OF SOQUEL-SAN JOSE ROAD, SOUTH 3° 12' WEST 125.00 FEET; THENCE LEAVING THE LAST MENTIONED LINE, NORTH 86° 48' WEST 15.00 FEET; THENCE PARALLEL TO AND 15.00 FEET DISTANT FROM THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD, NORTH 3° 12' EAST 105.00 FEET; THENCE NORTH 86° 48' WEST 10.00 FEET; THENCE NORTH 3° 12' EAST 10.00 FEET; THENCE SOUTH 86° 48' EAST 10.00 FEET; THENCE NORTH 3° 12' EAST 60.00 FEET; THENCE SOUTH 86° 48' EAST 15.00 FEET TO THE WESTERLY SIDE OF SOQUEL-SAN JOSE ROAD; THENCE ALONG THE LAST MENTIONED LINE 50 FEET TO THE POINT OF BEGINNING.

APN: [030-341-05](#)

(End of Legal Description)

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