

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Asset Financing Corporation - Final

August 12, 2025

8:00 AM

Tuesday, August 12, 2025 Meeting Schedule
08:00 a.m. AFC 08:30 a.m. Sp BOD

Written public comments received by 5:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

The Metropolitan Water District's Asset Financing Corporation meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Asset Financing Corporation may attend and participate as members of the Board, whether or not a quorum of the Board is present. Members of the Board who are not assigned to the Asset Financing Corporation will not vote on matters before the Asset Financing Corporation.

1. **Opportunity for members of the public to address the Board of the Asset Financing Corporation on matters relating to this Agenda (As required by Gov. Code Section 54954.3(a))**
2. **CORPORATION MATTERS FOR ACTION**
 - a. Election of Officers [21-4944](#)

- b. Adopt Resolution of the Board of Directors of the Metropolitan Water District Asset Financing Corporation Approving the Execution and Delivery of Certain Legal Documents in Connection with an Equipment Lease Transaction with Banc of America Public Capital Corporation and Metropolitan Water District of Southern California and other Matters Related Thereto [21-4946](#)

Attachments: [08122025 AFC 2b Resolution](#)
[08122025 AFC 2b Equipment Lease Assignment Agreement](#)
[4897-2312-2002](#)
[08122025 AFC 2b MWD MELPA \(Corporation Lease\)](#)
[4915-6450-4142](#)
[08122025 AFC 2b MELPA Equipment Lease \(MWD Lease\)](#)
[4911-3199-8286](#)

3. FUTURE AGENDA ITEMS

4. ADJOURNMENT

NOTE: Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

**RESOLUTION OF THE BOARD OF DIRECTORS OF METROPOLITAN WATER
DISTRICT ASSET FINANCING CORPORATION APPROVING THE EXECUTION
AND DELIVERY OF CERTAIN LEGAL DOCUMENTS IN CONNECTION WITH AN
EQUIPMENT LEASE TRANSACTION WITH BANC OF AMERICA PUBLIC
CAPITAL CORP AND METROPOLITAN WATER DISTRICT OF SOUTHERN
CALIFORNIA AND OTHER MATTERS RELATED THERETO**

WHEREAS, the Metropolitan Water District Asset Financing Corporation, a California nonprofit public benefit corporation (the “**Corporation**”), has been requested by the Metropolitan Water District of Southern California (the “**District**”) to provide assistance to the District by entering into a master equipment lease agreement (the “**Master Lease**”) with Banc of America Public Capital Corp (“**BofA**”) and a master equipment sublease agreement (the “**Master Sublease**”) with the District, in order to effect a master lease program (the “**Lease Program**”) of certain equipment for the use of the District (the “**Equipment**”); and

WHEREAS, the Corporation was created for the purpose of assisting the District in the financing of certain assets to be used by the District for its public purposes; and

WHEREAS, this Board of Directors (the “**Board**”) has determined it is in the best interests of the District and within the powers of the Corporation to provide such assistance in support of the Lease Program; and

WHEREAS, the Board determines it is necessary and advisable for the Corporation to enter into the Master Lease, under which the Corporation will lease the Equipment, from time to time, from BofA, for which the Corporation will be obligated to pay Rental Payments (as defined in the Master Lease); and

WHEREAS, the Corporation shall then enter into the Master Sublease with the District, under which the District will, among other things, agree to pay an amount equal to the Lease Payments (as defined in the Master Lease) to the Corporation; and

WHEREAS, the Corporation shall enter into a Master Assignment Agreement with the District and BofA (the “**Assignment Agreement**”), under which it will assign its rights under the Master Sublease to BofA; and

WHEREAS, the District and the Corporation desire to retain Nixon Peabody LLP as special counsel (“**Special Counsel**”) in connection with the implementation of the Lease Program; and

WHEREAS, there have been presented to this meeting the following:

- (i) A form of the Master Lease;
- (ii) A form of the Master Sublease; and
- (iii) A form of the Assignment Agreement.

WHEREAS, the Corporation is authorized to undertake all of the above pursuant to its articles of incorporation, its bylaws and the laws of the State of California (the “**State**”):

NOW, THEREFORE, this Board of Directors of the Metropolitan Water District Asset Financing Corporation does hereby find resolve, determine and order as follows:

Section 1. The Board determines that the foregoing recitals are true and correct.

Section 2. The form of the Master Lease on file with the Corporation and considered at this meeting is hereby approved. The officers and agents of the Corporation (the “**Authorized Officers**”) are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver the Master Lease in substantially the form on file with the Corporation and considered at this meeting, with such changes therein as the Authorized Officers may approve, in their discretion, as being in the best interests of the Corporation, including, without limitation, determining the property and facilities to be subject to such Master Lease, and such changes as may be determined to be in the best interests of the Corporation and the District, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed to make changes to the Master Lease to achieve the purposes for which the Lease Program is established; provided that such changes are consistent with the terms of the Master Senior Resolution or the Master Subordinate Resolution (each, as defined in the Master Sublease), as appropriate.

Section 3. The form of the Master Sublease on file with the Corporation and considered at this meeting is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver the Master Sublease in substantially the form on file with the Corporation and considered at this meeting, with such changes therein as the Authorized Officers may approve, in their discretion, as being in the best interests of the Corporation, including, without limitation, determining the property and facilities to be subject to the Master Sublease, and such changes as may be necessary to obtain credit enhancement, including bond insurance, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed to make changes to the Master Sublease to achieve the purposes for which the Lease Program is establish; provided that such changes are consistent with the terms of the Master Senior Resolution or the Master Subordinate Resolution, as appropriate.

Section 4. The form of the Assignment Agreement, on file with the Corporation and considered at this meeting is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver the Assignment Agreement in substantially the respective form on file with the Corporation and considered at this meeting, with such changes therein as such Authorized Officers may approve, in their discretion, as being in the best interests of the Corporation and the District, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Authorized Officers, or any of them acting alone, are hereby authorized and directed to execute such instruments, certificates and other documents as Nixon Peabody LLP, acting as Special Counsel in connection with the Lease Program, shall reasonably request from time to time, including, without limitation, one or more escrow agreements in connection with the Lease Program directing the creation of one or more escrow funds for deposit of certain amounts set aside for the purpose of purchasing the Equipment.

Section 6. The Secretary of this Board shall certify to the passage of this Resolution, shall transmit a copy hereof to Special Counsel, the District and BofA, and shall cause the action of adopting the same to be entered in the official minutes of this Board.

PASSED AND ADOPTED this 12th day of August, 2025, by the Board of Directors of the of the Metropolitan Water District Asset Financing Corporation, at a regularly scheduled meeting held in Los Angeles, California, at a location freely accessible to the public and at which a quorum of said Board was present and acting throughout, by the following roll-call vote:

AYES: _____

NOES: _____

ABSENT/ABSTAIN: _____

**METROPOLITAN WATER DISTRICT
ASSET FINANCING CORPORATION**

By: _____
Its: President

ATTEST:

By: _____
Its: Secretary

ASSIGNMENT AGREEMENT

Dated as of [____] 1, 2025

by and among

METROPOLITAN WATER DISTRICT ASSET FINANCE CORPORATION

and

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

and

BANC OF AMERICA PUBLIC CAPITAL CORP

MASTER ASSIGNMENT AGREEMENT

This **Master Assignment Agreement** (this “Agreement”), is made and entered into as of [_____] 1, 2025, by and among the Metropolitan Water District Asset Financing Corporation, a California nonprofit public benefit corporation (the “Corporation”), The Metropolitan Water District of Southern California, a metropolitan water district organized and existing under the laws of the State of California (the “District”), and Banc of America Public Capital Corp, a Kansas corporation (together with its successors and assigns, the “Lender”).

RECITALS

- A. The Corporation and the District entered into the Master Equipment Sublease Agreement, dated the date hereof (as supplemented, amended and restated from time to time, the “Sublease”), under which the District will lease certain Equipment described therein from the Corporation.
- B. In order to secure the obligations of the Corporation under the Master Equipment Lease Agreement dated as of the date hereof (as supplemented, amended and restated from time to time, the “Corporation Lease”), , by and between the Corporation and the Lender, to secure all Rental Payments and any other amounts due and owing (or to become due and owing) by the Corporation to the Lender, and to induce the Lender to enter into the Corporation Lease and to execute and deliver individual Leases thereunder, the Corporation desires to irrevocably assign to the Lender all of the Corporation’s right, title and interest in and to thereunder including all rights to payments thereunder.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed thereto in the Corporation Lease.

SECTION 2. Assignment to the Lender. (a) In order to secure the obligations of the Corporation under the Corporation Lease, to secure the payment of all amounts due and owing (or to become due and owing) by the Corporation to the Lender, and to induce the Lender to enter into the Corporation Lease and to execute Leases thereunder, the Corporation hereby irrevocably assigns to the Lender all of the Corporation’s right, title and interest in and to the Sublease (including, without limitation, all Equipment leased to the District by the Corporation under the Sublease that is leased by the Corporation under individual Leases executed from time to time). The Corporation hereby covenants and warrants to the Lender that it has not previously transferred or assigned its right, title or interest in and to the Sublease.

(b) The foregoing assignment shall be valid and binding from and after the date of execution and delivery of the Corporation Lease, and such assignment shall be effective as against all parties having claims of any kind in tort, contract or otherwise against the Corporation, irrespective of whether such parties have notice thereof.

SECTION 3. Subordination. *[TO COME]*.

SECTION 4. Assignment of Sublease. The Lender may assign and reassign its right, title, and interest in and to the Sublease being assigned under this Agreement without the necessity of obtaining the consent of the Corporation or the District (a) to the extent such assignment is permitted under the terms of Article XI of the Corporation Lease, and (b) the Lender's assignment of all or a portion of the Sublease is assigned together with its corresponding right, title and interest under the Corporation Lease.

SECTION 5. Successors and Assigns. The provisions of this Agreement shall bind upon, and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 6. No Benefit to Others. The covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto and their respective successors and assigns and they shall not be construed as conferring and are not intended to confer any rights on any other persons.

SECTION 7. Section Headings. All section headings hereof are for convenience only and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 8. Entire Agreement; Amendments. Any and all previous agreements and understandings between or among the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement. This Agreement shall not be amended except by a written instrument duly executed by each of the parties hereto.

SECTION 9. Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State.

SECTION 10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original. This Agreement and any counterpart so executed shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. The parties further agree that facsimile signatures or signatures scanned into a portable document format (pdf file) (or signatures in another electronic format designated by the Lender) and sent by e-mail shall be deemed original signatures.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have duly executed this Agreement on the date first above written.

By: METROPOLITAN WATER DISTRICT
ASSET FINANCING CORPORATION

By: _____
Name:
Title:

By: THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By: _____
Name:
Title:

By: BANC OF AMERICA PUBLIC CAPITAL
CORP.

By: _____
Name:
Title:

MASTER EQUIPMENT LEASE AGREEMENT

This Master Equipment Lease Agreement (this “*Agreement*”) dated as of _____, 2025, and entered into by and between Banc of America Public Capital Corp, a Kansas corporation (together with its successors, assigns and transferees, and as more particularly defined herein, “*Lessor*”), and Metropolitan Water District Asset Financing Corporation, a California nonprofit public benefit corporation (“*Corporation*”).

WITNESSETH:

WHEREAS, Corporation desires to lease and acquire from Lessor certain Equipment described in each Schedule (as each such term is defined herein), subject to the terms and conditions of and for the purposes set forth in each Lease; and

WHEREAS, the relationship between the parties shall be a continuing one and items of equipment and other personal property may be financed pursuant to one or more Leases entered into from time to time in accordance with this Agreement by execution and delivery of additional Schedules by the parties hereto, subject to the terms and conditions provided herein; and

WHEREAS, Corporation is authorized under the constitution and laws of the State (as such term is defined herein) to enter into this Agreement and each Schedule for the purposes set forth herein and therein;

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“*Acquisition Amount*” means, with respect to each Lease, the amount specified in the related Schedule and represented by Corporation to be sufficient, together with other funds of Corporation (if any) that are legally available for the purpose of acquiring and installing the Equipment listed in such Lease.

“*Acquisition Period*” means, with respect to each Lease for which an Escrow Account is established, that period identified in the related Schedule during which the Lease Proceeds attributable to such Lease may be expended on Equipment Costs pursuant to the related Escrow Agreement.

“*Agreement*” means this Master Equipment Lease Agreement, including the exhibits hereto, together with any amendments and modifications to this Agreement pursuant to Section 13.04.

“Assignment Agreement” means the Master Assignment Agreement dated as of _____, 2025 among the Lessor, the Corporation and the Sublessee as may be amended, supplemented or restated.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in the City of Los Angeles, California, are authorized or required by law to remain closed.

“Casualty Value” means, with respect to each Lease, the amount that is shown for each Rental Payment Date under the column titled “Casualty Value” on the Payment Schedule.

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

“Collateral” has the meaning set forth in Section 6.02.

“Commencement Date” means, for each Lease, the date when Corporation’s obligation to pay rent commences under such Lease, which date shall be the earlier of (a) the date on which the Equipment listed in such Lease is accepted by Corporation in the manner described in Section 5.01, or (b) the date on which sufficient moneys to acquire and install the Equipment listed in such Lease are deposited for that purpose in an Escrow Account.

