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MASTER PHOTOVOLTAIC EQUIPMENT LEASE–PURCHASE AGRE

Dated as of June 2, 2006

This MASTER PHOTOVOLTAIC EQUIPMENT LEASE-PURCHASE AGREEMENT (this *"Master Lease"*) is made and entered into by and between NATIONAL CITY COMMERCIAL CAPITAL CORPORATION (*"Lessor"*) and the CALIFORNIA FAIRS FINANCING AUTHORITY (*"Lessee"*).

1. LEASE OF EQUIPMENT.

Subject to the terms and conditions of this Master Lease, Lessor agrees to sell, transfer and lease to Lessee, and Lessee agrees to acquire, purchase and lease from Lessor, all Equipment described in each Schedule signed from time to time by Lessee and Lessor. Each Schedule signed and delivered by Lessor and Lessee pursuant to this Master Lease shall constitute a separate and independent lease and installment purchase of the Equipment therein described. This Master Lease is not a commitment by Lessor or Lessee to enter into any Lease not currently in existence, and nothing in this Master Lease shall be construed to impose any obligation upon Lessor or Lessee to enter into any proposed Lease, it being understood that whether Lessor or Lessee enter into any proposed Lease shall be a decision solely within their respective discretion.

2. DEFINITIONS.

Unless the context otherwise clearly requires, the following terms shall have the respective meanings set forth below for all purposes of this Master Lease. All terms defined in this Master Lease are equally applicable to both the singular and plural form of such terms.

"Authorized User" means (a) the 15th District Agricultural Association, the 18th District Agricultural Association, the 21st District Agricultural Association, the 26th District Agricultural Association, the 27th District Agricultural Association, the 30th District Agricultural Association, the 37th District Agricultural Association, the 49th District Agricultural Association and the 50th District Agricultural Association, each of which is an Associate Member and a District as described in the Joint Powers Agreement; (b) the County of Marin, which is an Associate Member and a County as described in the Joint Powers Agreement; (c) the El Dorado County Fair Association, Inc., the Sonoma County Fair and Exposition, Inc., the Madera County Livestock Association, the Lodi Grape Festival & National Wine Show, Inc., the Napa County Fair Association and the National Orange Show, each of which is an Associate Member and a Nonprofit Corporation as described in the Joint Powers Agreement; and (d) any other Associate Member under the Joint Powers Agreement that is identified in a Schedule and is acceptable to Lessor for purposes of this Master Lease. Each Authorized User that has entered into, or that Lessee expects to enter into, a Use Agreement as provided in Section 4.8 hereof shall be identified in the Payment Schedule to the Lease related thereto.

"Capital Appreciation Lease" means a Lease under which the interest component of Rent Payments attributable to the Equipment for a Fair Location accrues, and is not payable, during the Installation Period for such Fair Location, which accrued interest amount is added to

the principal component of Rent Payments payable under such Lease, which is then amortized and paid in accordance with an amortization schedule prepared and delivered in accordance with Section 6.3 hereof.

"Casualty Loss" is defined in Section 13.1 of this Master Lease.

"Code" means the Internal Revenue Code of 1986, as amended.

"CREBs" means Clean Renewable Energy Bonds with respect to which the owner or owners thereof are entitled to tax credits in accordance with the Code.

"Current Interest Lease" means a Lease under which the interest component of Rent Payments attributable to the Equipment for a Fair Location accrues and is currently payable during and after the Installation Period on the terms provided in the related Payment Schedule.

"Delivery Costs" means, with respect to each Lease, costs and expenses relating to the original execution, delivery and private placement of such Lease, including commitment fees and legal costs and expenses.

"Depository" means the depository bank or institution acting as the depository for Lessee under a Lease, or the successor or successors thereto meeting the requirements of Section 4.7(f) of this Master Lease, as designated by Lessee from time to time by advance notice to Lessor. The initial Depository shall be U.S. Bank National Association, Sacramento, California.

"Equipment" means the photovoltaic equipment and related property described in each Schedule, including (without limitation) photovoltaic modules, inverters, transformers, switches and interconnection equipment, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.

"Equipment Acceptance Date" means, with respect to each Fair Location under a Lease, the date on which Lessee executes and delivers to Escrow Agent a Certificate of Acceptance in the form required by the Escrow Agreement (including approval by Lessor) with respect to all of the Equipment acquired and installed at that Fair Location. To the extent that multiple projects are financed at a Fair Location, the *"Equipment Acceptance Date"* shall be the date on which such Certificate of Acceptance is executed and delivered to Escrow Agent in such form with respect to the last project at such Fair Location.

