

**THIS LEASE WITH AN OPTION TO PURCHASE** (the "*Lease*" or "*Agreement*") is made and entered into and dated to be effective as of October 25, 1999, by and between AMARILLO JUNIOR COLLEGE DISTRICT, a body corporate and political subdivision in the Counties of Potter and Randall, State of Texas, together with its successors and permitted assigns (the "*Lessee*" or the "*District*"), and MOORE COUNTY, TEXAS, a body corporate and political subdivision in the State of Texas, together with its successors and assigns (the "*Lessor*" or the "*County*").

**WITNESSETH:**

**WHEREAS**, pursuant to an election held on May 18, 1999, the voters of the County voting in said election approved and authorized the Commissioners Court of the County to levy a junior college district branch campus maintenance tax in an amount not to exceed five cents on each \$100 valuation of all taxable property in Moore County (the "Branch Campus Tax"); and

**WHEREAS**, the service area for the District includes territory in Moore County that is within the Dumas Independent School District and at the July, 1999 meeting of the Texas Higher Education Coordinating Board, the District received approval for the establishment of a branch campus in Moore County; and

**WHEREAS**, the County has agreed to acquire an existing building in the Dumas Independent School District and Moore County and make improvements to such building for use as a branch campus by the District; such building and its location (the "Premises") being more particularly described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes as if it were restated in full as a part of this recital; and,

**WHEREAS**, pursuant to authority conferred by Subchapter A of Chapter 1477, Texas Government Code, the County may acquire land and construct or otherwise acquire a building or other facility for the purpose of leasing the land and building to a political subdivision or agency of the state for public use, and the County desires to lease the Premises to the District for use as a branch campus of the District in accordance with the terms of this Agreement; and

**WHEREAS**, the District's authority to establish and operate branch campuses pursuant to Section 130.086, Texas Education Code, as amended, further provides for the board of trustees of the District to accept or acquire by purchase or rent land and facilities in the name of the District; and

**WHEREAS**, District has determined to rent the Premises to be acquired by the County for use as a branch campus of the District in the County pursuant to and in accordance with the terms of this Agreement;

**NOW, THEREFORE**, for valuable consideration, including the mutual covenants herein contained, the receipt and sufficiency of which is hereby confessed and acknowledged, the parties agree as follows:

## ARTICLE I. DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.1 shall, for all purposes of this Lease, have the meanings herein specified.

*Available Funds* means (1) the Branch Campus Tax, as herein defined, assessed and collected by the County and remitted to the District, (2) the revenues, receipts and income generated by the operation of the Premises as a branch campus, and, (3) any funding received from the State of Texas for the operation of the Premises as a branch campus that may lawfully be used for the payment of operating and maintenance expenses of the Premises, including the Lease Payments.

*Branch Campus Tax* means the junior college district branch campus maintenance tax approved by the voters of the County pursuant to an election held on May 18, 1999, authorizing the Commissioners Court of the County to levy the junior college district branch campus maintenance tax in an amount not to exceed five cents on each \$100 valuation of all taxable property in Moore County for the operation and maintenance of a branch campus.

*Closing Date* means the date at which the proper governing authorities with jurisdiction over the zoning/building specifications of the Premises issue a certificate stating that the Premises are fit for occupancy;

*Lease Term* means the Original Term and all Renewal Terms provided for in this Agreement under Section 3.2 hereof.

*Lease Payment* means those amounts payable in accordance with Exhibit B hereto, and more particularly described in Article V hereunder.

*Permitted Encumbrances* means the matters described in Exhibit C attached hereto and made a part hereof.

*Purchase Option Price* means the greater of (1) the fair market value of the Premises at the time of purchase, which fair market value shall be supported by an appraisal of the Premises from an independent qualified firm or person retained jointly by the County and the District with the knowledge and expertise necessary to appraise property within the County or (2) the unpaid Lease Payments as set forth in Exhibit B;

*Renewal Terms* means the optional renewal terms of this Agreement, each having a duration of one year and a term coextensive with the Lessee's fiscal year, as provided for in Article 3.2 of this Agreement.

## ARTICLE II. REPRESENTATIONS, COVENANTS, AND WARRANTIES

Section 2.1 Representations, Covenants, and Warranties of Lessee. The Lessee represents, covenants, and warrants as follows:

(a) Lessee is a duly formed and validly existing junior college district and political subdivision of the State of Texas created pursuant to and governed by the laws of the State of Texas;



(b) Lessee has obtained the approval of the Texas Higher Education Coordinating Board for the establishment of a branch campus in Moore County and Lessee has obtained or will obtain approval by said Coordinating Board of each course or program to be offered at such branch campus as required by Section 130.086 of the Texas Education Code.

(c) Lessee has full power and authority to execute this Lease and perform its obligations hereunder;

(d) the governing body of the Lessee has duly authorized the execution of this Lease, and the performance of its obligations hereunder and thereunder;

(e) the execution of this Lease and the performance of District's obligations thereunder and compliance with the terms hereof will not conflict with, or constitute a default under, any law (including administrative rule), judgment, decree, order, permit, license, agreement, mortgage, lease, or other instrument to which the Lessee is subject or by which the Lessee or any of its property is bound;

(f) To the knowledge and belief of Lessee, Lessee is not in violation of any law, which violation could adversely affect the performance of its obligations under this Lease;

(g) Lessee shall accept occupancy of the Premises on the Closing Date.