“Contract Rate” means, with respect to each Lease, the rate identified as such in the related Payment Schedule.

“Corporation” means the entity referred to as Corporation in the first paragraph of this Agreement.

“Corporation Related Documents” means, with respect to each Lease, the Lease, this Agreement and the related Escrow Agreement, the Sublease, and the Assignment Agreement, each as may be amended, supplemented or restated in accordance with the terms thereof and hereof.

“Disbursement Request” means, with respect to each Lease for which an Escrow Account is established, the disbursement request attached to the applicable Escrow Agreement as Schedule 1 and made a part thereof.

“Equipment” means, with respect to each Lease, the equipment and other goods and property listed in the related Schedule, together with all replacements, repairs, restorations, modifications and improvements thereof or thereto and all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, and all substitutions, renewals, or replacements of and additions, improvements, accessions and accumulations to any and all of such Equipment, together with all the rents, issues, income, profits, proceeds and avails therefrom made pursuant to Article V or Section 8.01. Whenever reference is made in this Agreement to Equipment listed in a Lease, such reference shall be deemed to include all such

replacements, repairs, restorations, modifications and improvements thereof or thereto and all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, and all substitutions, renewals, or replacements of and additions, improvements, accessions and accumulations to any and all of such Equipment, together with all the rents, issues, income, profits, proceeds and avails therefrom.

“Equipment Costs” means, with respect to each Lease, the total cost of the Equipment listed in the related Schedule, including related soft costs such as freight, installation and taxes and other capitalizable costs, legal fees, financing costs and other costs necessary to vest full, clear legal title to the Equipment in Corporation, subject to the security interest granted to and retained by Lessor as set forth in each Lease, and other costs incurred in connection with the acquisition, installation and/or financing provided by the lease of the Equipment as provided in the related Lease; *provided* that (a) any such soft costs on a cumulative basis shall not exceed a percentage approved by Lessor of the total cost of the Equipment subject to such Lease and (b) in no event shall capitalizable delivery costs, installation charges, taxes and similar capitalizable soft costs relating to such Equipment be included without Lessor’s prior consent.

“Escrow Account” means, with respect to any Lease, the account established and held by the Escrow Agent pursuant to the related Escrow Agreement.

“Escrow Agent” means, with respect to each Lease for which an Escrow Account is established, the Escrow Agent identified in the related Escrow Agreement, and its successors and assigns.

“Escrow Agreement” means, with respect to each Lease for which an Escrow Account is established, an Escrow and Account Control Agreement in form and substance acceptable to and executed by Corporation, Lessor and the Escrow Agent, pursuant to which an Escrow Account is established and administered.

“Event of Default” means an Event of Default described in Section 12.01.

“Lease” means a Schedule and the terms and provisions of this Agreement which are incorporated by reference into such Schedule.

“Lease Proceeds” means, with respect to each Lease for which an Escrow Account is established, the total amount of money to be paid by Lessor to the Escrow Agent for deposit and application in accordance with such Lease and the related Escrow Agreement.

“Lease Term” means, with respect to each Lease, the period from the Commencement Date identified in the related Schedule until the date identified in the related Schedule.

“Lessor” means (a) the entity referred to as Lessor in the first paragraph of this Agreement and its successors or (b) any assignee or transferee pursuant to Section 11.01 of any right, title or interest of Lessor in and to the Equipment under the applicable Lease (including the Rental Payments and other amounts due thereunder), any to the related Escrow Agreement and Escrow Account and other Collateral, but does not include any entity solely by reason of that

entity's retaining or assuming any obligation of Lessor to perform hereunder or under such Lease.

"Material Adverse Change" a material adverse change in the Sublessee's business, assets, liabilities, financial condition, results of operations or business prospects or the ability of the Corporation to perform its obligations under this Agreement or any Corporation Related Document, or the ability of the Sublessee to perform its obligations under the Sublease or the Assignment Agreement.

"Outstanding Balance" means, with respect to each Lease, the amount that is shown for each Rental Payment Date under the column titled "Outstanding Balance" on the Payment Schedule.

"Payment Schedule" means, with respect to each Lease, the Rental Payment Schedule attached to and made a part of the related Schedule and substantially in the form of *Exhibit B* attached to this Agreement.

"Prepayment Price" means, with respect to each Lease, the amount that is shown for each Rental Payment Date under the column titled "Prepayment Price" on the related Payment Schedule.

"Principal Portion" means, with respect to each Lease, the amount that is shown for each Rental Payment Date under the column titled "Principal Portion" on the related Payment Schedule.

"Rental Payment Date" means, with respect to each Lease, each date on which Corporation is required to make a Rental Payment under such Lease as specified in the related Payment Schedule.

"Rental Payments" means, with respect to each Lease, the basic rental payments payable by Corporation on the Rental Payment Dates and in the amounts as specified in the related Payment Schedule, consisting of a principal component and an interest component, and in all cases sufficient to repay the principal component under such Lease and interest thereon at the applicable Contract Rate (or Taxable Rate if then in effect).

"Schedule" means each separately numbered Schedule of Property, substantially in the form of *Exhibit A* hereto, together with the related Payment Schedule and any riders attached to such Schedule of Property.

"SEC" means the U.S. Securities and Exchange Commission.

"State" means the State of California.

"Sublease" means that certain Master Equipment Sublease Agreement, dated as of the date hereof, between the Corporation and the Sublessee, as may be amended, supplemented or restated in accordance with the terms thereof and hereof.

“*Sublessee Related Documents*” means, the Sublease and the Assignment Agreement, each as may be amended, supplemented or restated in accordance with the terms thereof and hereof.

“*Sublessee*” means The Metropolitan Water District of Southern California.

“*Taxable Rate*” means, with respect to each Lease, for each day that the interest component of Rental Payments is taxable for Federal income tax purposes, an interest rate equal to the Contract Rate plus a rate sufficient such that the total interest to be paid on any Rental Payment Date would, after such interest was reduced by the amount of any Federal, state or local income tax (including any interest, penalties or additions to tax) actually imposed thereon, equal the amount of interest otherwise due to Lessor.

“*Vendor*” means the manufacturer or supplier of the Equipment listed in a Schedule or any other person as well as the agents or dealers of the manufacturer, installer or supplier with whom Corporation arranged Corporation’s acquisition, installation, maintenance and/or servicing of the Equipment pursuant to the applicable Lease.

“*Vendor Agreement*” means any contract entered into by Corporation and any Vendor for the acquisition, installation, maintenance and/or servicing of the Equipment under a Lease.

ARTICLE II

Section 2.01. Representations and Covenants of Corporation. Corporation represents, covenants and warrants for the benefit of Lessor on the date hereof and as of the Commencement Date of each Lease as follows:

(a) Corporation is a California nonprofit public benefit corporation, duly incorporated and existing under the laws of the State, with full power and authority to enter into the Corporation Related Documents and the transactions contemplated thereby and to perform all of its obligations thereunder.

(b) The execution, delivery and performance by the Corporation of the Corporation Related Documents, (i) have been duly authorized by all necessary action by the Corporation, and (ii) do not contravene, result in the violation of, or constitute a default under, any provision of applicable law or regulation, or any order of any court or governmental authority with jurisdiction over the Corporation or any agreement, resolution or instrument to which the Corporation is a party or by which it or any of its property is bound, which contravention, violation or default of such order, agreement, resolution or instrument could reasonably be expected to have a Material Adverse Change.

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.

(d) Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a California nonprofit public benefit corporation under the laws of the State.

(f) Corporation has complied or will comply with such procurement and public bidding requirements as may be applicable to the Corporation Related Documents and the acquisition and installation by Corporation and Sublessee of the Equipment as provided in each Lease.

(g) During the Lease Term under each Lease, the Equipment will be used by Corporation for only lawful purposes under the laws of the State. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental agency. No portion of the Acquisition Amount relating to any Lease will be used, directly or indirectly, to make or finance loans to any person other than Corporation and Sublessee. Corporation has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(h) There is no action, suit or proceeding pending in or before any court, any other governmental authority with jurisdiction over the Corporation or any arbitrator in which service of process has been completed against the Corporation or, to the knowledge of the Corporation, any other action, suit or proceeding pending or threatened in or before any court, any other governmental authority with jurisdiction over the Corporation or any arbitrator, in either case against the Corporation, the or any of the properties or revenues of the Corporation, which is reasonably likely to have a Material Adverse Change, or materially affects the rights or position of the Lessor in the Corporation Related Documents.

[(i) In connection with the Corporation's compliance with any continuing disclosure undertakings (each, a "*Continuing Disclosure Agreement*") entered into by the Corporation pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*"), the Corporation may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("*EMMA*"), notice of its incurrence of its obligations under the Related Documents and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with the Related Documents, in each case including posting a full copy thereof or a description of the material terms thereof (each such posting, an "*EMMA Posting*"). Except to the extent required by applicable law, including the Rule, the Corporation shall not file or submit or permit the filing or submission of any EMMA Posting that includes the following unredacted confidential information about the Lessor or its affiliates and any Escrow Agent in any portion of such EMMA Posting: address, account information and logos of the Lessor or its affiliates and any Escrow Agent; e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Lessor or its affiliates and any Escrow Agent; and the form of Disbursement Request that is attached to any Escrow Agreement.

The Corporation acknowledges and agrees that the Lessor and its affiliates are not responsible for the Corporation's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities or other laws, including but not limited to those relating to the Rule.]

(j) [Corporation represents to Lessor that that it has adopted a debt policy in compliance with SB 1029 and Section 8855 of the Government Code of California *et seq.* and covenants that it shall comply with Section 8855 of the Government Code of California *et seq.* throughout the Lease Term.

(k) To the extent applicable, as determined by Corporation in its sole discretion, Corporation has complied with the requirements of California Government Code Section 5852.1 *et seq.* in connection with this Agreement and the Equipment.]

ARTICLE III

Section 3.01. Lease of Equipment. Subject to the terms and conditions of this Agreement, Lessor agrees to provide the funds specified in each Lease to be provided by it for Corporation to acquire and install the Equipment described in the related Schedule. Upon the execution and delivery of each Lease, Lessor thereby demises, leases and transfers to Corporation, and Corporation thereby acquires, rents and leases from Lessor for the applicable Lease Term, the Equipment as set forth in such Lease and in accordance with the terms thereof. Each Schedule signed and delivered by Lessor and Corporation pursuant to this Agreement shall constitute a separate and independent lease and installment purchase of the Equipment therein described.

Section 3.02. Conditions to Lessor's Performance. (a) As a prerequisite to the performance by Lessor of any of its obligations pursuant to any Lease, Corporation shall deliver to Lessor, in form and substance satisfactory to Lessor, the following:

(i) A fully completed Schedule, executed by Corporation; and executed counterparts of each other Corporation Related Document;

(ii) An Escrow Agreement substantially in the form attached hereto as *Exhibit D*, satisfactory to Lessor and executed by Corporation and the Escrow Agent;

(iii) An opinion of counsel to Corporation in form and substance satisfactory to Lessor;

(iv) A certified copy of a resolution, ordinance or other official action of Corporation's governing body, authorizing the execution and delivery of the Corporation Related Documents to which it is a party and the applicable Lease and related Escrow Agreement, if any, entered into pursuant hereto;

(v) A Certificate completed and executed by the [Clerk or Secretary] or other comparable officer of the Corporation, substantially in the form attached hereto as *Exhibit E*, completed to the satisfaction of Lessor;

(vi) An opinion of counsel to Sublessee in form and substance satisfactory to Lessor;

(vii) A certified copy of a resolution, ordinance or other official action of Sublessee's governing body authorizing the execution and delivery of the Sublease and the Assignment Agreement and performance by Sublessee of its obligations under the Sublessee Related Documents;

(viii) A Certificate completed and executed by the Clerk or Secretary or other comparable officer of Sublessee, substantially in the form attached hereto as *Exhibit F*, completed to the satisfaction of Lessor;

(ix) Evidence of insurance as required by Section ____ of the Sublease and Section 7.02 hereof;

(x) All documents, including financing statements, affidavits, notices and similar instruments, which Lessor deems necessary or appropriate at that time pursuant to Section 6.02 hereof;

(xi) A copy of the Form 8038-G with respect to the Lease then being entered into, fully completed and executed by Corporation;

(xii) If any items of Equipment are motor vehicles, properly completed certificates of title or certificates of origin (or applications therefor) for such vehicles with Lessor's interest noted thereon in accordance with the instructions of Lessor;

(xiii) Copies of invoices (and proofs of payment of such invoices, if Corporation seeks reimbursement) and bills of sale (if title to Equipment has passed to Corporation), to the extent required by Section 5.01(b) hereof;

(xiv) Wire instructions for payments to be made to Vendors and Form W-9 from each such Vendor; and

(x) Such other items as are set forth in the related Schedule or are reasonably required by Lessor.

(b) In addition to satisfaction of the conditions set forth in subsection (a) of this Section 3.02, the performance by Lessor of any of its obligations under the Corporation Related Documents shall be subject to: (i) no Material Adverse Change having occurred since the date of this Agreement, (ii) no Event of Default having occurred and then be continuing under any Lease then in effect, and (iv) no Lease having been terminated as the result of the occurrence of an Event of Default.