"Escrow Agreement" means the Escrow Agreement relating to a Schedule, dated the Lease Commencement Date under such Schedule and substantially in the form attached to this Master Lease, among Lessor, Lessee and the escrow agent therein identified, with respect to the Escrow Fund.

"Escrow Disbursement Conditions" is defined in Section 6.6 of this Master Lease.

"Escrow Fund" means the fund of that name established pursuant to an Escrow Agreement, which may include one or more Tax-Exempt Lease Subaccounts and one or more

Taxable Lease Subaccounts to the extent necessary in connection with the Leases then being executed.

"Event of Default" is defined in Section 19 of this Master Lease.

"Fair Location" means the name and location of the fair and exposition facilities operated by each Authorized User. The Fair Location for each Authorized User that has entered into, or that Lessee expects to enter into, a Use Agreement as provided in Section 4.8 hereof shall be identified in the Payment Schedule to the Lease related thereto.

"Fiscal Year" means any period of 12 consecutive months established by Lessee as its fiscal year and shall initially mean the period commencing on July 1 of one year and ending on June 30 of the following year.

"Funding Conditions" is defined in Section 6.2 of this Master Lease.

"Governing Board" means the Governing Board of the California Fairs Financing Authority established and operating in accordance with the Joint Powers Agreement.

"Initial Leases" means, collectively, the following Leases represented by the respective Schedules entered into pursuant to this Master Lease on June 2, 2006: (a) Lease Schedule No. 2006-1 (Tax-Exempt); (b) Lease Schedule No. 2006-2 (Taxable 501(c)(3) Nonprofit); and (c) Lease Schedule No. 2006-3 (Taxable Other Nonprofit).

"Installation Period" means for each Fair Location under a Lease the period from the Lease Commencement Date for such Lease to the related Equipment Acceptance Date.

"Joint Powers Agreement" means that certain Amended and Restated Joint Exercise of Powers Agreement dated as of June 25, 1991, among the County of Solano, the County of El Dorado, the 22nd District Agricultural Association, the 32nd District Agricultural Association and the 46th District Agricultural Association, pursuant to which Lessee was organized and operates.

"JPA Law" means the provisions relating to joint exercise of powers, comprising Articles 1, 2 and 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code as now in effect and as it may from time to time be amended or supplemented.

"Lease" means each Schedule and the terms and conditions of this Master Lease incorporated therein.

"Lease Commencement Date" means, with respect to each Lease, the date identified in the Payment Schedule attached to such Lease, which is the date on which interest commences to accrue thereunder.

"Legally Available Funds" means all User Fees, Self-Generation Incentive Payments and other funds that the Governing Board duly appropriates or are otherwise legally available for the purpose of making Rent Payments under the Leases.

"Lessee" is defined in the first paragraph of this Master Lease.

"Lessor" is defined in the first paragraph of this Master Lease and its successors and permitted assigns.

"Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person.

"Lost Equipment" is defined in Section 13.3 hereof.

"Payment Schedule" means, with respect to each Lease, the Payment Schedule attached as *Schedule A-1* to the related Schedule for such Lease.

"Percentage of Financing Costs" means, with respect to each Authorized User, its proportionate share of financing costs related to Purchase Price for the Equipment to be acquired and installed pursuant to the related Lease, including (without limitation) an amount necessary to assure that amounts are available in the Photovoltaic Equipment Payment Fund at any time to pay or prepay Rent Payments when due in accordance with the terms of the related Lease (including interest accrued, but not paid, during the related Installation Period). The Percentage of Financing Costs for each Authorized User that has entered into a Use Agreement in connection with the execution and delivery of a Lease as provided herein shall be identified in the Payment Schedule thereto.

"Photovoltaic Equipment Payment Fund" means the fund of that name established pursuant to Section 4.7(b) hereof.

"Purchase Price" means, with respect to each Lease, the costs to acquire and install the Equipment subject thereto, the interest component of Rent Payments accrued, but not paid, during the related Installation Period and Delivery Costs relating to such Lease, all as determined as provided in Section 6.1 of this Master Lease.

"Rent Payment Commencement Date" means, with respect to each Lease, the later of (a) the first date on which the Equipment subject thereto is substantially available for Lessee's beneficial use and enjoyment or (b) each Equipment Acceptance Date under such Lease with respect to the portion of the Equipment under such Lease so accepted.

