

LOCAL BUILDING AUTHORITY OF SAN JUAN COUNTY, UTAH
AS LESSOR

A Nonprofit Corporation Organized Under the Laws of
the State of Utah

and

SAN JUAN COUNTY, UTAH, AS LESSEE

A Political Subdivision and Body Politic of
the State of Utah

LEASE AGREEMENT

Dated as of _____, 2024

Various interests of the Local Building Authority of San Juan County, Utah, in this Lease Agreement have been assigned to secure the payment of the Local Building Authority of San Juan County, Utah, Lease Revenue Bonds, Series 2024 under a Master Resolution dated as of the date hereof.

Table of Contents

Page

ARTICLE I

DEFINITIONS

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the County...
Section 2.2 Representations, Covenants and Warranties of the
Authority.....

ARTICLE III

DEMISING CLAUSE

ARTICLE IV

LEASE TERM

Section 4.1 Commencement of Lease Term.....
Section 4.2 Termination of Lease Term.....

ARTICLE V

ENJOYMENT OF PROJECT

ARTICLE VI

PAYMENTS BY THE COUNTY

Section 6.1 Payments to Constitute a Current Expense of the County.....
Section 6.2 Payment of Base Rentals.....
Section 6.3 Payment of Additional Rentals with Respect to the Project..
Section 6.4 Manner of Payment.....
Section 6.5 Expression of Need for the Project by the County;
Determination of Purchase Price.....
Section 6.6 Nonappropriation.....
Section 6.7 Application of Base Rentals, Additional Rentals and
Purchase Option Price.....
Section 6.8 Request for Appropriation.....

ARTICLE VII

ACQUISITION OF THE PROJECT AND
ISSUANCE OF SERIES 2024 BONDS

Section 7.1 Agreement to Construct Project.....

Section 7.2 Agreement to Issue the Series 2024 Bonds; Application
of Bond Proceeds.....

Section 7.3 Establishment of Completion Date; Disbursement of
Balance of Escrow Account.....

Section 7.4 Sufficiency of Escrow Account.....

Section 7.5 Investment of Bond Fund and Reserve Fund Moneys.....

Section 7.6 Required Provisions of Construction Contracts; Right to
Inspect Project Documents, Etc.....

Section 7.7 Remedies Against Contractors.....

ARTICLE VIII

TITLE TO THE PROJECT; CONVEYANCE TO THE COUNTY;
SECURITY INTEREST

Section 8.1 Title to the Project.....

Section 8.2 Security Interest.....

ARTICLE IX

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 9.1 Maintenance of the Project by the County.....

Section 9.2 Modification of the Project.....

Section 9.3 Taxes, Other Governmental Charges and Utility Charges.....

Section 9.4 Provisions Respecting Insurance.....

Section 9.5 Public Liability Insurance.....

Section 9.6 Worker’s Compensation Coverage.....

Section 9.7 Advances.....

Section 9.8 Failure to Provide Insurance.....

Section 9.9 Evidence and Notice Regarding Insurance.....

ARTICLE X

DAMAGE, DESTRUCTION AND CONDEMNATION;
USE OF NET PROCEEDS

Section 10.1 Damage, Destruction and Condemnation.....

Section 10.2 Obligation of the County to Repair and Replace the
Project.....

Section 10.3	Discharge of the Obligation of the County to Repair and Replace the Project.....
Section 10.4	Cooperation of the Authority.....
Section 10.5	Condemnation of Property Owned by the County.....

ARTICLE XI

DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 11.1	Disclaimer or Warranties.....
Section 11.2	Further Assurances and Corrective Instruments.....
Section 11.3	County and Authority Representatives.....
Section 11.4	Requirements of Law.....
Section 11.5	Inspection of the Project.....
Section 11.6	Granting of Easements.....
Section 11.7	Refunding Bonds.....
Section 11.8	Issuance of Additional Bonds.....

ARTICLE XII

CONVEYANCE OF THE PROJECT

Section 12.1	Conveyance of the Project.....
Section 12.2	Conveyance on Purchase of Project.....
Section 12.3	Relative Position of Option and Master Resolution..

ARTICLE XIII

ASSIGNMENT, SUBLEASING, INDEMNIFICATION AND SELLING

Section 13.1	The Authority to Grant Security Interest to Bondholder.....
Section 13.2	Assignment and Subleasing by the County.....
Section 13.3	Release and Indemnification Covenants.....
Section 13.4	References to Bonds Ineffective After Bonds Paid...
Section 13.5	Installation of the Furnishings and Machinery of the County.....
Section 13.6	Equipment Purchased with Proceeds of the Bonds...

ARTICLE XIV

EVENTS OF DEFAULT AND REMEDIES

Section 14.1	Events of Default Defined.....
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Section 14.2	Remedies on Default.....
Section 14.3	Limitations on Remedies.....
Section 14.4	No Remedy Exclusive.....
Section 14.5	Agreement to Pay Attorneys' Fees and Expenses.....
Section 14.6	No Additional Waiver Implied by One Waiver.....

ARTICLE XV

MISCELLANEOUS

Section 15.1	Lease Term.....
Section 15.2	Notices.....
Section 15.3	Binding Effect.....
Section 15.4	Severability.....
Section 15.5	Amounts Remaining in Bond Fund and Reserve Fund; Dissolution.....
Section 15.6	Amendments, Changes and Modifications.....
Section 15.7	Execution in Counterparts.....
Section 15.8	Net Lease.....
Section 15.9	Applicable Law.....
Section 15.10	Captions.....
Section 15.11	No Personal Liability.....

LEASE AGREEMENT

THIS LEASE AGREEMENT (the “Lease”) dated as of _____, 2024, entered into by and between the LOCAL BUILDING AUTHORITY OF SAN JUAN COUNTY, UTAH (the “Authority”), as lessor hereunder, a nonprofit corporation duly organized, existing and in good standing under the laws of the State of Utah, and also acting as issuer under a Master Resolution dated as of even date herewith (the “Master Resolution”), and SAN JUAN COUNTY, UTAH (the “County”), as lessee hereunder, a political subdivision and body politic under the laws of the State of Utah;

WITNESSETH:

WHEREAS, the County is a political subdivision and body corporate and politic duly existing under and by virtue of the Constitution and laws of the State of Utah; and

WHEREAS, the County has previously authorized and directed the creation of the Authority pursuant to provisions of a Resolution (the “Creating Resolution”); and

WHEREAS, pursuant to the direction of the Board of County Commissioners of the County (the “Commissioners”) contained in the Creating Resolution, the Authority has been duly and regularly created, established and is organized and existing as a nonprofit corporation under and by virtue of the provisions of the Constitution and laws of the State of Utah, including, in particular, the provisions of the Utah Revised Nonprofit Corporations Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended (the “Nonprofit Corporation Act”) and the Utah Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the “Utah Local Building Authority Act” and collectively with the Nonprofit Corporation Act, the “Acts”); and

WHEREAS, under the articles of incorporation of the Authority (the “Articles”) the objects and purposes for which the Authority has been founded and incorporated are to acquire, improve or extend one or more projects and to finance their costs on behalf of the County in accordance with the procedures and subject to the limitations of the Utah Local Building Authority Act in order to accomplish the public purposes for which the County exists; and

WHEREAS, the Authority is possessed under the Articles of all powers set forth in the Acts, the Constitution and other laws of the State of Utah, including, without limitation, the power to acquire, own, hold, lease and improve real and personal property and to enter into agreements providing for a lease, mortgage or other conveyance of real and personal property; and

WHEREAS, the Authority and the County desire to finance certain projects including the acquisition and construction of a Public Safety Building Remodel and Expansion and related improvements (the “Project”); and

WHEREAS, the County desires to Ground Lease to the Authority parcels of land to be used as the sites of the Project pursuant to a Ground Lease Agreement of even date

herewith, by and between the County, as lessor, and the Authority, as lessee (the “Ground Lease”), and

WHEREAS, the County desires to lease, as lessee, on an annually renewable basis, the Project from the Authority and the Authority desires to lease, as lessor, the Project to the County under the terms and provisions set forth in this Lease; and

WHEREAS, the Board has previously approved the estimated costs of the Project; and

WHEREAS, under the provisions of a resolution dated May 21, 2024 (the “County Resolution”), the Board of County Commissioners has authorized and approved the execution of this Lease and the Ground Lease (defined herein) and has authorized certain actions to be taken by the Authority in connection with the financing of the Project, including the issuance by the Authority under the Master Resolution of its Lease Revenue Bonds, Series 2024 in the total aggregate principal amount of \$21,366,000, to bear interest at 2.0% per annum (the “Series 2024 Bonds”); and

WHEREAS, pursuant to the provisions of a resolution dated May 21, 2024, the Board of Trustees of the Authority (the “Governing Board”) has authorized, approved and directed the execution of this Lease, the Ground Lease, has adopted the Master Resolution, and has authorized, approved and directed certain actions to be taken by the Authority in connection with the financing of the Project, including the issuance of the Series 2024 Bonds; and

WHEREAS, pursuant to and in accordance with the provisions of the Utah Local Building Authority Act and the Articles, the Authority proposes to undertake the financing of the Project and the leasing of the Project to the County under the terms and provisions of this Lease; and

WHEREAS, the Authority proposes to finance the Project, in part, through the issuance of the Series 2024 Bonds; and

WHEREAS, the Series 2024 Bonds will be secured as provided in the Master Resolution including the Security Documents (defined herein) and a pledge and assignment of this Lease and the revenues and receipts derived by the Authority from the Project, all as more fully set forth in the Master Resolution.

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

DEFINITIONS

All terms defined in Article I of the Master Resolution, unless the context otherwise requires, shall have the same meaning in this Lease. In addition, unless the context otherwise requires, the terms defined in this Article I shall, for all purposes of this Lease and the Master Resolution, have the meaning herein specified.

“Acts” means, collectively, the Utah Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended, and the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended.

“Additional Bonds” means Bonds issued by the Authority pursuant to Section 3.10 of the Master Resolution.