(c) Subject to satisfaction of the foregoing, Lessor will deposit the Lease Proceeds for Equipment described in the applicable Schedule with the Escrow Agent to be held and disbursed pursuant to the related Escrow Agreement.

(d) This Agreement is not a commitment by Lessor or Corporation to enter into any Lease not currently in existence, and nothing in this Agreement shall be construed to impose any obligation upon Lessor or Corporation to enter into any proposed Lease, it being understood that whether Lessor or Corporation enters into any proposed Lease shall be a decision solely within their respective discretion.

(e) Corporation will reasonably cooperate with Lessor in Lessor's review of any proposed Lease. Without limiting the foregoing, Corporation will provide Lessor with any documentation or information Lessor may reasonably request in connection with Lessor's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Corporation and other matters related to Corporation.

(f) In the event of any conflict in terms between a Schedule and this Agreement, the terms of the Schedule shall control in the interpretation of the Lease created thereby.

Section 3.03. Evidence of Filing Form 8038-G. As soon as it is available, with respect to each Lease under this Agreement, Corporation shall provide to Lessor evidence that it, or its paid preparer, has filed the Form 8038-G for the applicable Lease with the Internal Revenue Service by delivering to Lessor proof of mailing such Form 8038-G. Notwithstanding anything to the contrary in this Agreement or the applicable Lease, it shall not be an Event of Default hereunder or thereunder if Corporation does not provide to Lessor evidence that it (or its paid preparer) filed the Form 8038-G for the applicable Lease with the Internal Revenue Service.

ARTICLE IV

Section 4.01. Rental Payments. Corporation shall promptly pay Rental Payments, in lawful money of the United States of America, to Lessor on the Rental Payment Dates and in such amounts as provided in each Lease. If any Rental Payment or other amount payable hereunder is not paid within ten (10) days of its due date, Corporation shall pay an administrative late charge of five percent (5%) of the amount not timely paid or the maximum amount permitted by law, whichever is less. Corporation shall not take any actions that cause the Federal Government to guarantee any Rental Payments under any Lease. Rental Payments consist of principal and interest components as more fully detailed on the Payment Schedule for each Lease, the interest on which begins to accrue as of the Commencement Date for each such Lease.

Section 4.02. Interest and Principal Components. A portion of each Rental Payment is paid as, and represents payment of, interest, and the balance of each Rental Payment is paid as, and represents payment of, principal. Each Lease shall set forth the principal and interest components of each Rental Payment payable thereunder during the applicable Lease Term.

Section 4.03. Rental Payments to Be Unconditional. Except as provided in Section 3.03 of this Agreement, the obligations of Corporation to make Rental Payments and to perform and observe the other covenants and agreements contained in each Lease shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, disputes with the Lessor or Vendor of any Equipment, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances or failure of any Vendor to deliver any Equipment or otherwise perform any of its obligations for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to any Vendor or under any Vendor Agreement, or the failure or inability (for whatever reason) of Corporation to receive (or delay in receipt of) all or any portion of any refundable tax credit under Section 6417 of the Internal Revenue Code of 1986, as amended by the Inflation Reduction Act of 2022 (Pub. L. No. 117-169), or any substantially similar provision of federal, state, local or foreign tax law (including regulations or other guidance from any taxing authority).

Section 4.04 Tax Covenants. Corporation agrees that it will not take any action that would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action, which omission would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes. In connection with the foregoing, Corporation hereby agrees that (a) so long as any Rental Payments under a Lease remain unpaid, moneys on deposit in the Escrow Account under any Escrow Agreement related to such Lease shall not be used in a manner that will cause such Lease to be classified as an “arbitrage bond” within the meaning of Section 148(a) of the Code; and (b) Corporation shall rebate, from funds legally available for the purpose, an amount equal to excess earnings on the Escrow Account under any Escrow Agreement to the Federal Government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code.

Section 4.05. Event of Taxability. Upon the occurrence of an Event of Taxability with respect to a Lease, the interest component of Rental Payments under such Lease and any charge on Rental Payments or other amounts payable based on the Contract Rate shall have accrued and be payable at the Taxable Rate applicable to such Lease retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includable in the gross income of the owner or owners thereof for Federal income tax purposes (which retroactive date for such Lease shall be the earliest date as of which the interest component of any Rental Payment for such Lease is deemed includable in the gross income of the owner or owners thereof for Federal income tax purposes, which may be earlier than the date of delivery of such determination by the Internal Revenue Service), and Corporation will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate identified in the related Lease.

For purposes of this Section, “*Event of Taxability*” means the circumstance of the interest component of any Rental Payment paid or payable pursuant to a Lease becoming includable for Federal income tax purposes in an owner’s gross income as a consequence of any act, omission or event whatsoever, including but not limited to the matters described in the immediately succeeding sentence, and regardless of whether the same was within or beyond the control of Corporation. An Event of Taxability shall be presumed to have occurred upon (a) the receipt by Lessor or Corporation of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency or other written correspondence which legally holds that the interest component of any Rental Payment under such Lease is includable in the gross income of the owner thereof; (b) the issuance of any public or private ruling of the Internal Revenue Service that the interest component of any Rental Payment under such Lease is includable in the gross income of the owner thereof; or (c) receipt by Lessor or Corporation of a written opinion of a nationally recognized firm of attorneys experienced in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, selected by Lessor and acceptable to Corporation, to the effect that the interest component of any Rental Payment under a Lease has become includable in the gross income of the owner thereof for Federal income tax purposes. For all purposes of this definition, an Event of Taxability shall be deemed to occur on the date as of which the interest component of any Rental Payment is deemed includable in the gross income of the owner thereof for Federal income tax purposes.

Section 4.06. Mandatory Prepayment. (a) If Lease Proceeds are deposited into an Escrow Account, any funds not applied to Equipment Costs and remaining in such Escrow Account on the earliest of (i) the expiration of the applicable Acquisition Period, (ii) the date on which Corporation delivers to the Lessor the executed Disbursement Request to effect the final disbursement to pay (or reimburse) Equipment Costs from such Escrow Account or (iii) a termination of the Escrow Account as provided in the Escrow Agreement, shall be applied by Lessor on each successive Rental Payment Date thereafter to pay all or a portion of the Rental Payments due and owing in the succeeding twelve (12) months and any remaining amounts shall be applied by Lessor as prepayment to the applicable unpaid Principal Portion of Rental Payments owing under the related Lease in the inverse order of the Rental Payment Dates at a price of one hundred percent (100%) of such prepaid Principal Portion plus accrued interest thereon to the prepayment date.

(b) In connection with any partial prepayment of Rental Payments for a Lease, Lessor shall prepare a new Payment Schedule for such Lease and deliver the same to the Corporation, which shall be binding, absent manifest error..

ARTICLE V

Section 5.01. Acquisition, Delivery Installation and Acceptance of Equipment. (a) With respect to each Lease, Corporation shall order or cause the ordering of the Equipment to be acquired and financed thereunder, cause the Equipment to be delivered and installed at the location specified in such Lease and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. Corporation shall conduct such inspection and testing of the Equipment listed in a Lease as it deems appropriate in order to unconditionally accept such Equipment. When the Equipment listed in a Lease has been delivered and installed, including

any component of the Equipment, Corporation shall promptly accept such Equipment and evidence said acceptance by executing and delivering to Lessor a Final Acceptance Certificate in the form attached hereto as *Exhibit C*; *provided, however*, that if an Escrow Account has been established with respect to such Lease as provided in Section 3.02 hereof, Corporation shall execute and deliver Disbursement Requests to the Lessor pursuant to the related Escrow Agreement for the purpose of effecting disbursements from the Escrow Account to pay (or reimburse) Equipment Costs for the Equipment so acquired and installed pursuant to such Lease. In connection with the execution and delivery by Corporation to Lessor of the final Disbursement Request under the applicable Escrow Agreement for a Lease, Corporation shall deliver to Lessor a “Final Acceptance Certificate” in the form attached hereto as *Exhibit C*.

(b) (i) With respect to a Lease entered into without an Escrow Agreement, Corporation shall deliver to Lessor copies of invoices (and proof of payment of such invoices if Corporation seeks reimbursement for prior expenditures) and bills of sale (if title to such Equipment has passed to Corporation) relating to each item of Equipment accepted by Corporation. Corporation shall execute and deliver to Lessor a Schedule pursuant to Section 3.02(a)(i) within 5 Business Days of receipt from Lessor, subject to satisfaction of the conditions set forth in Section 3.02. (ii) (i) With respect to a Lease entered into with an Escrow Agreement, Lessor shall prepare a Schedule. In connection with the execution and delivery of the related Escrow Agreement, Corporation shall execute and deliver to Lessor such Schedule pursuant to Section 3.02(a)(i) within 5 Business Days of receipt, subject to satisfaction of the conditions set forth in Section 3.02. Corporation shall deliver to Lessor together with each Disbursement Request invoices (and proof of payment of such invoices if Corporation seeks reimbursement for prior expenditures) and bills of sale or other evidence of title transfer to Corporation relating to each item of Equipment accepted by Corporation as evidenced by such Disbursement Request. Once approved, Lessor shall deliver such Disbursement Request to the Escrow Agent for disbursement from the Escrow Account in accordance with the Escrow Agreement.

Section 5.02. Quiet Enjoyment of Equipment. So long as no Event of Default exists and is continuing under the related Lease, neither Lessor nor any entity claiming by, through or under Lessor, shall interfere with Corporation’s quiet use and enjoyment of the Equipment during the Lease Term under such Lease.

[*Section 5.03. Location; Inspection.* Once installed, no item of the Equipment will be moved or relocated from the location (or the base location with respect to motor vehicles) specified for it in the related Lease without Lessor’s prior written consent, which consent shall not be unreasonably withheld. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property where the Equipment is located for the purpose of inspecting the Equipment. ***Is there a reason for this covenant? If MWD moves one of its vehicle bases from one of its facilities to another, and neither of those facilities presents lien priority concerns and both of them are in California, what is the need for Lender consent? I am just trying to not to have a blown covenant.***]

Section 5.04. Use and Maintenance of the Equipment. Corporation shall not install, use, operate or maintain the Equipment (or cause the Equipment to be installed, used, operated or

maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the related Lease in a manner that materially adversely impacts the interests of the Lessor. Corporation shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Corporation agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body, including, without limitation, all anti-money laundering laws and regulations; *provided* that Corporation may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Equipment or its interest or rights under the related Lease.

Corporation agrees that it shall maintain, preserve and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, Corporation agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Lessor as provided for in Sections 3.03 and 12.02(b) of this Agreement.

Corporation shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Lessor.

ARTICLE VI

Section 6.01. Title to the Equipment. During the Lease Term under each Lease, so long as Corporation is not in default under Article XII hereof, all right, title and interest in and to each item of the Equipment under the related Lease shall be vested in Corporation immediately upon its acceptance of each item of Equipment, subject to the terms and conditions hereof and under the applicable Lease. Corporation shall at all times protect and defend, at its own cost and expense, its title, and Lessor's first priority security interest, in and to the Equipment (and Lessor's other Collateral as defined in Section 6.02 hereof) from and against all claims, liens and legal processes of its creditors, and keep all Equipment (and such other Collateral) free and clear of all such claims, liens and processes. Corporation will, at its expense, do any further act and execute, acknowledge, deliver, file, register and record any further documents the Lessor may reasonably request in order to protect Lessor's first priority security interest in the Collateral. Upon the occurrence of an Event of Default under a Lease or upon termination of a Lease pursuant to Section 3.03 hereof, full and unencumbered legal title to the Equipment shall, at Lessor's option, pass to Lessor, and Corporation shall have no further interest therein. In addition, upon the occurrence of such an Event of Default or such termination, Corporation shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of such legal title to Lessor and the termination of Corporation's interest therein, and upon request by Lessor shall deliver possession of the Equipment to Lessor in accordance with Section 3.03 or 12.02 of this Agreement, as applicable. Upon payment of all amounts due and owing under a Lease by Corporation in accordance with Section 10.01 hereof (including upon payment of all

Rental Payments and other amounts payable under such Lease), Lessor's security interest or other interest in the Equipment under such Lease shall terminate, and Lessor shall execute and deliver to Corporation such documents as Corporation may reasonably request to evidence the termination of Lessor's security interest in the Equipment subject to the related Lease.

Section 6.02. Security Interest. As additional security for the payment and performance of all of Corporation's obligations under each Lease, upon the execution of such Lease, Corporation hereby grants to Lessor a first priority security interest constituting a first lien on (a) the Equipment subject to such Lease, (b) moneys and investments held from time to time in any related Escrow Account, (c) any and all proceeds of any of the foregoing, including, without limitation, insurance proceeds, and (d) all books and records regarding the foregoing, in each case, now existing or hereafter arising (collectively, the "*Collateral*"). Upon the execution of each Lease, Corporation authorizes Lessor to file (and Corporation agrees to execute, if applicable) such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain Lessor's security interest in the Collateral, including, without limitation, such financing statements with respect to personal property and fixtures under Article 9 of the Uniform Commercial Code in effect in the State and treating such Article 9 as applicable to entities such as Corporation.

