

MASTER FACILITIES SUBLEASE

This Master Facilities Sublease, dated as of September 1, 2025 (the “Facilities Sublease”), by and between FRESNO JOINT POWERS FINANCING AUTHORITY (the “Authority”), a public entity and agency, duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Fresno and the Redevelopment Agency of the City of Fresno, as lessor, and the CITY OF FRESNO (the “City”), a charter city and municipal corporation duly organized and validly existing under the Constitution and laws of the State of California, as lessee;

W I T N E S S E T H:

WHEREAS, the Authority, by issuing its Lease Revenue Bonds (Public Safety Projects) Series 2025A and its Lease Revenue Bonds (Public Safety Projects) Series 2025B (Federally Taxable) (collectively, the “Series 2025 Bonds”), intends to assist the City in financing certain capital improvement projects;

WHEREAS, the Authority and the City desire that the City lease the Facilities (as hereinafter defined) to the Authority pursuant to the terms of the Master Facilities Lease, dated as of September 1, 2025, and for the Authority to lease the Facilities back to the City pursuant to the terms of this Facilities Sublease;

WHEREAS, under this Facilities Sublease, the City will be obligated to make Base Rental Payments to the Authority for the sublease of the Facilities;

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions.

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Facilities Sublease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement.

Additional Bonds

The term “Additional Bonds” means bonds issued pursuant to Article III of the Trust Agreement.

Additional Payments

The term “Additional Payments” means all amounts payable to the Authority or the Trustee or any other person from the City as Additional Payments pursuant to Section 3.02 hereof.

Base Rental Payments

The term “Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

Base Rental Payment Schedule

The term “Base Rental Payment Schedule” means the schedule of Base Rental Payments attached hereto as Exhibit B.

Bonds

The term “Bonds” means the Series 2025 Bonds and all Additional Bonds.

Continuing Disclosure Certificate

The term “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate of the City dated the date of issuance and delivery of the Series 2025 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Expiry Date

The term “Expiry Date” means April 1, 2055 with respect to Parking Garage No. 8, April 1, 2055 with respect to the Fire Station No. 18, April 1, 2055 with respect to the Southeast Police Substation, or such other date or dates as set forth in an amendment or supplement to this Facilities Sublease.

Event of Default

The term “Event of Default” shall have the meaning specified in Section 6.01 hereof.

Facilities

The term “Facilities” means the real property and improvements thereon described in Exhibit A hereto as such property description may be amended or modified (including the release, addition or substitution of property as part of the Facilities), in accordance with Sections 2.03 of this Facilities Sublease, subject, however, to Permitted Encumbrances.

Fire Station No. 18

The term “Fire Station No. 18” means the real property and improvements thereon described in Exhibit A hereto.

Lease

The term “Lease” means the Master Facilities Lease, dated as of September 1, 2025, by and between the City and the Authority, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

Parking Garage No. 8

The term “Parking Garage No. 8” means the real property and improvements thereon described in Exhibit A hereto.

Permitted Encumbrances

The term “Permitted Encumbrances” has the meaning given in Section 1 of the Lease.

Restricted Properties

The term “Restricted Properties” means all City improved and unimproved real property, classified by the Authority and City as Restricted Properties at the time such property is added to this Facilities Sublease, which classification has been based on the following: such property is improved and unimproved real property which was acquired by the City by dedication, gift, bequest, devise, transfer, condemnation, purchase or otherwise and which improved and unimproved real property is: (i) designated by the City, deed restriction, grant restriction, law or otherwise as a park or for park purposes and which improved and unimproved real property is used for park, recreation, public access, open space or similar purpose; (ii) designated by the City, deed restriction, law or otherwise as a historical park or historical site, or (iii) restricted or limited as to use or assignment by deed, recorded covenants, conditions and restrictions, contract, agreement, statutory or constitutional provisions or otherwise.

Series 2025 Bonds

The term “Series 2025 Bonds” means the Series 2025A Bonds and the Series 2025B Bonds.

Series 2025A Bonds

The term “Series 2025A Bonds” means the Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025A authorized by and at any time Outstanding pursuant to the Trust Agreement.