"Rent Payments" means, with respect to each Lease, the amounts (consisting of principal and interest components) that Lessee has agreed to pay under such Lease in accordance with its terms.

"Schedule" means each Lease Schedule signed and delivered by Lessee and Lessor, together with all addenda, riders, attachments, certificates and exhibits thereto, as the same may from time to time be amended, modified or supplemented and, in the case of a Tax-Exempt Lease, in substantially the form attached to this Master Lease as *Lease Schedule A* or, in the case of a Taxable Lease, in substantially the form attached to this Master Lease as *Lease Schedule B*.

"Scheduled SGIP Principal Reduction Date" means, with respect to each Fair Location under a Lease, the first day of the fourth calendar month after the calendar month in which the Equipment Acceptance Date occurs for such Fair Location.

"Self-Generation Incentive Payments" means incentive payments received and to be received by each Authorized User from Pacific Gas and Electric Company or Southern California Edison Company in accordance with its Self-Generation Incentive Program, which incentive payments are to be deposited into the Photovoltaic Equipment Payment Fund and applied to the extraordinary prepayment of the principal component of Rent Payments as provided in Section 15.4 hereof.

"Suppliers" is defined in Section 6.3 hereof.

"Taxable Lease" means a Lease that is not a Tax-Exempt Lease.

"Tax-Exempt Lease" means a Lease for which the interest component of Rent Payments is excludible from gross income of the owner or owners thereof for federal income tax purposes.

"Term" means, with respect to each Lease, the period of time during which such Lease is in effect in accordance with its terms.

"Unsupported Rent Payment Obligation" means, as of any date of determination, an amount equal to the positive difference (if any) between (a) the aggregate principal component of Rent Payments payable pursuant to the Initial Leases on and after such date *minus* (b) the aggregate principal component of User Fees payable pursuant to all of the Use Agreements that are in effect with respect to the Initial Leases as of such date. The Unsupported Rent Payment Obligation represents the aggregate principal component of Rent Payments under the Initial Leases that is payable solely by Lessee and not indirectly by Authorized Users in accordance with their respective Use Agreements.

"Use Agreement" means a Photovoltaic Equipment Use Agreement, in substantially the form attached as *Exhibit A* to this Master Lease, to be entered into between Lessee and each of the Authorized Users as provided in Section 4.8 hereof.

"User Fees" means the fees and charges to be paid by each of the Authorized Users pursuant to its Use Agreement in consideration for its use of the Equipment installed and to be installed at its Fair Location.

3. LEASE TERM.

The Term of each Lease commences on, and interest accrues from, the related Lease Commencement Date and shall expire upon the first to occur of (a) payment of all Rent Payments thereunder, (b) payment of the Termination Value in full pursuant to Section 15 hereof or (c) an Event of Default and a termination of Lessee's rights under such Lease as provided in Section 20 hereof.

4. RENT PAYMENTS; PLEDGE; USE AGREEMENTS.

4.1. *Rent Payments*. For each Lease, Lessee agrees to pay to Lessor the Rent Payments in the amounts and on the dates set forth in the related Payment Schedule, including pursuant to each amortization schedule attached to such Payment Schedule for a Capital Appreciation Lease as provided in Section 6.3 hereof. A portion of each Rent Payment under a Tax-Exempt Lease is paid as and represents the payment of interest as set forth in the applicable Payment Schedule. Rent Payments under each Lease are payable to Lessor out of Legally Available Funds by wire transfer in immediately available funds, without notice or demand.

4.2. *Rent Payments to be Unconditional.* So long as Lessee has the right to beneficial use and enjoyment of the Equipment subject to a Lease, the obligations of Lessee to pay Rent Payments thereunder, and to perform and observe the covenants and agreements contained therein, shall be absolute and unconditional under any and all circumstances subject to the terms and conditions of such Lease and without notice or demand by Lessor, notwithstanding any dispute between or among Lessee and Lessor or any other person (including any Authorized User). ***Without limiting the generality of the foregoing, Lessee hereby expressly acknowledges and agrees that its obligation to pay Rent Payments under each Lease is, and shall be construed to be, absolute and unconditional as herein provided regardless of whether any Self-Generation Incentive Payments with respect to the related Equipment are in fact paid by Pacific Gas and Electric Company or Southern California Edison Company (as the case may be).*** Lessee shall not assert any right of set-off, counterclaim or abatement against its obligation to make payments under any Lease except as expressly provided in Section 4.3 hereof.