Section 6.03. Personal Property; No Encumbrances. Corporation shall not create, incur, assume or permit to exist any mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate where the Equipment under a Lease is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of Lessor; *provided*, that if Lessor or its assigns is furnished with a waiver of interest in the Equipment under such Lease acceptable to Lessor or its assigns in their respective discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld. ***[There are mechanics and statutory liens where appropriate and easements and other encumbrances. Not sure how you would like to handle it – probably best to just say that may have a material impact on Lender. But other approach is no lien for borrowed money.]***

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Except for the Sublease and the Assignment Agreement, the Corporation shall keep the Equipment under each Lease free of all levies, liens, and encumbrances except those created by such Lease. The parties to this Agreement contemplate that the Equipment under each Lease will be used for a governmental or proprietary purpose of Corporation or Sublessee and that the Equipment will therefore be exempt from all property taxes. If the lease, sale, purchase, operation, use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, Corporation shall pay when due all sales and other taxes, special assessments, governmental and other charges of any kind that are at any time lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part of either thereof, or which become due during the Lease Term under the affected Lease, whether assessed against Corporation or Lessor.

Corporation shall pay all utility and other charges incurred in the operation, use and maintenance of the Equipment. Corporation shall pay such taxes, assessments or charges as the same may become due; *provided* that, with respect to any such taxes, assessments or charges that may lawfully be paid in installments over a period of years, Corporation shall be obligated to pay only such installments as accrue during the Lease Term under the affected Lease. During the Lease Term under each Lease, Corporation shall pay or cause Sublessee to pay the fee charged by the California Debt and Investment Advisory Commission with respect to this Agreement pursuant to Section 8856 (or any successor provision) of the California Government Code. During the Lease Term under each Lease, Lessor will not claim ownership of the Equipment thereunder for the purposes of any tax credits, benefits or deductions with respect to such Equipment.

Section 7.02. Insurance. The Corporation shall, during the Lease Term under each Lease, shall maintain or cause to be maintained (a) casualty insurance naming Lessor and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Lessor, in an amount at least equal to the greater of (i) the then applicable Outstanding Balance of the Equipment or (ii) the replacement cost of the Equipment under such Lease; (b) liability insurance naming Lessor and its assigns as additional insured that protects Lessor from liability for bodily injury and property damage coverage (i) in such coverage amounts as may be required by Lessor for the applicable Equipment or (ii) in such minimum coverage amounts as may be agreed upon among Lessor, Corporation and Sublessee in connection with the execution and delivery of a Lease, in all events under clauses (a) and (b) above issued in form and amount satisfactory to Lessor and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of “A-” or better; and (c) worker’s compensation coverage as required by the laws of the State. Notwithstanding the foregoing, Corporation or Sublessee may self-insure against the risks described in clauses (a) and/or (b) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, in each case with Lessor’s prior consent (which Lessor may grant, withhold or deny in its sole discretion) and provided that Corporation or Sublessee has delivered to Lessor such information as Lessor may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to Lessor. In the event Corporation or Sublessee is permitted, at Lessor’s sole discretion, to self-insure as provided in this Section 7.02, Corporation shall provide or cause Sublessee to provide, as applicable, to Lessor a self-insurance letter in form and substance satisfactory to Lessor, in Lessor’s sole discretion. Corporation shall furnish or cause Sublessee, as applicable, to furnish to Lessor evidence of such insurance or self-insurance coverage throughout the Lease Term under each Lease. Corporation shall not cancel or modify or permit Sublessee to cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least thirty (30) days in advance of such cancellation or modification.

Lessor and Corporation hereby acknowledge that the Corporation intends to comply with this Section 7.02 through its rights under the Sublease under which the Sublessee has agreed to substantially similar provisions.

Section 7.03. Risk of Loss. Whether or not covered by insurance or self-insurance, Corporation hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment under any Lease from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment under any Lease shall relieve Corporation of the obligation to make the Rental Payments or to perform any other obligation under any Lease. Whether or not covered by insurance or self-insurance, Corporation hereby agrees to reimburse Lessor (to the fullest extent permitted by applicable law, but only from legally available funds) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Lessor, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into this Agreement or any Lease or any of the transactions contemplated hereby or thereby, (b) the ordering, acquisition, ownership, use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment under any Lease, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment under any Lease resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of Corporation under or in connection with this Agreement or any Lease or any material misrepresentation provided by Corporation under or in connection with this Agreement or any Lease. The provisions of this Section 7.03 shall continue in full force and effect notwithstanding the full payment of all obligations under any or all Leases or the termination of the Lease Term under any or all Leases for any reason.

Section 7.04. Advances. In the event Corporation shall fail to keep the Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02 hereof, Lessor may, but shall be under no obligation to, maintain and repair the Equipment or obtain and maintain any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term under the affected Lease, and Corporation covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date advanced until paid at a rate equal to the Contract Rate (or the Taxable Rate if then in effect) *plus* five percent (5%) per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term under the related Lease, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, (i) Corporation and Lessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment or such part thereof and any balance of the Net Proceeds remaining after such work has been completed shall be paid to Corporation or (ii) Corporation shall exercise its option to prepay the obligations under the affected Lease in accordance with Section 10.01(a)(ii) hereof.

If Corporation elects to replace any item of the Equipment (the “*Replaced Equipment*”) pursuant to this Section 8.01, the replacement equipment (the “*Replacement Equipment*”) shall be new or of a quality type, utility and condition at least as good as the Replaced Equipment and shall be of equal or greater value than the Replaced Equipment. Corporation shall grant to Lessor a first priority security interest in any such Replacement Equipment. Corporation shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor’s security interest in the Replacement Equipment. Lessor and Corporation hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute “Equipment” for purposes of this Agreement and the related Lease. Corporation shall complete the documentation of Replacement Equipment on or before the next Rental Payment Date after the occurrence of a casualty event, or be required to exercise its option to prepay the obligations under the related Lease with respect to the damaged Equipment in accordance with Section 10.01(a)(ii) hereof.

For purposes of this Article VIII, the term “*Net Proceeds*” shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys’ fees, incurred in the collection thereof.

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, Corporation shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pay or cause to be paid to Lessor the amount of the then applicable Casualty Value under the related Lease *plus* all other amounts then owing thereunder, and, upon such payment, the applicable Lease Term shall terminate and Lessor’s security interest in the Equipment shall terminate as provided in Section 6.01 hereof. The amount of the Net Proceeds remaining, if any, after completing such repair, restoration, modification or improvement or after paying such Casualty Value for such Lease *plus* all other amounts then owing thereunder shall be retained by Corporation. If Corporation shall make any payments pursuant to this Section 8.02, Corporation shall not be entitled to any reimbursement therefor from Lessor nor shall Corporation be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Lessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of any of the Equipment under each Lease, or any other warranty or representation, express or implied, with respect thereto and, as to Lessor, Corporation’s acquisition of the Equipment under each Lease shall be on an “as is” basis. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, any Lease, any Equipment or the existence,

furnishing, functioning or Corporation's use of any item, product or service provided for in this Agreement or any Lease.

Section 9.02. Vendor Agreements; Warranties. Corporation covenants that it shall not in any material respect amend, modify, rescind or alter any Vendor Agreement for any Lease without the prior written consent of Lessor. Lessor hereby irrevocably appoints Corporation its agent and attorney-in-fact during the Lease Term under each Lease, so long as Corporation shall not be in default under such Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Lessor may have against a Vendor. Corporation's sole remedy for the breach of such warranty, indemnification or representation shall be against the applicable Vendor of the Equipment and not against Lessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Lessor with respect to any Lease, including the right to receive full and timely Rental Payments and other payments under each Lease. Corporation expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to any of the Equipment under each Lease.

ARTICLE X

Section 10.01. Prepayment; Payment in Full.

(a) *Prepayment.* Corporation shall have the option to prepay or satisfy all, but not less than all, of its obligations under a Lease, at the following times and upon the following terms:

(i) *Optional Prepayment.* From and after the date specified (if any) in the applicable Payment Schedule (the "*Prepayment Option Commencement Date*"), on the Rental Payment Dates specified in such Payment Schedule, upon not less than thirty (30) days' prior written notice, and upon payment in full of the sum of all Rental Payments then due under the related Lease *plus* the then-applicable Prepayment Price, which may include a prepayment premium on the unpaid Outstanding Balance as set forth in such Payment Schedule, *plus* all other amounts then owing thereunder; or

(ii) *Casualty or Condemnation Prepayment.* In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment listed in a Lease, on the day specified in Corporation's notice to Lessor of its exercise of the prepayment option (which shall be the earlier of the next Rental Payment Date or sixty (60) days after the casualty event) upon payment in full to Lessor of (A) in the event such prepayment occurs on a Rental Payment Date, the sum of (i) all Rental Payments then due under such Lease *plus* (ii) the then applicable Casualty Value for such Lease *plus* (iii) all other amounts then owing thereunder OR, (B) in the event such prepayment for such Lease occurs on a date other than a Rental Payment Date, the sum of (i) the applicable Casualty Value shown on the Payment Schedule for such Lease for the Rental Payment Date immediately preceding the applicable date of such prepayment *plus* (ii) accrued interest at the Contract Rate (or the Taxable Rate if then in effect) on the Outstanding Balance as of the Rental Payment Date immediately preceding the applicable date of such

prepayment from such Rental Payment Date (or if the date of such prepayment occurs prior to the first Rental Payment Date, the Commencement Date for such Lease) to the date of such prepayment *plus* (iii) all other amounts then owing thereunder.

(b) *Payment in Full.* Upon the expiration of the Lease Term under a Lease, upon payment in full of all Rental Payments then due and all other amounts then owing under such Lease to Lessor, the Corporation's obligations under such Lease shall be satisfied and discharged.

(c) Lessor's security interests in and to the related Equipment under such Lease will be terminated and Corporation will own such Equipment free and clear of Lessor's security interest in such Equipment after either (i) payment of either (A) the applicable Prepayment Price and all other amounts then owing under a Lease in accordance with Section 10.01(a)(i) of this Agreement or (B) the applicable Casualty Value and all other amounts then owing under a Lease in accordance with Section 10.01(a)(ii) of this Agreement or (ii) upon the expiration of the Lease Term of a Lease and payment in full of all Rental Payments then due and all other amounts then owing thereunder in accordance with Section 10.01(b) of this Agreement.

ARTICLE XI

[*Section 11.01. Assignment by Lessor.* (a) Lessor's right, title and interest in and to the Rental Payments and any other amounts payable by Corporation under any and all of the Leases and the Escrow Agreement relating to any Lease, its security interest in the Collateral (collectively, with respect to each Lease and related Escrow Agreement, the "*Related Assigned Rights*"), may be assigned and reassigned by Lessor at any time, in whole or in part, to one or more assignees or sub-assignees without the necessity of obtaining the consent of Corporation; *provided*, that any such assignment, transfer or conveyance (i) shall be made only to investors each of whom Lessor reasonably believes is a "*qualified institutional buyer*" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an "*accredited investor*" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, and in either case is purchasing the Related Assigned Rights (or any interest therein) for its own account with no present intention to resell or distribute such Related Assigned Rights (or interest therein), subject to each investor's right at any time to dispose of the Related Assigned Rights (or any interest therein) as it determines to be in its best interests, (ii) shall not result in more than 35 owners of the Related Assigned Rights with respect to a Lease or the creation of any interest in the Related Assigned Rights with respect to a Lease in an aggregate principal component that is less than \$100,000 and (iii) shall not require Corporation to make Rental Payments, to send notices or otherwise to deal with respect to matters arising under the Related Assigned Rights with respect to a Lease with or to more than one Lease Servicer (as such term is defined below), and any trust agreement, participation agreement or custodial agreement under which multiple ownership interests in the Related Assigned Rights with respect to a Lease are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, trustee, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the "*Lease Servicer*") to act on their behalf with respect to the Related Assigned Rights with respect to a Lease, including with respect to the exercise of rights and remedies of Lessor on

behalf of such owners upon the occurrence of an Event of Default under the related Lease. Lessor and Corporation hereby acknowledge and agree that the restrictions and limitations on transfer as provided in this Section 11.01 shall apply to the first and subsequent assignees and sub-assignees of any of the Related Assigned Rights with respect to a Lease (or any interest therein).][Let's discuss as a business issue.]

(b) Unless to an affiliate controlling, controlled by or under common control with Lessor, no assignment, transfer or conveyance permitted by this Section 11.01 shall be effective as against Corporation until Corporation shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, participation interests, trust certificates or partnership interests with respect to the Rental Payments payable under a Lease, it shall thereafter be sufficient that Corporation receives notice of the name and address of the bank, trust company or other entity that acts as the Lease Servicer for such Lease. Notices of assignment provided pursuant to this Section 11.01(b) shall contain a confirmation of compliance with the transfer requirements imposed by Section 11.01(a) hereof. During the Lease Term under each Lease, Corporation shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. Corporation shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees or Lease Servicer last designated in such register. Corporation shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Corporation may have against Lessor or any Vendor. Assignments in part may include, without limitation, assignment of all of Lessor's security interest in and to the Equipment listed in a particular Lease and all rights in, to and under the Lease related to such Equipment and all of Lessor's security interest in and to the related Collateral, or all rights in, to and under the related Escrow Agreement.

(c) [If Lessor notifies Corporation of its intent to assign a Lease, Corporation agrees that it shall execute and deliver to Lessor a Notice and Acknowledgement of Assignment with respect to such Lease, substantially in the form of *Exhibit G* attached hereto, within five (5) business days after its receipt of such request.]