“Additional Rentals” means the cost of all taxes, insurance premiums and expenses payable by, and fees of, the Authority with respect to the Bonds and other charges and costs which the County assumes or agrees to pay exclusively from County Funds under Section 6.3 of this Lease, together with all interest and penalties that may accrue thereon in the event that the County shall fail to pay the same, as specifically set forth herein.

“Authority” means the Local Building Authority of San Juan County, Utah, a nonprofit corporation organized under the laws of the State acting in the capacity of lessor under this Lease and as issuer under the Master Resolution.

“Authority Representative” means the person or persons at any time designated to act on behalf of the Authority for purposes of performing any act on behalf of the Authority with respect to the Project by a written certificate furnished to the County containing the specimen signature of such person or persons and signed on behalf of the Authority by any duly authorized officer of the Authority. Such certificate may designate an alternate or alternates. The Authority Representative may be an officer or employee of the Authority or the County.

“Base Rentals” means the payments payable by the County exclusively from County Funds pursuant to Section 6.2 of this Lease during the Original Term and any applicable Renewal Term hereof (as those terms are hereinafter defined), which constitute the payments payable by the County for and in consideration of the right of use of the Project during such Original Term and applicable Renewal Terms and the purchase option granted herein.

“Business Day” means a legal business day on which banking business is transacted in the state in which the Authority has its principal office.

“CIB” means the State of Utah Permanent Community Impact Fund Board, or any successor agency.

“Completion Certificate” shall mean the certificate described in Section 7.3 hereof establishing the Completion Date.

“Completion Date” shall mean the date of acceptance by the County of the Project as evidenced by delivery of the Completion Certificate.

“Construction Contract” shall mean any construction contract between the Authority (or its designee) and any contractor regarding construction of the Project.

“Costs of Construction” shall mean:

(a) the actual cost of enlarging, constructing, reconstructing, improving, replacing, restoring, renovating, maintaining, equipping or furnishing all or any part of the Project, including architect’s or engineer’s fees; and

(b) all expenses connected with the authorization, sale and issuance of the Bonds, including trustee initial fees, fees for outside attorneys or accountants, whose opinions are required to obtain the issuance of the Bonds, financial advisors’ fees and commissions and printing costs, those amounts as the Authority shall find necessary to establish reserves and maintenance, repair, replacement, and contingency funds and accounts, and the interest on Bonds for a reasonable time prior to, during, and for a reasonable period of time after completion of the construction of the Project.

“County” means San Juan County, Utah, a political subdivision and body politic duly established and existing under and by virtue of the Constitution and laws of the State.

“County Funds” means all revenues, receipts and other legally available moneys, including without limitation payments received by the County from operation or subleasing of the Project and moneys derived from ad valorem property taxes and other taxes, to the extent the same are budgeted and appropriated by the governing body of the County for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price hereunder during the Original or any Renewal Term in which this Lease may be in effect.

“County Representative” means the person at any time designated to act on behalf of the County for purposes of performing any act with respect to the Project by a written certificate furnished to the Authority containing the specimen signature of such person and signed on behalf of the County by the Chair or any duly authorized officer thereof. Such certificate may designate an alternate or alternates. The County Representative may be an officer or employee of the Authority or the County.

“Event of Default” means one or more events of default as defined in Section 14.1 of this Lease.

“Event of Nonappropriation” means a failure by the County to renew this Lease by failing to budget and appropriate sufficient County Funds for the payment of all or any part of the Base Rentals and Additional Rentals for any Renewal Term hereof as set forth in Section 6.6 of this Lease prior to the beginning of any Renewal Term.

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies, including terrorists; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the County and not due to its negligence.

“Ground Lease” means the Ground Lease Agreement of even date herewith between the County, as Lessor, and the Authority, as Lessee, and any amendments or supplements thereto, including exhibits attached thereto, whereby the County will lease the Project Site to the Authority.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the State and who is not a full-time employee of the Authority or the County.

“Lease” means this Lease Agreement and any amendments or supplements hereto, including the exhibits attached hereto.

“Lease Term” means the duration of the estate created in the Project as provided in Article IV of this Lease, including the Original Term and the Renewal Terms, if any.

“Master Resolution” means the Master Resolution of the Authority dated as of the date of this Lease, pursuant to which the Bonds are authorized to be issued and certain interests of the Authority in this Lease, and the Base Rentals, Purchase Option Price and other revenues received by the Authority from the County with respect to the Project are to be pledged and assigned as security for the payment of principal of, premium, if any, and interest, if any, on the Bonds, including any resolution supplemental thereto.

“Net Proceeds,” when used with respect to any performance or payment bond proceeds or proceeds from policies of insurance required hereby or any condemnation award or the proceeds of any liquidation of all or portions of the Project, means the amount remaining after deducting all expenses (including, without limitation, attorneys’ fees and costs) incurred in the collection of such proceeds or award from the gross proceeds thereof.

“Original Term” means the portion of the Lease Term which terminates on December 31, 2024.

“Permitted Encumbrances” means, as of any particular time, liens for taxes and assessments not then delinquent, or which the County may, pursuant to the provisions of Article IX of this Lease, permit to remain unpaid; this Lease, including any security interests granted herein and therein; utility access and other easements and rights of way, restrictions and exceptions which the County Representative and the Authority Representative certify will not interfere with the operation of the Project or impair the marketability of title to the Project or the general security provided for the Bondholders;

the Master Resolution, the Security Documents and related financing statements; the ownership interest of the County in the Project Site under the Ground Lease, and such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Project and as do not, in the opinion of Independent Counsel, materially impair the operation or marketability of title to the Project.

“Project” means the acquisition and construction of a Public Safety Building Remodel and Expansion and other related improvements, as more fully described in Exhibit A hereto.

“Project Documents” means the plans and specifications with respect to the Project, any necessary permits for construction of the Project, including any building permits and certificates of occupancy or waivers of the same; the Construction Contract; policies of title, casualty, public liability and workers’ compensation insurance, or certificates thereof, as required by this Lease with respect to the Project; performance and payment bonds with respect to the Project; contracts with the architect hired in connection with the plans and specifications; and policies of title, casualty and public liability insurance, any and all other documents executed by or furnished to the County in connection with the acquisition, construction and equipping of the Project.

“Project Site” means, collectively, the real property, as more fully described in Exhibit A hereof, upon which the Project is located.

“Purchase Option Price” means an amount payable, at the option of the County, at any time for the purpose of terminating the payment obligation of the County under this Lease and purchasing the Project, which amount, when added to the amounts then on deposit in the Bond Fund and Reserve Fund (other than moneys held by the Authority for the payment of Bonds not deemed Outstanding), shall be sufficient to pay, defease, retire and/or redeem all the Outstanding Bonds, as appropriate, in accordance with the provisions of the Master Resolution (including, without limiting the generality of the foregoing, the principal of and interest to maturity or earliest applicable redemption date of the relevant Bonds, as the case may be, and premium, if any, thereon, the expenses of defeasance and/or redemption, including escrow agent fees, if any, and the Authority’s and paying agents’ fees and expenses) and in case of redemption, to make arrangements satisfactory to the Authority for the giving of the required notice of redemption.

“Refunding Bonds” means Bonds issued by the Authority pursuant to Section 3.9 of the Master Resolution.

“Renewal Terms” means the optional Renewal Terms of the Lease Term as provided in Article IV of this Lease.

“Security Documents” means a leasehold deed of trust, assignment of rents and security agreement and an assignment of ground lease with respect to the Project.

“State” means the State of Utah.

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section II.1 Representations, Covenants and Warranties of the County

The County represents, covenants and warrants for the benefit of the Authority as follows:

(a) The County is a political subdivision and body politic duly existing as such within the State under the Constitution and laws of the State. Under the provisions of the Constitution and laws of the State, the County is authorized to enter into the transactions contemplated by this Lease and the Ground Lease and to carry out its obligations hereunder. The County has duly authorized and approved the execution and delivery of this Lease and the Ground Lease. The County agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) The Authority has by this Lease leased the Project to the County as hereinafter provided. It is understood by the parties hereto that the Authority shall have all rights, title and interest in the Project, subject to Permitted Encumbrances.

(c) During the Lease Term, the Project will at all times be used for the purposes described herein consistent with the permissible scope of the Authority and the County under the Constitution and laws of the State.

(d) The County is not in default under any of the provisions of the laws of the State which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1. Neither the execution and delivery of this Lease, the Ground Lease nor the issuance and sale of the Bonds, nor the performance by the County of its obligations under this Lease nor the Ground Lease will constitute on the part of the County a breach of or a default under, any existing law, court or administrative regulation, decree, order or any material agreement, indenture, mortgage, lease or any other instrument to which the County is subject or by which it is or may be bound.

(e) There is no action, suit or proceeding pending or, to the best knowledge of the County, threatened, or any basis therefor, before any court or administrative agency which may adversely affect the County or ability of the County to perform its obligations under this Lease or the Ground Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the County of this Lease or the Ground Lease or in connection with the carrying out by the County of its obligations under the Lease or the Ground Lease have been obtained.

(f) The Project as designed complies with all presently applicable state and local building and zoning ordinances.

(g) The acquisition of the Project will be accomplished in accordance with all applicable laws and is necessary and appropriate for accomplishing one or more of the authorized functions or public purposes of the County and is suitable for such purpose and in furtherance of the purposes of the County and the best interests of the citizens of the County.

Section II.2 Representations, Covenants and Warranties of the Authority

The Authority represents, covenants and warrants for the benefit of the County as follows:

(a) The Authority is a nonprofit corporation duly incorporated and in good standing under the laws of the State and is duly qualified to transact business in the State, is not in violation of any provision of its Articles or its Bylaws, has the corporate power and authority to enter into this Lease and the Ground Lease and has duly authorized and approved the execution and delivery of this Lease and the Ground Lease by proper corporate action.

(b) The Authority agrees that, so long as this Lease has not been terminated, it will maintain its corporate existence, will continue to be a corporation in good standing under the laws of the State, will not dissolve or otherwise dispose of all or substantially all of its assets, except as provided in this Lease, and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it.

