

**EQUIPMENT SUBLEASE/PURCHASE AGREEMENT**

Dated as of August 1, 2016

between

**COUNTY OF NEVADA, CALIFORNIA,**  
*as sublessor,*

and

**NEVADA COUNTY SANITATION DISTRICT NO. 1,**  
*as sublessee*

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## **EQUIPMENT SUBLEASE/PURCHASE AGREEMENT**

This EQUIPMENT SUBLEASE/PURCHASE AGREEMENT (this “*Agreement*”), dated as of August 1, 2016, between the COUNTY OF NEVADA, a county and political subdivision of the State of California (the “*County*”), as sublessor and NEVADA COUNTY SANITATION DISTRICT NO. 1, a political subdivision of the State of California (the “*Sanitation District*”), as sublessee,

### **WITNESSETH:**

WHEREAS, all capitalized terms used, but not defined, in these Recitals shall have the respective meanings set forth in Section 1.1 hereof; and

WHEREAS, the Sanitation District owns and operates certain property and facilities for the collection, treatment and disposal of wastewater at its Lake of the Pines Treatment Plant; and

WHEREAS, the Sanitation District wishes to have installed at the Treatment Plant a photovoltaic power generating system and related improvements (collectively, the “Treatment Plant Solar Equipment”) in order to reduce the energy charges associated with the operation of the Treatment Plant; and

WHEREAS, the County wishes to install photovoltaic power generating systems and related improvements on certain of its public properties (collectively, together with the Treatment Plant Solar Equipment, the “NCREBs Solar Equipment”) and, in connection with the financing thereof, has applied for and received from the Internal Revenue Service a New Clean Renewable Energy Bond volume cap; and

WHEREAS, the County proposes to finance and install the Treatment Plant Solar Equipment through a lease-leaseback arrangement with the Nevada County Finance Authority pursuant to which it is expected that the County, in consideration of a payment from the Authority, will cause the installation of the NCREBs Solar Equipment and, upon the completion of such installation, lease the NCREBs Solar Equipment to the Authority pursuant to a Site, Facility and Equipment Lease and lease it back from the Authority pursuant to an NCREBs Equipment Lease; and

WHEREAS, including the financing of the Treatment Plant Solar Equipment in the County’s financing of the remainder of the NCREBs Solar Equipment will reduce the financing costs that will be incurred by the Sanitation District and thereby benefit its rate payers; and

WHEREAS, in order to include the financing of the Treatment Plant Solar Equipment in the County’s financing of the other NCREBs Solar Equipment, (1) the Sanitation District has granted to the County an easement over the Treatment Plant site pursuant to which the County has the right to install the Treatment Plant Solar Equipment for the benefit of the Sanitation District and (2) the parties are entering into this Sublease Agreement pursuant to which the County will install the Treatment Plant Solar Equipment and, having agreed to lease it back from the Authority, will sublease it to the Sanitation District;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants herein contained, the County and the Sanitation District formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS; RULES OF INTERPRETATION

Section 1.1 *Definitions.* All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Agreement (including the Recitals hereto).

“*Administrative Charge*” means the charge for administrative services so designated in Section 4.3.

“*Agreement*” means this Equipment Sublease/Purchase Agreement, dated as of August 1, 2016, between the County (as sublessor) and the Sanitation District (as sublessee), as originally executed or as hereafter amended under any duly authorized and executed amendments hereto.

“*Assigned NCREBs Lease Rights*” shall have the meaning assigned to it in the Lease Agreement.

“*Authority*” means the Nevada County Finance Authority, a joint exercise of powers Sanitation District duly organized and existing under the laws of the State of California.

“*Available Project Proceeds*” means (a) [\$1,587,331], plus (b) investment earnings thereon.

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

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder.

“*County*” means the County of Nevada, California, a county and political subdivision of the State of California organized and existing under and by virtue of the laws of the State of California.

“*Default Rate*” means a rate of interest equal to the lesser of (a) the NCREBs Rate, plus 5% per annum or (b) the maximum rate permitted by law.

“*Delivery Costs*” means the costs incurred by the County in connection with the execution and delivery of this Agreement, the NCREBs Equipment Lease, the NCREBs Lease Assignment and the financing of the acquisition and installation of the NCREBs Solar Equipment, including the initial NCREBs Lease Assignee’s origination fee, fees and expenses of the financial advisor and the placement agent, fees and expenses of the Special Counsel, fees of the initial NCREBs Lease Assignee’s counsel, the title insurance premium and other costs related to obtaining the title insurance policy, filing and recording costs and other similar fees and costs.

“*Easement*” means the easement conveyed by the Sanitation District to the County by the Grant of Solar Facilities Easement executed by the Sanitation District on or about \_\_\_\_\_, 2016.

“*Easement Area*” shall have the meaning ascribed to it in the Grant of Solar Facilities Easement executed by the Sanitation District on or about \_\_\_\_\_, 2016.

“*Event of Default*” means any of the events of default as defined in Section 8.1

“*Excess Proceeds*” means the sum of (1) the remainder, if any, of “Available Project Proceeds” minus the aggregate amount of the actual “Treatment Plant Solar Equipment Costs” plus (2) the Sanitation District’s Share of the remainder, if any, of the amount deposited into the NCREBs Delivery Costs Subaccount of the Escrow Account pursuant to Section 3.1(a) of the Lease Agreement minus the aggregate amount of the actual “Delivery Costs”.

“*Extended Sublease Term*” means a period (and any successive period) during which the original Sublease Term is extended pursuant to Section 4.2 or 6.5 and is equal in duration to any period during which the Sanitation District does not pay Sublease Payments (in whole or in part) when scheduled as a result of the occurrence of an event that results in abatement of the Sanitation District’s obligation to make Sublease Payments in accordance to Section 6.2 or 6.3.

“*Fiscal Year*” means each twelve-month period during the Sublease Term commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the County as its fiscal year period.

“*Funding Date*” has the meaning ascribed thereto in the Lease Agreement.

“*Gross Revenues*” means all gross charges received for, and all other gross income and receipts derived by the Sanitation District from, the ownership and operation of the Wastewater System or otherwise arising from Zone 2, including but not limited to investment earnings thereon; but excluding (a) the proceeds of any ad valorem property taxes levied in Zone 2 for purpose of paying general obligation bonds of the Sanitation District relating to the Wastewater System, and (b) the proceeds of any special assessments or special taxes levied upon real property within Zone 2 for the purpose of paying special assessment bonds or special tax obligations of the Sanitation District relating to the Wastewater System.

“*Lease Agreement*” means the Lease Agreement, dated as of August 1, 2016, by and between the Authority and the County.

“*Lien*” means any lien (statutory or otherwise), security interest, mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, preference, priority or other security or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the UCC or comparable law of any jurisdiction).

“*Material Adverse Change*” means any change in the Sanitation District’s creditworthiness that could have a material adverse effect on (a) the financial condition or operations of the Sanitation District, or (b) the Sanitation District’s ability to perform its obligations under this Agreement.

“*NCREBs Equipment Lease*” has the meaning ascribed to it in the Lease Agreement.

“*NCREBs Lease Assignee*” has the meaning ascribed to it in the Lease Agreement.

“*NCREBs Lease Assignment*” has the meaning ascribed to it in the Lease Agreement.

“*NCREBs Rate*” has the meaning ascribed to it in the Lease Agreement.

“*NCREBs Solar Equipment*” has the meaning ascribed to it in the Lease Agreement.

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

“*Net Revenues*” means, for any period, an amount equal to all of the Gross Revenues received during such period minus (a) the amount required to pay all Operation and Maintenance Costs becoming payable during such period (b) amounts becoming payable by the Sanitation District during such period pursuant to the provisions of the Prior Sanitation District Financing Documents and (c) amounts becoming payable Sanitation District during such period pursuant to the provisions of any other obligation issued or incurred by the Sanitation District to which the County agrees in writing to subordinate its right to receive Sublease Payments hereunder.