Section 11.02. Assignment and Subleasing by Corporation. None of Corporation's right, title and interest in, to and under this Agreement, any Lease or any portion of the Equipment, any Escrow Agreement or the Escrow Account or any of the other Collateral related thereto may be assigned, encumbered or subleased by Corporation for any reason, and any purported assignment, encumbrance or sublease without Lessor's prior written consent shall be null and void.

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an "Event of Default" under a Lease:

(a) Failure by Corporation to (i) pay any Rental Payment or other payment required to be paid under any Lease within ten (10) days after the date when due as

specified therein, (ii) maintain insurance as required under such Lease (including Section 7.02 of this Agreement, which is incorporated therein), or (iii) observe and perform any covenant, condition or agreement on its part to be observed or performed under Section 6.01 or 6.02 hereof for any Lease;

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

(c) Any statement, representation or warranty made by Corporation in or pursuant to this Agreement or any Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(d) an “Event of Default” occurs and is continuing under the Sublease;

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

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for Corporation or of all or a substantial part of the assets of Corporation, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists under any Lease, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps with respect to any or all Leases with an Event of Default under this Agreement, including those with an Event of Default pursuant to Section 12.01(d) (each, a “Defaulted Lease”):

(a) By written notice to Corporation, Lessor may declare all Rental Payments payable by Corporation pursuant to one or more Defaulted Leases and other amounts payable by Corporation under each such Defaulted Lease to the end of the Lease Term to be immediately due and payable;

(b) With or without terminating the Lease Term under any one or more Defaulted Leases, by notice to the Corporation pursuant to Section 13.03 hereof, Lessor may require Corporation at Corporation’s expense to promptly return any or all of such Equipment to the possession of Lessor at such place within the County of Los Angeles as Lessor shall specify, and sell or lease such Equipment or, for the account of Corporation, sublease such Equipment, continuing to hold Corporation liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by Corporation pursuant to each such Defaulted Lease and other amounts related to each such Defaulted Lease that are payable by Corporation to the end of the Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies under each such Defaulted Lease, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer’s and attorney’s fees), subject, however, to the provisions of Section 3.03 of this Agreement. In addition, if the Lessor requires the Corporation to return any Equipment pursuant to this Section 12.02(b) and the Corporation does not return such Equipment within 60 days after delivering notice to the Corporation of such requirement, then Lessor may enter the premises where the Equipment listed in any one or more of each such Defaulted Leases is located and retake possession of such Equipment or as required by Lessor. The exercise of any such remedies respecting any such Event of Default under any such Defaulted Lease shall not relieve Corporation of any other liabilities under each such Defaulted Lease or any other Lease that Lessor determines not to treat as a Defaulted Lease or with respect to the Equipment listed therein;

(c) Lessor may terminate the Escrow Agreement relating to any one or more of such Defaulted Leases and apply any proceeds in each such applicable Escrow Account thereunder to the Rental Payments scheduled to be paid under any one or more of such Defaulted Leases as Lessor shall determine; and/or

(d) Lessor may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under any one or more of such Defaulted Leases or each such Escrow Agreement relating thereto or as a secured party in any or all of the Equipment subject to any one or more of such Defaulted Leases or with respect to the related Escrow Account for one or more of such Defaulted Leases.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder and/or under any Lease now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article XII it shall not be necessary to give any notice other than such notice as may be required in this Article XII.

Section 12.04. Application of Moneys. Any net proceeds from the exercise of any remedy under this Agreement, including the application specified in Section 12.02(b)(ii) (after deducting all expenses of Lessor in exercising such remedies including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing Equipment and all brokerage, auctioneer's or attorney's fees), shall be applied as follows:

(a) If such remedy is exercised solely with respect to a single Defaulted Lease, Equipment listed in such Defaulted Lease or rights thereunder, then to amounts due pursuant to such Defaulted Lease and to other amounts related to such Defaulted Lease or such Equipment.

(b) If such remedy is exercised with respect to more than one Defaulted Lease, Equipment listed in more than one Defaulted Lease or rights under more than one Defaulted Lease, then to amounts due pursuant to one or more of such Defaulted Leases as Lessor shall determine and distribute on a pro rata basis or on such other basis as Lessor shall determine.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under this Agreement or any Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately above the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Corporation.

Section 13.02. Binding Effect. This Agreement and each Lease shall inure to the benefit of and shall be binding upon Lessor and Corporation and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement or any 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 or thereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement and each Lease may only be amended by Lessor and Corporation in writing.

Section 13.05. Execution in Counterparts. This Agreement and each 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; *provided* that only Counterpart No. 1 of each Lease (including the terms and provisions of this Agreement incorporated therein by reference) shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

Section 13.06. Applicable Law; Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF DIFFERENT GOVERNING LAW.

(b) The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the State of California sitting in Los Angeles County and of the United States District Court for the Central District of California, and any Appellate Court from any thereof, in any action, suit or proceeding brought against or by it in connection with this Agreement or any other Related Document or for recognition or enforcement of any judgment related thereto.

(c) The parties hereto further irrevocably consent, to the extent provided by law, to the service of process of any of the aforementioned courts in any such action, suit or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such parties at their respective addresses pursuant to Section 13.01 hereof, such service to become effective thirty (30) days after such mailing.

(d) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. If the waiver of jury trial contained herein is unenforceable for any reason, then the parties hereto agree that the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision.

Section 13.07. Captions. The captions or headings in this Agreement and in each Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement or any Lease.

Section 13.08. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated by this Agreement and each Lease thereunder (including in connection with any amendment, waiver or other modification hereof or of any other related document), the Corporation acknowledges and agrees that: (a) (i) the transactions regarding this

Agreement and each Lease thereunder provided by the Lessor and any affiliate thereof are arm's-length commercial transactions between the Corporation, on the one hand, and the Lessor and its affiliates, on the other hand, (ii) the Corporation has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Corporation is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and each Lease thereunder and by the other related documents; (b) (i) the Lessor and its affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Corporation, or any other person and (ii) neither the Lessor nor any of its affiliates has any obligation to the Corporation with respect to the transactions contemplated by this Agreement and each Lease thereunder except those obligations expressly set forth herein and in the other related documents; and (c) the Lessor and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Corporation, and neither the Lessor nor any of its affiliates has any obligation to disclose any of such interests to the Corporation. To the fullest extent permitted by law, the Corporation, hereby waives and releases any claims that it may have against the Lessor or any of its affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated by this Agreement and each Lease thereunder.

Section 13.09. Entire Agreement. The parties agree that this Agreement and each Lease hereunder constitutes the final and entire agreement between the parties superseding all conflicting terms or provisions of any prior proposals, term sheets, solicitation documents, requests for proposals, award notices, approval letters or any other agreements or understandings between the parties.

Section 13.10 Electronic Signatures. The Corporation Related Documents may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe's Portable Document Format ("PDF")). Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of the Corporation Related Documents and the related signature pages via facsimile or as an attachment to electronic mail (including in PDF) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Lessor and Corporation have caused this Master Equipment Lease Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

LESSOR:

Banc of America Public Capital Corp
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration

METROPOLITAN WATER DISTRICT ASSET
FINANCING CORPORATION:

Attention: _____
Fax No.: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Signature Page of Master Equipment Lease Agreement

LIST OF EXHIBITS

Exhibit A	Form of Schedule of Property
Exhibit B	Form of Rental Payment Schedule
Exhibit C	Form of Final Acceptance Certificate
Exhibit D	Form of Escrow and Account Control Agreement
Exhibit E	Form of Corporation Incumbency and Authorization Certificate
Exhibit F	Form of Sublessee Incumbency and Authorization Certificate
Exhibit G	Form of Notice and Acknowledgement of Assignment

EXHIBIT A

FORM OF SCHEDULE OF PROPERTY NO. _____

Re: Master Equipment Lease Agreement, dated as of _____, between
Banc of America Public Capital Corp, a Kansas corporation, as Lessor,
and _____, as Corporation

1. *Defined Terms.* All terms used herein have the meanings ascribed to them in the above-referenced Master Equipment Lease Agreement (the “*Agreement*”).

2. *Equipment.* For purposes of the Lease created hereby, the following items of Equipment are hereby included under this Schedule together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto as provided in the Agreement.

QUANTITY	DESCRIPTION	SERIAL NO.	MODEL NO.	LOCATION
----------	-------------	------------	-----------	----------

3. *Payment Schedule.*

(a) *Rental Payments; Commencement Date.* The Rental Payments shall be in such amounts and payable on such Rental Payment Dates as set forth in the Rental Payment Schedule attached to this Schedule as *Exhibit B* and incorporated herein by this reference, subject to adjustment upon the occurrence of an Event of Taxability as provided in Section 4.06 of the Agreement. Corporation’s obligation to pay Rental Payments under the Lease created hereby shall commence on the earlier of (i) the date on which the Equipment listed in this Schedule is accepted by Corporation in the manner described in Section 5.01 of the Agreement, as evidenced by the Final Acceptance Certificate executed by Corporation and substantially in the form of *Exhibit C* attached to the Agreement, and (ii) the date on which sufficient moneys to acquire and install the Equipment listed in this Schedule are deposited for that purpose with an Escrow Agent pursuant to Section 3.02(c) of the Agreement (the earlier of such two dates being herein referred to as the “*Commencement Date*”).

(b) *Prepayment Price Schedule.* The Prepayment Price on each Rental Payment Date shall be the amount set forth for such Rental Payment Date in the “Prepayment Price” column of the Rental Payment Schedule attached to this Schedule *plus* all Rental Payments then due (including the Rental Payment due on such Rental Payment Date) *plus* all other amounts then owing under this Schedule.

4. *Representations, Warranties and Covenants.* Corporation hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Agreement (particularly Section 2.01 thereof) are true and correct as though made on the Commencement Date. Corporation further represents and warrants that (a) no Material Adverse Change has occurred since the dated date of the Agreement; (b) no Event of Default has occurred and is continuing under any Lease currently in effect; (d) no Lease has been terminated as the result of the occurrence of an Event of Default; (e) the governing body of Corporation has authorized the execution and delivery of the Agreement and this Schedule; (f) the Equipment listed in this Schedule is essential to the functions of Corporation or to the services Corporation provides its citizens; (g) Corporation has an immediate need for, and expects to make immediate use of, substantially all such Equipment, which will be used by Corporation only for the purpose of performing one or more of Corporation's governmental or proprietary functions consistent with the permissible scope of its authority; and (h) Corporation expects and anticipates adequate funds to be available for all future payments or rent due after the current budgetary period.

5. *The Lease.* The terms and provisions of the Agreement (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof.

6. *Lease Proceeds.* The Lease Proceeds that Lessor shall pay to the Escrow Agent in connection with this Schedule is \$_____, which \$_____ is for deposit into the Escrow Account. It is expected that by [six (6)] [twelve (12)] [eighteen (18)] months from the date of this Schedule No. _____, Corporation will have taken possession of all items of Equipment shown above and that the Corporation's final Disbursement Request pursuant to the Escrow Agreement will be signed by Corporation, approved by Lessor and delivered to the Escrow Agent on or before [six (6)] [twelve (12)] [eighteen (18)] months from the date of this Schedule.

7. *Acquisition Period.* The Acquisition Period applicable to this Schedule shall end at the conclusion of the _____ month following the date hereof.]

[[OPTION: IF ESCROW AGREEMENT IS USED AND A SURETY BOND IS REQUIRED:

[8] *Surety Bonds; Corporation to Pursue Remedies Against Contractors and Sub-Contractors and Their Sureties.* Corporation shall secure from each Vendor directly employed by Corporation in connection with the acquisition, construction, installation, improvement or equipping of the Equipment listed in this Schedule, a payment and performance bond ("Surety Bond") executed by a surety company authorized to do business in the State, having a financial strength rating by A.M. Best Company of "A-" or better, and otherwise satisfactory to Lessor and naming Lessor as a co-obligee in a sum equal to the entire amount to become payable under each Vendor Agreement. Each bond shall be conditioned on the completion of the work in accordance with the plans and specifications for the Equipment listed in this Schedule and upon payment of all claims of subcontractors and suppliers. Corporation shall cause the surety company to add Lessor as a co-obligee on each Surety Bond, and shall deliver a certified copy of each Surety Bond to Lessor promptly upon receipt thereof by Corporation. Any proceeds from a

Surety Bond shall be applied in accordance with such Surety Bond to the payment and performance of the Vendor's obligations in accordance with the related Vendor Agreement and, if for whatever reason such proceeds are not so applied, first to amounts due Lessor under this Schedule, and any remaining amounts shall be payable to Corporation.

In the event of a material default by any Vendor under any Vendor Agreement in connection with the acquisition, construction, maintenance and/or servicing of the Equipment listed in this Schedule or in the event of a material breach of warranty with respect to any material workmanship or performance guaranty with respect to such Equipment, Corporation will promptly proceed to exhaust its remedies against the Vendor in default. Corporation shall advise Lessor of the steps it intends to take in connection with any such default. Any amounts received by Corporation in respect of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid to Lessor and applied against Corporation's obligations under this Schedule.