(c) The Authority has, or will acquire, ownership of the Project (subject to Permitted Encumbrances). The Authority has by this Lease leased the Project to the County as hereinafter provided. It is understood by the parties hereto that the Authority shall have all rights, title and interest in the Project, subject to Permitted Encumbrances.

(d) The Authority will not pledge the Base Rentals, the Additional Rentals, Purchase Option Price or any of its other rights hereunder and will not assign its interest in or encumber the Project except as provided hereunder and under the Master Resolution and the Security Documents. All property and moneys received by the Authority for the County will, so long as no Event of Nonappropriation or Event of Default shall occur, be applied for the benefit of the County, and all property and moneys received by the Authority hereunder with respect to the Project and under the Master Resolution for the Bondholders of the Bonds will be applied for the proportionate benefit of said Bondholders.

(e) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof or of the Ground Lease, nor the consummation of the transactions contemplated hereby or of the Ground Lease conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the

foregoing or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Authority except Permitted Encumbrances.

(f) Except as otherwise provided herein, in the Master Resolution and the Security Documents, the Authority will not assign this Lease, its rights to payments from the County or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(g) The Authority will not use any of the proceeds of the sale of the Bonds in a manner not authorized by the terms of this Lease, the Master Resolution or the exhibits hereto and thereto.

(h) There is no action, suit or proceeding pending or, to the best knowledge of the Authority, threatened, or any basis therefor, before any court or administrative agency which might adversely affect the Authority or the ability of the Authority to perform its obligations under the Lease, the Ground Lease, the Master Resolution, the Security Documents or the Bonds. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Authority of this Lease, the Master Resolution, the Security Documents and the Bonds or in connection with the carrying out by the Authority of its obligations under this Lease, the Ground Lease, the Master Resolution, the Security Documents and the Bonds have been obtained.

(i) The Authority gave notice of its intent to issue the Series 2024 Bonds and no petition meeting the requirements of the Utah Local Building Authority Act was submitted during the 30-day period following posting of such notice.

DEMISING CLAUSE

The Authority hereby demises and leases the Project to the County and the County leases the Project from the Authority, subject only to Permitted Encumbrances in accordance with the provisions of this Lease, to have and to hold under this Lease unless sooner terminated as expressly provided herein. Nothing in this Lease shall be construed to require the County to operate the Project other than as the lessee hereunder or to exercise its right to purchase the Project or any portion thereof as provided in Article XII of this Lease.

The Authority warrants and covenants that it has (or will have) an interest in the Project Site and that it will furnish the Project, all as more fully described in Exhibit A hereto and subject to Permitted Encumbrances. The Authority will cause to be furnished at the time of delivery of the Series 2024 Bonds, or at or prior to disbursement of any amounts with respect to such portion of the Project, a title report issued by a title insurance company satisfactory to the CIB which satisfies the requirements of Section 3.3(c) of the Master Resolution.

The Authority shall be empowered, after an Event of Nonappropriation or an Event of Default and the foreclosure of the security afforded under this Lease, the Master Resolution or the Security Documents, and apply the said amounts collected to the Base Rentals and Additional Rentals, as appropriate, required herein, but, no such collection shall be deemed a waiver of any agreement, term, covenant or condition hereof.

LEASE TERM

Section IV.1 Commencement of Lease Term

. The Lease Term shall commence as of the date of delivery of the Series 2024 Bonds and shall terminate at midnight on December 31, 2024. The Lease Term may be continued, solely at the option of the County, beyond the termination of the Original Term for an additional year, the first “Renewal Term”, and for 32 consecutive additional Renewal Terms thereafter each of one year in duration (except that the final Renewal Term shall commence January 1, 2055, and end on October 1, 2055), upon the County having budgeted and appropriated, prior to the end of the then current Original or Renewal Term, sufficient County Funds for the payment of Base Rentals and reasonably estimated Additional Rentals to become due during the next following Renewal Term, it being understood that by budgeting and appropriating such amounts, the County shall have elected to continue the Lease Term for the next following Renewal Term and shall have given adequate notice thereof as contemplated by the Utah Local Building Authority Act, and it being further understood that if no payment is due and owing during a Renewal Term, the County shall be deemed to have continued the Lease Term for said Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Base Rentals and Purchase Option Price shall be as otherwise provided herein.

Notwithstanding anything contained elsewhere herein to the contrary, the Lease Term will be automatically renewed prior to the Completion Date of the Project, since the County will not be required to budget and appropriate funds for the payment of Base Rentals until such date and should the County budget and appropriate funds for the payment of Base Rentals and reasonably estimated Additional Rentals to become due during the following Renewal Term with respect to the Lease, the County shall automatically be deemed to have continued the Lease Term for such Renewal Term. Should the County fail to budget and appropriate funds for the payment of Base Rentals and reasonably estimated Additional Rentals to become due during the following Renewal Term under the Lease, the County may, nevertheless elect to continue the Lease Term in accordance with the provisions hereof.

Section IV.2 Termination of Lease Term

. The Lease Term shall terminate upon the first to occur of the following events:

- (a) the occurrence of an Event of Nonappropriation;
- (b) the exercise by the County of its option to purchase the Project, granted under the provisions of this Lease;
- (c) an Event of Default and the election of the Authority to terminate this Lease under Article XIV hereof;

(d) the discharge of the lien of the Master Resolution under Article IX thereof;

(e) the termination of the Lease Term pursuant to Section 10.3 of this Lease under the conditions provided therein; or

(f) October 1, 2055, which date constitutes the last day of the final Renewal Term of this Lease, upon payment of all Base Rentals and Additional Rentals required hereunder.

ENJOYMENT OF PROJECT

Subject to the provisions of the Lease, the Authority hereby covenants to provide the County during the Lease Term with quiet use and enjoyment of the Project, and the County shall during the Lease Term peaceably and quietly have and hold and enjoy the Project, without suit, trouble or hindrance from the Authority or the Bondholders, except as expressly set forth herein and in the Master Resolution and the Security Documents. Neither the Authority nor any Bondholder shall interfere with such quiet use and enjoyment during the Lease Term so long as no Event of Default or Event of Nonappropriation shall have occurred. The Authority shall, at the request of the County and at the cost of the County, join in any legal action in which the County asserts its right to such possession and enjoyment, to the extent that the Authority may lawfully do so. In addition, the County may at its own expense join in any legal action affecting its possession and enjoyment of the Project and shall be joined as a party in any action affecting its liabilities hereunder.

The Authority shall have the right at all reasonable times during business hours (and in emergencies at all times) to enter into and upon the Project for the purpose of inspecting the same.

PAYMENTS BY THE COUNTY

Section VI.1 Payments to Constitute a Current Expense of the County

. The County and the Authority acknowledge and agree that the obligation of the County to pay Base Rentals and Additional Rentals hereunder constitutes a current expense of the County payable exclusively from County Funds and shall not in any way be construed to be an obligation or indebtedness of the County within the meaning of Sections 3 or 4 of Article XIV of the Utah Constitution, or any other constitutional or statutory limitation or requirement applicable to the County concerning the creation of indebtedness. No provision of this Lease shall be construed or interpreted as a lending of the credit of the County within the meaning of Section 29 of Article VI of the Utah Constitution. Neither the County, nor the Authority on its behalf, has pledged the credit of the County to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price, the Bonds or the interest thereon, and neither this Lease, the Ground Lease, the Security Documents, the Master Resolution nor the Bonds, if any, shall directly or contingently obligate the County to apply money, or to levy or pledge any form of taxation, to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price, the Bonds or any interest thereon except as expressly provided herein.

Section VI.2 Payment of Base Rentals

. The County shall pay Base Rentals exclusively from County Funds. The County shall pay Base Rentals during the Original Term and any Renewal Term in such amounts as shall be sufficient to pay principal when due on the Bonds. The Base Rentals shall be payable directly to the Authority in annual payments in such amounts as shall equal the interest payments, if any, falling due on the Bonds on the next succeeding interest payment date and the principal payments falling due on the Bonds, either by regularly scheduled maturities or by mandatory sinking fund redemption, on the next succeeding principal payment date, such that there shall be on deposit with the Authority at least fifteen (15) days prior to each principal and/or interest payment date on the Bonds an amount sufficient to make such payment. In addition, until the Reserve Fund with respect to the Bonds is at all times fully funded to the Reserve Fund Requirement, the County shall, in the event it elects to renew this Lease during the following Renewal Term, and as a condition of renewal, pay to the Authority in annual payments Additional Rentals during the following Renewal Term, in an amount sufficient to fund or replenish the Reserve Fund to the Reserve Fund Requirement as provided in the Master Resolution. Notwithstanding anything contained herein to the contrary, no payment of Base Rentals or Additional Rentals shall be required to be paid prior to delivery of the Project to the County for occupancy, provided, however, that as substantial portions of the Project are available for operation the County shall pay Base Rentals in proportion to the portion available. The amount of the Base Rentals otherwise payable by the County hereunder shall be reduced by an amount equal to earnings on the investment of the Bond Fund, moneys transferred to the Bond Fund from the Reserve Fund pursuant to the last paragraph of Section 6.7 of the Master Resolution which moneys are applied to pay the principal of and interest, if any, on the Bonds, any moneys paid by the Authority for the purchase of the Bonds and the cancellation thereof or which are otherwise deposited in

the Bond Fund, other than moneys paid as Base Rentals or the Purchase Option Price. Base Rentals due at least fifteen (15) days prior to any Bond payment date shall be in consideration for the use of the Project by the County during the one-year period succeeding each Bond payment date and for the option to purchase the Project granted herein.

It is understood and agreed by the County that, subject to the terms of this Lease and the Master Resolution, all Base Rentals payable under this Section 6.2 by the County, as well as the Purchase Option Price, if paid with respect to the Project, are pledged by the Authority for the benefit of the Bondholders. The County assents to such pledge. The Authority hereby directs the County, and the County hereby agrees to pay to the Authority at its principal office, all Base Rentals payable by the County pursuant to this Section 6.2 and, if paid, the Purchase Option Price.