Series 2025B Bonds

The term “Series 2025B Bonds” means the Fresno Joint Powers Financing Authority Lease Revenue Bonds (Public Safety Projects), Series 2025B (Federally Taxable) authorized by and at any time Outstanding pursuant to the Trust Agreement.

Southeast Police Substation

The term “Southeast Police Substation” means the real property and improvements thereon described in Exhibit A hereto.

Sublease

The term “Sublease” means this Master Facilities Sublease, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

Tax-Exempt Bonds

The term “Tax-Exempt Bonds” means the Series 2025A Bonds and any Additional Bonds on which the interest payable is excluded from gross income for federal income tax purposes.

Trust Agreement

The term “Trust Agreement” means the Master Trust Agreement, dated as of September 1, 2025, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions thereof.

ARTICLE II

SUBLEASE OF FACILITIES; TERM; SUBSTITUTION; RELEASE; ADDITION OF PROPERTY

Section 2.01. Sublease of Facilities. The Authority hereby subleases to the City and the City hereby subleases from the Authority the Facilities, subject to Permitted Encumbrances. The City hereby agrees and covenants during the term of this Facilities Sublease that, except as hereinafter provided, it will use the Facilities for public and City purposes so as to afford the public the benefits contemplated by this Facilities Sublease.

The Facilities Lease between the City and the Authority shall not effect or result in a merger of the City’s leasehold estate pursuant to this Facilities Sublease and the City’s fee estate as lessor under the Lease, and the Authority shall continue to have and hold a leasehold estate in said Facilities pursuant to the Lease throughout the term thereof and the term of this Facilities Sublease. As to said Facilities this Facilities Sublease shall be deemed and constitute a sublease.

Section 2.02. Term; Occupancy. The term of this Facilities Sublease shall commence on the date this Facilities Sublease is recorded in the Office of the County Recorder, and shall end on the Expiry Date with respect to each Facility unless such term is extended or sooner terminated as hereinafter provided. If on each Expiry Date, the Base Rental Payments payable by the City attributable to the related Facilities and all other amounts due under the Trust Agreement and under this Facilities Sublease with respect to such Facilities shall not be fully paid, or if the Base Rental Payments or other amounts payable under this Facilities Sublease with respect

to such Facilities (including any Additional Payments) shall have been abated at any time and for any reason or shall not have been fully paid, then the term of this Facilities Sublease with respect to such Facilities shall be extended until ten (10) days after the Base Rental Payments attributable to such Facilities and all other amounts due under the Trust Agreement and the Facilities Sublease with respect to such Facilities shall be fully paid, except that the term of this Facilities Sublease as to the respective Facilities shall in no event be extended beyond ten (10) years after such respective Expiry Date. If prior to such Expiry Date, all Base Rental Payments attributable to the related Facilities and all other amounts then due under the Facilities Sublease with respect to such Facilities shall be fully paid, the term of this Facilities Sublease with respect to such Facilities shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

Section 2.03. Substitution, Release, Addition of Property. The City and the Authority may add, substitute or release real property and the improvements, buildings, fixtures and equipment thereon for all or a part of the Facilities for purposes of this Facilities Sublease and the Lease, including specifically, substituting Parking Garage No. 8 constituting a part of the Facilities hereunder with that certain real property and improvements thereon described as Fire Station No. 12 and the 911 Emergency Call Center, each constituting a portion of the Series 2025 Project under the Trust Agreement, following the construction thereof, but only after the City shall have filed or caused to be filed with the Authority and the Trustee the following:

(i) Executed copies of the Lease and this Facilities Sublease or amendments thereto containing the amended description of the Facilities, including the legal description of the Facilities as may be modified, in proper recordable form.

(ii) A Written Certificate of the City, evidencing that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the City) of the Facilities that will constitute the Facilities after such addition, substitution or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will evidence that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.

(iii) With respect to an addition or substitution of property, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such addition or substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under this Facilities Sublease.

(iv) A Written Certificate of the City stating that such addition, substitution or withdrawal, as applicable, does not adversely affect the City's use and occupancy of the Facilities.