“*Operation and Maintenance Costs*” means the reasonable and necessary costs and expenses paid by the Sanitation District for maintaining and operating the Wastewater System, including but not limited to (a) the reasonable expenses of management and repair and other costs and expense necessary to maintain and preserve the Wastewater System in good repair and working order, and (b) the reasonable administrative costs of the Sanitation District attributable to the operation and maintenance of the Wastewater System; but in all cases excluding (i) interest expense relating to obligations of the Sanitation District with respect to Wastewater System, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

“*Permitted Encumbrances*” means as of any time, with respect to the real estate in, on or to which any Treatment Plant Solar Equipment is acquired and installed: (a) the fee interest of the Sanitation District and the Easement; (b) Liens for general ad valorem taxes and assessments, if any, not then delinquent or which the Sanitation District may permit to remain unpaid under Article V of this Agreement; (c) the NCREBs Equipment Lease and the NCREBs Lease Assignment; (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (e) any easements, rights of way, mineral rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which will not materially impair the use of such real estate for its intended purposes; and (f) any other Lien, security interest, mortgage, deed of trust, pledge, hypothecation, assignment or other security or preferential arrangement of any kind or nature whatsoever of which the prior written consent of the NCREBs Lease Assignee has been obtained.

“*Person*” means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental Sanitation District or any other entity of whatever nature.

“*Prior Sanitation District Financing Documents*” means (a) the Loan Agreement (Lake of the Pines Project Financing), dated as of August 1, 2006, by and between LaSalle Bank National Association and the Sanitation District, as heretofore or hereafter amended and supplemented, and (b) the Agreement designated as Agreement Number 06-807-550-0 by and between the State Water Resources Control Board and the Sanitation District, as heretofore or hereafter amended and supplemented.

“*Qualified New Clean Renewable Energy Project*” has the meaning ascribed to it in the Lease Agreement.

“*Rental Period*” means for each Sublease Payment Date, the [\_\_\_\_\_] period from the first day after the next preceding Sublease Payment Date to (and including) such succeeding Sublease Payment Date; *provided* that the first Rental Period begins on the Funding Date and ends on \_\_\_\_\_, 20\_\_.

“*Sanitation District*” means Nevada County Sanitation District No. 1, a political subdivision of the State of California.

“*Sanitation Districts Share*” means approximately [14.90%] of the amount in question plus an additional adjustment for contingency.

“*Special Counsel*” means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) any other attorney or firm of attorneys (acceptable to the NCREBs Lease Assignee) of nationally recognized expertise with respect to legal matters relating to tax-credit obligations or obligations the interest on which is excludable from gross income of the owners thereof for federal income tax purposes.

“*Sublease Payment Commencement Date*” shall mean the Funding Date.

“*Sublease Payment Date*” means [DESCRIBE RECURRING PAYMENT DATES] in each year, commencing \_\_\_\_\_, 20\_\_, that occurs on or after the Sublease Payment Commencement Date, on which the Sanitation District is required to make an Sublease Payment as specified in the Sublease Payment Schedule.

“*Sublease Payment Schedule*” means the Sublease Payment Schedule attached as Exhibit A to this Agreement.

“*Sublease Payments*” means the basic rental payments payable by the Sanitation District pursuant to this Agreement on the Sublease Payment Dates in the amounts as specified in the Sublease Payment Schedule, consisting of a principal component and an interest component as provided therein.

“*Sublease Term*” means the period that begins on the Funding Date and ends on the first Business Day after the last scheduled Sublease Payment Date, subject to extension as provided in Section 4.2 and 6.5; *provided* that the Sublease Term shall, in any event, terminate no later than \_\_\_\_\_, [2046].

“*Treatment Plant*” means the real property owned and operated by the Sanitation District at 10984 Riata Way, Auburn, California, that is generally known as the Lake of the Pines Wastewater Treatment Plant.

“*Treatment Plant Solar Equipment*” means the equipment and other property consisting of solar systems and photovoltaic power generating systems and related improvements as more particularly described in the Engineering, Procurement And Construction Agreement, dated as of April 26, 2016, by and between the County and Sunpower Corporation, Systems to be acquired and installed in the Easement Area (subject to modification as provided in Section {5.2} hereof), and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant hereto. Whenever reference is made in this Agreement to Treatment Plant Solar Equipment, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Treatment Plant Solar Equipment.



“*Treatment Plant Solar Equipment Costs*” means the total cost of the Treatment Plant Solar Equipment, including related costs such as freight, installation and taxes, capitalizable costs, the interest components of the Sublease Payments during the period of acquisition and installation of the Treatment Plant Solar Equipment; *provided* that Treatment Plant Solar Equipment Costs shall not include any Delivery Costs with respect to the NCREBs Equipment Lease incurred in connection with the acquisition, installation and/or financing of the Treatment Plant Solar Equipment.

“*Wastewater System*” means the entire wastewater collection, treatment and disposal system owned and/or operated by the Sanitation District for Zone 2, including but not limited to all facilities, properties and improvements at any time owned or operated by the Sanitation District for the collection, treatment and disposal of wastewater within Zone 2, together with any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the Sanitation District.

“*Zone 2*” means the service zone of the Sanitation District designated “Lake of the Pines, Zone 2.”

Section 1.2 *Interpretation.* (a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

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

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

## ARTICLE II

### COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1 *Covenants, Representations and Warranties of the Sanitation District.* The Sanitation District makes the following covenants, representations and warranties to the County as of the Funding Date:

(a) *Due Organization and Existence.* The Sanitation District is a political subdivision duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to grant the Easement to the County and to enter into this Agreement and carry out and consummate all transactions contemplated hereby, and by proper action of its Board of Directors the Sanitation District has duly authorized the execution and delivery of the Easement and this Agreement.

(b) *Due Execution.* The representatives of the Sanitation District executing this Agreement have been fully authorized to execute the same under a resolution duly adopted by the Board of Directors of the Sanitation District.

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

(d) *No Conflicts.* The execution and delivery of the Easement and this Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Sanitation District is a party or by which it or its properties are otherwise subject or bound (including, without limitation, the Sanitation District Prior Financing Documents), or result in the creation or imposition of any prohibited Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Sanitation District.

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

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Sanitation District after reasonable investigation, threatened against or affecting the Sanitation District or the assets, properties or operations of the Sanitation District which, if determined adversely to the Sanitation District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Easement or this Agreement or upon the financial condition, assets, properties or operations of the Sanitation District, and the Sanitation District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Easement or this Agreement or the financial condition, assets, properties or operations of the Sanitation District.

(g) *Essential Use.* Upon completion and acceptance, the Treatment Plant Solar Equipment will be essential to the proper, efficient and economic operation of the Sanitation District and serve an essential governmental function of the Sanitation District. The Sanitation District does not intend to sell or otherwise dispose of the Treatment Plant Solar Equipment or any interest therein prior to the last Sublease Payment (including the Extended Sublease Term) scheduled to be paid hereunder. The Sanitation expects to make immediate use of the Treatment Plant Solar Equipment upon completion and acceptance thereof. The Sanitation District does not expect the need for the Treatment Plant Solar Equipment to diminish during the Sublease Term .

(h) *Insufficiency of Available Project Proceeds.* The Sanitation District County will pay all Treatment Plant Solar Equipment Costs in excess of Available Project Proceeds and the Sanitation District's Share of Delivery Costs in excess of [\$213,001] out of its own funds within 30

days of a request therefor from the County accompanied by documentation of such costs reasonably satisfactory to the Sanitation District.