The amount of the Base Rentals and Purchase Option Price otherwise payable shall be reduced as appropriate to reflect any redemption of Bonds and/or the purchase of Bonds and the cancellation thereof in advance of their maturity; provided, however, that adequate provision shall be made for the payment of any Additional Bonds or Refunding Bonds. If at any time the amounts held by the Authority in the Bond Fund and the Reserve Fund (other than moneys held for the payment of Bonds not deemed Outstanding) shall be sufficient to pay at the times required the principal of and interest and redemption premium, if any, on all of the Bonds (including any Additional Bonds and Refunding Bonds) then Outstanding, the County shall not be obligated to pay any further Base Rentals hereunder.

Section VI.3 Payment of Additional Rentals with Respect to the Project

. In addition to the Base Rentals and as part of the total consideration for the use of the Project and the option to purchase the Project, and commencing upon delivery of possession of the Project or any substantial portion thereof, as provided in Section 6.2 of this Lease and continuing throughout the period that the County pays Base Rentals, the County shall pay the following Additional Rentals, exclusively from County Funds, during the Original Term and any Renewal Terms thereof as hereinafter provided:

- (a) the annual fee of the Authority for the ordinary services of the Authority rendered and its ordinary expenses incurred under the Master Resolution;
- (b) the reasonable fees and charges of the Authority and any paying agent appointed under the Master Resolution with respect to the Bonds for acting as paying agent as provided in the Master Resolution;
- (c) the reasonable fees and charges of the Authority for extraordinary services rendered by it and extraordinary expenses incurred by it as Authority under the Master Resolution;
- (d) the reasonable out-of-pocket expenses of the Authority not otherwise required to be paid by the County under the terms of this Lease;

(e) the costs of maintenance and repair as required under Section 9.1 of this Lease;

(f) the costs of taxes, governmental charges, utility charges, management and operations expenses, liens and encumbrances as required under Section 9.3 of this Lease;

(g) the costs of casualty, public liability and property damage and worker's compensation insurance as required under Sections 9.4, 9.5 and 9.6 of this Lease;

(h) the amount of any tax or excise on the Base Rentals, Additional Rentals, Purchase Option Price or any other tax, however described, levied, assessed or imposed by the United States Government, the State or any political subdivision or any taxing authority thereof against the Authority; and

(i) an amount equal to any franchise, succession, capital levy or transfer tax or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy upon the Base Rentals, Additional Rentals or the Purchase Option Price payable by the County pursuant to this Lease.

The Additional Rentals specified in subsections (a), (b) and (c) shall be payable to the Authority and shall be due and payable within ten (10) days after notice in writing from the Authority to the County stating the amount of Additional Rentals then due and payable and the purpose thereof. Except as otherwise provided herein or in the Master Resolution, the Additional Rentals specified in subsections (d), (e), (f), (g), (h) and (i) shall be payable to the Authority or directly to the person or entity with respect to which such costs were incurred and shall be due and payable at such time as the Authority or such person or entity shall require.

Section VI.4 Manner of Payment

The Base Rentals, Additional Rentals and, if paid, the Purchase Option Price, shall be paid exclusively from County Funds and in lawful money of the United States of America. The obligation of the County to make payment of the Base Rentals and Additional Rentals required under this Article VI and other sections hereof and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided hereunder. Notwithstanding any dispute between the County and the Authority, any Bondholder, any contractor or subcontractor retained with respect to the acquisition, construction and equipping of the Project, any supplier of labor or materials in connection therewith or any other person, the County shall pay all payments of Base Rentals and Additional Rentals, from and to the extent of available County Funds, when due, and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute, nor shall the County assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. The obligation of the County to pay Base Rentals and Additional Rentals during the Original Term and the then current Renewal Term shall be

absolute and unconditional in all events, except as expressly provided herein, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances.

Section VI.5 Expression of Need for the Project by the County; Determination of Purchase Price

. The County hereby declares that, as of the date of the execution of this Lease, the County currently has an essential need for the Project which is the subject of this Lease to carry out and give effect to the public purposes of the County. By the execution hereof, the County and the Authority hereby agree and determine that the Base Rentals and Additional Rentals payable hereunder are reasonable and that the Purchase Option Price represents, as of the end of the Original Term or any Renewal Term, a reasonable purchase price of the Project. In making such determination the County and the Authority have given consideration to the costs of construction of the Project, the cost of financing the Project, the uses and purposes for which the Project will be employed by the County and the benefit to the citizens of the County by reason of the County's use and occupancy of the Project pursuant to the provisions of this Lease.

Section VI.6 Nonappropriation

. In the event that sufficient County Funds shall not be budgeted and appropriated by the County prior to the beginning of any Renewal Term for the payment of the Base Rentals becoming due during such Renewal Term, and such Additional Rentals becoming due during such Renewal Term which can be determined with reasonable accuracy, then an Event of Nonappropriation shall be deemed to have occurred as of the first day of such Renewal Term and the County shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for herein beyond the last day of the Renewal Term preceding such Event of Nonappropriation. Subject to the provisions of the next succeeding sentence, once the County has elected to continue this Lease for a Renewal Term by budgeting and appropriating sufficient County Funds for the payment of Base Rentals and Additional Rentals hereunder the County shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. If the County fails to pay any Base Rentals or Additional Rentals due under this Lease, or upon an Event of Nonappropriation the County shall immediately quit and vacate the Project and its obligation to pay Base Rentals or Additional Rentals hereunder shall terminate. The Authority shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Project as trustee for the benefit of the Bondholders and shall hold in trust for the Bondholders all moneys then on hand and being held in all funds created under the Master Resolution. All property, funds and rights acquired by the Authority by reason of an Event of Nonappropriation as provided herein shall be held by the Authority under the Master Resolution for the benefit of the Bondholders as set forth in said Master Resolution until the principal of, and premium, and interest, if any, on the Bonds are paid in full and any excess shall thereafter be paid to the County.

The parties hereto agree that, upon the occurrence of an Event of Nonappropriation, the County shall immediately quit and vacate the Project.

Section VI.7 Application of Base Rentals, Additional Rentals and Purchase Option Price

All Base Rentals, the Additional Rentals specified in subsections (a), (b), (c) and (d) of Section 6.3 hereof, and, if paid by the County, the Purchase Option Price shall be paid to the Authority for application in accordance with the Master Resolution.

Section VI.8 Request for Appropriation

To the extent permitted by law, the County covenants and agrees as follows:

(a) During the term of this Lease, the County covenants and agrees to include in its annual tentative budget prepared by the appropriate officials acting on behalf of the County in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any moneys then legally available for such purpose, including but not limited to such revenues and receipts, if any, as may be generated by the County's operation or subleasing of the Project) to pay the Base Rentals and reasonably estimated Additional Rentals (calculated as provided herein) for the Project during the next succeeding Renewal Term, and to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of the County for its consideration seeks an appropriation of moneys sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term, including all such actions for such purpose as may be required under the Uniform Fiscal Procedures Act for Counties, Title 17, Chapter 36, Utah Code Annotated 1953, as amended (the "Uniform Fiscal Procedures Act"). The first such inclusion in the County's annual tentative budget shall be made under applicable law in the fiscal year prior to the fiscal year commencing December 1, 2010, so that the Base Rentals payable during such Renewal Term and the reasonably estimated Additional Rentals payable during such Renewal Term will have been appropriated for such purpose, and subsequent inclusions in each respective tentative budget for appropriations by the County shall be made in each fiscal year thereafter so that the Base Rentals to be paid during the succeeding Renewal Term and Additional Rentals payable during such Renewal Term will be available for such purposes as long as the governing body of the County determines to approve such amount in the final budget as adopted.

To effect the covenants set forth in (a) above, the County hereby directs its "budget officer" (as such term is defined in the Uniform Fiscal Procedures Act, or any other officer at the time charged with the responsibility of formulating budget proposals) to include in the tentative budget prepared annually by such budget officer or other officer and submitted to the governing body of the County, in any year in which this Lease is in effect, items for all payments required for the ensuing Renewal Term under

this Lease. It is hereby expressed as the intention of the County that the decision to renew or not to renew the term of this Lease is to be made solely by the governing body of the County at the time it considers for adoption the final budget for each of its fiscal years and corresponding Renewal Terms hereunder, and not by any official of the County, acting in his or her individual capacity as such. In this connection, the County hereby covenants and agrees that such budget officer or other officer shall not amend, modify or otherwise change the appropriations made in any finally adopted budget for the payment of any Base Rentals or Additional Rentals without the express prior approval of the governing body of the County.

ACQUISITION OF THE PROJECT AND ISSUANCE OF SERIES 2024 BONDS

Section VII.1 Agreement to Construct Project

. The County and the Authority agree that the Authority shall cause the Project to be acquired and constructed as herein provided, all of which acquisition and construction shall be made in accordance with the plans and specifications for the Project as approved by the County and the Authority. The Authority hereby agrees that in order to effectuate the purposes of this Lease, it will make, execute, acknowledge and transmit any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper, all for the acquisition and construction of the Project.

The Authority agrees to acquire and construct the Project through the application of moneys to be disbursed from the Escrow Account (as defined in the Master Resolution) by the Authority upon the authorization of the Authority Representative in accordance with the Master Resolution.

The Authority agrees to cause the construction of the Project to be completed with all reasonable dispatch, and to use its best efforts to cause the same to be completed by March 1, 2018, or as soon thereafter as may be practicable, subject only to delays caused by Force Majeure excepted; but if for any reason the Project is not completed by said date, there shall be no resulting liability on the part of the Authority or Event of Default hereunder.

Section VII.2 Agreement to Issue the Series 2024 Bonds; Application of Bond Proceeds

. To provide funds to finance the Project (as described herein), the Authority, concurrently with the execution of this Lease, will issue, sell and deliver to the purchasers thereof the Series 2024 Bonds and the Authority will deposit the proceeds thereof in the Escrow Account as provided in the Master Resolution. Moneys shall be disbursed from the Escrow Account in accordance with the terms of the Escrow Agreement.