(h) Lessee will annually provide Lessor with current financial statements, budgets, proof of appropriation for the ensuing fiscal year, including particularly financial statements and budgets pertaining to the operation of the Premises, and such other financial information relating to the ability of Lessee to continue this Lease for the entire Lease Term as may be requested by Lessor;

(i) Lessee shall furnish to Lessor prior to September 1 in each year (or as soon thereafter as possible but in no event later than the date the governing body of Lessor establishes and levies its annual ad valorem tax rate) an operating budget of Lessee for the next ensuing fiscal year that includes amounts budgeted for the operation and maintenance of the Premises as a branch campus, including the Lease Payments, if any, due hereunder, for such fiscal year,

(j) this Lease is the legal, valid, and binding agreement of the Lessee, enforceable in accordance with its terms;

(k) the Lessee will be the only user of the Premises and the Premises will be used during the term of this Lease as a branch campus of the District only;

(l) the Lessee agrees to keep the Premises free and clear of all liens, encumbrances, and security interests (other than the Permitted Encumbrances); and

Section 2.2 Representations, Covenants, and Warranties of Lessor. The Lessor represents, covenants, and warrants as follows:

(a) Lessor is a body politic and corporate, a political subdivision of the State of Texas, and duly created, organized and existing under the laws of the State of Texas;

(b) Lessor has the full power and authority to execute this Lease and perform its obligations hereunder;

(c) the governing body of the Lessor has duly authorized the execution of this Lease and has authorized the performance of the Lessor's obligations hereunder and thereunder;

(d) the execution of this Lease and the performance of Lessor's obligations hereunder will not conflict with, or constitute a default under, any law (including administrative rule), judgment, decree, order, permit, license, agreement, mortgage, lease, or other instrument to which the Lessor is subject or by which the Lessor or any of its property is bound;

(e) To the knowledge and belief of Lessor, Lessor is not in violation of any law, which violation could adversely affect the performance of its obligations under this Lease;

(f) Lessor agrees to keep the Premises free and clear of all liens, encumbrances, and security interests (other than the Permitted Encumbrances);

(g) Subject to receiving prior to September 1 (or as soon thereafter as possible but in no event later than the date the governing body of Lessor establishes and levies its annual ad valorem tax rate) an operating budget of Lessee for the next ensuing fiscal year that includes amounts budgeted for the operation and maintenance of the Premises as a branch campus, including the Lease Payments due hereunder, for such fiscal year, the Lessor shall include at the time it levies its annual ad valorem taxes a tax rate sufficient to provide the funds to fund the operating budget so submitted by Lessee up to 5¢ per \$100 of assessed valuation for the maintenance and operation of such branch campus in the Moore County and remit to the Lessee the amount of such ad valorem taxes so assessed and collected from such branch campus tax approved for such purpose at an election held in the County on May 18, 1999.

(h) On the Closing Date, the Lessor will hold indefeasible fee simple title to the Premises, subject to Permitted Encumbrances and for the Lease Term will warrant and forever defend all and singular the Lessee's leasehold interest in such property unto the Lessee, its successors, and assigns against every person whomsoever lawfully claiming or to claim the same, or any part thereof;

(i) This Lease is the legal, valid and binding agreement of Lessor, enforceable in accordance with its terms.

**Section 2.3 Continuing Disclosure Undertaking.** (a) Under Rule 15c2-12 of the United States Securities and Exchange Commission, the Lessee acknowledges and agrees it is an "obligated person" with respect to the Bonds within the meaning said Rule and in connection with the issuance and sale of such Bonds, the Lessor will be required to agree with the holders of the Bonds to file annually with each nationally recognized municipal securities information repository ("NRMSIR") and a state information depository ("SID") certain financial information and operating data of Lessor and each "obligated person". While Lessee is an "obligated party" within the meaning of the Rule



and while the Bonds are outstanding, Lessee agrees to either (i) provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year (beginning with the fiscal year ending August 31, 1999) financial information and operating data with respect to the Lessee of the general type included in the final Official Statement authorized by Section 10.1 of this Lease, being information described in Exhibit D hereto or (ii) provide such financial information and operating data to the Lessor in a timely manner to permit Lessor to file such information and data as a part of its continuing disclosure undertaking. Any financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit D hereto and (2) audited, if the Lessee commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then unaudited financial statements for the applicable fiscal year shall be provided to either the Lessor or each NRMSIR and any SID with the financial information and operating data and will provide the Lessor or file the annual audit report when and if the same becomes available.

(b) The Lessee shall be obligated to observe and perform the agreements specified in this Section while, but only while, the Lessee remains an "obligated person" with respect to the Bonds within the meaning of the Rule

UNDER NO CIRCUMSTANCES SHALL THE LESSEE BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE LESSEE, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Lessee in observing or performing its obligations under this Section shall constitute a breach of or default under this Agreement for purposes of any other provision of this Agreement.

The provisions of this Section may also be amended from time to time or repealed if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the Lessee's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering.

### **ARTICLE III. LEASE OF PROPERTY AND LEASE TERM**

Section 3.1 Lease of Premises. Lessor does hereby let, demise and rent unto Lessee, and Lessee agrees to rent and lease from Lessor, the Premises in accordance with the terms of this Lease to have and hold for the Lease Term.

Section 3.2 Commencement of Lease Term. The Original Term of this Agreement shall commence on the Closing Date and shall terminate the last day of Lessee's current fiscal year. The Lease Term may be continued, solely at the option of Lessee, at the end of the Original Term or any Renewal Term for an additional one year, up to a maximum of twenty (20) Renewal Terms, upon

delivery by Lessee of written notice to Lessor given not less than 30 days prior to the end of the Original Term or Renewal Term then in effect. Failure to provide the 30-day notice will not waive the right of Lessee to continue this Lease nor will Lessee be in default, provided Lessee has included the obligation to make the payment set forth in Exhibit B in its operating budget to be submitted to the Lessor for the applicable fiscal period. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Lease Payments shall be as provided in Exhibit B of this Lease.