As a prerequisite to the performance by Lessor of any of its obligations under this Schedule, Corporation shall deliver to Lessor, in form and substance satisfactory to Lessor, a certified copy of each Surety Bond satisfying the conditions set forth in this Section ____, or, at Lessor's sole discretion, such Surety Bonds may be provided after the Commencement Date of this Schedule, provided however, that no "Disbursement Request" pursuant to the Escrow Agreement for this Schedule (other than for costs of issuance) shall be authorized by Lessor until such Surety Bonds satisfying the conditions set forth in this Section _____ have been delivered to Lessor. *[/This seems like way too much, right?]*

[8][9]. *Lease Term.* The Lease Term shall end on _____, subject to earlier termination pursuant to the Agreement.]

[OPTION: IF MOTOR VEHICLES ARE BEING FINANCED:

[9][10]. *Registration.* Any Equipment that is a motor vehicle is to be registered and titled as follows:

- (a) *Registered Owner:* _____
- (b) *Lienholder:* Banc of America Public Capital Corp
Bank of America Plaza

600 Peachtree Street NE, 11th Floor
Atlanta, GA 30308-2265

Corporation shall be responsible for the correct titling of all Equipment leased hereunder. Corporation will cause the original Certificates of Title to be delivered to Lessor for retention in Lessor's files throughout the Lease Term of the Lease created hereby.]

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]

Dated: _____

LESSOR:

Banc of America Public Capital Corp

11333 McCormick Road

Hunt Valley II

M/C MD5-032-07-05

Hunt Valley, MD 21031

Attention: Contract Administration

By: _____

Name: _____

Title: _____

CORPORATION:

Metropolitan Water District Asset Financing
Corporation

Attention: _____

By: _____

Name: _____

Title: _____

Acknowledged:

SUBLESEE:

The Metropolitan Water District of Southern California

By: _____

Name: _____

Title: _____

Counterpart No. _____ of _____ manually executed and serially numbered counterparts. To the extent that the Lease created hereby constitutes chattel paper (as defined in the applicable Uniform Commercial Code), no security or ownership interest herein may be created through the transfer or possession of any Counterpart other than Counterpart No. 1.

EXHIBIT B

FORM OF RENTAL PAYMENT SCHEDULE

Rental Payment Date	Rental Payment Amount	Interest Portion	Principal Portion	Outstanding Balance	Prepayment Price <i>(including prepayment premium, if any)</i>	Casualty Price <i>(including casualty premium, if any)</i>

Contract Rate; Taxable Rate. The Contract Rate for this Schedule is _____% per annum. The Taxable Rate for this Schedule is _____% per annum.

Prepayment Option Commencement Date. For purposes of Section 10.01 of the Agreement, the Prepayment Option Commencement Date for this Schedule is _____.

LESSOR:
Banc of America Public Capital Corp

CORPORATION:
Metropolitan Water District Asset Financing
Corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Acknowledged:

SUBLESEE:

The Metropolitan Water District of Southern California

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF FINAL ACCEPTANCE CERTIFICATE

Banc of America Public Capital Corp
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration

Re: Schedule of Property No. _____, dated _____, to Master Equipment Lease Agreement, dated as of _____, by and between Banc of America Public Capital Corp, as Lessor, and _____, as Corporation

Ladies and Gentlemen:

In accordance with the above-referenced Master Equipment Lease Agreement (the "*Agreement*"), the undersigned Corporation hereby certifies and represents to, and agrees with, Lessor as follows: [Is this something MWD is prepared to deliver with respect to the motor vehicles?]

1. Corporation has conducted such inspection and testing of the Equipment listed in the Schedule as it deems appropriate, and all of the Equipment has been delivered, installed and is unconditionally accepted for all purposes by Corporation, and title to the Equipment has transferred to Corporation and any security interest of Vendor therein has been released.
2. Corporation is currently maintaining the insurance coverage required by Section 7.02 of the Agreement.
3. Corporation hereby reaffirms that the representations, warranties and covenants contained in the Agreement and incorporated into the Schedule by reference are true and correct as of the date hereof.
4. (a) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default exists at the date hereof under any Lease currently in effect; (b) no Material Adverse Change has occurred since the date of the execution and delivery of the Agreement; and (c) no Lease has been terminated as the result of the occurrence of an Event of Default.

Capitalized terms used, but not defined, in this Final Acceptance Certificate shall have the same meanings as when such terms are used in the Agreement.

Date: _____

CORPORATION:

Metropolitan Water District Asset Financing
Corporation

By: _____

Name: _____

Title: _____

Acknowledged:

SUBLESEE:

The Metropolitan Water District of Southern California

By: _____

Name: _____

Title: _____

EXHIBIT D

ESCROW AND ACCOUNT CONTROL AGREEMENT

EXHIBIT E

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting [Clerk] [Secretary] of Metropolitan Water District Asset Financing Corporation (“*Corporation*”) certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of Corporation (the “*Officials*”) in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof; and

B. The Officials are duly authorized, on behalf of Corporation, to negotiate, execute (in writing or electronically) and deliver (i) the Master Equipment Lease Agreement dated as of _____, 2025 (the “*Agreement*”) and separate Schedules relating thereto from time to time as provided in the Agreement (collectively, the “*Schedules*”), each by and between Corporation and Banc of America Public Capital Corp (“*Lessor*”), (ii) the Escrow and Account Control Agreement dated as of _____, 2025 by and among Lessor, Corporation and _____ as Escrow Agent, (iii) the Master Equipment Sublease Agreement, dated as of _____, 2025 (the “*Sublease Agreement*”), (iv) the Master Assignment Agreement dated as of _____, 2025 among the Lessor, the Corporation and the Sublessee (the “*Assignment Agreement*”), and (v) all documents related thereto and delivered in connection therewith, and any future modification(s) or amendments thereof (collectively, the “*Operative Agreements*”), and the Operative Agreements are binding and authorized agreements of Corporation, enforceable in all respects in accordance with their respective terms.

Name of Official	Title	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

DATED: _____

BY:
NAME:
TITLE:

(The signer of this Certificate cannot be listed above as authorized to execute the Operative Agreements.)

EXHIBIT F

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting [Clerk] [Secretary] of **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** (“*Sublessee*”) certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of Sublessee (the “*Officials*”) in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof; and

B. The Officials are duly authorized, on behalf of Sublessee, to negotiate, execute (in writing or electronically) and deliver (i) the Master Equipment Sublease Agreement, dated as of _____, 2025 (the “*Sublease Agreement*”) between the Sublessee and Metropolitan Water District Asset Financing Corporation (the “*Corporation*”), (ii) the Master Assignment Agreement dated as of _____, 2025 among Banc of America Public Capital Corp (“*Lessor*”), the Corporation and the Sublessee (the “*Assignment Agreement*”), and (iii) all documents related thereto and delivered in connection therewith, and any future modification(s) or amendments thereof (collectively, the “*Operative Agreements*”), and the Operative Agreements are binding and authorized agreements of Sublessee, enforceable in all respects in accordance with their Respective terms. In addition, the Officials are duly authorized to acknowledge any Leases (as defined in the Sublease Agreement) and other documents under the Corporation Lease (as defined in the Sublease Agreement).

Name of Official	Title	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

DATED: _____

BY:
NAME:
TITLE:

(The signer of this Certificate cannot be listed above as authorized to execute the Operative Agreements.)

[EXHIBIT G

FORM OF NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

Dated _____

BANC OF AMERICA PUBLIC CAPITAL CORP ("*Assignor*") hereby gives notice that, as of _____, 20__, it has assigned and sold to _____ ("*Assignee*") all of Assignor's right, title and interest in, to and under (i) Schedule of Property No. _____, dated _____ (including the Rental Payment Schedule attached thereto, the "*Schedule*"), which incorporates by reference the terms and provisions of that certain Master Equipment Lease/Purchase Agreement dated as of _____ (the "*Agreement*"), each by and between Assignor and _____ ("*Corporation*"), together with all exhibits, schedules, riders, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, (ii) the Rental Payments and other amounts due under the Lease (as such term is hereinafter defined), (iii) all of Assignor's right, title and interest in the Equipment listed in the Schedule, (iv) all of Assignor's right, title and interest in, to and under the Escrow and Account Control Agreement dated as of _____, 20__ (the "*Escrow Agreement*") by and among Corporation, Assignor and _____, as Escrow Agent, together with the Escrow Account and other Collateral, (v) all of Assignor's right, title and interest in, to and under Sublease Schedule of Property No. _____, dated _____ (including the Rental Payment Schedule attached thereto, the "*Sublease Schedule*"), which incorporates by reference the terms and provisions of that certain Master Equipment Sublease Agreement dated as of _____ (the "*Sublease Agreement*"), each by and between The Metropolitan Water District of Southern California (the "*Sublessee*") and the Corporation together with all exhibits, schedules, riders, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, the Rental Payments and other amounts due under the Sublease Agreement and (vi) all of Assignor's right, title and interest in, to and under Assignment Schedule of Property No. _____, dated _____ (the "*Assignment Schedule*"), which incorporates by reference the terms and provisions of that certain Master Assignment Agreement dated as of _____ (the "*Assignment Agreement*"), each by and among the Assignor, the Corporation and the Sublessee") together with all exhibits, schedules, riders, addenda and attachments related thereto (collectively, the "*Assigned Property*").

For purposes of this Notice and Acknowledgment of Assignment (the "*Acknowledgment*"), "*Lease*" means collectively (i) the Schedule and the terms and provisions of the Agreement incorporated therein by reference, together with all exhibits, schedules, riders, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, (ii) the Sublease Schedule and the terms and provisions of the Sublease Agreement incorporated therein by reference, together with all exhibits, schedules, riders, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith and (iii) the Assignment Schedule and the terms and provisions of the Assignment Agreement incorporated therein by reference, together with all exhibits, schedules, riders, addenda and attachments related thereto, and all certifications and other documents

delivered in connection therewith. The term “Lease” specifically excludes (i) all other Schedules of Property entered into under the Agreement and Rental Payments other than with respect to the Schedule, (ii) all other Sublease Schedules and entered into under the Sublease Agreement and (iii) all other Assignment Schedules and entered into under the Assignment Agreement. Each capitalized term used but not defined herein has the meaning set forth in the Agreement.

1. Corporation and Sublessee each hereby acknowledges the effect of the assignment of the Assigned Property and absolutely and unconditionally agrees to deliver to Assignee all Rental Payments and other amounts coming due under the Lease in accordance with the terms thereof on and after the date of this Acknowledgment.

2. Corporation and Sublessee each hereby agrees that: (i) Assignee shall have all the rights of Lessor under the Lease and all related documents, including, but not limited to, the rights to issue or receive all notices and reports, to give all consents or agreements to modifications thereto, to receive title to the Equipment in accordance with the terms of the Lease, to declare a default and to exercise all rights and remedies thereunder in connection with the occurrence of Event of Default; and (ii) the obligations of Corporation and Sublessee to make Rental Payments and to perform and observe the other covenants and agreements contained in the Lease shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense.

3. Corporation and Sublessee each agrees that, as of the date of this Notice and Acknowledgment of Assignment (this “*Acknowledgement*”), the following information about the Lease is true, accurate and complete:

Number of Rental Payments Remaining	_____
Amount of Each Rental Payment	\$ _____
Total Amount of Rental Payments	\$ _____
Remaining	
Frequency of Rental Payments	_____
Next Rental Payment Due	_____
Funds Remaining in Escrow Account	\$ _____

4. The Lease remains in full force and effect, has not been amended, no Event of Default (or event which with the passage of time or the giving of notice or both would constitute an Event of Default) has occurred thereunder.

5. Assignor hereby acknowledges the transfer restrictions imposed by Section 11.01 of the Agreement and confirms that the assignment to Assignee has been made in accordance with the provisions of that Section.

6. Any inquiries of Corporation and Sublessee related to the Lease and any requests for disbursements from the Escrow Account, if applicable, and all Rental Payments and other amounts coming due pursuant to the Lease on and after the date of this Acknowledgment should

be remitted to Assignee at the following address (or such other address as provided to Corporation in writing from time to time by Assignee):

ACKNOWLEDGED AND AGREED:

CORPORATION: METROPOLITAN WATER DISTRICT ASSET FINANCING CORPORATION
[FOR EXHIBIT PURPOSES ONLY]

By: _____
Name: _____
Title: _____

SUBLESSEE: THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
[FOR EXHIBIT PURPOSES ONLY]

By: _____
Name: _____
Title: _____

ASSIGNOR: BANC OF AMERICA PUBLIC CAPITAL CORP

[FOR EXHIBIT PURPOSES ONLY]

By: _____
Name: _____
Title: _____]

MASTER EQUIPMENT SUBLEASE AGREEMENT

This Master Equipment Sublease Agreement (this “*Agreement*”) dated as of _____, 2025, and entered into by and between Metropolitan Water District Asset Financing Corporation, a California nonprofit public benefit corporation (together with its successors, assigns and transferees, and as more particularly defined herein, “*Sublessor*”), and The Metropolitan Water District of Southern California, a metropolitan water district formed under the laws of the State of California (“*Sublessee*”).