Section VII.3 Establishment of Completion Date; Disbursement of Balance of Escrow Account

. The Completion Date shall be evidenced by a certificate signed by the Authority Representative and the County Representative stating that, except for amounts retained by the Authority at the direction of the Authority for any Costs of Construction not then due and payable, the acquisition and construction of the Project has been completed in accordance with the plans and specifications and all labor, services, materials and supplies used in such acquisition and construction have been paid for, all other facilities necessary in connection with the Project have been constructed, acquired

and installed to their satisfaction, the Project is suitable and sufficient for its intended purposes, and all costs and expenses incurred in the acquisition and construction of the Project have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon receipt of such certificate, the Authority shall terminate the Escrow Account and disburse any remaining moneys on deposit therein to the Bond Fund to be used to prepay the Bonds as provided in the Escrow Agreement.

Section VII.4 Sufficiency of Escrow Account

. In the event that the moneys held in the Escrow Account are insufficient to pay all Costs of Construction, the County and the Authority hereby agree to reduce the scope of the Project (particularly, flexible costs of the Project) in order that all of such costs will be covered without the necessity of issuing Additional Bonds, or to deposit additional moneys in the Escrow Account either through the issuance of Additional Bonds or from other legally available moneys sufficient to complete construction of the Project.

Section VII.5 Investment of Bond Fund and Reserve Fund Moneys

. Subject to the provisions of Article VI of the Master Resolution, any moneys held as a part of the Bond Fund, the Reserve Fund or any other fund created under said Master Resolution shall be invested and reinvested by the Authority in Investment Obligations (as defined in the Master Resolution).

Section VII.6 Required Provisions of Construction Contracts; Right to Inspect Project Documents, Etc.

(a) Each Construction Contract executed in connection with the acquisition and construction of the Project must provide that, upon an Event of Nonappropriation or an Event of Default, the Construction Contract will be fully and freely assignable to a receiver or other fiduciary for the Bondholders without the consent of any other person; and that, if the Construction Contract is assumed by such fiduciary, the Contractor will perform the agreements contained in the Construction Contract for such fiduciary. Each Construction Contract must also provide that, upon an Event of Nonappropriation, an Event of Default or damage to, or destruction or condemnation of, the Project as described in Section 10.1 hereof, the Authority may terminate such Contract, and the contractor shall then be entitled to payment only from amounts available therefor in the Escrow Account and only for work done prior to such termination. The County agrees that upon the occurrence of an Event of Nonappropriation or an Event of Default and upon receipt of a written request from the Authority, it will assign to the Authority all of its right, title and interest in and to all Construction Contracts and other Project Documents. Each Construction Contract shall be for a fixed price and shall require the contractor to provide 100% payment and performance bonds. Such bonds shall be made payable to the Authority, shall be executed by a

corporate surety licensed to transact business in the State of Utah and acceptable to the County and the Authority, and shall be in an amount equal to the contract price for such contractor's Construction Contract. If, at any time during the construction of the Project, the surety on such bond shall be disqualified from doing business within the State of Utah, or shall otherwise become incapable (in the judgment of the Authority) of performing its obligations under such bond, an alternate surety acceptable to the County and the Authority shall be selected. In the event of any change order resulting in the performance of additional work in connection with the construction of the Project, the amount of such bonds pertaining thereto shall be increased to include the cost of such additional work or materials or fixtures to be incorporated in the Project.

(b) The County shall have and keep on file and available for inspection by the Authority the copies of the Project Documents, throughout the Lease Term or as soon after the commencement of the Lease Term as such Project Documents shall become available to the County. Neither the Project Documents nor any change or amendments thereto shall cause the Project to be used for any purpose prohibited by this Lease or by the Constitution and laws of the State of Utah; result in a material reduction in the fair rental value of the Project; or adversely affect the ability of the County to meet its obligations hereunder.

(c) The County covenants to cause, each Contractor, prior to entering into a Construction Contract, to procure and thereafter to maintain standard form commercial general public liability insurance, at its own cost and expense, during the duration of such contractor's Construction Contract.

(d) Unless the County shall otherwise agree in the Construction Contract to carry the builder's risk insurance hereinafter described, each general contractor retained in connection with the construction of the Project shall procure and maintain, at its own cost and expense, during the term of its Construction Contract and until the Project is accepted and insured by the County, standard all risk of loss builder's risk completed value insurance upon the Project constructed or to be constructed, in whole or in part, by such contractor or its subcontractors. The policy may have a deductible clause in such amount as may be approved by the Authority and the County, provided, however, that the Authority shall not thereby be deemed to have incurred any obligation to reimburse the Bondholders or any other person for the amount of the deductible. Such insurance coverage shall be in an amount at least equal to the total contract price for such contractor's and its subcontractors' work. In the event of any change order resulting in the performance of additional work in connection with the Project, the amount of such insurance shall be increased to include the cost of such additional work. In the event the County elects to carry such insurance, such coverage may be provided under a blanket policy.

(e) Each contractor for the Project shall procure and maintain workers' compensation insurance as required by applicable law.

(f) Each Construction Contract shall contain provisions regarding liquidated damages and construction retainage acceptable to the County.

(g) Except for the insurance described in (e) above, all such insurance policies and payment and performance bonds described above shall carry loss payable endorsement in favor of the Authority and amendments thereto or settlement thereunder may only be made with the consent of the Authority.

Section VII.7 Remedies Against Contractors

. The County and the Authority shall proceed promptly, either separately or in conjunction with others, to pursue diligently its or their remedies against any contractor or subcontractor which is in default under any of the Construction Contracts and/or against each surety on any bond securing the performance of such Construction Contract.

TITLE TO THE PROJECT; CONVEYANCE TO THE COUNTY;
SECURITY INTEREST

Section VIII.1 Title to the Project

. Title to the Project and any and all additions, repairs, replacements or modifications thereto, shall be held in the name of the Authority, subject to Permitted Encumbrances, at all times until conveyed to the County as provided in Section 12.1. The County shall not have any right, title or interest in the Project or any additions, repairs, replacements, modifications or fixtures thereto except as expressly set forth herein.

Section VIII.2 Security Interest

. To secure the payment of all of the obligations of the Authority under the Master Resolution, the Authority shall grant to the Bondholders a security interest in the Project, the Base Rentals and Additional Rentals received by the Authority under this Lease, and all other rights to receive payments. Upon execution of this Lease, the County and the Authority agree that the Authority shall execute the Security Documents and the Master Resolution. The Authority agrees that the Authority Representative shall, on its behalf, execute such additional documents, including affidavits, notices and similar instruments, in form satisfactory to the Authority, which the Authority reasonably deems necessary or advisable to establish and maintain the security interest granted under this Section 8.2.

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section IX.1 Maintenance of the Project by the County

. The County shall, at its own expense from available County Funds, operate, manage, keep and maintain the Project in good working order, condition and repair, including replacements of a capital nature when necessary, and including periodic painting as reasonably determined by the Authority and in accordance with all operating and maintenance manuals and all applicable laws, rules, ordinances, orders and regulations as shall be in effect from time to time of any federal, state, county, municipal, or other governmental or quasi-governmental agencies and bodies having or claiming jurisdiction thereof and all their respective departments, bureaus, and officials; the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction thereof; and all insurance companies insuring all or any part of the Project. The foregoing shall not be construed to prohibit the County from challenging the validity or applicability of such laws, rules, ordinances, orders and regulations and to defer compliance until the challenge has been completed.

Without limiting the generality of the foregoing, the County shall, at the County's sole cost and expense, as if the County were the absolute owner thereof, from available County Funds, assume all responsibility for the Project (including all surfaces of the buildings and entrances thereto, foundations, ceilings, roof, all glass and show window moldings and all partitions, doors, fixtures, equipment, and appurtenances thereto, including lighting and plumbing systems and fixtures, sewage facilities, electric motors and heating, ventilating and air-conditioning systems, and all landscaping, parking lots, driveways, fences and signs located on the Project Site and all sidewalks and parkways located adjacent to the Project Site) and pay all costs of any kind (including operating costs and costs of repair, whether of a capital nature or otherwise) associated therewith.

Section IX.2 Modification of the Project

. The County shall have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements thereto, at its own cost and expense, and the same shall be subject to this Lease, the Master Resolution and the Security Documents, and shall also be included under the terms hereof and thereof; provided, however, that such remodeling, substitutions, additions, modifications and improvements shall not in any way damage the Project or cause it to be used for purposes other than those authorized under the provisions of this Lease, and the Constitution and laws of the State; and provided, however, that the Project, as remodeled, improved or altered upon completion of such remodeling, substitutions, additions, modifications and improvements made pursuant to this Article IX shall be of a fair rental value not less than the fair rental value of the Project immediately prior to the remodeling or the making of substitutions, additions, modifications and improvements. The County shall not permit any mechanic's or other lien to be established or remain against the Project for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made by the County; provided, however, that if the County shall first notify the Authority of the intention of

the County so to do, the County may in good faith contest any mechanic's or other lien filed or established against the Project, 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 unless the Authority shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the terms hereof and pursuant to the Master Resolution and the Security Documents will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Authority will cooperate fully with the County in any such contest, upon the request and at the expense of the County. Any property for which a substitution or replacement is made pursuant to this Section 9.2 may be disposed of by the County in any manner and in the sole discretion of the County.

Section IX.3 Taxes, Other Governmental Charges and Utility Charges

. In the event that the Project or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against the Project, an Additional Rental, from and to the extent of County Funds, shall be paid by the County equal to the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the County shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during that period that the County is obligated to pay Base Rentals. The County shall not allow any liens for taxes, assessments or governmental charges to exist (including, without limitation, any taxes levied which, if not paid, will become a charge on the rentals and receipts prior to or on a parity with the charge thereon and the pledge and assignment thereof to be created and made in the Master Resolution), or any interest therein (including the interest of the Authority) or the rentals and revenues derived therefrom or hereunder. The County shall also pay as Additional Rentals, from and to the extent of available County Funds, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project.