Section 3.3. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

(a) the expiration of the Original Term or any Renewal Term of this Lease and the non-renewal of this Lease in the event of nonappropriation of funds pursuant to Section 5.5 hereof;

(b) the exercise of Lessee of the option to purchase the Premises granted under the provisions of Article VIII of this Lease.

(c) a default by Lessee and Lessor's election to terminate this Lease under Article XI hereof.

#### **ARTICLE IV. TITLE AND USE OF LEASED PREMISES**

Section 4.1 Title. During the Lease Term, legal title to the Premises and any and all repairs, replacements, substitutions and modifications to the Premises shall be in the Lessor. The Lessee shall not permit any lien or encumbrance of any kind to exist against the title to the Premises, other than the Permitted Encumbrances.

Section 4.2 Use. Lessee shall occupy, operate and maintain the Premises as a branch campus of the Lessee offering college and vocational courses and programs for the students attending such facility and approved by the Coordinating Board, Texas College and University System all as contemplated and authorized by Sections 130.086 and 130.003 of the Texas Education Code, as amended,

Section 4.3 Enjoyment of Premises. Lessor hereby covenants to provide Lessee during the Lease Term with quiet use and enjoyment of the Premises, and Lessee shall during the Lease Term peaceably and quietly have and hold and enjoy the Premises, without suit, trouble or hindrance from Lessor, except as expressly set forth in the Lease.

Lessor shall have the right at all reasonable times during business hours to enter into and upon the Premises to inspect the same and the use thereof.

#### **ARTICLE V. LEASE PAYMENTS**

Section 5.1 Lease Payments to Constitute a Current Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Lease Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of



Lessee in contravention of any applicable constitutional or statutory legislation or requirements concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of Lessee.

Section 5.2 Payment of Lease Payments. Lessee shall pay Lease Payments, exclusively from legally Available Funds, in lawful money of the United States of America to Lessor in the amounts and on the dates set forth in Exhibit B attached hereto and incorporated herein in full as a part of this Section 5.2. The Lease Payments due on July 15 and January 15 shall be in consideration of Lessee's use of the Premises during the period September 1 through August 31 for the applicable year in which such payments are due.

Section 5.3 Lease Payments to be Unconditional. The obligations of Lessee to make payment of the Lease Payments required under this Article V and other sections hereof and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided under this Lease. Notwithstanding any dispute between Lessee and Lessor, Lessee shall make all payments of Lease Payments when due and shall not withhold any Lease Payments pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such payments required under the Lease. Lessee's obligation to make Lease Payments during the Original Term and the then current Renewal Term shall not be abated through accident or unforeseen circumstances.

Section 5.4 Continuation of Lease Term by Lessee. Lessee intends, subject to the provisions of Section 5.5 to continue the Lease Term through the Original Term and all twenty Renewal Terms and to pay the Lease Payments hereunder. Lessee reasonably believes that Available Funds of an amount sufficient to make all Lease Payments during the Original Term and each of the Renewal Terms can be obtained, including, but not limited to, funds received from the levy and collection of the Branch Campus Tax.

Section 5.5 Nonappropriation. In the event sufficient funds shall not be appropriated sufficient for the operation and maintenance of the Premises, including the Lease Payments, if any, due hereunder, according to the operating budget submitted by the Lessee to the Lessor, Lessee may terminate this Lease at the end of the then current Original Term or Renewal Term and Lessee shall not be obligated to make payment of the Lease Payments under this Lease beyond the then current Original or Renewal Term. Lessee agrees to deliver notice to Lessor of such termination at least 90 days prior to the end of the then current Original or Renewal Term, but failure to give such notice shall not extend the Lease Term beyond such Original Term or Renewal Term. If this Lease is terminated under this Section 5.5, Lessee agrees peaceably to vacate and surrender the Premises to Lessor.

## **ARTICLE VI. MAINTENANCE; MODIFICATION; TAXES; INSURANCE AND OTHER CHARGES**

Section 6.1 Maintenance of Premises by Lessee. At all times during the Lease Term, Lessee will, at its own cost and expense, maintain, preserve and keep the Premises or any part and

parcel thereof, in good repair, working order and condition and that Lessee will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. Lessor shall have no responsibility in any of these matters or for the making of improvements or additions to the Premises.

Section 6.2 Taxes, Other Governmental Charges and Utility Charges. The parties to this Lease contemplate that the Premises will be used for a governmental or public use, and, therefore, that the Premises will be exempt from all taxes presently assessed and levied against the Premises. In the event that the use, possession or acquisition of the Premises is found to be subject to taxation in any form, Lessee will pay during the Lease Term, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Premises and any other property acquired by Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Premises as well as all gas, water, steam, electricity, heat power, telephone utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Premises; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are accrued during such time as this Lease is in effect.

Section 6.3 Provisions Regarding Insurance. Prior to the Closing Date, the Lessor shall ensure that adequate casualty, public liability and property damage insurance is carried and maintained on the Premises.

On and after the Closing Date, Lessee, at its own expense, shall cause casualty and property damage insurance to be carried and maintained, or shall demonstrate to the satisfaction of Lessor that adequate self-insurance is provided, with respect to the Premises, sufficient to protect the Full Insurable Value of the Premises, as that term is hereinafter defined. All insurance proceeds from casualty losses shall be payable as hereinafter provided in this Lease. On the Closing Date and throughout the Lease Term, Lessee shall furnish to Lessor certificates evidencing such coverage. Alternatively, Lessee may insure the Premises under a blanket insurance policy or policies which cover not only the Premises but other property. If Lessee shall insure similar properties by self-insurance, Lessee will insure the Premises by means of an adequate insurance fund set aside and maintained out of its earnings.