(v) With respect to the substitution of property, a Written Certificate of the City stating that the useful life of the property to be substituted is at least equal to the remaining term of this Sublease.

(vi) An opinion of bond counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be, (i) is authorized or permitted under this Facilities Sublease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iii) will not cause the interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

ARTICLE III

BASE RENTAL PAYMENTS; USE OF PROCEEDS

Section 3.01. Base Rental Payments. The City agrees to pay to the Trustee, as assignee of the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of Section 3.06 of this Facilities Sublease) annual rental payments in accordance with the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof. Base Rental Payments with respect to the Facilities shall be calculated on an annual basis. Each Base Rental Payment installment shall be payable five (5) Business Days in advance of its due date.

If the term of this Facilities Sublease shall have been extended, Base Rental Payment installments shall continue to be due on April 1 and October 1 in each year, continuing to and including the date of termination of this Facilities Sublease, and payable as hereinabove described, in an amount equal to the amount of Base Rental payable for the twelve-month period commencing on the April 2 preceding the Expiry Date.

Section 3.02. Additional Payments. The City shall also pay such amounts (herein called the “Additional Payments”) as shall be required by the Authority for the payment of all costs and expenses incurred by the Authority (including, to the extent permitted by law, amounts payable pursuant to Section 10.16(9)(B) and Section 10.16(10) of the Trust Agreement) in connection with the execution, performance or enforcement of this Facilities Sublease or any assignment hereof, the Trust Agreement, the Lease, its interest in the Facilities and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement or hereof. [In addition, the City shall pay, subject to abatement under Section 3.02 hereof and without acceleration of Base Rental Payments, Additional Payments to the Authority to pay the charges, fees, costs and expenses set forth in Section [10.16] of the Trust Agreement.]

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the

Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. The City shall pay such amounts within thirty (30) days after receiving the bill. The City reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the City to make full and timely payment for all Additional Payments.

The Authority may in the future issue bonds and has entered into and may in the future enter into leases to finance facilities other than the Facilities. The administrative costs of the Authority shall be allocated among said facilities and the Facilities, as hereinafter in this paragraph provided. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facilities shall be included in the Additional Payments payable hereunder. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facilities, shall not be included in the administrative costs of the Facilities and shall not be paid from the Additional Payments payable hereunder. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, in making any determination that costs are payable as Additional Payments hereunder.

Section 3.03. Fair Rental Value. Such payments of Base Rental Payments for each rental period during the term of this Facilities Sublease shall constitute the total rental for said rental period and shall be paid by the City in each rental payment period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Facilities during each such period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each twelve-month period represents no more than the fair rental value of the Facilities for each such period. In making such determination, consideration has been given to costs of acquisition, design, construction and financing of the Facilities, other obligations of the parties under this Facilities Sublease, the uses and purposes which may be served by the Facilities, and the benefits therefrom which will accrue to the City and the general public.

Section 3.04. Payment Provisions. The City shall pay each installment of rental payable hereunder in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee in Los Angeles, California, or such other place as the Authority or Trustee shall designate. Any such installment of rental accruing hereunder which shall not be paid when due and payable under the terms of this Facilities Sublease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be permitted by law, from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Authority and the City, the City shall make all rental payments when due without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of the dispute. The obligation of the City to pay Base Rental is an absolute and unconditional obligation, subject to the abatement of Base Rental Payments pursuant to Section 3.06 hereof. In the event of a determination that the City was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent rental payments due hereunder or, at the City's discretion,

shall be refunded at the time of such determination. Amounts, which the City is required to deposit with the Trustee pursuant to this Section on any date, shall be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor.

Rental is subject to abatement as provided in Section 3.06 hereof.

Nothing contained in this Facilities Sublease shall prevent the City from making from time to time contributions or advances to the Authority for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Facilities in the event of damage to or the destruction of the Facilities.

Section 3.05. Appropriations Covenant; Base Rental Payments and Additional Payments to Constitute a Current Expense of the City; No Pledge. The City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Authority and the Trustee copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments hereunder within thirty (30) days after the filing or adoption thereof (which adoption occurs on or before June 30 each year). The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Facilities Sublease agreed to be carried out and performed by the City. The Trustee shall not be responsible for reviewing the City budget.