As long as the County is in possession of the Project and except as otherwise provided herein, it shall keep it free and clear of all liens, charges and encumbrances (except Permitted Encumbrances and any encumbrances arising through the Authority) and shall have the responsibility for all management, operations, maintenance and repair of the Project. The County in its discretion may discharge such responsibility by: using its own employees; or contracting for services; or subleasing portions of the Project, subject to the provisions hereof and of the Master Resolution; or any combination of such methods. No such contract or sublease shall place a greater burden on the Authority than provided herein, nor infringe upon rights granted to or retained by the Authority hereunder, nor violate or in any way impair the Authority's obligations under the Master Resolution or any other instrument, if any, securing any debt or borrowings by the Authority, all or substantially all the proceeds of which are to be used to finance the Project. The Authority does not agree to provide anything more than the Project as

herein defined, and shall have no obligation to incur any expense of any kind or character in connection with the management, operation, or maintenance of the Project during the Lease Term.

The County may, at the expense and in the name of the County, 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 provided the County shall first deposit with the Authority, or in court, a bond or other security satisfactory to Authority pursuant to Section 1.18 of the Deed of Trust, Assignment of Rents and Security Agreement delivered by the Authority unless the Authority shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the terms hereof and pursuant to the Master Resolution and the Security Documents will be materially endangered or the Project or any portion thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith. In the event that the County shall fail to pay any of the foregoing items required by this Section 9.3 to be paid by the County, the Authority may (but shall be under no obligation to) pay the same, which amounts, together with interest thereon at a rate per annum equal to eighteen percent (18%) as of the date of payment, the County agrees to pay, from and to the extent of available County Funds.

Section IX.4 Provisions Respecting Insurance

. The County agrees to insure or cause to be insured the Project against loss or damage of the kinds usually insured against by public bodies similarly situated, including, without limitation, policies of casualty and property damage insurance, by means of policies issued by reputable insurance companies duly qualified to do such business in the State with a uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than full insurable value of the Project. The term “full insurable value” as used herein shall mean the actual replacement value, or at the option of the County any lesser amount which is equal to or greater than the amount of all of the Bonds then Outstanding. Alternatively, the County may insure or cause to be insured under a blanket insurance policy or policies or under self-insurance which cover not only the Project but other properties in the amounts required by the previous sentence. If a program of self-insurance is used, such program must provide for disbursements therefrom without the approval of the governing body of the County and such program shall be reviewed at least annually by an actuarial consultant, to insure that the reserves established are sufficient for the risks intended to be covered by such program. If self-insurance is not utilized, the policies may have a deductible clause in an amount not to exceed \$250,000.

Any insurance policy issued pursuant to the preceding paragraph of this Section 9.4 shall be so written or endorsed as to make losses, if any, payable to the Authority under the Master Resolution. The Net Proceeds of the insurance required in this Section 9.4 shall be applied as provided in Section 10.2 or, at the option of the County, Section 10.3 of this Lease. The County may settle, adjust or compromise any claims for loss,

damage or destruction under any policy or policies of insurance only with written approval of the Authority. Each insurance policy provided for in Section 9.4 of this Lease shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the County or the Authority without first giving written notice thereof to the County, the Authority and the CIB at least ten (10) days in advance of such cancellation or modification. Copies of all insurance policies issued pursuant to Section 9.4 or Section 9.5 of this Lease, or certificates evidencing such policies, shall be deposited with Authority.

Section IX.5 Public Liability Insurance

. The County agrees to carry or cause to be carried public liability insurance with one or more reputable insurance companies in minimum amounts of \$1,000,000 for the death of or personal injury to one person and \$250,000 for personal injury or death for each occurrence and \$300,000 for property damage for any occurrence. The Authority shall be made additional insureds under such policies. The insurance required by this Section 9.5 may be by blanket insurance policy or policies or self-insurance meeting the requirements of Section 9.4 hereof. If self-insurance is not utilized, the policies may have a deductible clause in such amount as shall be approved by the Authority.

Section IX.6 Worker's Compensation Coverage

. At all times from the date hereof until the end of the Lease Term, the County shall maintain, or cause to be maintained, worker's compensation coverage with respect to officers, agents and employees of the County working in, on or about the Project, including coverage for occupational diseases.

Section IX.7 Advances

. In the event that the County shall fail to maintain the full insurance coverage required by this Lease or shall fail to keep the Project in good repair and operating condition, the Authority may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; which amounts, together with interest thereon at a rate of 18% per annum, the County agrees to pay, from and to the extent of available County Funds.

Section IX.8 Failure to Provide Insurance

. In the event the Authority pays for any insurance policies required by this Article, the County will promptly pay directly to the Authority all premiums for said insurance, and until payment is made by the County therefor, the amount of all such premiums which have been paid by the Authority shall bear interest at the per annum rate of 18%. The County shall, upon the Authority's reasonable request, deposit with the Authority in monthly installments an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance required by this Article. The County further agrees, upon the Authority's request, to cause all bills, statements or

other documents relating to the foregoing insurance premiums to be sent or mailed directly to the Authority. If at any time and for any reason the funds deposited with the Authority are or will be insufficient to pay such amounts as may then or subsequently be due, the Authority shall notify the County and the County shall immediately deposit an amount equal to such deficiency with the Authority.

Section IX.9 Evidence and Notice Regarding Insurance

. Evidence of the insurance required by Sections 9.4 and 9.5 hereof shall be provided by the County to the Authority annually on or before the anniversary date of issuance of the Bonds. Policies providing said insurance shall require that notice of cancellation of any said insurance must be furnished to the Authority and the CIB by the insurance carrier thirty (30) days in advance of cancellation.

DAMAGE, DESTRUCTION AND CONDEMNATION;
USE OF NET PROCEEDS

Section X.1 Damage, Destruction and Condemnation

. If, prior to the termination of the Lease Term and the payment in full of the Bonds (or the making of provisions for the payment thereof in accordance with the Master Resolution) the Project or any material portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; or title to, or the temporary or permanent use of the Project or any material portion thereof or the estate of the County or the Authority in the Project or any material portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or a material defect in construction of the Project shall become apparent; or title to or the use of all or any material portion of the Project shall be lost by reason of a defect in title thereto, the County shall be obligated, subject to the provisions of Section 10.3 of this Lease, to continue to pay the amounts specified in Sections 10.2, 6.2 and 6.3 of this Lease regardless of whether the Project shall have been accepted.

Section X.2 Obligation of the County to Repair and Replace the Project

. Subject to the provisions of Section 10.3 of this Lease, the County shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards with respect to the Project to be deposited in a separate trust fund with the Authority. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification or improvement of the Project by the County upon receipt of a requisition acceptable to the Authority signed by the County Representative, stating with respect to each payment to be made: the requisition number; the name and address of the person, firm or corporation to whom payment is due; the amount to be paid; that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; and such other documents and information as the Authority requires. The balance of any such Net Proceeds remaining after such repair, restoration, modification or improvement has been completed shall be transferred to the Bond Fund to be applied to the payment of the principal of, premium, if any, and interest on the Bonds, or if said Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Master Resolution), any balance remaining in such separate trust fund shall be paid to the County. If the Net Proceeds shall be insufficient to pay in full the cost of any repair, restoration, modification or improvement or to redeem all Outstanding Bonds, the County shall, from and to the extent of available County Funds, complete the work and pay any cost in excess of the amount of the Net Proceeds. The County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County shall make any payments pursuant to the provisions of this Section 10.2, the County shall not be entitled to any reimbursement therefor from the Authority or the Bondholders nor shall the County be

entitled to any diminution of the Base Rentals and Additional Rentals payable under Sections 6.2 and 6.3 of this Lease. The County further agrees that any repair, restoration, modification or improvement paid for in whole or in part out of such Net Proceeds shall be subject to the security afforded by the Master Resolution, this Lease and the Security Documents, and shall be included under the terms hereof.

Section X.3 Discharge of the Obligation of the County to Repair and Replace the Project

. In the event that the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of an occurrence described in Section 10.1 of this Lease shall be insufficient to pay in full the cost of any repair, restoration, or modification of the Project required under Section 10.2 of this Lease, then the obligation to repair and replace the Project under Section 10.2 of this Lease may, at the option of the County, be discharged by depositing the Net Proceeds of the insurance policies, performance bonds or condemnation awards made available by reason of such occurrence into the Bond Fund. Upon the deposit of such Net Proceeds in the Bond Fund, the County shall have no further obligation for the payment of Base Rentals and Additional Rentals hereunder, and possession of the Project as well as all rights created pursuant to this Lease and interest of the County and the Authority therein and in any funds or accounts created under the Master Resolution (except for moneys held for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Bondholder. Thereafter, the Project may be liquidated pursuant to the provisions of the Master Resolution and Security Documents and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Master Resolution (except moneys held for the payment of Bonds not then deemed Outstanding), shall be applied to the redemption of the Bonds on the next succeeding redemption date. Such redemption of Bonds shall be made upon full or partial payment of the principal amount of the Bonds then Outstanding and accrued interest thereon all in accordance with the Master Resolution. In the event that available moneys shall be insufficient to redeem said Bonds by payment of an amount equal to the Outstanding principal amount thereof and accrued interest to the redemption date, no further claim for payment may be had by the Bondholders against the Authority or the County, as provided in the Master Resolution.

Section X.4 Cooperation of the Authority

. The Authority shall cooperate fully with the County at the expense of the County in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.1 of this Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any portion thereof or any property of the County in connection with which the Project is used and will, to the extent it may lawfully do so, and shall permit the County to litigate in any proceeding resulting therefrom in the name and behalf of the Authority. In no event will the Authority voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending

condemnation proceeding or any part thereof without the written consent of the County Representative.

Section X.5 Condemnation of Property Owned by the County

. The County shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for destruction of, damage to or taking of its property not included in the Project.