During the Lease Term, Lessee shall carry workmen's compensation insurance in the statutorily required amount covering all employees working on, in, near or about the Premises, or demonstrate to the satisfaction of the Lessor that adequate self-insurance is provided, and shall require any other person or entity working on, in, near or about the Premises to carry such coverage, and will furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

During the Lease Term, Lessee shall maintain a policy of Comprehensive General (Public) Liability Insurance of the type customarily carried by Junior College Districts in the State of Texas, to which coverage shall include coverage for premises/operations, independent contractors and personal injury, with minimum limits of \$1,000,000 per occurrence and \$2,000,000 per accident. The Premises may be added as an endorsement to an already existing policy held by the Lessee if such policy conforms to the requirements herein stated.



The term "Full Insurable Value" as used herein shall mean the full replacement costs for the building or buildings located on the Premises and being the costs associated with constructing or replacing such building or buildings to a condition that existed prior to the casualty event.

Any insurance policy issued pursuant to this Section 6.3 shall be so written or endorsed as to make losses, if any, payable to Lessee and Lessor as their respective interests may appear. The Net Proceeds (as defined in Article VII) of the insurance required in this Section 6.3 shall be applied as provided for in Section 7.1. Each insurance policy provided for in this Section 6.3 shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of Lessor without first giving written notice thereof to Lessor at least 10 days in advance of such cancellation.

Section 6.4 Insurance Policy Requirements. All policies of insurance to be obtained in connection with this Lease shall be written by companies qualified and licensed to write insurance in the State of Texas and have A.M. Best ratings of at least A-VIII. A program or plan qualifying under the Interlocal Cooperation Act, Chapter 791, Title 7, Texas Government Code shall be deemed to meet these requirements.

Section 6.5 Advances. In the event Lessee shall fail to maintain the full insurance coverage required by this Lease or shall fail to keep the Premises in good repair and operating condition, Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by Lessor shall become additional rent for the then current Original Term or Renewal Term, which amounts Lessee agrees to pay.

Section 6.6 Lessee's Negligence and Liability Insurance.

(a) TO THE EXTENT AND IN THE AMOUNTS PERMITTED BY THE LAWS OF THE STATE OF TEXAS, LESSEE HEREBY ASSUMES, DURING THE LEASE TERM, RESPONSIBILITY FOR AND AGREES TO REIMBURSE LESSOR, FROM AND TO THE EXTENT OF LAWFULLY APPROPRIATED FUNDS IN EXCESS OF THE AMOUNTS TO BE PAID PURSUANT TO THIS LEASE FOR ALL RISKS AND LIABILITIES, WHETHER OR NOT COVERED BY INSURANCE, FOR INJURY, LOSS OR DAMAGE TO THE PREMISES OR FOR INJURY, LOSS OR DAMAGE TO ANY PERSONS OR PROPERTY, WHETHER SUCH INJURY OR DEATH BE SUFFERED BY LESSEE OR ANY OTHER THIRD PARTY AND WHETHER OR NOT SUCH DAMAGE TO PROPERTY IS TO LESSEE'S PROPERTY OR THE PROPERTY OF OTHERS, AND WHETHER OR NOT SUCH INJURY, DEATH, LOSS OR DAMAGE IS PROXIMATELY CAUSED BY THE ACTS OR OMISSIONS, INCLUDING NEGLIGENCE, OF LESSEE, ITS AGENTS, SERVANTS, OFFICERS AND EMPLOYEES; PROVIDED, HOWEVER, THAT THIS INDEMNIFICATION SHALL NOT APPLY TO ANY LIABILITY, DAMAGES, OR EXPENSES ARISING FROM THE NEGLIGENT OR WILLFUL CONDUCT OF THE LESSOR.

(b) TO THE EXTENT AND IN THE AMOUNTS PERMITTED BY THE LAWS OF THE STATE OF TEXAS, LESSEE HEREBY ASSUMES RESPONSIBILITY FOR AND AGREES TO REIMBURSE LESSOR, FROM AND TO THE EXTENT OF LAWFULLY APPROPRIATED FUNDS IN EXCESS OF THE AMOUNTS TO BE PAID PURSUANT TO THIS LEASE FOR ALL

LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, ACTIONS, COSTS AND EXPENSES OF WHATSOEVER TYPE, KIND OR NATURE, THAT MAY BE ALLEGED TO HAVE BEEN THE RESPONSIBILITY OF LESSOR, INCLUDING THE REASONABLE COSTS OF INVESTIGATION, SETTLEMENT OR DEFENSE, WHICH ARISE OR ARE ALLEGED TO ARISE IN WHOLE OR IN PART BY REASON OF THE CONDUCT OF LESSEE, ITS OFFICERS, EMPLOYEES, AGENTS, SERVANTS AND EMPLOYEES; PROVIDED, HOWEVER, THAT THIS REIMBURSEMENT OBLIGATION SHALL NOT APPLY TO ANY LIABILITY, DAMAGES, OR EXPENSES ARISING FROM THE NEGLIGENT OR WILLFUL CONDUCT OF THE LESSOR.

(c) Notwithstanding anything to the contrary contained herein, Lessee does not waive any sovereign or governmental immunities Lessee may have except for those waived under the Texas Tort Claims Act.

Section 6.7 Lessee's Right to Improve/Alter Premises. Lessee shall have the right, upon prior written notice to the Lessor, to make alterations, additions and improvements to the Premises. All alterations, improvements, and additions shall be part of the Premises, owned by Lessor subject to the terms of this Lease.