WITNESSETH:

WHEREAS, Sublessor has entered into that certain Master Equipment Lease Agreement, dated as of the date hereof (the “*Corporation Lease*”), with Banc of America Public Capital Corp., a Kansas corporation, as Lender (the “*Lender*”), in order to provide for the lease from the Lender to the Sublessor of certain Equipment described in the Corporation Lease (the “*Equipment*”); and

WHEREAS, Sublessee now desires to lease from Sublessor certain Equipment that Sublessor has leased or will lease pursuant to the Corporation Lease (as defined herein) that will be leased under the Corporation Lease from time to time;

WHEREAS, Sublessee is authorized under the constitution and laws of the State (as such term is defined herein) to enter into this Agreement and each Schedule for the purposes set forth herein and therein;

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. Capitalized terms used in this Agreement that are not otherwise defined herein have the meanings given such terms in the Corporation Lease. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“*Agreement*” means this Master Equipment Lease Agreement, together with any amendments and modifications to this Agreement pursuant to Section 13.04.

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

“*Equipment*” has the meaning given such term in the Corporation Lease.

“Event of Default” means an Event of Default described in Section 12.01.

“Lease” means any “Lease” as such term is defined in the Corporation Lease.

“Lease Term” has the meaning given such term in the Corporation Lease.

“Leased Equipment” means any Equipment leased by the Corporation under the Corporation Lease for the Leased Term and on the terms and conditions set forth in the applicable Lease.

“Lender” means the “Lessor” (as that term is defined in the Corporation Lease).

“Master Senior Resolution” means Resolution 8329 adopted by the Sublessee on July 9, 1991, as amended and supplemented from time to time.

“Master Subordinate Resolution” means Resolution 9199 adopted by the Sublessee on March 8, 2016, as amended and supplemented from time to time.

“Most Recent Official Statement” means the Official Statement of the Sublessee, dated ____, relating to its [____].

“Rental Payment Date” has the meaning given such term in the Corporation Lease.

“Rental Payments” means, with respect to all Leased Equipment and with respect to any Rental Payment Date, that amount which the Corporation pays in Rental Payments (as such term is defined in the Corporation Lease) or other amounts under the Corporation Lease for such Rental Payment Date, and any additional amounts that the Corporation is obligated to pay the Lender under the Corporation Lease.

“SEC” means the U.S. Securities and Exchange Commission.

“Vendor” means the manufacturer or supplier of the Equipment listed in a Schedule or any other person as well as the agents or dealers of the manufacturer, installer or supplier with whom Sublessee arranged Sublessee’s acquisition, installation, maintenance and/or servicing of the Equipment pursuant to the applicable Lease.

“Vendor Agreement” means any contract entered into by Sublessee and any Vendor for the acquisition, installation, maintenance and/or servicing of the Equipment under a Lease.

ARTICLE II

Section 2.01. Representations and Covenants of Sublessee. Sublessee represents, covenants and warrants for the benefit of Sublessor on the date hereof and as of the Commencement Date of each Lease as follows:

(a) Sublessee is a political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the Constitution and laws of the State, with full power and authority to enter into the Related Documents and the transactions contemplated thereby and to perform all of its obligations thereunder.

(b) The execution, delivery and performance by the Sublessee of the Related Documents, (i) have been duly authorized by all necessary action by the Sublessee, and (ii) do not contravene, result in the violation of, or constitute a default under, any provision of applicable law or regulation, or any order of any court or governmental authority with jurisdiction over the Sublessee or any agreement, resolution or instrument to which the Sublessee is a party or by which it or any of its property is bound, which contravention, violation or default of such order, agreement, resolution or instrument could reasonably be expected to have a Material Adverse Change.

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.

(d) Sublessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a metropolitan water district under the laws of the State.

(e) Sublessee has complied or will comply with such procurement and public bidding requirements as may be applicable to this Agreement and the acquisition and installation by Sublessee of the Equipment.

(f) During the Lease Term under each Lease, the Equipment will be used by Sublessee for only lawful purposes under the laws of the State. Sublessee does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment scheduled to be paid under the related Lease.

(g) The audited financial statements of the Sublessee furnished to the Sublessor and the Lender for the Fiscal Years ended June 30, 2023, and June 30, 2024, fairly present the financial condition of the Sublessee as of such date and the results of its operations for the Fiscal Year ended on such date, all in accordance with generally accepted accounting principles consistently applied. The Sublessee will deliver to the Sublessor as soon as practicable and in any event within one hundred eighty (180) days after the end of each Fiscal Year, a copy of the annual report containing the audited financial statements of the Sublessee, prepared in accordance with principles of the Government Accounting Standards Board applied on a consistent basis and audited by independent certified public accountants of recognized standing, including a balance

sheet of the Sublessee as of the end of such Fiscal Year and related statements of income and cash flows for the Fiscal Year ended.

(h) The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental agency. No portion of the Acquisition Amount relating to any Lease will be used, directly or indirectly, to make or finance loans to any person other than Sublessee. Sublessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(i) Other than as disclosed in the Most Recent Official Statement, there is no action, suit or proceeding pending in or before any court, any other governmental authority with jurisdiction over the Sublessee or any arbitrator in which service of process has been completed against the Sublessee or, to the knowledge of the Sublessee, any other action, suit or proceeding pending or threatened in or before any court, any other governmental authority with jurisdiction over the Sublessee or any arbitrator, in either case against the Sublessee, the Sublessee's water system or any of the properties or revenues of the Sublessee or its water system, which is reasonably likely to have a Material Adverse Change, or materially affects the rights or position of the Sublessor in this Agreement.

(j) In connection with the Sublessee's compliance with any continuing disclosure undertakings (each, a "*Continuing Disclosure Agreement*") entered into by the Sublessee pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*"), the Sublessee may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("*EMMA*"), notice of its incurrence of its obligations under this Agreement and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Agreement, in each case including posting a full copy thereof or a description of the material terms thereof (each such posting, an "*EMMA Posting*"). Except to the extent required by applicable law, including the Rule, the Sublessee shall not file or submit or permit the filing or submission of any EMMA Posting that includes the following unredacted confidential information about the Sublessor or its affiliates and any Escrow Agent in any portion of such EMMA Posting: address, account information and logos of the Sublessor or its affiliates and any Escrow Agent; e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Sublessor or its affiliates and any Escrow Agent; and the form of Disbursement Request that is attached to any Escrow Agreement.

The Sublessee acknowledges and agrees that the Sublessor and its affiliates are not responsible for the Sublessee's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities or other laws, including but not limited to those relating to the Rule.

ARTICLE III

Section 3.01. Lease of Equipment. Sublessor hereby leases to Sublessee, and Sublessee hereby rents and leases all Leased Equipment for the applicable Lease Term.

Section 3.02. Cooperation. Sublessee will cooperate with Sublessee in Lender's review of each proposed Lease. Without limiting the foregoing, Sublessee will provide Sublessor with any documentation or information Sublessor may reasonably request in connection with Lender's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Sublessee and other matters related to Sublessee.

ARTICLE IV

Section 4.01. Rental Payments. Sublessee shall promptly pay Rental Payments, in lawful money of the United States of America, to Sublessor on the Rental Payment Dates or on any other date on which Rental Payments are due.

Section 4.02. Rental Payments to Be Unconditional. The obligations of Sublessee to make Rental Payments and to perform and observe the other covenants and agreements contained in each Lease shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, disputes with the Sublessor or Vendor of any Equipment, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances or failure of any Vendor to deliver any Equipment or otherwise perform any of its obligations for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to any Vendor or under any Vendor Agreement, or the failure or inability (for whatever reason) of Sublessee to receive (or delay in receipt of) all or any portion of any refundable tax credit under Section 6417 of the Internal Revenue Code of 1986, as amended by the Inflation Reduction Act of 2022 (Pub. L. No. 117-169), or any substantially similar provision of federal, state, local or foreign tax law (including regulations or other guidance from any taxing authority).

Section 4.03 Tax Covenants. Sublessee agrees that it will not take any action that would cause the interest component of Rental Payments under the Corporation Lease to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action, which omission would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes. In connection with the foregoing, Sublessee hereby agrees that (a) so long as any Rental Payments under the Corporation Lease remain unpaid, moneys on deposit in the Escrow Account under any Escrow Agreement related to such Lease shall not be used in a manner that will cause such Lease to be classified as an "arbitrage bond" within the meaning of Section 148(a) of the Code; and (b) Sublessee shall rebate, from funds legally available for the purpose, an amount equal to excess earnings on the Escrow Account under any

Escrow Agreement to the Federal Government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code.

ARTICLE V

Section 5.01. Acquisition, Delivery Installation and Acceptance of Equipment. With respect to each Lease, Sublessee shall order the Equipment to be acquired and financed thereunder, cause the Equipment to be delivered and installed at the location specified in such Lease and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. Sublessee shall conduct such inspection and testing of the Equipment listed in a Lease as it deems appropriate in order to unconditionally accept such Equipment.

Section 5.02. Quiet Enjoyment of Equipment. So long as no Event of Default exists and is continuing under the related Lease, neither Sublessor nor any entity claiming by, through or under Sublessor, shall interfere with Sublessee's quiet use and enjoyment of the Equipment during the Lease Term under such Lease.

[*Section 5.03. Location; Inspection.* No Equipment shall be installed at any location or, in the case of motor vehicles, have a base location at any location that would cause the Sublessee to breach the terms and conditions of Section 6.03. Sublessor shall have the right at all reasonable times during regular business hours to enter into and upon the property where the Equipment is located for the purpose of inspecting the Equipment.][Same issue in Corporation Lease.]

Section 5.04. Use and Maintenance of the Equipment. Sublessee shall not install, use, operate or maintain the Equipment (or cause the Equipment to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the related Lease in a manner that materially adversely impacts the interests of the Sublessor. Sublessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Sublessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body, including, without limitation, all anti-money laundering laws and regulations; *provided* that Sublessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Sublessor, adversely affect the interest of Sublessor in and to the Equipment or its interest or rights under the related Lease.

Sublessee agrees that it shall maintain, preserve and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. Sublessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, Sublessee agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Sublessor as provided for in Sections 3.03 and 12.02(b) of this Agreement.

Sublessee shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally

intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Sublessor.

Section 5.05. Corporation Lease. Sublessee shall not take any action that would cause the Corporation to breach any covenant or agreement contained in the Corporation Lease.

ARTICLE VI

Section 6.01. Title to the Equipment. Sublessee shall at all times protect and defend, at its own cost and expense, (a) its leasehold interest in the Leased Equipment, (b) the Sublessor's right, title and interest in and to the Leased Equipment, and (c) the Lender's security interest in the Leased Equipment, from and against all claims, liens and legal processes of its creditors, and keep all Leased Equipment (and any other Collateral) free and clear of all such claims, liens and processes. In addition, upon the occurrence of such an Event of Default or such termination, Sublessee shall execute and deliver to Sublessor such documents as Sublessor may request to evidence the passage of such legal title to Sublessor or the Lender, as the Corporation Lease may require, and the termination of Sublessee's interest therein, and upon request by Sublessor shall deliver possession of the Leased Equipment to Sublessor or the Lender in accordance with the Corporation Lease.

Section 6.02. Lien. As additional security for the payment and performance of all of Sublessee's obligations under each Lease, upon the execution of such Lease, Sublessee hereby grants to Sublessor a first lien on (a) the Equipment subject to such Lease, (b) any and all proceeds of any of Equipment, including, without limitation, insurance proceeds, and (c) all books and records regarding the foregoing, in each case, now existing or hereafter arising.

Section 6.03. Personal Property; No Encumbrances. Sublessee shall not create, incur, assume or permit to exist any mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate where the Equipment under a Lease is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of Sublessor; *provided*, that if Sublessor or its assigns is furnished with a waiver of interest in the Equipment under such Lease acceptable to Sublessor or its assigns in their respective discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Sublessee shall keep the Equipment under each Lease free of all levies, liens, and encumbrances except those created by such Lease. The parties to this Sublease contemplate that all Leased Equipment will be used for a governmental or proprietary purpose of Sublessee, and that the Equipment will therefore be exempt from all property taxes. If the lease, sale, purchase, operation, use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation,

Sublessee shall pay when due all sales and other taxes, special assessments, governmental and other charges of any kind that are at any time lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part of either thereof, or which become due during the Lease Term under the affected Lease, whether assessed against Sublessee or Sublessor. Sublessee shall pay all utility and other charges incurred in the operation, use and maintenance of the Equipment. Sublessee shall pay such taxes, assessments or charges as the same may become due; *provided* that, with respect to any such taxes, assessments or charges that may lawfully be paid in installments over a period of years, Sublessee shall be obligated to pay only such installments as accrue during the Lease Term under the affected Lease. During the Lease Term under each Lease, Sublessor will not claim ownership of the Equipment thereunder for the purposes of any tax credits, benefits or deductions with respect to such Equipment.