DISCLAIMER OF WARRANTIES; COMPLIANCE WITH
LAWS AND RULES; OTHER COVENANTS

Section XI.1 Disclaimer or Warranties

THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY OF THE EQUIPMENT OR FIXTURES THEREIN OR ANY OTHER REPRESENTATION OR WARRANTY. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or the use by the County of any item, product or service provided for herein.

Section XI.2 Further Assurances and Corrective Instruments

The County and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby leased or intended so to be or for carrying out the intention hereof.

Section XI.3 County and Authority Representatives

Whenever under the provisions hereof the approval of the County or the Authority is required, or the County or the Authority is required to take some action at the request of the other, such approval or such request shall be given for the County by the County Representative and for the Authority by the Authority Representative, and any party hereto and the Authority shall be authorized to act on any such approval or request.

Section XI.4 Requirements of Law

During the Lease Term, the County and the Authority shall observe and comply promptly with all current and future laws, ordinances, orders, rules and regulations as the same become effective, of the federal, state, County and County governments and of all courts or other governmental authorities having jurisdiction over the Project or any portion thereof and of all their respective departments, bureaus and officials, and of the insurance regulatory agencies having jurisdiction over the Project, or any portion thereof, or any other body exercising similar functions, and of all insurance companies writing policies covering the Project or any portion thereof, whether the same are in force at the commencement of the Lease Term or may in the future be passed, enacted or directed.

Section XI.5 Inspection of the Project

. The County and the Authority agree that the Bondholders or their duly authorized agents shall have the right at all reasonable times to enter upon the Project and to examine and inspect the Project. The Authority and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the County and the Authority with respect to the Project.

Section XI.6 Granting of Easements

. As long as no Event of Nonappropriation or an Event of Default with respect to the Project shall have happened and be continuing, the County may at any time or times grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property or rights included in this Lease and the Master Resolution, free from the security interest afforded by or under this Lease, the Master Resolution and the Security Document or the County may release existing easements, licenses, rights of way and other rights and privileges with or without consideration, and the Authority agrees that it shall execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other grant or privilege upon receipt of: a copy of the instrument of grant or release; a written application signed by the County Representative requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of the Project or any material portion thereof; and an opinion of Independent Counsel that such grant or release will not materially weaken, diminish or impair the security granted to the Bondholders and contemplated hereby or hereunder or under the Master Resolution or the Security Documents.

Section XI.7 Refunding Bonds

. Refunding Bonds may be issued by the Authority in accordance with the provisions of this Section 11.7 and Section 3.9 of the Master Resolution. Prior to, or concurrently with, the issuance of and delivery of Refunding Bonds, the Authority shall pay, or make provision for the payment of, all Bonds then Outstanding (other than such Refunding Bonds) as set forth in Article IX of the Master Resolution.

Section XI.8 Issuance of Additional Bonds

. Additional Bonds may be issued by the Authority in accordance with the provisions of Section 3.10 of the Master Resolution and with a corresponding effect on the Base Rentals and Additional Rentals due hereunder.

CONVEYANCE OF THE PROJECT

Section XII.1 Conveyance of the Project

The Authority's right and interest in and to the Project shall be transferred, conveyed and assigned by the Authority to the County:

(a) Upon payment by the County of the then applicable Purchase Option Price and upon giving not less than thirty (30) days prior written notice to the Authority; or

(b) Upon payment by the County of all Base Rentals and Additional Rentals required to be paid under this Lease during the Original Term and each of the Renewal Terms; or

(c) Upon the discharge of the lien of the Master Resolution under Article IX thereof.

The Authority agrees to execute such documents and instruments as shall be necessary to effect a release of the security interest granted by said Master Resolution or the Security Documents upon the payment in full of the Bonds.

Section XII.2 Conveyance on Purchase of Project

At the closing of any purchase of the Project pursuant to the option to purchase granted in this Lease, the Authority shall, upon receipt of the Purchase Option Price, or upon the payment by the County of all Base Rentals and Additional Rentals required, or upon discharge of the lien of the Master Resolution as the case may be, deliver to the County the following:

(a) If necessary, a release by the Authority of the lien under the Master Resolution and Security Documents, together with any other instrument necessary or appropriate to release any security interest granted by this Lease with respect to such Project, the Master Resolution and Security Documents.

(b) All necessary documents conveying to the County good and marketable title to the Project as it then exists subject to the following: those liens and encumbrances created by the County or to the creation or suffering of which the County consented; those liens and encumbrances resulting from the failure of the County to perform or observe any of the agreements on its part contained in this Lease; and Permitted Encumbrances, other than the Master Resolution, this Lease, the Ground Lease, the Security Documents and any financing statements filed by the Authority pursuant to this Lease with respect to the Project or the Master Resolution.

Section XII.3 Relative Position of Option and Master Resolution

. The purchase option granted to the County in this Article XII with respect to the Project shall be and remain prior and superior to the Master Resolution and the Security Documents and may be exercised whether or not an Event of Nonappropriation or an Event of Default shall have occurred and be continuing hereunder or under the Master Resolution and the Security Documents; provided, however, that such option must be exercised before the later of ninety (90) days after notification in writing by the Authority to the County of the occurrence of an Event of Default under the Master Resolution, the Lease or the Security Documents or the ultimate disposition of the Project upon exercise of any available foreclosure remedy, and further provided that, as a condition of the exercise of such option, the County must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default or Event of Nonappropriation.

ASSIGNMENT, SUBLEASING INDEMNIFICATION
AND SELLING

Section XIII.1 The Authority to Grant Security Interest to Bondholder

. The parties hereto agree that pursuant to the Master Resolution and the Security Documents, the Authority shall and does hereby pledge and assign to the Bondholders all of the Authority's right, title and interest in this Lease, except the Authority's rights to compensation from the County for expenses of the Authority under Section 6.3(d) of this Lease, the Authority's rights to indemnification from the County under Section 13.3 of this Lease and the obligation of the County to pay any attorneys' fees and expenses incurred by the Authority under Section 14.5 of this Lease.

Section XIII.2 Assignment and Subleasing by the County

. This Lease may not be assigned by the County for any reason. The County may enter into subleases of all or portions of the Project without the necessity of obtaining the consent of the Authority or any Bondholder; subject, however, to each of the following conditions:

(a) the Project may only be subleased to another public body, the state of Utah, a nonprofit corporation, if the nonprofit corporation was formerly a public body, and a private party if the Authority intends to own the project throughout the useful life of the Project and the Authority determines that such ownership of the Project furthers a legitimate public interest;

(b) this Lease and the obligations of the County to make payment of Base Rentals and Additional Rentals hereunder shall at all times during the Lease Term remain obligations of the County notwithstanding any sublease;

(c) the County shall, prior to the execution of a sublease, furnish or cause to be furnished to the Authority a true and complete copy of each sublease;

(d) no sublease shall cause the Project, in whole or in part, to be used for a purpose other than a governmental or proprietary public function authorized under the provisions of the Constitution and laws of the State, or for a purpose which would adversely affect the exemption from federal income taxation of any interest on the Bonds; and

(e) any such sublease shall be expressly subordinate to the rights of the Authority and the Bondholders under the Master Resolution, this Lease, the Ground Lease, and the Security Documents.

After an Event of Nonappropriation or an Event of Default and the foreclosure of the security afforded under the Lease, the Master Resolution or the Security Documents, the Authority may collect the amount of the Base Rentals and Additional Rentals allocable to any sublease from any and all sublessees.

The Authority shall be empowered, after an Event of Nonappropriation or an Event of Default and the foreclosure of the security afforded under this Lease, the applicable Master Resolution or the applicable Security Documents with respect to the Project, to collect the amount of the Base Rentals and Additional Rentals allocable to any sublease from any and all sublessees, and apply the net amount collected to the Base Rentals and Additional Rentals required herein with respect to the Project, but no such collection shall be deemed a waiver of any agreement, term, covenant or condition hereof, or the acceptance of any sublessee as lessee hereunder.

Section XIII.3 Release and Indemnification Covenants

. To the extent of the Net Proceeds of the insurance coverage of the County and contractor's performance and payment bonds for the Project required hereunder, the County shall and hereby agrees to indemnify and save the Authority harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term from: any condition of the Project; and any act or negligence of the County or of any of its agents, contractors or employees or any violation of law or the breach of any covenant or warranty hereunder. The County shall indemnify and save the Authority harmless, from and to the extent of available moneys as set forth above, from any such claim arising as aforesaid from (a) or (b) above, or in connection with any action or proceeding brought thereon and, upon notice from the Authority, shall defend them or either of them in any action or proceeding.

In exchange for the County's agreement to indemnify the Authority as provided in this Section 13.3, the Authority hereby agrees to assert any cause of action that it might have against any third parties for the benefit of the County. Furthermore, in no event will the Authority voluntarily settle or consent to the settlement of any proceeding arising out of any claim applicable to the Project without the written consent of the County Representative.

Section XIII.4 References to Bonds Ineffective After Bonds Paid

. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Master Resolution) and all fees and charges of Authority, all references in this Lease to said Bonds shall be ineffective and the Bondholders shall thereafter have no rights hereunder, saving and excepting those that shall have theretofore vested.

Section XIII.5 Installation of the Furnishings and Machinery of the County

. The County may from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in the Project. All such machinery, equipment and other tangible property, except any machinery, equipment and other tangible property substituted for machinery, equipment and tangible property purchased with proceeds of the Bonds as provided in Section 13.6, shall remain the sole property of the County, in which the Authority shall have no interest and may be removed

by the County at any time; provided, however, that the County shall be obligated to repair any damage to the Project, at its own cost and expense, resulting from any such removal.