(a) Lessee shall have the right to make alterations and improvements conditioned on the following: (i) no alteration or improvements shall be made without the prior written consent of the Lessor; (iii) no alteration, modification or addition shall be made which would reduce the fair market value of the Premises without Lessee supplying Lessor with a certificate from an architect that such alteration, modification or addition will not lessen the aggregate value of the Premises; and (iv) no structural alteration or improvement shall be made without the prior written consent of the Lessor, the request for which must be accompanied by a certification of a licensed engineer that such alteration will leave the Premises, as altered, in a structurally sound condition;.

(b) All alterations and improvements must: (i) be performed in a good and workmanlike manner; result in no liens being filed against the Premises, or if such liens are filed, Lessee shall promptly, and from Available Funds in excess of Lease Payments, obtain and file a statutory Bond to Indemnify Against Lien (as provided in the Texas Property Code or its then statutory equivalent), naming the Lessor as additional obligee.

## **ARTICLE VII. DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS**

Section 7.1 (a). Damage and Destruction. Subject to Section 7.1 (b) , if prior to the termination of the Lease Term the Premises are partially destroyed or damaged by fire or any other casualty, Lessee and Lessor will cause the Net Proceeds of any insurance claim to be applied to the prompt repair, restoration, modification or improvement of the Premises.

(b) Notwithstanding the foregoing provisions of Section 7.1(a), if (i) the Premises are wholly destroyed by fire or any other casualty and (ii) the Lessee and Lessor jointly decide not to replace, restore, and reconstruct the Premises, the Net Proceeds of any insurance claim attributable to the Premises shall first applied to the payment and discharge in full of the principal of and interest on all Bonds then outstanding and any amount remaining after satisfying the first priority shall be distributed to the Lessee.



Section 7.2 Condemnation. If prior to the termination of the Lease Term, title to, or the temporary use of, the Premises or any part thereof or the estate of the Lessee or Lessor in the Premises or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Lessor will cause the Net Proceeds to be applied to the replacement of the Premises, unless the Lessee and Lessor jointly decide not to replace the Premises. If the Lessee and Lessor jointly decide not to replace the Premises, the Net Proceeds from the condemnation award shall first be applied to the payment and discharge in full of the principal of and interest on all Bonds then outstanding and any amount remaining shall be distributed to the Lessor.

For purposes of this Article VII, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Section 7.3 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 7.1 hereof, Lessee shall either (a) complete the work and pay any cost in excess of the amount of the Net Proceeds and Lessee agrees that, if by reason of any such insufficiency of the Net Proceeds, Lessee shall make any payments pursuant to the provisions of this Section 7.3, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article V hereof or (b) if Lessee is not in default hereunder, Lessee shall pay to Lessor the amount of the then applicable Purchase Option Price, and, upon such payment, the Lease Term shall terminate and title to the Premises shall be conveyed by Lessor to Lessee as provided in Article VIII of this Lease. The amount of the Net Proceeds in excess of the then applicable Purchase Option Price, if any, may be retained by Lessee. Furthermore, if Lessee pays any cost in excess of the amount of the Net Proceeds pursuant to subsection (a) of this Section 7.3, Lessee shall be entitled to a reduction in Purchase Option Price for such amount expended if Lessee chooses to exercise its Option to Purchase pursuant to Article VIII.

## **ARTICLE VIII. OPTION TO PURCHASE**

Section 8.1. Purchase Option Date. At the request of Lessee, Lessor's estate in the Premises shall be transferred, conveyed and assigned to Lessee:

(a) at the end of the Original Term or any Renewal Term, upon payment by Lessee of the Purchase Option Price; or

(b) if the Lease Term is terminated pursuant to Article VII of this Lease, in the event of total damage, destruction or condemnation of the Premises and if Lessee is not on such date in default pursuant to any term of this Lease upon payment of the Purchase Option Price to Lessor.

Section 8.2. Exercise of Option to Purchase. Lessee shall give written notice to Lessor of its exercise of the Option to Purchase not less than thirty (30) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall be accompanied by a deposit with the Lessor of the amount and on the Purchase Option Date will equal the aggregate

of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date.

Section 8.3 Conveyance of Lessor's Interest in the Premises. On the Purchase Option Date and subject to the payment in full of all amounts due and owing under this Lease at the time of the exercise of the option, (i) this Lease shall terminate, and (ii) Lessor shall convey the Premises to Lessee by Special Warranty Deed and Bill of Sale, free and clear of all liens and encumbrances subject to the Permitted Encumbrances.

#### **ARTICLE IX. ASSIGNMENT, SUBORDINATION, SUBLEASING, MORTGAGING AND SELLING**

Section 9.1 Assignment by Lessor. Lessor may, at its option, assign its right, title and interest in this Lease to bondholders of the Bonds described in Section 10.1 (the "Bondholders") under a deed of trust. Lessee acknowledges and consents that the Lessor may assign its right, title and interest in (but not its obligations under) this Lease to the Bondholders. No other assignment of this Lease by the Lessor is permitted without the prior written consent of the Lessee.

Section 9.2 Assignment by Lessee. During the Term of this Lease, Lessee shall not assign or sublease its interest in the Premises or in this Lease without the prior written consent of the Lessor.

Section 9.3 Liens and Leasehold Mortgages by Lessor. Lessor shall not, directly or indirectly, mortgage, pledge, or hypothecate the Premises or its interest in this Lease; provided, however, Lessor may, at its option, mortgage, pledge, or hypothecate the Premises or its interest in this Lease to Bondholders of the Bonds described in Section 10.1 under a deed of trust.