(i) *Ownership of Treatment Plant; Real Property Issues.* So long as the Sublease Term is in effect and/or any Sublease Payment remains outstanding, the Treatment Plant Solar Equipment is and will be acquired, installed and located in the Easement Area; and the Treatment Plant and the Easement Area are and at all times will be either owned by the Sanitation District as fee simple owner and for which the Sanitation District has good and marketable title, subject to the Easement and this Agreement or (ii) if conveyed by the Sanitation District, will be conveyed subject to the Easement and this Agreement. The Sanitation District covenants and agrees that in the event any lien, issue, claim or dispute arises with respect to the Sanitation District's legal title to the Treatment Plant or the County's interest in the Easement Area or the Treatment Plant Solar Equipment or access to the Treatment Plant Solar Equipment for inspection or repossession or any other matters relating to the Sanitation District's valid and marketable use or title to the Treatment Plant or the County's interest in the Easement Area or the Treatment Plant Solar Equipment or access to the Treatment Plant Solar Equipment (each of the foregoing referred to as a "*Real Property Issue*"), the Sanitation District will take all steps necessary to promptly quiet, resolve and/or eliminate such Real Property Issue and/or provide the County with, or as applicable, will take all reasonable steps available to the Sanitation District to ensure the County has, adequate access to the Treatment Plant and the Easement Area for purposes of accessing, inspecting and/or repossessing (if necessary) any of the Treatment Plant Solar Equipment; and the Sanitation District shall ensure that its fee interest in the Treatment Plant is or will be located is and remains free and clear of Real Property Issues. Notwithstanding any termination of this Agreement, the covenants in this Section 2.1(i) shall remain in effect and continue to inure to the benefit of the County and its assigns so long as any Sublease Payment remains outstanding or unpaid.

Section 2.2 *Covenants, Representations and Warranties of the County.* The County makes the following covenants, representations and warranties to the Sanitation District as of the Funding Date:

(a) *Due Organization and Existence.* The County is a political subdivision duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action of its Board of Supervisors the County has duly authorized the execution and delivery of this Agreement.

(b) *Due Execution.* The representatives of the County executing this Agreement are fully authorized to execute the same under official action taken by the Board of Supervisors of the County.

(c) *Valid, Binding and Enforceable Obligations.* This Agreement has been duly authorized, executed and delivered by the County and constitutes the legal, valid and binding agreement of the County, enforceable against the County in accordance with its terms.

(d) *No Conflicts.* The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the County is a party or by

which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the County, which conflict, violation, breach, default, Lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the financial condition, assets, properties or operations of the County.

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

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the financial condition, assets, properties or operations of the County.

### **ARTICLE III**

#### **ACQUISITION AND INSTALLATION OF THE TREATMENT PLANT SOLAR EQUIPMENT**

Section 3.1 *County to Acquire and Install Treatment Plant Solar Equipment; Payment.* (a) Acting as the agent of the Authority pursuant to the Lease Agreement, the County has assumed all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition and installation of the Treatment Plant Solar Equipment. The County, as agent of the Authority, has entered into or will enter into, administer and enforce all agreements relating to the acquisition and installation of the Treatment Plant Solar Equipment; and the County has ordered or shall order the Treatment Plant Solar Equipment and shall cause the Treatment Plant Solar Equipment to be delivered and installed in the Easement Area. The County shall pay Treatment Plant Solar Equipment Costs from Available Project Proceeds. In the event that the Treatment Plant Solar Equipment Costs exceed the Available Project Proceeds, the Sanitation District shall pay the amount of such excess to the County as provided for in Section 2.1(h). Any Available Project Proceeds in excess of the Treatment Plant Solar Equipment Costs shall be applied as set forth in the Lease Agreement.

(b) When all items of the Treatment Plant Solar Equipment have been delivered and installed and are available for the County's beneficial use and enjoyment, the County shall promptly accept such Treatment Plant Solar Equipment and evidence such acceptance in the manner described in the Lease Agreement. Once installed, no item of the Treatment Plant Solar Equipment will be moved or relocated from the Easement Area without the prior written consent of the NCREBs Lease Assignee.

Section 3.2 *Disposition of Excess Proceeds.* Excess Proceeds, if any, held by the County on the date identified for the disposition of excess moneys in Section 3.4 of the Lease Agreement shall be applied to prepay the principal component of Sublease Payments in whole or in part in inverse order of Sublease Payment Dates. The portion of such Excess Proceeds that are 10% or less of the original Available Project Proceeds shall be applied to prepay Sublease Payments at a prepayment price equal 100% of such Excess Proceeds plus accrued interest on such prepaid principal portion of Sublease Payments to the prepayment date. Any portion of the Excess Proceeds that exceeds 10% of the original Available Project Proceeds shall be applied to prepay Sublease Payments at a prepayment price equal 102% of such Excess Proceeds plus accrued interest on such prepaid principal portion of Sublease Payments to the prepayment date. Notwithstanding anything in this Section to the contrary the Sanitation District shall pay the County the prepayment premium (if any) and interest portion of Sublease Payments accrued to the prepayment date on such principal portion to be prepaid from funds legally available to the Sanitation District County for that purpose, but not from Available Project Proceeds.

## ARTICLE IV

### SUBLEASE PAYMENTS; SUBSTITUTION AND RELEASE OF PROPERTY

Section 4.1 *Sublease of Treatment Plant Solar Equipment.* For and in consideration of the Sublease Payments and other amounts to be paid by the Sanitation District pursuant to this Agreement, the County hereby subleases the Treatment Plant Solar Equipment to the Sanitation District, and the Sanitation District hereby subleases the Treatment Plant Solar Equipment from the County upon the terms and conditions set forth herein, such subleasing of the Treatment Plant Solar Equipment to be subject in all respects to the terms and provisions of the Lease Agreement.

Section 4.2 *Term.* The Sublease Term commences on the Funding Date and ends on the date on which all of the Sublease Payments have been paid in full. In the event that the obligation of the Sanitation District to pay Sublease Payments is abated for any period under Article VI, the Sublease Term shall automatically extend until such time as all Sublease Payments have been paid in full; *provided* that the Sublease Term shall, in any event, terminate no later than the date specified in the definition of said term in Section 1.1. The provisions of this Section 4.2(a) are subject to the provisions of Section 6.5 hereof.

Section 4.3 *Sublease Payments and Oher Obligations.*

(a) *Obligation to Pay.* Subject to the provisions of Sections 6.2 and 6.3 and the provisions of Article IX, if and to the extent that Net Revenues are available the Sanitation District agrees to pay to the County, its successors and assigns the Sublease Payments (denominated into components of principal and interest) in the amounts specified in the Sublease Payment Schedule, to be due and payable in immediately available funds on the Sublease Payment Dates specified in the Sublease Payment Schedule. The Sublease Payments payable in any Rental Period are for the beneficial use and enjoyment of the Treatment Plant Solar Equipment during such Rental Period. The interest components of the Sublease Payments have been calculated based on the NCREBs Rate<sub>2</sub> on the basis of a 360-day year of twelve 30-day months, reduced by the Sanitation District's Share of the anticipated amount of the County's applicable cash subsidy payments from the United States Treasury under Section 54A or 6431 of the Code (as currently in effect) with respect to the NCREBs Equipment Lease. In the event the amount of any such subsidy payment is greater or less than the anticipated amount, County shall adjust the interest components of the applicable Sublease Payment(s)

accordingly and the Sanitation District shall pay the amount of the adjusted Sublease Payment(s). In addition to the Sublease Payments, if and to the extent that Net Revenues are available the Sanitation District shall also pay to the County an administrative charge in such amount as the County may from time to time establish as the amount reasonably determined by the County as the costs paid or incurred by it in connection with the financing of the Treatment Plant Solar Equipment and the administration and implementation of this Agreement (the “*Administrative Charge*”).