Section XIII.6 Equipment Purchased with Proceeds of the Bonds

. Any item of equipment shall be labeled, to the extent practicable, to indicate that it is owned by the Authority, subject to the Master Resolution, the Security Documents and this Lease. Equipment of the Project financed with proceeds of the Bonds may not be relocated by the County from the Project. Any item of such equipment which shall be determined by the County to be no longer usable in connection with the Project may be sold by the County after written notice to the Authority and upon substitution of equipment of comparable or greater value or deposit of the proceeds thereof in the Bond Fund. Upon any such sale, the equipment so sold shall be released from the Master Resolution, this Lease, the Security Documents and the security interest created thereunder and hereunder.

EVENTS OF DEFAULT AND REMEDIES

Section XIV.1 Events of Default Defined

. Any one of the following shall be an “Event of Default” under this Lease:

(a) Failure by the County to pay any Base Rentals or Additional Rentals required to be paid under Sections 6.2 or 6.3 of this Lease at the time specified therein, in the absence of an Event of Nonappropriation, for a period of five (5) days after written notice, specifying such failure and requesting that it be remedied, given to the County by the Authority or, in any event, a failure by the County to make such payments within fifteen (15) days after the date on which they are due; or

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (a), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the County by the Authority, unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Authority shall not unreasonably withhold its consent to an extension of such time if corrective action shall be instituted by the County within the applicable period and diligently pursued until the default is corrected; or

(c) The County shall abandon any material portion of the Project; or

(d) The County’s interest in this Lease or any part thereof with respect to the Project shall be assigned or transferred without the written consent of the Authority, either voluntarily or by operation of law, except as permitted hereunder; or

(e) The County shall file any petition or institute any proceedings wherein or whereby the County seeks to be adjudicated a bankrupt, or to be discharged from any and all of its debts or obligations, or offers to the County’s creditors to effect a composition or extension of time to pay the County’s debts, or seeks a reorganization or a readjustment of the County’s debts, or for any other similar release, or any such petition or any such proceedings of the same or similar kind or character shall be filed, or instituted or taken against the County and the same shall not have been dismissed or otherwise resolved in favor of the County within sixty (60) days from the filing or institution thereof.

The foregoing provisions of this Section 14.1 are subject to the following limitations: the obligations of the County to make payments of the Base Rentals and Additional Rentals as provided in Sections 6.2 or 6.3 of this Lease shall be subject to the occurrence of an Event of Nonappropriation; and if, by reason of Force Majeure, the

County shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the County contained in Article VI hereof, the County shall not be deemed in default during the continuance of such inability. The County agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the County from carrying out its agreement; provided, however, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County, and the County shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the County, unfavorable to the County.

Section XIV.2 Remedies on Default

. Whenever any Event of Default referred to in Section 14.1 of this Lease shall have happened and be continuing, the Authority shall have the right, at its option or at the direction of the Bondholders as provided in the Master Resolution without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Immediately reenter and take possession of the Project; or
- (b) Take whatever action at law or in equity may appear necessary or desirable to enforce their or its rights in and to the Project.

The obligation of the County to vacate the Project as provided in Section 6.6 of this Lease shall also apply to an Event of Default. Any amounts collected pursuant to action taken under this Section 14.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Master Resolution.

Section XIV.3 Limitations on Remedies

. No judgment requiring a payment of money may be entered against the County by reason of an Event of Default or an Event of Nonappropriation under this Lease. In the event the security interest created under the Master Resolution, this Lease, the Ground Lease, or the Security Documents shall be foreclosed subsequent to the occurrence of an Event of Default or an Event of Nonappropriation, no deficiency judgment may be entered against the County or the Authority.

Section XIV.4 No Remedy Exclusive

. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy shall be cumulative and shall be 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 an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved in this Article XIV, it shall not be necessary to give any notice, other than such notice as may be required in this Article XIV.

Section XIV.5 Agreement to Pay Attorneys' Fees and Expenses

. In the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals and Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the County under this Section 14.5 shall be subject to the availability of County Funds.

Section XIV.6 No Additional Waiver Implied by One Waiver

. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

MISCELLANEOUS

Section XV.1 Lease Term

. This Lease shall remain in effect from the date hereof until the termination of the Lease Term as provided in Section 4.2 of this Lease.

Section XV.2 Notices

. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows: if to the Authority, to the Local Building Authority of San Juan County, 117 South Main, Monticello, Utah 84535, Attention: Chair; if to the County, to San Juan County, 117 South Main, Monticello, Utah 84535, Attention: Chair; and if to the Bondholders, to their address as shown on the registration list kept by the Authority. A duplicate copy of each notice, certificate or other communication given hereunder by the Authority or the County shall also be given to the Bondholders. The Authority, the County, and the Bondholders may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section XV.3 Binding Effect

. This Lease shall inure to the benefit of and shall be binding upon the Authority, the County and their respective successors and assigns, subject, however, to the limitations contained in Sections 2.1(a), 2.2(b), 2.2(f) and 13.2 of this Lease.

Section XV.4 Severability

. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and in the event any provision of this Lease were to invalidate the Bonds, such provision shall be rendered invalid and unenforceable, but shall not invalidate or render unenforceable any other provision hereof.

Section XV.5 Amounts Remaining in Bond Fund and Reserve Fund; Dissolution

. It is agreed by the parties hereto that any amounts remaining in the Bond Fund or Reserve Fund upon expiration or sooner termination of the Lease Term, as provided in this Lease, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Master Resolution) and the fees and expenses of Authority and any paying agents in accordance with the Master Resolution, shall belong to and be paid to the County by the Authority as an overpayment of Base Rentals and Additional Rentals. Upon dissolution of the Authority, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Master Resolution) and payment in full of other

obligations of the Authority, any assets and net earnings of the Authority shall be paid to the County in accordance with the Utah Local Building Authority Act.

Section XV.6 Amendments, Changes and Modifications

. Subsequent to the issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Master Resolution), and except as otherwise herein expressly provided, this Lease may not be effectively amended, changed, modified, altered or terminated except as provided in Article XII of the Master Resolution.

Section XV.7 Execution in Counterparts

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

Section XV.8 Net Lease

. This Lease shall be deemed and construed to be a “net lease,” and the County shall pay absolutely net during the Lease Term the Base Rentals, Additional Rentals and all other payments required hereunder, free of any deductions, and without abatement, deduction or setoff, other than those herein expressly provided.

Section XV.9 Applicable Law

. This Lease shall be governed by and construed in accordance with the laws of the State.

Section XV.10 Captions

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

Section XV.11 No Personal Liability

. No person executing this Lease, the Ground Lease, or any of the Bonds, the Master Resolution or the Security Documents shall be subject to personal liability or accountability by reason of such action or the issuance of the Bonds.

IN WITNESS WHEREOF, the Authority has caused this Lease to be executed in its corporate name with its corporate seal hereunto affixed and attested by a duly authorized officer. The County has executed this Lease in its name with the seal of its County Clerk hereunto affixed and attested by a duly authorized officer. All of the above occurred as of the date first above written.

LOCAL BUILDING AUTHORITY OF
SAN JUAN COUNTY, UTAH

By: _____
Chair

ATTEST:

By: _____
Secretary

(LBA S E A L)

SAN JUAN COUNTY, UTAH

By: _____
Chair

ATTEST:

By: _____
County Clerk/Auditor

(County S E A L)

STATE OF UTAH)
 :ss
COUNTY OF SAN JUAN)

In the County of San Juan, State of Utah, on this ____ day of _____, 2024, before me, the undersigned notary, personally appeared Jamie Harvey and Lyman W. Duncan, the Chair and the Secretary, respectively, of the Local Building Authority of San Juan County, Utah, who are personally known to me or who proved to me their identities through documentary evidence to be the persons who signed the preceding document in my presence and who swore or affirmed to me that their signatures are voluntary.

Notary signature and seal

STATE OF UTAH)
 :ss
COUNTY OF SAN JUAN)

In the County of San Juan, State of Utah, on this ____ day of _____, 2024, before me, the undersigned notary, personally appeared Jamie Harvey and Lyman W. Duncan, the Chair and County Clerk/Auditor, respectively, of San Juan County, Utah, who are personally known to me or who proved to me their identities through documentary evidence to be the persons who signed the preceding document in my presence and who swore or affirmed to me that their signatures are voluntary.

Notary signature and seal

EXHIBIT A

The Project is described as follows:

The acquisition and construction of a Public Safety Building Remodel and Expansion and related improvements.

Real property located in San Juan County, Utah, to-wit:

The Property is described as follows:

EXHIBIT B

LEASE PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Base Rentals</u>	<u>Additional Rentals</u>	<u>Total Payment</u>
Sept. 15, 2026	\$954,320	\$159,115	\$1,113,435
Sept. 15, 2027	953,780	159,115	1,112,895
Sept. 15, 2028	954,040	159,115	1,113,155
Sept. 15, 2029	954,080	159,115	1,113,195
Sept. 15, 2030	953,900	159,115	1,113,015
Sept. 15, 2031	954,500	159,115	1,113,615
Sept. 15, 2032	953,860	-	953,860
Sept. 15, 2033	954,000	-	954,000
Sept. 15, 2034	953,900	-	953,900
Sept. 15, 2035	953,560	-	953,560
Sept. 15, 2036	953,980	-	953,980
Sept. 15, 2037	954,140	-	954,140
Sept. 15, 2038	954,040	-	954,040
Sept. 15, 2039	954,680	-	954,680
Sept. 15, 2040	954,040	-	954,040
Sept. 15, 2041	954,140	-	954,140
Sept. 15, 2042	953,960	-	953,960
Sept. 15, 2043	953,500	-	953,500
Sept. 15, 2044	953,760	-	953,760
Sept. 15, 2045	953,720	-	953,720
Sept. 15, 2046	954,380	-	954,380
Sept. 15, 2047	953,720	-	953,720
Sept. 15, 2048	953,760	-	953,760
Sept. 15, 2049	954,480	-	954,480
Sept. 15, 2050	953,860	-	953,860
Sept. 15, 2051	953,920	-	953,920
Sept. 15, 2052	953,640	-	953,640
Sept. 15, 2053	954,020	-	954,020
Sept. 15, 2054	954,040	-	954,040
Sept. 15, 2055	953,700	-	953,700