Section 9.4 Liens and Leasehold Mortgages by Lessee Prohibited. Lessee shall not, directly or indirectly, mortgage, pledge, or hypothecate the Premises or its interest in this Lease. Lessee shall not, directly or indirectly, create, incur, assume, or suffer to exist any mortgage, lien, charge, encumbrance, or claim on or with respect to the Premises other than the rights of Lessor and Lessee under this Lease as specifically provided in this Lease and the Permitted Encumbrances. Lessee shall promptly take such action as may be necessary to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim arising at any time during the Lease Term. Lessor shall have the right, but not the obligation, to discharge any such liens, charges, mortgages or encumbrances if Lessee does not do so and to be reimbursed by Lessee from lawfully available funds for any expense incurred by either of them in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

#### **ARTICLE X. LESSOR'S INTENDED FINANCING**

Section 10.1 Lessor to issue the Bonds. The Lessor has determined to finance the cost of acquiring and renovating the Premises by the issuance and sale of Lease Revenue Bonds (the "Bonds") in the principal sum of \$1,900,000.00 (One Million Nine Hundred Thousand Dollars) (pursuant to the terms of the final Official Statement). All obligations of the Lessor pursuant to this Lease, including the obligation to acquire and renovate the Premises, are conditioned upon, and are in all respects subject to, the issuance, sale and delivery by the Lessor of the Bonds. The



Bonds are to be payable solely from and secured by, the Lease Payments due from Lessee pursuant to this Lease. Lessor shall (subject to delays caused by Force Majeure) acquire and renovate the Premises within a reasonable time after the date of the receipt of proceeds received from the sale of the Bonds.

Section 10.2 Covenants to Maintain Tax-Exempt Status. The District acknowledges the tax-exempt status of the Bonds, and covenants during the Lease Term to comply with the provisions set forth below:

(a) Definitions. The following terms shall be defined in this Section as follows: When used in this Section, the following terms shall have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

(b) Not to Cause Interest to Become Taxable. The District shall not use, or permit the use, of any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the District receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the District shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the District shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively occupy, operate and possess all property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds, other than taxes of general application within the District or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the District shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

## **ARTICLE XI. REMEDIES FOR DEFAULT AND NON-APPROPRIATION**

Section 11.1 Events of Default Defined. The following shall be "Events of Default" under this Lease and the terms "Event of Default" and "Default" shall mean, whenever they are used in this Lease, any one or more of the following events:

- (a) Lessee's failure to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein; and
- (b) any material statement, representation, or warranty made by the Lessee or Lessor in this Lease or in any writing ever delivered to the other party, pursuant to or in connection with this Lease, is false, misleading, or erroneous in any material respect;
- (c) failure by the Lessee or Lessor to observe and perform any covenant, condition, or agreement, on its part to be observed or performed by it hereunder, other than as referred to in (a) above, and such failure is not cured within twenty (20) calendar days after written notice thereof is provided to the party in default by the other party hereto, unless Lessor or Lessee, respectively, shall agree in writing to an extension of such time;

The foregoing provision of this Section 11.1 (a) is subject to the provisions of Section 5.5 hereof with respect to nonappropriation. Additionally, if by reason of force majeure Lessee or Lessor are unable in whole or in part to carry out its agreement on its part herein contained, other than the obligations on the part of Lessee contained in Article V hereof, Lessee and Lessor, respectively, shall not be deemed in default during the continuance of such inability; The term "force majeure" as used herein shall mean actions or orders of Governmental Authorities; civil commotions; strikes, fires, acts of God; inability to procure labor, materials, fuel, electricity or other forms of energy; or any other



cause beyond the reasonable control of the party affected, whether or not similar to the matters herein specifically enumerated.

Section 11.2. Remedies for Lessee's Default. If an Event of Default occurs by reason of the act or omission of Lessee, then the Lessor shall have the right, to the extent permitted by law to take any or all of the following actions:

(a) with or without terminating this Lease, declare all Lease Payments due or to become due during the then current Fiscal Year to be immediately due and payable by Lessee to the extent of legally Available Funds, in which event such Lease Payments, to the extent permitted by the laws of the State of Texas, shall be immediately due and payable;

(b) terminate this Lease and Lessee's right to occupy the Premises and employ legal process to remove Lessee;

(c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Premises.

Section 11.3 Remedies of Lessor's Default. If an Event of Default occurs by reason of the act or omission of Lessor, then the Lessee shall have the right, to the extent permitted by law to take whatever action at law or in equity may appear necessary or desirable to enforce its rights as lessee of the Premises; provided, however, that Lessor's failure to acquire and renovate the Premises within a reasonable time after the date of the receipt of proceeds received from the sale of the Bonds as set forth in Section 10.1 herein, and such failure is not caused by Force Majeure, then the Lessee shall be entitled to terminate this Lease and seek such relief against Lessor as may be allowed by law.

Section 11.4 No Waiver; Notice. No delay or failure by either party to insist upon or take action to enforce the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Lease Payments during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with, and no breach thereof, shall be waived, altered or modified except by a written instrument. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. In order to entitle any party to exercise any remedy reserved to it in this Lease it shall not be necessary to give any notice, other than such notice as may be required in this Lease.

Section 11.5 Remedies are Cumulative. Lessor's and Lessee's remedies are cumulative and not exclusive and shall be in addition to every other remedy afforded by this Lease either now or hereafter existing at law or in equity, and Lessor and Lessee may pursue one or more of such remedies without being deemed to have elected its remedies. The remedies conferred on the Lessee upon the occurrence of an Event of Default of the Lessor shall, however, be exclusive and not cumulative.