Except as provided in Section 6.2 or 6.3, the obligations of the Sanitation District to make the aforesaid payments from Net Revenues and to perform and observe the other covenants and agreements contained in this Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Treatment Plant Solar Equipment, any defects, malfunctions, breakdowns or infirmities in the Treatment Plant Solar Equipment, disputes with any vendor of the Treatment Plant Solar Equipment or the County, failure of any vendor to perform any of its obligations for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to the vendor, or any accident, condemnation or unforeseen circumstances.

(b) *Effect of Prepayment.* If the Sanitation District prepays all Sublease Payments in full under Section 9.1 or 9.2, the Sanitation District’s obligations hereunder with respect to such Sublease Payments will thereupon cease and terminate. If the Sublease Payments are prepaid in part from Excess Proceeds under Section 3.2, such prepayment shall be applied to repay the principal components of the remaining Sublease Payments provided for in said Section.

(c) *Rate on Overdue Payments.* If the Sanitation District fails to make any of the payments required in this Section 4.3, the payment in default will continue as an obligation of the Sanitation District until the amount in default has been fully paid, and the Sanitation District agrees to pay the same with interest thereon at the Default Rate from the date of default to the date of payment. If any Sublease Payment or other amount payable hereunder is not paid by its due date, the Sanitation District shall pay an administrative late charge of 5% of the amount not timely paid or the maximum amount permitted by law, whichever is less.

(d) *Fair Rental Value.* The Sublease Payments and Administrative Charges coming due and payable each Rental Period hereunder constitute the total rental for the Treatment Plant Solar Equipment for such Rental Period, and the Sanitation District will pay such amounts in each Rental Period for and in consideration of the right of the anticipated or actual beneficial use and enjoyment of, and the anticipated or actual continued quiet use and enjoyment of the Treatment Plant Solar Equipment during each Rental Period. The Sanitation District and the County have agreed and determined that the total Sublease Payments and Administrative Charges are not in excess of the fair rental value of the Treatment Plant Solar Equipment at completion and acceptance. In making that determination, consideration has been given to the estimated fair market value of the Treatment Plant Solar Equipment at completion and acceptance, the replacement costs the Treatment Plant Solar Equipment at completion and acceptance, the costs of financing being incurred by the County with respect to the Treatment Plant Solar Equipment, other obligations of the County under the NCREBs Equipment Lease, the uses and purposes which may be served by the Treatment Plant Solar Equipment at completion and the benefits therefrom that will accrue to the Sanitation District and its rate payers.

(e) *Source of Payments; Covenant re Net Revenues.* The Sublease Payments and Administrative Charges are payable from Net Revenues, subject to the provisions of Articles VI and IX; and the Sanitation District covenants to take such action as is necessary to assure that its Net

Revenues will be sufficient to provide funds sufficient and available to discharge its obligation hereunder in each of its fiscal years during the Sublease Term.

Section 4.4 *Title to and Security Interest in the Treatment Plant Solar Equipment.*

(a) *Title.* During the Sublease Term, all right, title and interest in and to each item of the Treatment Plant Solar Equipment shall be vested in the County immediately upon its payment for each item of Treatment Plant Solar Equipment or portion thereof, subject to the terms and conditions of the NCREBs Equipment Lease, and shall thereupon be vested in the Sanitation District subject to the security interest described in subsection (b) below. The Sanitation District shall at all times protect and defend, at its own cost and expense, its title in and to the Treatment Plant Solar Equipment from and against all claims, Liens and legal processes of its creditors, and keep all Treatment Plant Solar Equipment free and clear of all such claims, Liens and processes.

(b) *Security Interest.* The Sanitation District acknowledges that, pursuant to the Lease Agreement, the County has granted to the Authority a first priority security interest constituting a first Lien on the Treatment Plant Solar Equipment and has authorized the Authority to file (and such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to the Authority, which the Authority deems necessary or appropriate to establish and maintain the Authority's security interest in the Treatment Plant Solar Equipment, including such financing statements with respect to personal property and fixtures under Article 9 of the California Commercial Code and treating such Article 9 as applicable to entities such as the County.

(c) *Treatment of Treatment Plant Solar Equipment as Personal Property.* As and to the extent permitted by law, the Treatment Plant Solar Equipment is deemed to be and will remain personal property, and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Treatment Plant Solar Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to the Easement Area.

Section 4.5 *Quiet Enjoyment.* Throughout the Sublease Term, so long as the Sanitation District is not default hereunder, the County will provide the Sanitation District with quiet use and enjoyment of the Treatment Plant Solar Equipment and the Sanitation District will peaceably and quietly have and hold and enjoy the Treatment Plant Solar Equipment, without suit, trouble or hindrance from the County, except as expressly set forth herein. The County shall, at the request of the Sanitation District and at the Sanitation District's cost, join in any legal action in which the Sanitation District asserts its right to such possession and enjoyment to the extent the County may lawfully do so. Notwithstanding the foregoing, the County has the right to inspect the Treatment Plant Solar Equipment as provided in Section 7.2.

## ARTICLE V

### MAINTENANCE, TAXES, INSURANCE AND OTHER MATTERS

Section 5.1 *Maintenance, Utilities, Taxes and Assessments with respect to the Treatment Plant Solar Equipment.* Throughout the Sublease Term, as part of the consideration for the rental of the Treatment Plant Solar Equipment, and in order to ensure that the Sanitation District maintains the Treatment Plant Solar Equipment in proper working order so that it may be used for its intended purpose, all improvement, repair and maintenance of the Treatment Plant Solar Equipment are the sole responsibility of the Sanitation District, and the Sanitation District will pay for or otherwise arrange for

the payment of all utility and security services supplied to the Treatment Plant Solar Equipment and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Treatment Plant Solar Equipment resulting from ordinary wear and tear or want of ordinary care on the part of the Sanitation District or any assignee or sublessee thereof. In exchange for the Sublease Payments, the Administrative Charges and the other amounts payable to it by the Sanitation District, the County agrees to provide the Treatment Plant Solar Equipment, as more specifically set forth herein. The Sanitation District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the Sanitation District under the terms of this Agreement.

The Sanitation District will also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Sanitation District or the County affecting the Easement Area and/or the Treatment Plant Solar Equipment; *provided* that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Sanitation District is obligated to pay only such installments as are required to be paid during the Sublease Term as and when the same become due.

The Sanitation District may, at the Sanitation District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the County notifies the Sanitation District that, in its reasonable opinion, by nonpayment of any such items the interest of the County in the Treatment Plant Solar Equipment will be materially endangered or the Treatment Plant Solar Equipment or any part thereof will be subject to loss or forfeiture, in which event the Sanitation District will promptly pay such taxes, assessments or charges or provide the County with full security against any loss which may result from nonpayment, in form satisfactory to the County and the NCREBs Lease Assignee).

Section 5.2 *Modification of Treatment Plant Solar Equipment.* The Sanitation District has the right, at its own expense, to make additions, modifications and improvements to the Treatment Plant Solar Equipment or any portion thereof. All additions, modifications and improvements to the Treatment Plant Solar Equipment will thereafter comprise part of the Treatment Plant Solar Equipment and become subject to the provisions hereof. Such additions, modifications and improvements may not in any way damage the Treatment Plant Solar Equipment, or cause the Treatment Plant Solar Equipment to be used for purposes other than those authorized under the provisions of state and federal law; and the Treatment Plant Solar Equipment, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The Sanitation District will not permit any mechanic's or other Lien to be established or remain against the Treatment Plant Solar Equipment for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the Sanitation District under this Section; *provided* that if any such Lien is established and the Sanitation District first notifies the County of the Sanitation District's intention to do so, the Sanitation District may in good faith contest any Lien filed or established against the Treatment Plant Solar Equipment, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the County with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the County. The County will cooperate fully in any such contest, upon the request and at the expense of the Sanitation District.