Section 7.02. Insurance. Sublessee shall, during the Lease Term under each Lease, maintain or cause to be maintained (a) casualty insurance naming Sublessor and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Sublessor, in an amount at least equal to the greater of (i) the then applicable Outstanding Balance of the Equipment or (ii) the replacement cost of the Equipment under such Lease; (b) liability insurance naming Sublessor and its assigns as additional insured that protects Sublessor from liability for bodily injury and property damage coverage (i) in such coverage amounts as may be required by Sublessor for the applicable Equipment or (ii) in such minimum coverage amounts as may be agreed upon between Sublessor and Sublessee in connection with the execution and delivery of a Lease, in all events under clauses (a) and (b) above issued in form and amount satisfactory to Sublessor and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of “A-” or better; and (c) worker’s compensation coverage as required by the laws of the State. Notwithstanding the foregoing, Sublessee may self-insure against the risks described in clauses (a) and/or (b) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, ***in each case with Sublessor’s prior consent (which Sublessor may grant, withhold or deny in its sole discretion) and provided that Sublessee has delivered to Sublessor such information as Sublessor may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to Sublessor.*** In the event Sublessee self-insures as provided in this Section 7.02, Sublessee shall provide to Sublessor a self-insurance letter in form and substance reasonably satisfactory to Sublessor. Sublessee shall furnish to Sublessor evidence of such insurance or self-insurance coverage throughout the Lease Term under each Lease ***[when is this supposed to occur?]***. Sublessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Sublessor without first giving written notice thereof to Sublessor at least thirty (30) days in advance of such cancellation or modification.

Section 7.03. Insufficiency of Net Proceeds. Sublessee hereby acknowledges that, under the Corporation Lease, if the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01 of the Corporation Lease, Sublessor is required to either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pay

or cause to be paid to Lender the amount of the then applicable Casualty Value under the related Lease plus all other amounts then owing thereunder, and, upon such payment, the applicable Lease Term shall terminate and Lender's security interest in the Equipment shall terminate as provided in Section 6.01 of the Corporation Lease. The amount of the Net Proceeds remaining, if any, after completing such repair, restoration, modification or improvement or after paying such Casualty Value for such Lease plus all other amounts then owing thereunder shall be retained by Sublessor. If Sublessor shall make any payments pursuant to Section 8.02 of the Corporation Lease, Sublessor is not be entitled to any reimbursement therefor from Lender nor will Sublessor be entitled to any diminution of the amounts payable under Article IV of the Corporation Lease. As part of its Rental Payments under the Sublease, Sublessee hereby agrees to pay to Sublessor any amounts that the Sublessor is required to pay under Section 8.02 of the Corporation Lease.

Section 7.04. Risk of Loss. Whether or not covered by insurance or self-insurance, Sublessee hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment under any Lease from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment under any Lease shall relieve Sublessee of the obligation to make the Rental Payments or to perform any other obligation under any Lease. Whether or not covered by insurance or self-insurance, Sublessee hereby agrees to reimburse Sublessor (to the fullest extent permitted by applicable law, but only from legally available funds) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Sublessor, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into this Agreement or any Lease or any of the transactions contemplated hereby or thereby, (b) the ordering, acquisition, ownership, use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment under any Lease, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment under any Lease resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of Sublessee under or in connection with this Agreement or any Lease or any material misrepresentation provided by Sublessee under or in connection with this Agreement or any Lease. The provisions of this Section 7.04 shall continue in full force and effect notwithstanding the full payment of all obligations under any or all Leases or the termination of the Lease Term under any or all Leases for any reason.

Section 7.05. Advances. In the event Sublessee shall fail to keep the Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02 hereof, Sublessor may, but shall be under no obligation to, maintain and repair the Equipment or obtain and maintain any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Sublessor shall constitute additional rent for the Lease Term under the affected Lease, and Sublessee covenants and agrees to pay such amounts so advanced by Sublessor with interest thereon from the date advanced until paid at a rate equal to the Contract Rate (or the Taxable Rate if then in effect) *plus* five percent (5%) per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term under the related Lease, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, (i) Sublessee and Sublessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment or such part thereof and any balance of the Net Proceeds remaining after such work has been completed shall be paid to Sublessee or (ii) Sublessee shall exercise its option to prepay the obligations in accordance with Section 10.01 hereof.

If Sublessee elects to replace any item of the Equipment (the “*Replaced Equipment*”) pursuant to this Section 8.01, the replacement equipment (the “*Replacement Equipment*”) shall be new or of a quality type, utility and condition at least as good as the Replaced Equipment and shall be of equal or greater value than the Replaced Equipment. Sublessee shall grant to Sublessor a first priority security interest in any such Replacement Equipment. Sublessee shall represent, warrant and covenant to Sublessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Sublessor, and shall provide to Sublessor any and all documents as Sublessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Sublessor evidencing Sublessor’s security interest in the Replacement Equipment. Sublessor and Sublessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute “Equipment” for purposes of this Agreement and the related Lease. Sublessee shall complete the documentation of Replacement Equipment on or before the next Rental Payment Date after the occurrence of a casualty event, or be required to exercise its option to prepay the obligations with respect to the damaged Equipment in accordance with Section 10.01 hereof.

For purposes of this Article VIII, the term “*Net Proceeds*” shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys’ fees, incurred in the collection thereof.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Sublessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of any of the Equipment under each Lease, or any other warranty or representation, express or implied, with respect thereto and, as to Sublessor, Sublessee’s acquisition of the Equipment under each Lease shall be on an “as is” basis. In no event shall Sublessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, any Lease, any Equipment or the existence,

furnishing, functioning or Sublessee's use of any item, product or service provided for in this Agreement or any Lease.

Section 9.02. Vendor Agreements; Warranties. Sublessee covenants that it shall not in any material respect amend, modify, rescind or alter any Vendor Agreement for any Lease without the prior written consent of Sublessor. Sublessor hereby irrevocably appoints Sublessee its agent and attorney-in-fact during the Lease Term under each Lease, so long as Sublessee shall not be in default under such Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Sublessor may have against a Vendor. Sublessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the applicable Vendor of the Equipment and not against Sublessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Sublessor with respect to any Lease, including the right to receive full and timely Rental Payments and other payments under each Lease. Sublessee expressly acknowledges that Sublessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to any of the Equipment under each Lease.

ARTICLE X

Section 10.01. Prepayment; Payment in Full. Sublessee shall have the option to prepay or satisfy all, but not less than all, of its obligations under this Sublease related to Equipment leased by the Corporation under a Lease, to the extent that the Corporation may prepay such obligations under the Corporation Lease on the terms and conditions on which the Corporation may so prepay under the Corporation Lease.

ARTICLE XI

Section 11.01. Assignment and Subleasing by Sublessee. **None of Sublessee's right, title and interest in, to and under this Agreement, any Lease or any portion of the Equipment, any Escrow Agreement or the Escrow Account or any of the other Collateral related thereto may be assigned, encumbered or subleased by Sublessee for any reason, and any purported assignment, encumbrance or sublease without Sublessor's prior written consent shall be null and void.**

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an "Event of Default" under a Lease:

- (a) Failure by Sublessee to (i) pay any Rental Payment or other payment required to be paid under any Lease within ten (10) days after the date when due as specified therein, (ii) maintain insurance as required under such Lease (including Section 7.02 of this Agreement, which is incorporated therein), or (iii) observe and perform any covenant, condition or agreement on its part to be observed or performed under Section 6.01 or 6.02 hereof for any Lease;

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

(c) Any statement, representation or warranty made by Sublessee in or pursuant to this Agreement or any Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(d) an “Event of Default” occurs and is continuing under either the Master Senior Resolution or the Master Subordinate Resolution;

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

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for Sublessee or of all or a substantial part of the assets of Sublessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists under any Lease, Sublessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps with respect to any or all Leases with an Event of Default under this Agreement, including those with an Event of Default pursuant to Section 12.01(d) (each, a “Defaulted Lease”):

(a) By written notice to Sublessee, Sublessor may declare all Rental Payments payable by Sublessee pursuant to one or more Defaulted Leases and other amounts payable by Sublessee under each such Defaulted Lease to the end of the Lease Term to be immediately due and payable;

(b) With or without terminating the Lease Term under any one or more Defaulted Leases, by notice to the Sublessee pursuant to Section 13.03 hereof, Sublessor may require Sublessee at Sublessee's expense to promptly return any or all of such Equipment to the possession of Sublessor at such place within the County of Los Angeles as Sublessor shall specify, and sell or lease such Equipment or, for the account of Sublessee, sublease such Equipment, continuing to hold Sublessee liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by Sublessee pursuant to each such Defaulted Lease and other amounts related to each such Defaulted Lease that are payable by Sublessee to the end of the Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Sublessor in exercising its remedies under each such Defaulted Lease, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 3.03 of this Agreement. [In addition, if the Sublessor requires the Sublessee to return any Equipment pursuant to this Section 12.02(b) and the Sublessee does not return such Equipment within 60 days after delivering notice to the Sublessee of such requirement, then Sublessor may enter the premises where the Equipment listed in any one or more of each such Defaulted Leases is located and retake possession of such Equipment or as required by Sublessor.] The exercise of any such remedies respecting any such Event of Default under any such Defaulted Lease shall not relieve Sublessee of any other liabilities under each such Defaulted Lease or any other Lease that Sublessor determines not to treat as a Defaulted Lease or with respect to the Equipment listed therein;

(c) Sublessor may terminate the Escrow Agreement relating to any one or more of such Defaulted Leases and apply any proceeds in each such applicable Escrow Account thereunder to the Rental Payments scheduled to be paid under any one or more of such Defaulted Leases as Sublessor shall determine; and/or

(d) Sublessor may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under any one or more of such Defaulted Leases or each such Escrow Agreement relating thereto or as a secured party in any or all of the Equipment subject to any one or more of such Defaulted Leases or with respect to the related Escrow Account for one or more of such Defaulted Leases.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Sublessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder and/or under any Lease now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Sublessor to exercise any remedy reserved to it in this Article XII it shall not be necessary to give any notice other than such notice as may be required in this Article XII.

Section 12.04. Application of Moneys. Any net proceeds from the exercise of any remedy under this Agreement, including the application specified in Section 12.02(b)(ii) (after deducting all expenses of Sublessor in exercising such remedies including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing Equipment and all brokerage, auctioneer's or attorney's fees), shall be applied as follows:

(a) If such remedy is exercised solely with respect to a single Defaulted Lease, Equipment listed in such Defaulted Lease or rights thereunder, then to amounts due pursuant to such Defaulted Lease and to other amounts related to such Defaulted Lease or such Equipment.

(b) If such remedy is exercised with respect to more than one Defaulted Lease, Equipment listed in more than one Defaulted Lease or rights under more than one Defaulted Lease, then to amounts due pursuant to one or more of such Defaulted Leases as Sublessor shall determine and distribute on a pro rata basis or on such other basis as Sublessor shall determine.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under this Agreement or any Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately above the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Sublessee.

Section 13.02. Binding Effect. This Agreement and each Lease shall inure to the benefit of and shall be binding upon Sublessor and Sublessee and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement or any 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 or thereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement and each Lease may only be amended by Sublessor and Sublessee in writing.

Section 13.05. Execution in Counterparts. This Agreement and each 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; *provided* that only Counterpart No. 1 of each Lease (including the terms and provisions of this Agreement incorporated therein by reference) shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

Section 13.06. Applicable Law; Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF DIFFERENT GOVERNING LAW.

(b) The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the State of California sitting in Los Angeles County and of the United States District Court for the Central District of California, and any Appellate Court from any thereof, in any action, suit or proceeding brought against or by it in connection with this Agreement or for recognition or enforcement of any judgment related thereto.

(c) The parties hereto further irrevocably consent, to the extent provided by law, to the service of process of any of the aforementioned courts in any such action, suit or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such parties at their respective addresses pursuant to Section 13.01 hereof, such service to become effective thirty (30) days after such mailing.

(d) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. If the waiver of jury trial contained herein is unenforceable for any reason, then the parties hereto agree that the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision.

Section 13.07. Captions. The captions or headings in this Agreement and in each Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement or any Lease.

Section 13.08. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated by this Agreement and each Lease thereunder (including in connection with any amendment, waiver or other modification hereof or of any other related document), the Sublessee acknowledges and agrees that: (a) (i) the transactions contemplated by this Agreement and each Lease thereunder provided by the Sublessor and any affiliate thereof are arm's-length commercial transactions between the Sublessee, on the one hand, and the Sublessor and its affiliates, on the other hand, (ii) the Sublessee has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Sublessee is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and each Lease thereunder and by the other related documents; (b) (i) the Sublessor and its affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will

not be acting as an advisor, agent or fiduciary, for the Sublessee, or any other person and (ii) neither the Sublessor nor any of its affiliates has any obligation to the Sublessee with respect to the transactions contemplated by this Agreement and each Lease thereunder except those obligations expressly set forth herein and in the other related documents; and (c) the Sublessor and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Sublessee, and neither the Sublessor nor any of its affiliates has any obligation to disclose any of such interests to the Sublessee. To the fullest extent permitted by law, the Sublessee, hereby waives and releases any claims that it may have against the Sublessor or any of its affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated by this Agreement and each Lease thereunder.

Section 13.09. Entire Agreement. The parties agree that this Agreement and each Lease hereunder constitutes the final and entire agreement between the parties superseding all conflicting terms or provisions of any prior proposals, term sheets, solicitation documents, requests for proposals, award notices, approval letters or any other agreements or understandings between the parties.

Section 13.10 Electronic Signatures. This Agreement may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe's Portable Document Format ("PDF")). Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of this Agreement and the related signature pages via facsimile or as an attachment to electronic mail (including in PDF) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Sublessor and Sublessee have caused this Master Equipment Lease Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

SUBLESSOR:

Banc of America Public Capital Corp
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration

By: _____
Name: _____
Title: _____

SUBLESSEE:

Attention: _____
Fax No.: _____

By: _____
Name: _____
Title: _____

Signature Page of Master Equipment Lease Agreement