## ARTICLE XII. MISCELLANEOUS

Section 12.1 Notices. Any notice required or permitted to be given hereunder by one party to another shall be in writing and shall be given using one or more of the following methods: (a) delivered in person to the address set forth below for the party to whom the notice is given; (b) placed in the United States mail with postage prepaid, certified or registered mail return receipt requested, properly addressed to such party at the address hereinafter specified; (c) transmitted by telegram or by telecopy (with the original to be sent the same day by nationally recognized overnight delivery service); or (d) deposited into the custody of a nationally recognized overnight delivery service, such as Federal Express Corporation, addressed to such party at the address herein specified. Any notice given in the above manner shall be deemed effective (i) if given by mail, three days after its deposit into the custody of the U.S. postal service; or (ii) if employing any other method, upon receipt. The addresses for notices for Lessor and Lessee under this Lease and for all notices hereunder shall be:

If to Lessor:                    Moore County, Texas  
                                      715 Dumas Avenue  
                                      Dumas, Texas 79029  
                                      Attention: County Judge

If to Lessee:                    Amarillo Junior College District  
                                      2200 South Washington  
                                      Amarillo, Texas 79178

Attention: Vice President for Business Affairs

Section 12.2 Invalidity. If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 12.3 Captions. The captions of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

Section 12.4 Modification. This Lease may not be changed, modified, or terminated orally, but only by a written instrument of change, modification or termination executed by the party against whom enforcement of any change, modification, or termination is sought and the prior written consent of the Lessor (which shall not be unreasonably withheld) provided that prior to effectiveness of such amendment:

(a) Lessor and Lessee obtain an opinion of their legal counsel to the effect that such amendment is permitted under the law governing such party;



(b) Lessor obtains an opinion of Bond Counsel to the effect that such amendment will not adversely affect the status of the Bonds as obligations described by section 103 of the Code, the interest on which is excludable from "gross income" for federal income tax purposes; and

Section 12.5 Unavoidable Delays. If Lessor or Lessee is delayed in the performance of its non-monetary obligations under this Lease by an unavoidable delay, then the time within which the non-monetary obligation or non-monetary obligations of such party affected thereby is to be performed shall be extended for a period equal to the length of such unavoidable delay.

Section 12.6 Choice of Law. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

Section 12.7 Successors and Assigns. The agreements, terms, covenants and conditions herein shall be binding upon, and shall inure to the benefit of, Lessor and Lessee and their respective successors and (except as otherwise provided herein) assigns.

Section 12.8 Recording. Lessor and Lessee will execute for purposes of recordation in the appropriate real property records, a memorandum of short form of the Lease containing the names of the parties, a description of the real property identified in Exhibit A (the "Real Property"), the Lease Term, and other such provisions as either party may require. The cost and expenses of recording the memorandum, or short form of the Lease, shall be borne by the Lessee.

Section 12.9 Use of Terms. Wherever used, the singular shall include the plural and the plural the singular and the use of any gender shall be applicable to all genders.

Section 12.10 Execution in Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original, but taken together shall constitute only one instrument.

Section 12.11 Integration. This Lease supersedes and replaces any and all prior agreements entered into between the parties hereto with respect to the subject matter hereof.

*[Remainder of Page Intentionally Left Blank]*

Section 12.12 Time is of the Essence. Time is of the essence in this Lease.

IN WITNESS WHEREOF, each of the parties have caused this Lease to be executed by its duly authorized officers as of the date first above written.

LESSOR OR COUNTY:

MOORE COUNTY, TEXAS  
County

By: Kari Campbell  
Name: Kari Campbell  
Title: County Judge, Commissioners Court

Attest:

By: Rhonnie Mayer  
Name: Rhonnie Mayer  
Title: County Clerk, Commissioners Court

LESSEE OR DISTRICT:

AMARILLO JUNIOR COLLEGE DISTRICT

By: \_\_\_\_\_  
Name: Dr. Fred L. Williams  
Title: President, Amarillo Junior College District

APPROVED AS TO FORM:

\_\_\_\_\_  
Amarillo Junior College District Attorney



Section 12.12 Time is of the Essence. Time is of the essence in this Lease.

IN WITNESS WHEREOF, each of the parties have caused this Lease to be executed by its duly authorized officers as of the date first above written.

LESSOR OR COUNTY:

MOORE COUNTY, TEXAS  
County

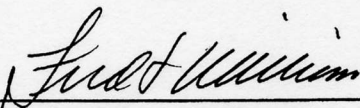
By: \_\_\_\_\_  
Name: Kari Campbell  
Title: County Judge, Commissioners Court

Attest:

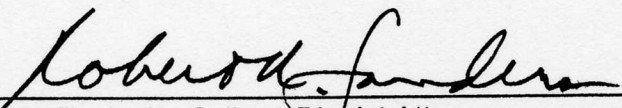
By: \_\_\_\_\_  
Name: Rhonnie Mayer  
Title: County Clerk, Commissioners Court

LESSEE OR DISTRICT:

AMARILLO JUNIOR COLLEGE DISTRICT

By:  \_\_\_\_\_  
Name: Dr. Fred L. Williams  
Title: President, Amarillo Junior College District

APPROVED AS TO FORM:

 \_\_\_\_\_  
Amarillo Junior College District Attorney

**EXHIBIT A**

Legal Description



108408

Prepared by the State Bar of Texas for use by law firms and  
 Revised 01/85  
 © 1985 by the State Bar of Texas

## WARRANTY DEED

Date: May 29, 1992

Grantor: Walter Powell, a single man; Betty Ann Walker and husband, Ronald D. Walker;  
 and Skyline Corporation, Inc., a Texas Corporation

Grantor's Mailing Address (including county):

P. O. Box 1177  
 Dumas, Texas 79029  
 Moore County, Texas

Grantee: Top of Texas Investors, Inc.