Section 5.3 *Insurance.* The County is required by the Lease Agreement to maintain or cause to be maintained insurance against various risks in minimum amounts specified in the Lease Agreement. In addition to all other amounts payable by it to the County hereunder, the Sanitation District will pay to the County, within 30 days of its receipt of a request therefor, such amount as the County may from time to time determine to be the cost of maintaining such insurance that is reasonably allocated to the Treatment Plant Solar Equipment.

Section 5.4 *Federal or State Disaster Aid.* Should the Treatment Plant Solar Equipment be damaged or destroyed as a result of an event for which federal or State of California disaster aid is available, the Sanitation District and/or the County shall promptly apply for disaster aid. Any disaster aid proceeds received shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Treatment Plant Solar Equipment, or, at the option of the County and the Sanitation District, to prepay the Sublease Payments if permitted under the disaster aid program and the law.

Section 5.5 *Recordation of this Agreement.* The Sanitation District shall, at its expense, cause this Agreement to be recorded in the office of the Nevada County Recorder on or before the Funding Date.

Section 5.6 *Liens.* The Sanitation District shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, deed of trust, security interest, pledge, Lien, charge, encumbrance or claim on or with respect to the Treatment Plant Solar Equipment (including the charge upon property purchased under conditional sales or other title retention agreements), other than Permitted Encumbrances. Except as expressly provided in this Article, the Sanitation District shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, Lien, charge, encumbrance or claim, for which it is responsible, if the same will arise at any time. The Sanitation District shall reimburse the County for any expense incurred by it in order to discharge or remove any such mortgage, deed of trust, security interest, pledge, Lien, charge, encumbrance or claim. The Sanitation District shall keep the Treatment Plant Solar Equipment free of all levies, Liens and encumbrances except those created by the NCREBs Equipment Lease, the Easement and this Agreement.

Section 5.7 *Environmental Covenants.* (a) The County shall not be obligated to monitor compliance of the Treatment Plant Solar Equipment with applicable environmental or other laws, nor shall the County have any obligations or responsibility to foreclose or otherwise further involve itself with the Treatment Plant Solar Equipment under any circumstance, including any instance where either the County is notified of any non-compliance of the Treatment Plant Solar Equipment with applicable environmental or other laws.

(b) To the greatest extent permitted by law, the Sanitation District agrees to hold harmless, indemnify and defend the County from and against any claim, demand, penalty, fee, Lien, damage, loss expense or liability resulting from (i) any breach of the representations and warranties made by it in this Agreement or any failure, for any reason to comply with environmental laws, rules and regulations, including reasonable attorneys' fees and costs of, or in preparation for, any trial or appellate review, and (ii) any actual or alleged Hazardous Substance contamination, including the clean-up of Hazardous Substances from the Treatment Plant Solar Equipment or any other properties resulting from any activities on the Easement Area during the Sanitation District's ownership, possession or control of the Easement Area which directly or indirectly result in the Easement Area or any other property being contaminated with Hazardous Substances. This indemnity shall survive the termination of this Agreement and shall continue to inure to the benefit of the County notwithstanding

any assignment of its other rights hereunder; *provided, however*, that the obligations of the Sanitation District under this Section are specifically limited to payment from such moneys of the Sanitation District as are available at such time from the proceeds of insurance, self-insurance and legally available funds.

(c) The County acknowledges that so long as the Sanitation District operates the Treatment Plant Solar Equipment, any Hazardous Substance generated, placed, housed or located on, under or in the Treatment Plant Solar Equipment, in the ordinary course of the Sanitation District's operation of the Treatment Plant Solar Equipment, shall not violate this Agreement, so long as the Sanitation District complies with all federal, State or local statutes, ordinances, rules, regulation or other laws applicable to the handling and disposal of such Hazardous Substances.

(d) As used herein, "*Hazardous Substance*" shall mean any hazardous, toxic or dangerous substance, waste, material or underground storage tanks that are or may become regulated under any federal, State or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean-up.

Section 5.8 *Taxes and Other Governmental Charges with respect to the Treatment Plant Solar Equipment; Use and Maintenance of the Treatment Plant Solar Equipment.* (a) The County and the Sanitation District contemplate that the Easement Area and the Treatment Plant Solar Equipment will be used for a governmental or proprietary purpose of the Sanitation District and that the Easement Area and the Treatment Plant Solar Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of the Easement Area or any Treatment Plant Solar Equipment is nevertheless determined to be subject to taxation, the Sanitation District shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect thereto. The Sanitation District shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, the Sanitation District shall be obligated to pay only such installments as accrue during the Sublease Term .

(b) The Sanitation District shall not install, use, operate or maintain the Treatment Plant Solar Equipment (or cause the Treatment Plant Solar Equipment to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the NCREBs Equipment Lease. The Sanitation District shall pay all utility and other charges incurred in the use and maintenance of the Treatment Plant Solar Equipment. In addition, the Sanitation District agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body; provided that the Sanitation District may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of the County, adversely affect the interest of the County in and to the Easement Area and/or the Treatment Plant Solar Equipment or its interest or rights under the NCREBs Equipment Lease.

(c) The Sanitation District shall maintain, preserve and keep the Treatment Plant Solar Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. The County shall have no responsibility to maintain, repair or make improvements or additions to the Treatment Plant Solar Equipment. In all cases during the Sublease Term and prior to the transfer return of the Treatment Plant Solar Equipment to the Sanitation District as provided in Section 8.2, the Sanitation District agrees to pay any costs necessary for the manufacturer to re-certify the Treatment Plant Solar Equipment as eligible for manufacturer's maintenance upon the transfer of the Treatment Plant Solar Equipment as provided for in such Section. Except with respect to

Treatment Plant Solar Equipment for which Sublease Payments have been abated pursuant to Section 6.2 or 6.3, and during the period of such abatement, the Sanitation District agrees that it will (a) maintain, preserve and keep the Treatment Plant Solar Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer; and (b) replace or rebuild any component of the Treatment Plant Solar Equipment that becomes permanently unfit for normal use or inoperable during the Sublease Term (herein, the "*Inoperable Component*") in order to keep the Treatment Plant Solar Equipment as a whole in good repair and working order during the Sublease Term. The Sanitation District shall promptly notify the County in writing when any major component of the Treatment Plant Solar Equipment is reasonably expected within forty-five (45) days to become an Inoperable Component. The Sanitation District shall promptly replace or rebuild the Inoperable Component with the same major component of comparable or improved make and model and that has at least equivalent value, utility and remaining useful life and is in as good operating condition as the Inoperable Component it is replacing. The County shall have no responsibility to maintain, repair, replace, rebuild or make improvements or additions to the Treatment Plant Solar Equipment.

(d) The Sanitation District shall not alter any item of Treatment Plant Solar Equipment or install any accessory, equipment or device on an item of Treatment Plant Solar Equipment if that would impair any applicable warranty, the originally intended function or the value of the Treatment Plant Solar Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on the Treatment Plant Solar Equipment, excluding temporary replacements, shall thereupon become subject to the security interest mentioned in Section 4.4.

(e) The Sanitation District shall not create, incur, assume or permit to exist any mortgage, pledge, Lien, security interest, charge or other encumbrance of any nature whatsoever except for Permitted Encumbrances on the Easement Area or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of the County, which consent shall not be unreasonably withheld.