The Authority and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the City. Base Rental Payments and Additional Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due hereunder as consideration for use of the Facilities. This Facilities Sublease shall not create an immediate indebtedness for any aggregate payments, which may become due hereunder in the event that the term of this Facilities Sublease is continued. The City has not pledged the full faith and credit of the City, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due hereunder.

Section 3.06. Rental Abatement. The Base Rental Payments shall be abated during any period in which by reason of any damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Facilities by the City. The amount of such abatement will be such that the resulting Base Rental Payments do not exceed the lesser of (i) the amount necessary to pay the originally scheduled Base Rental Payments remaining unpaid and (ii) the fair rental value for the use and

possession of the Facilities not so damaged or destroyed. The City shall calculate such abatement and shall provide the Authority and the Trustee with a Certificate of the City setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Facilities so damaged or destroyed.

ARTICLE IV

MAINTENANCE; ALTERATIONS AND ADDITIONS

Section 4.01. Maintenance and Utilities. During such time as the City is in possession of the Facilities, all maintenance and repair, both ordinary and extraordinary, of the Facilities shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities. In exchange for the rental herein provided, the Authority agrees to provide only the Facilities.

Section 4.02. Changes to the Facilities. The City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of this Facilities Sublease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

Section 4.03. Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in this Facilities Sublease shall prevent the City from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facilities.

ARTICLE V

INSURANCE

Section 5.01. Fire and Extended Coverage Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Sublease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land except that such insurance may be subject to deductible clauses for any one loss of not to exceed two hundred fifty thousand dollars (\$250,000). Such insurance may be part of a joint purchase insurance program.

Should the Facilities be damaged or destroyed as a result of an event for which Federal or State disaster aid is available, the Authority and/or the City 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 Facilities, or, at the option of the City and the Authority, to redeem Outstanding Bonds if permitted under the disaster aid program.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City, may, provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Facilities Sublease, there shall be filed with the Trustee a certificate of an actuary, insurance consultant or other qualified person (who may be an employee of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the City with respect to the damaged portion of the Facilities shall be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Section 5.02. Title Insurance. The City shall obtain a leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Facilities in an amount at least equal to the principal amount of the Bonds. Such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority subject only to such exceptions as do not substantially interfere with the City's right to use and occupy the

property and as will not result in an abatement of Base Rental Payments payable by the City under this Facilities Sublease.

Section 5.03. Rental Interruption or Use and Occupancy Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained throughout the term of this Facilities Sublease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the insurance required by Section 5.01 hereof, in an amount sufficient to pay the maximum annual Base Rental Payments hereunder for any two year period, except that such insurance may be subject to a deductible clause of not to exceed fifty thousand dollars (\$50,000). Such insurance may be part of a joint-purchase insurance program. The provider of such insurance shall be rated at least "A-" by A.M. Best & Company, and the Trustee shall be the beneficiary of such insurance. Any proceeds of such insurance shall be payable to and used by the Trustee as provided in the Trust Agreement to pay principal of and interest on the Bonds for a period of time during which the payment of rental under this Facilities Sublease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.02 to the extent required for the payment of Additional Payments. The City may not self-insure for insurance required under this Section 5.03.

Section 5.04. Worker's Compensation. The City shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

Section 5.05. Insurance Proceeds; Form of Policies. All policies of insurance required by this Facilities Sublease shall provide that the Trustee shall be given thirty (30) days notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. The City shall pay when due the premiums for all insurance policies required by this Facilities Sublease, and shall promptly furnish evidence of such payments to the Authority.

The City will deliver to the Authority and the Trustee by July 31st in each year a written certificate of an officer of the City stating that such policies satisfy the requirements of this Facilities Sublease, setting forth the insurance policies then in force pursuant to this Section, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an actuary, independent insurance consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.01 and 5.04 hereof. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. If so requested in writing by the Trustee, the City shall also deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in such schedule.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Defaults and Remedies. (a) If the City shall fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Facilities Sublease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Authority, or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, but not to exceed 60 days, or upon the happening of any of the events specified in subsection (b) of this Section (any such case above being an “Event of Default”), the City shall be deemed to be in default hereunder, and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Facilities Sublease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Facilities Sublease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City. In the event of such termination, the City agrees to surrender immediately possession of the Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority’s interest under this Facilities Sublease shall of itself operate to terminate this Facilities Sublease, and no termination of this Facilities Sublease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Facilities Sublease.