Grantee's Mailing Address (including county):

P. O. Box 2096  
 Dumas, Texas 79029  
 Moore County, Texas

## Consideration:

Ten and No/100 Dollars (\$10.00) and other good and valuable consideration,  
 and grantee assumes payment of 1992 taxes

## Property (including any improvement):

A parcel of land out of Survey 269, Block 44, H&TC Ry. Co. Survey, Moore County,  
 Texas, described as follows:

Commencing at a 1/4" rebar in the North R.O.W. Line of Texas Highway 152, from whence  
 the S.W. Corner of Survey 269, bears West —1877.0' and South 65.2'.

THENCE: N. 00° 08' 30" W. a distance of 149.0' to a 1/4" rebar for the S.W. Corner  
 and point of beginning this tract.

THENCE: N. 89° 51' 30" E. a distance of 42.0' to a 1/4" rebar for the S.E. Corner  
 this tract.

THENCE: N. 00° 08' 30" W. a distance of 151.0' to a 1/4" rebar for the N.E. Corner  
 this tract.

THENCE: S. 89° 51' 30" W. a distance of 42.0' to a 1/4" rebar for the N.W. Corner  
 this tract.

THENCE: S. 00° 08' 30" E. a distance of 151.0' to the point of beginning contains  
 6342 Sq. Ft. or 0.1456 Acres of land more or less.

## Reservations from and Exceptions to Conveyance and Warranty:

- 1) Mineral Reservation and other conditions and provisions contained in the deed  
 from Edwin Knapp, et ux., to Walter Powell, dated October 29, 1958, Recorded  
 in Vol. 151, Page 428, Deed Records, Moore County, Texas.
- 2) Oil and Gas Lease to Phillips Petroleum Company, dated July 1, 1942, recorded  
 in Vol. 77, Page 398, Deed Records, Moore County, Texas.
- 3) Declaration of Common Area Agreement dated July 11, 1979, between D. Edward  
 Davin and Walter Powell, recorded in Vol. 290, Page 138, Deed Records, Moore  
 County, Texas.
- 4) Agreement between Phillips Petroleum Company and Walter Powell and Mattie Lee  
 Powell with reference to drilling sites and easements, dated 1959 recorded in  
 Vol. 156, Pages 623-626, Deed Records, Moore County, Texas.

Grantor, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, grants, sells,  
 and conveys to Grantee the property, together with all and singular the rights and appurtenances thereto in any wise belonging, to  
 have and hold it to Grantee, Grantee's heirs, executors, administrators, successors, or assigns forever. Grantee binds Grantee  
 and Grantee's heirs, executors, administrators, and successors to warrant and forever defend all and singular the property to  
 Grantee and Grantee's heirs, executors, administrators, successors, and assigns against every person whatsoever lawfully  
 claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty.

**EXHIBIT B**  
**LEASE PAYMENT SCHEDULE\***

<u>Lease Payment Date</u>	<u>Lease Payment</u>	<u>Principal</u>	<u>Interest</u>
7/15/2000	\$ 79,588.33		\$79,588.33
1/15/2001	149,691.25	\$90,000.00	59,691.25
7/15/2001	56,541.25		56,541.25
1/15/2002	151,541.25	95,000.00	56,541.25
7/15/2002	53,216.25		53,216.25
1/15/2003	158,216.25	105,000.00	53,216.25
7/15/2003	49,541.25		49,541.25
1/15/2004	159,541.25	110,000.00	49,541.25
7/15/2004	45,691.25		45,691.25
1/15/2005	165,691.25	120,000.00	45,691.25
7/15/2005	41,491.25		41,491.25
1/15/2006	171,491.25	130,000.00	41,491.25
7/15/2006	37,022.50		37,022.50
1/15/2007	172,022.50	135,000.00	37,022.50
7/15/2007	32,466.25		32,466.25
1/15/2008	177,466.25	145,000.00	32,466.25
7/15/2008	28,442.50		28,442.50
1/15/2009	183,442.50	155,000.00	28,442.50
7/15/2009	24,063.75		24,063.75
1/15/2010	189,063.75	165,000.00	24,063.75
7/15/2010	19,320.00		19,320.00
1/15/2011	194,320.00	175,000.00	19,320.00
7/15/2011	14,157.50		14,157.50
1/15/2012	199,157.50	185,000.00	14,157.50
7/15/2012	8,700.00		8,700.00
1/15/2013	298,700.00**	290,000.00	8,700.00
7/15/2013	----		
1/15/2014	1.00		
7/15/2014	----		
1/15/2015	1.00		
7/15/2015	----		
1/15/2016	1.00		
7/15/2016	----		
1/15/2017	1.00		
7/15/2017	----		
1/15/2018	1.00		
7/15/2018	----		
1/15/2019	1.00		
7/15/2019	----		
1/15/2020	1.00		
7/15/2020	----		

\*Any of the above listed Lease Payments shall be increased to the extent that the reserve fund (the "Reserve Fund") established in the order authorizing the issuance of the Bonds (the "Order") adopted by the Commissioners Court of the County is reduced below the amount required to be maintained in said reserve fund pursuant to the terms of the Order. The County shall provide written notice immediately to Lessee upon such occurrence and Lessee shall restore the reserve fund from legally Available Funds not less than 30 days prior to the end of the Original Term or Renewal Term then in effect.

\*\*This Lease Payment shall be reduced by the amount on deposit in the Reserve Fund.



**EXHIBIT C**  
**PERMITTED ENCUMBRANCES**

all exceptions in the title policy issued by Chicago Title Insurance Company with respect to the Real Property.

## **EXHIBIT D**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 2.3 of this Agreement.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the Lessee to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The financial statements of the District appended to the Official Statement as Appendix G, but for the most recently concluded fiscal year.
2. The information contained in Tables 6 of Appendix A of the Official Statement.

#### **Accounting Principles**

The accounting principles referred to in such Section are the generally accepted accounting principles as applicable to governmental units as prescribed by The Government Accounting Standards Board.