(f) If the Sanitation District elects to replace any item of the Treatment Plant Solar Equipment (the "*Replaced Equipment*") pursuant to this Section, the replacement equipment (the "*Replacement Equipment*") shall be new or of a quality, type, utility and condition at least as good as the Replaced Equipment, shall be of equal or greater value than the Replaced Equipment and shall provide at least the same level of energy and/or operational savings expected in the aggregate from the Replaced Equipment prior to such casualty, destruction or condemnation to the extent possible from Net Proceeds. The Sanitation District shall grant to the NCREBs Lease Assignee a first priority security interest in any such Replacement Equipment. The Sanitation District shall represent, warrant and covenant to the NCREBs Lease Assignee that each item of Replacement Equipment is free and clear of all claims, Liens, security interests and encumbrances, excepting only those Liens created by or through the NCREBs Lease Assignee, and shall provide to the NCREBs Lease Assignee any and all documents as the NCREBs Lease Assignee may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to the NCREBs Lease Assignee evidencing the NCREBs Lease Assignee's security interest in the Replacement Equipment. The County and the Sanitation District hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Treatment Plant Solar Equipment" for purposes of this Agreement. The Sanitation District shall complete the documentation of Replacement Equipment on or before the next Sublease Payment Date after the occurrence of a casualty event, or as soon as reasonably practicable thereafter, or exercise its option to prepay, to the extent possible from Net Proceeds, the obligations hereunder with respect to the damaged equipment in accordance with this Agreement.

Section 5.9 *Advances*. If the Sanitation District fails to perform any of its obligations under this Article V, the County may, but shall be under no obligation to, take any necessary action to cure the failure, including the advancement of money. All amounts so advanced by the County shall constitute additional rent for the Sublease Term; and the Sanitation District covenants and agrees to pay such amounts so advanced by the County with interest thereon from the date advanced until paid at a rate equal to the Default Rate; *provided, however*, that any amount payable by the Sanitation District pursuant to this Section shall be payable solely from Net Revenues.

## ARTICLE VI

### DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1 *Application of Net Proceeds*. The Net Proceeds of any taking of the Treatment Plant Solar Equipment or any portion of either thereof in eminent domain proceedings, and the Net Proceeds of any insurance award with respect to the Treatment Plant Solar Equipment will be applied as hereinafter set forth in this Section 6.1.

If the Treatment Plant Solar Equipment is taken in eminent domain proceedings at any time during the Sublease Term, or if the Treatment Plant Solar Equipment is damaged or destroyed, the Sanitation District shall as soon as practicable after such event, with the prior written consent of the County, apply the Net Proceeds resulting therefrom to one of the following: (a) repair the Treatment Plant Solar Equipment to full use; (b) replace the Treatment Plant Solar Equipment at the Sanitation District's sole cost and expense, with property of equal or greater value to the Treatment Plant Solar Equipment immediately prior to the time of such destruction or damage, such replacement Treatment Plant Solar Equipment to be subject to the County's reasonable approval, whereupon such replacement shall be substituted herein by appropriate amendment; (c) substitute additional property; or (d) prepay the Sublease Payments in accordance with Section 9.2. The Sanitation District shall notify the County of which course of action it desires to take within 60 days after the occurrence of such destruction or damage and be pursued diligently to completion. The County may (but is not required to) in its own name or in the Sanitation District's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy, and the Sanitation District hereby grants to the County a power of attorney coupled with an interest to accomplish all or any of the foregoing. The Net Proceeds of all insurance or eminent domain award payable with respect to the Treatment Plant Solar Equipment shall be applied by the Sanitation District to discharge the Sanitation District's obligations under this Section. If the Sanitation District shall make any payments pursuant to this Section, the Sanitation District shall not be entitled to any reimbursement therefor from the County nor shall the Sanitation District be entitled to any diminution of the amounts payable under the affected Lease.

Section 6.2 *Termination or Abatement Due to Eminent Domain*. If the Treatment Plant Solar Equipment is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, then subject to Section 6.1 hereof, the Sublease Term will cease with respect thereto as of the day possession is so taken. If less than all of the Treatment Plant Solar Equipment is taken permanently, or if the Treatment Plant Solar Equipment is taken temporarily, under the power of eminent domain, (a) this Agreement will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking, and the parties waive the benefit of any law to the contrary, and (b) subject to Section 6.1 hereof, there will be a partial abatement of Sublease Payments or allocated thereto in an amount to be determined by the Sanitation

District such that the resulting Sublease Payments represent fair consideration for the use, occupancy and enjoyment of the remaining usable portions of the Treatment Plant Solar Equipment.

Section 6.3 *Abatement Due to Damage or Destruction.* The amount of Sublease Payments will be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use, occupancy and enjoyment by the Sanitation District of the Treatment Plant Solar Equipment or any portion thereof. The amount of such abatement will be determined by the Sanitation District such that the resulting Sublease Payments based upon whether such damage or destruction occurs with respect to the Treatment Plant Solar Equipment represent fair consideration for the use, occupancy and enjoyment of the portions of the Treatment Plant Solar Equipment not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the earlier of (i) substantial completion of the work of repair, replacement or reconstruction or (ii) substitution of property as provided in Section 6.1 or Section 6.5(c) (the “*Abatement End Date*”). In the event of any such damage or destruction, this Agreement will continue in full force, and effect and the Sanitation District waives any right to terminate it by virtue of any such damage and destruction or other defect. Notwithstanding the foregoing, there will be no abatement of Sublease Payments under this Section 6.3 to the extent that the proceeds of casualty insurance and rental interruption insurance are available to pay Sublease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of such Sublease Payments. The Sanitation District shall immediately notify the County and the NCREBs Lease Assignee upon the occurrence of any event causing substantial interference with the Sanitation District’s beneficial use and enjoyment of any portion of the Treatment Plant Solar Equipment that is unavailable under Section 6.2 or 6.3.

Section 6.4 *Reserved.*

Section 6.5 *Extended Sublease Term; Recalculation of Sublease Payments; Substitution of Equipment under Certain Circumstances.* (a) In case of abatement of any Sublease Payments as provided herein, the term of this Agreement shall automatically be extended for an Extended Sublease Term and further extended successively for any additional Extended Sublease Term as a result of the occurrence of any subsequent similar event; provided, however, that in no event shall any such extension result in the term of such Lease extending past the date specified in the definition of “*Sublease Term.*” The terms and conditions during any Extended Sublease Term shall be the same as the terms and conditions during the original Sublease Term, except that:

(i) the then unpaid aggregate principal component shall be amortized at the NCREBs Rate on a level debt service basis over a period equal to the duration of the then remainder of such original Sublease Term and such Extended Sublease Term and with Sublease Payments payable on each Sublease Payment Date provided in the Sublease Payment Schedule;

(ii) the County shall prepare, and the County and the Sanitation District shall execute and deliver, a revised Sublease Payment Schedule as described in the preceding clause (i);

(iii) if the Extended Sublease Term does not end on an applicable Sublease Payment Date, the final date for payment of such Sublease Payments shall be the last business day of the Extended Sublease Term under the Lease; and

(iv) the Sanitation District and the County shall take such actions as may be necessary to maintain the status of the NCREBs Equipment Lease as a “*new clean renewable energy bond*” within the meaning of Section 54C(a) of the Code.

The County shall establish the Extended Sublease Term, calculate the increased interest component and revised amortization of the then unpaid aggregate principal component hereunder and prepare the revised Sublease Payment Schedule, all as provided in this subsection (a), within thirty days after an Abatement End Date (as described above). Once the County has prepared such revised Sublease Payment Schedule, the County shall promptly deliver such revised Sublease Payment Schedule to the Sanitation District for execution and delivery by the Sanitation District and the County; *provided* that the revised Sublease Payment Schedule prepared in accordance with this subsection (a) shall become immediately effective for the period from and after such Abatement End Date.