(2) Without terminating this Facilities Sublease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of re-entry upon the Facilities. In the event the Authority does not elect to terminate this Facilities Sublease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Facilities are not re-let, to pay the full amount of the rent to the end of the term of this Facilities Sublease; and further agrees to pay said rent punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous

years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities.

Should the Authority elect to enter or re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Facilities, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

The City agrees that the terms of this Facilities Sublease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of this Facilities Sublease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Facilities Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Facilities Sublease shall vest in the Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (1) hereof. The City further waives the right to any rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any part thereof.

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

(b) If (1) the City's interest in this Facilities Sublease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as hereinafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or

be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Facilities, then the City shall be deemed to be in default hereunder.

(c) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City shall be entitled to pursue any remedy provided by law, but in no event shall the City have the right to terminate this Facilities Sublease or be excused from performing its obligations hereunder.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Authority, shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Facilities Sublease or by law. The provisions of this Facilities Sublease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. An action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. An action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. A mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its board, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Excepting as otherwise provided herein, each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative, and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The Authority expressly waives the right to receive any amount from the City pursuant to section 1951.2(a)(3) of the California Civil Code. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Facilities Sublease, the City agrees to pay a reasonable amount as and

for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Section 6.02. Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Facilities Sublease.

Section 6.03. Limited Remedies for Restricted Properties. Notwithstanding anything to the contrary herein, neither the Authority, the Trustee, nor the Owners of Bonds shall be permitted to use, maintain, operate, occupy, lease, hypothecate, encumber or sell any Facilities which are Restricted Properties. In the event of a default by the City, available remedies with respect to Restricted Properties shall be limited to collection of each installment of base rental payments as such shall become due and such other remedies hereunder which are not inconsistent with the limitations of the preceding sentence.

ARTICLE VII

EMINENT DOMAIN; PREPAYMENT

Section 7.01. Eminent Domain. If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of this Facilities Sublease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then this Facilities Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02 hereof. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the City.

Section 7.02. Prepayment. (a) If the Facilities are damaged or destroyed by perils covered by insurance, the Authority shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion pursuant to the procedure set forth in Section 4.05 of the Trust Agreement. Alternatively, the City may elect to prepay on any date from insurance and eminent domain proceeds, and from any proceeds of title insurance obtained in connection with the Facilities, all or any part (in an integral multiple of

\$5,000) of Base Rental Payments then unpaid so that the aggregate annual debt service on the Bonds which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual debt service on the Bonds unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the Bonds to the date of redemption. The City shall not prepay the Base Rental Payments in part unless the Trustee receives a Certificate of the City and the Authority that the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

(b) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in Article IX of the Trust Agreement sufficient to make such Base Rental Payments when due. The City agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) Before making any prepayment pursuant to this article, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than sixty (60) days from the date such notice is given.

(d) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Government Securities satisfying the requirements of Section 9.01(b) of the Trust Agreement, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest on the Bonds to the due date of the Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be; (2) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid; and (3) all other terms and conditions set forth in Section 9.01 of the Trust Agreement have been satisfied; then and in that event the right, title and interest of the Authority herein and the obligations of the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such moneys and such Government Securities applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Trustee to evidence such discharge and satisfaction. Those moneys and Government Securities shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

Section 7.03. Option to Purchase; Sale of Personal Property. The City shall have the option to purchase the Authority's interest in any part of the Facilities upon payment of an option price consisting of moneys or securities satisfying the requirements of Section 9.01(b) of the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the redemption price of a portion of the Bonds attributable to such part of the Facilities (determined by reference to the proportion which the acquisition, design and construction cost of such part of the Facilities bears to the acquisition, design and construction cost of all of the Facilities).