(b) Notwithstanding any such interference with the Sanitation District’s beneficial use and enjoyment of a portion of the Treatment Plant Solar Equipment, this Agreement shall continue in full force and effect with respect to any unimpaired or remaining Treatment Plant Solar Equipment. The Sanitation District hereby waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate this Agreement and the Leases by virtue of any interference with the use and possession of the Treatment Plant Solar Equipment.

(c) In the event of damage to or destruction of all or a portion of the Treatment Plant Solar Equipment due to earthquake or other uninsured casualty for which the proceeds of rental interruption insurance are not available, promptly after the occurrence of such event, to the extent such action will not cause the applicable Lease to be invalid, the District Administrator of the Sanitation District will use his or her best efforts to present to the Board of Directors of the Sanitation District a recommendation that such Board of Directors consider substituting and adding as additional Treatment Plant Solar Equipment other real or personal property of the Sanitation District that is unimpaired and unencumbered, the fair rental value of which shall be at least equal to the Sublease Payments due during each fiscal year for the remainder of the Sublease Term, provided that any such addition and substitution shall be subject to the approval of the Board of Directors of the Sanitation District.

## **ARTICLE VII**

### **OTHER COVENANTS**

Section 7.1 *Disclaimer of Warranties.* THE COUNTY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE SANITATION DISTRICT OF THE TREATMENT PLANT SOLAR EQUIPMENT OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE TREATMENT PLANT SOLAR EQUIPMENT OR ANY PORTION THEREOF. THE SANITATION DISTRICT ACKNOWLEDGES THAT THE COUNTY IS NOT A MANUFACTURER OF ANY PORTION OF THE TREATMENT PLANT SOLAR EQUIPMENT OR A DEALER THEREIN, THAT THE SANITATION DISTRICT SUBLEASES THE TREATMENT PLANT SOLAR EQUIPMENT, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE SANITATION DISTRICT. In no event shall the County be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Agreement for the existence, furnishing, functioning or the Sanitation District’s use of the Treatment Plant Solar Equipment.

Section 7.2 *Access to the Treatment Plant Solar Equipment.* The Sanitation District agrees that the County, and the County's successors or assigns, may at all reasonable times enter upon the Easement Area to examine and inspect the Treatment Plant Solar Equipment or any part thereof. The County and the County's successors and assigns have such rights of access to the Treatment Plant Solar Equipment or any component thereof as may be reasonably necessary to cause the proper maintenance of the Treatment Plant Solar Equipment in the event of failure by the Sanitation District to perform its obligations hereunder; *provided, however,* that neither the County nor any of its assigns have any obligation to cause such proper maintenance.

Section 7.3 *Risk of Loss; Release and Indemnification Covenants.* Whether or not covered by insurance or self-insurance, the Sanitation District hereby assumes all risk of loss of, or damage to and liability to injury or damage to any persons or property arising from the Treatment Plant Solar Equipment or the Easement Area from any cause whatsoever, and no such loss of or damage to or liability arising from the Treatment Plant Solar Equipment or the Easement Area shall relieve the Sanitation District of the obligation to make Sublease Payments or to perform any other obligation hereunder, except as otherwise provided in Sections 6.2 and 6.3. Whether or not covered by insurance or self-insurance, the Sanitation District shall indemnify (to the fullest extent permitted by applicable law and subject to the appropriation of moneys sufficient for the purpose) the County and the NCREBs Lease Assignee and their respective officers, agents, successors and assigns, against all liabilities, obligations, claims, losses and damages, including legal fees and expenses, arising out of any of the following:

- (a) the use, maintenance, condition or management of, or from any work or thing done on or in the Treatment Plant Solar Equipment or the Easement Area,
- (b) any breach or default on the part of the Sanitation District in the performance of any of its obligations under this Agreement or the Easement,
- (c) any negligence, bad faith or willful misconduct of the Sanitation District or of any of its agents, contractors, servants, employees or licensees with respect to the Treatment Plant Solar Equipment or the Easement Area, or
- (d) any intentional misconduct or negligence of any sublessee of the Sanitation District with respect to the Treatment Plant Solar Equipment or the Easement Area.

No indemnification is made hereunder for willful misconduct or negligence under this Agreement or the Easement by the County or the NCREBs Lease Assignee or their respective officers, agents, employees, successors or assigns. The provisions of this Section 7.3 shall continue in full force and effect notwithstanding the full payment of all obligations hereunder the Sublease Term for any reason.

Section 7.4 *Assignment by the Authority.* The Authority has assigned and transferred the Assigned NCREBs Lease Rights to the NCREBs Lease Assignee pursuant to the NCREBs Lease Assignment; and the Sanitation District hereby consents to such assignment and transfer.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1 *Events of Default Defined.* Each of the following events constitutes an Event of Default hereunder:

(a) Failure by the Sanitation District to pay any Sublease Payment (other than as permitted pursuant to Sections 6.2 and 6.3) or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the Sanitation District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Sanitation District by the County. However, if the Sanitation District notifies the County that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 30 day period, the failure will not constitute an Event of Default if the Sanitation District commences to cure the failure within such 30 day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.

(c) Any statement, representation or warranty made by the Sanitation District in or pursuant hereto or its execution, delivery or performance shall prove to have been false, misleading, or breached in any material respect on the date when made.

(d) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which there is outstanding, owing or committed an aggregate amount in excess of \$1,000,000.00, in each case under which the Sanitation District is an obligor, and such default remains uncured following the applicable cure period, if any, and either (1) arises from a failure to pay any amounts due with respect to such agreement for borrowing money, lease financing of property or provision of credit and/or (2) causes or permits amounts to become immediately due and payable in full as a result of such default.

(e) The Sanitation District shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of the Sanitation District, or of all or a substantial part of the assets of the Sanitation District, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors or (iv) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Sanitation District in any bankruptcy, reorganization, moratorium or insolvency proceeding.

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the Sanitation District or of all or a substantial part of the assets of the Sanitation District, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days.

Section 8.2 *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the County may exercise any and all remedies available under law or granted hereunder.



Notwithstanding anything herein to the contrary, there is no right under any circumstances to accelerate the Sublease Payments or otherwise declare any Sublease Payments not then in default to be immediately due and payable. Each and every covenant under this Agreement to be kept and performed by the Sanitation District is expressly made a condition and upon the breach thereof the County may exercise any and all rights granted under this Agreement. Upon the occurrence and during the continuance of any Event of Default, the County may exercise each and every one of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the County does not elect to terminate this Agreement in the manner hereinafter provided for in subsection (b), the Sanitation District agrees to remain liable for the payment of all Sublease Payments and the performance of all conditions contained herein, and the County may take whatever action at law or in equity may appear necessary or desirable, to collect each such Sublease Payment as it becomes due, subject, however, in any case to the provisions of Sections 6.2 and 6.3; *provided*, that in no event shall the Sanitation District be liable in any Fiscal Year for any amount in excess of the Sublease Payments shown for such Fiscal Year in the Sublease Payment Schedule. The Sanitation District shall reimburse the County for any deficiency arising out of the re-leasing or sale of the Treatment Plant Solar Equipment or portion thereof, or, if the County is unable to re-lease the Treatment Plant Solar Equipment, then for the full amount of all Sublease Payments to the end of the Sublease Term (subject in any case to the provisions of Sections 6.2 and 6.3), but said Sublease Payments and/or deficiency will be payable only at the same time and in the same manner as hereinabove provided for the payment of Sublease Payments, notwithstanding such entry or re-entry by the County or any suit in unlawful detainer, or otherwise, brought by the County for the purpose of effecting such re-entry or obtaining possession of the Treatment Plant Solar Equipment or portion of thereof or the exercise of any other remedy by the County.