The option price payment shall be made to the Trustee and shall be treated as rental payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee, (a) the Base Rental Payments thereafter payable under this Facilities Sublease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to this Section, (b) Section 3.06 and this Section of this Facilities Sublease shall not thereafter be applicable to such part of the Facilities, (c) the insurance required by Sections 5.01, 5.02 and 5.03 of this Facilities Sublease need not be maintained as to such part of the Facilities, and (d) title to such part of the Facilities shall vest in the City and the term of this Facilities Sublease shall end as to such part of the Facilities.

The City, in its discretion, may request the Authority to sell or exchange any personal property, which may at any time constitute a part of the Facilities, and to release said personal property from this Facilities Sublease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities, (b) the consideration to be received from the property is of a value at least equal to the lesser of (i) the value of the property to be released or (ii) the principal amount of Bonds Outstanding, and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of \$50,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the City is not in default under any of the provisions of this Facilities Sublease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Facilities leased hereunder or deposited in the Revenue Fund. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Facilities Sublease or before releasing for the purchase of new personal property money received by it for personal property so sold.

ARTICLE VIII

COVENANTS

Section 8.01. Right of Entry. The Authority [and the Bond Insurer] and their assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Facilities during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's, [the Bond Insurer's] or the City's rights or obligations under this Facilities Sublease, and (c) for all other lawful purposes.

Section 8.02. Liens. (a) The City will not create or permit to exist any liens or encumbrances on the Facilities, except (i) pursuant to the terms of Section 8.05 hereof or (ii) Permitted Encumbrances.

(b) In the event the City shall at any time during the term of this Facilities Sublease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Trustee or the Authority's interest therein.

Section 8.03. Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained and if not in default hereunder, shall at all times during the term of this Facilities Sublease peaceably and quietly have, hold and enjoy the Facilities without suit, trouble or hindrance from the Authority.

Section 8.04. Authority Not Liable. The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities. The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities

regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

Section 8.05. Assignment and Subleasing. Excepting the assignment to the Trustee, as provided in the Trust Agreement, neither this Facilities Sublease nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required hereunder.

Section 8.06. Title to Facilities. During the term of this Facilities Sublease, the Authority shall hold leasehold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to Section 4.04 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.03 hereof.

Upon the termination or expiration of this Facilities Sublease (other than as provided in Sections 6.01 and 7.01 of this Facilities Sublease), title to the Facilities shall vest in the City pursuant to the Facilities Lease. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds, and other documents as may be necessary to effect such vesting of record.

Section 8.07. Purpose of Lease. The City covenants that during the term of this Facilities Sublease, except as hereinafter provided, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof.

Section 8.08. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Facilities Sublease, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered a default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, upon payment of its fees and expenses, including counsel fees and receipt of indemnification satisfactory to it, shall, or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section 8.09. For purposes of this Section, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 8.09. Hazardous Waste. The City shall not cause or permit the Facilities or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the City cause or permit, as a result of any intentional or unintentional act or omission on the part of the City or any tenant or subtenant, a release of Hazardous Materials onto the Facilities. The City shall comply with and ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations, or permits required thereunder. The City shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facilities (A) in accordance with all applicable Federal, state and local laws, ordinances, rules, regulations, and policies, (B) to the satisfaction of the Trustee, and (C) in accordance with the orders and directives of all Federal, state and local governmental authorities, and (ii) defend, indemnify, and hold harmless the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (A) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, and/or (C) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the Trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. In the event that the Trustee elects to control, operate, sell or otherwise claim property rights in the Facilities, the City shall deliver the Facilities free of any and all Hazardous Materials so that the conditions of the Facilities shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Facilities. Prior to any such delivery of the Facilities, the City shall pay the Trustee, from its own funds, any amounts then required to be paid under subsection (ii) above. For purposes of this paragraph, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 9601 *et seq.*), and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule, or regulation.

ARTICLE IX

DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE FACILITIES

Section 9.01. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITIES OR A DEALER THEREIN, THAT THE CITY LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Authority and Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Facilities Sublease or the existence, furnishing, functioning or the City's use of any item or products or services provided for in this Facilities Sublease.

Section 9.02. Vendor's Warranties. The Authority hereby irrevocably appoints the City its agent and attorney-in-fact during the term of this Facilities Sublease, so long as the City shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Facilities, which the Authority may have against the manufacturers, vendors and contractors of the Facilities. The City's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Facilities, and not against the Authority or the Trustee, nor shall such matter have any effect whatsoever on the rights and obligations of the Authority or the Trustee with respect to this Facilities Sublease, including the right to receive full and timely payments hereunder. The City expressly acknowledges that the Authority and the Trustee, as applicable, makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

Section 9.03. Use of the Facilities. The City will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Facilities Sublease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to the Facilities or its interest or rights under this Facilities Sublease.

Section 9.04. Tax Covenants. The City and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Tax-Exempt Bonds will not be included in the gross income of the owner thereof for federal income tax purposes and shall take no action that would result in such interest

being so included. To that end, the City shall comply with the provisions of the Tax Certificate, which is incorporated herein by reference as if set forth at this place.

ARTICLE X

MISCELLANEOUS

Section 10.01. Law Governing. This Facilities Sublease shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

Section 10.02. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid:

If to the City:	City of Fresno Attention: City Manager 2600 Fresno Street Fresno, CA 93721-3601
If to the Authority:	Fresno City Joint Powers Financing Authority Attention: City Manager 2600 Fresno Street Fresno, CA 93721-3601
With Copy to:	City Controller 2600 Fresno Street Fresno, CA 93721-93721-3622
If to the Trustee:	The Bank of New York Trust Company, N.A. 333 South Hope Street, Suite 2525 Los Angeles, California 90071 Attention: Corporate Trust Administration
[If to the Series 2025 Bond Insurer:]
[With Copy to:]

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

Section 10.03. Validity and Severability. If for any reason this Facilities Sublease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Facilities Sublease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Facilities, and all of the rental and other terms, provisions and conditions of this Facilities Sublease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 10.04. Net-Net-Net Lease. This Facilities Sublease shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the rentals provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.05. Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Facilities Sublease as and when the same become due.

The City shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Facilities, the rentals and other payments required hereunder or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

The City may, at the City’s expense and in its name, in good faith contest any such taxes, assessments 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 Authority or the Trustee shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture. In the event of such notice, the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security, in form satisfactory to the Authority and the Trustee, against any loss, which may result from nonpayment.

Section 10.06. Third Party Beneficiary. To the extent that this Facilities Sublease confers upon or gives or grants the Trustee [or the Bond Insurer] any right, remedy or claim under

or by reason of this Facilities Sublease, the Trustee [and Bond Insurer] are hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 10.07. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Facilities Sublease.

Section 10.08. Amendment or Termination. The Authority and the City, may at any time agree to the amendment or termination of this Facilities Sublease. The Authority and the City agree and recognize, however, that this Facilities Sublease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

Section 10.09. Execution. This Facilities Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Sublease. It is also agreed that the Authority and City may each execute separate counterparts of this Facilities Sublease , all with the same force and effect as though both had executed the same counterpart

IN WITNESS WHEREOF, the Authority and the City have caused this Facilities Sublease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

FRESNO JOINT POWERS FINANCING
AUTHORITY, as Lessor

By _____
[Controller]

Attest:

Secretary

CITY OF FRESNO, as Lessee

By _____
[Controller]

Attest:

City Clerk

EXHIBIT A

DESCRIPTION OF FACILITIES

All of that certain real property and improvements thereon situated in the City of Fresno, State of California, described as follows:

Parking Garage No. 8

All of that certain real property and improvements thereon situated in the City of Fresno, State of California, described as follows:

Parcel 1: APN _____ Parking Garage No. 8

Fire Station No. 18

All of that certain real property and improvements thereon situated in the City of Fresno, State of California, described as follows:

Parcel 2: APN _____ Fire Station No. 18

Southeast Police Substation

All of that certain real property and improvements thereon situated in the City of Fresno, State of California, described as follows:

Parcel 3: APN _____ Southeast Police Substation

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

For Parking Garage No. 8, Fire Station No. 18 and Southeast Police Substation

Base Rental Payment Date*	Principal	Interest	Aggregate Base Rental Payment	Annual Base Rental Payment
--------------------------------------	------------------	-----------------	--	---------------------------------------

Total

*Pursuant to Section 3.01 of the Facilities Sublease, each Base Rental Payment installment shall be payable 5 Business Days in advance of its due date.