The Sanitation District hereby irrevocably appoints the County as the agent and attorney-in-fact of the Sanitation District to enter upon and re-lease the Treatment Plant Solar Equipment upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Easement Area, to place such property in storage or other suitable place in the State of California for the account of and at the expense of the Sanitation District; and the Sanitation District hereby exempts and agrees to save harmless the County from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Treatment Plant Solar Equipment and the removal and storage of such property by the County or its duly authorized agents in accordance with the provisions herein contained. The Sanitation District agrees that the terms hereof constitute full and sufficient notice of the right of the County to re-lease the Treatment Plant Solar Equipment in the event of such re-entry without effecting a surrender hereof, and further agrees that no acts of the County in effecting such re-leasing constitute a surrender or termination hereof irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the Sanitation District the right to terminate this Agreement will vest in the County to be effected in the sole and exclusive manner hereinafter provided for in subsection (b). The Sanitation District agrees to surrender and quit possession of the Treatment Plant Solar Equipment upon demand of the County for the purpose of enabling the Treatment Plant Solar Equipment to be re-let under this paragraph. Any rental obtained by the County in excess of the unpaid Sublease Payments and other amounts due hereunder will be applied as a credit against future Sublease Payments and such other amounts.

(b) *Termination Hereof.* If an Event of Default occurs and is continuing hereunder, the County at its option may terminate this Agreement and may enter the Easement Area

and retake possession of the Treatment Plant Solar Equipment or require the Sanitation District at the Sanitation District's expense to promptly return any or all of the Treatment Plant Solar Equipment to the possession of the County at such place within the State of California as the County shall specify, and sell or lease such Treatment Plant Solar Equipment or, for the account of the Sanitation District, sublease such Treatment Plant Solar Equipment; and the Sanitation District hereby agrees to save harmless the County from any costs, loss or damage whatsoever arising or occasioned by any such removal, storage or reconditioning of such property by the County or its duly authorized agents in accordance with the provisions herein contained; *provided* that such amounts shall be payable solely from Net Revenues.

(c) *Suit for Payment of Sublease Payments.* By action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, obtain the issuance of a writ of mandamus enforcing, for each Fiscal Year seriatim during the entire balance of the remaining Sublease Term subject in any case to the provisions of Sections 6.2 and 6.3, the duty of the Sanitation District to appropriate and take all other administrative steps necessary for the payment of Sublease Payments and other amounts due hereunder.

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

Section 8.3 *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the County is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article VIII it is not necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4 *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Agreement defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 8.5 *No Additional Waiver Implied by One Waiver.* If any agreement contained herein is breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not constitute a waiver of any other breach hereunder.

## **ARTICLE IX**

### **PREPAYMENT OF SUBLEASE PAYMENTS**

Section 9.1 *Mandatory Prepayment upon Prepayment of Lease.* Under the terms of the Lease Agreement the County has option to prepay in whole, but not in part, the Lease Payments provided for therein at certain times and under certain conditions. Unless otherwise agreed to in

writing by the County, the Sanitation District agrees that, in the event the County elects to prepay said Lease Payment, the Sanitation District will pay the County the Sanitation District's Share of the amount of the prepayment within 15 days following receipt from the County of a request therefor. If the County will be financing its prepayment through the issuance of bonds or the execution and delivery of a lease or another similar arrangement, the County shall make reasonable efforts to allow the Sanitation District to participate in such financing in lieu of requiring the Sanitation District to making such payment. However, the failure of the County to allow the Sanitation District to participate in such financing shall not relieve the Sanitation District from its obligation to make the payment that is otherwise required of it hereunder

Section 9.2 *Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain.* The Sanitation District shall prepay the unpaid principal components of the Sublease Payments in whole on any date or in part on any Sublease Payment Date, from and to the extent of any Net Proceeds of insurance award or eminent domain award allocated to the Treatment Plant Solar Equipment and to be applied for purposes of such prepayment under Article VI, by paying a prepayment price equal the aggregate principal components of the Sublease Payments to be prepaid *plus* in each case accrued interest on such prepaid principal components to the prepayment date, *plus*: a prepayment premium equal to (1) two percent (2.00%) of the aggregate principal component to be prepaid of the Sublease Payments to be prepaid if such prepayment date occurs on or prior to \_\_\_\_\_, 20\_\_ or (2) one percent (1.00%) of the aggregate principal components of the Sublease Payments to be prepaid if such prepayment occurs on or after \_\_\_\_\_, 20\_\_. The Sanitation District shall give the County notice of prepayment of Sublease Payments under the affected Lease pursuant to this Section 9.2 not less than 30 days in advance of such prepayment date. Prepayment in part of the unpaid principal components of Sublease Payments as provided in this Section 9.2 shall be applied to reduce the principal components of Sublease Payments in inverse order of the Sublease Payment Dates under the affected Lease.

## ARTICLE X

### MISCELLANEOUS

Section 10.1 *Notices.* Any notice, request, complaint, demand or other communication under this Agreement or the Leases may be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice is effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 72 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The County, the Sanitation District or the NCREBs Lease Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

*If to the County:*

County of Nevada  
950 Maidu Avenue  
Nevada City, CA 95959  
Attention: County Executive Office

Phone: (530) 265-7040  
Fax No. (530) 265-9839

*If to the Sanitation District:*

Nevada County Sanitation District No. 1  
950 Maidu Avenue  
Nevada City, CA 95959  
Attention: County Executive Office

Phone: (530) 265-7040  
Fax No. (530) 265-9839

*If to the NCREBs Lease Assignee:*

Banc of America Leasing & Capital, LLC  
11333 McCormick Road  
Hunt Valley II  
M/C MD5-032-07-05  
Hunt Valley, MD 21031  
Attention: Contract Administration  
Fax No.: (443) 556-6977

Section 10.2 *Binding Effect.* This Agreement inures to the benefit of and is binding upon the County, the Sanitation District and their respective successors and assigns.

Section 10.3 *Severability.* If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding does not invalidate or render unenforceable any other provision hereof or thereof.

Section 10.4 *Net-net-net Lease.* This sublease is a “net-net-net lease” and the Sanitation District hereby agrees that the Sublease Payments are an absolute net return to the County, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5 *Third Party Beneficiary.* The NCREBs Lease Assignee is made a party beneficiary under this Agreement with all rights of a third party beneficiary.

Section 10.6 *Further Assurances and Corrective Instruments.* The County and the Sanitation District will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the property comprising the Easement Area (or intended so to be) or the Treatment Plant Solar Equipment leased (or intended so to be) hereunder or for carrying out the expressed intention of this Agreement.

Section 10.7 *Execution in Counterparts.* This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 10.8 *Applicable Law.* This Agreement is governed by and construed in accordance with the laws of the State of California.

Section 10.9 *County and Sanitation District Representatives.* Whenever under the provisions of this Agreement the approval of the County or the Sanitation District is required, or the County or the Sanitation District is required to take some action at the request of the other, such

approval or such request will be given for the County by an authorized officer, employee or other representative of the County designated and identified to the Sanitation District (in form and substance acceptable to the Sanitation District) for such purpose and for the Sanitation District by an authorized official, employee or other representative of the Sanitation District designated and identified to the County (in form and substance acceptable to the County) for such purpose, and any party hereto will be authorized to rely upon any such approval or request.

Section 10.10 *Captions*. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement or either Lease.

[Signature Pages Follow]

IN WITNESS WHEREOF, the County and the Sanitation District have caused this SUBLEASE AGREEMENT to be executed in their respective names by their duly authorized officers, all as of the date first above written.

COUNTY OF NEVADA,  
*as Sublessor*

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Attest:

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

NEVADA COUNTY SANITATION DISTRICT NO. 1,  
*as Sublessee*

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Attest:

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

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 NEVADA )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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

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 NEVADA )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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