**\$_____ will be paid from capitalized interest.

Recording requested by
and return to:

CITY OF FRESNO
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105

Attention: Steffi Chan, Esq.

RECORDING OF THIS DOCUMENT IS
EXEMPT FROM ANY FEES CHARGED BY
THE RECORDER

MASTER FACILITIES SUBLEASE

by and between

FRESNO JOINT POWERS FINANCING AUTHORITY

and the

CITY OF FRESNO

Dated as of September 1, 2025

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS.....	1
Section 1.01. Definitions.....	1
ARTICLE II SUBLEASE OF FACILITIES; TERM; SUBSTITUTION; RELEASE; ADDITION OF PROPERTY	4
Section 2.01. Sublease of Facilities	4
Section 2.02. Term; Occupancy	5
Section 2.03. Substitution, Release, Addition of Property	5
ARTICLE III BASE RENTAL PAYMENTS; USE OF PROCEEDS.....	6
Section 3.01. Base Rental Payments.....	6
Section 3.02. Additional Payments	6
Section 3.03. Fair Rental Value	7
Section 3.04. Payment Provisions.....	7
Section 3.05. Appropriations Covenant; Base Rental Payments and Additional Payments to Constitute a Current Expense of the City; No Pledge.....	8
Section 3.06. Rental Abatement.....	8
ARTICLE IV MAINTENANCE; ALTERATIONS AND ADDITIONS	9
Section 4.01. Maintenance and Utilities	9
Section 4.02. Changes to the Facilities	9
Section 4.03. Installation of City's Equipment.....	9
ARTICLE V INSURANCE.....	10
Section 5.01. Fire and Extended Coverage Insurance	10
Section 5.02. Title Insurance	10
Section 5.03. Rental Interruption or Use and Occupancy Insurance	11
Section 5.04. Worker's Compensation	11
Section 5.05. Insurance Proceeds; Form of Policies.....	11
ARTICLE VI DEFAULTS AND REMEDIES	12
Section 6.01. Defaults and Remedies	12
Section 6.02. Waiver.....	15
Section 6.03. Limited Remedies for Restricted Properties	15
ARTICLE VII EMINENT DOMAIN; PREPAYMENT	15

TABLE OF CONTENTS
(continued)

	Page
Section 7.01. Eminent Domain	15
Section 7.02. Prepayment	15
Section 7.03. Option to Purchase; Sale of Personal Property	17
ARTICLE VIII COVENANTS	18
Section 8.01. Right of Entry	18
Section 8.02. Liens.....	18
Section 8.03. Quiet Enjoyment	18
Section 8.04. Authority Not Liable.....	18
Section 8.05. Assignment and Subleasing	19
Section 8.06. Title to Facilities	19
Section 8.07. Purpose of Lease	19
Section 8.08. Continuing Disclosure	19
Section 8.09. Hazardous Waste	20
ARTICLE IX DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE FACILITIES	21
Section 9.01. Disclaimer of Warranties	21
Section 9.02. Vendor's Warranties	21
Section 9.03. Use of the Facilities	21
Section 9.04. Tax Covenants	21
ARTICLE X MISCELLANEOUS	22
Section 10.01. Law Governing	22
Section 10.02. Notices	22
Section 10.03. Validity and Severability	23
Section 10.04. Net-Net-Net Lease	23
Section 10.05. Taxes	23
Section 10.06. Third Party Beneficiary.....	24
Section 10.07. Section Headings	24
Section 10.08. Amendment or Termination.....	24
Section 10.09. Execution	24
EXHIBIT A DESCRIPTION OF FACILITIES	A-1

TABLE OF CONTENTS
(continued)

	Page
EXHIBIT B BASE RENTAL PAYMENT SCHEDULE	B-1