4.3. *Loss of Use of Equipment.* If there is substantial interference with or loss of Lessee's beneficial use or enjoyment of the Equipment subject to a Lease, Rent Payments due under such Lease shall be abated in the same proportion that the portion of such Equipment is unavailable for Lessee's beneficial use or enjoyment bears to the entire Equipment subject to the related Lease. Lessee hereby waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all right to terminate any Lease by virtue of any such interference, and each Lease shall continue in full force and effect. Lessee shall notify Lessor in writing of any threat to its or an Authorized User's use or enjoyment of the Equipment subject to a Lease within 15 days after it learns of such threat. The obligation to pay full Rent Payments under a Lease with respect to the Equipment subject thereto shall recommence as of the date Lessee has regained beneficial use and enjoyment of such Equipment, and the provisions of the related Lease, including (without limitation) dates on which Rent Payments are due, shall be extended for a period equal to the period the obligation to make Rent Payments was abated under the related Lease.

4.4. *No Indebtedness.* Lessee's obligation to pay Rent Payments and any other amounts under any Lease constitutes a current obligation payable exclusively from Legally Available Funds and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement. ***Lessee's obligation to pay Rent Payments and any other amounts under any Lease are obligations of Lessee and shall not constitute debts, liabilities or obligations of the State of California, or any agency thereof, or any District, any County, the California Exposition and State Fair, any Citrus Fruit Fair or any Nonprofit Corporation (as each such term is defined in the Joint Powers Agreement).***

4.5. *Fair Rental Value.* The Rent Payments and other amounts that are due and payable under each Lease for each Fiscal Year during the term of each such Lease shall constitute the total rental for such Fiscal Year and shall be paid by Lessee in each Fiscal Year for and in consideration of the right of use and enjoyment of the Equipment subject to each such Lease during each such Fiscal Year for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each Fiscal Year represents no more than the fair rental value of the Equipment subject to each Lease for each such Fiscal Year. In making such determination, consideration has been given to costs of acquisition and financing of the Equipment subject to each Lease, other obligations of the parties under each such Lease, the uses and purposes which may be served by the Equipment subject to each Lease and the benefits therefrom which will accrue to Lessee, the Authorized Users and the general public.

4.6. *Late Charges.* If Lessor receives any Rent Payment from Lessee after its due date, Lessee shall pay Lessor on demand from Legally Available Funds as a late charge five percent (5%) of such overdue amount, limited, however, to the maximum amount allowed by law.

4.7. *Pledge of Use Agreements, User Fees and Self-Generation Incentive Payments; Photovoltaic Equipment Payment Fund; Depository.* (a) Each of the Use Agreements, the User Fees and the Self-Generation Incentive Payments are hereby irrevocably pledged to the punctual payment of the Rent Payments and other amounts that Lessee is obligated to pay pursuant to each Lease and shall be used for no other purpose while any of the Rent Payments remain unpaid. In accordance with Section 5451 of Title 1, Chapter 5.5 of the California Government Code, this pledge shall constitute a first and prior lien on and security interest in all of the Use Agreements, the User Fees and the Self-Generation Incentive Payments for the payment of Rent Payments and such other amounts under each Lease, which shall immediately attach to the Use Agreements, the User Fees and the Self-Generation Incentive Payments and be effective, binding and enforceable against Lessee, its successors, purchasers, creditors and all others asserting rights therein, to the extent set forth in this Master Lease and the related Lease, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

(b) In order to carry out and effectuate the pledge contained in subsection (a) of this Section 4.7, Lessee hereby agrees and covenants that all User Fees and the Self-Generation Incentive Payments shall be received by Lessee in trust and shall be deposited when and as received in a special fund (the *"Photovoltaic Equipment Payment Fund"*) that Lessee agrees and covenants to maintain so long as any Rent Payments remain unpaid. All moneys in the Photovoltaic Equipment Payment Fund shall be so held in trust and applied and used solely as

provided herein. All such User Fees and Self-Generation Incentive Payments shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this Section 4.7, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of Lessee.

(c) The Photovoltaic Equipment Payment Fund shall be deposited with the Depository and may subsequently be invested by Lessee in the same investments as are permitted for the Escrow Fund held under the related Escrow Agreement. The account maintained by Lessee with the Depository for such purpose shall at all times be identified in a Notice of Security Interest in Deposit Account, in substantially the form attached as *Exhibit B* to this Master Lease (the *"Notice to Depository"*), filed with the Depository by Lessee and acknowledged by the Depository, a fully executed copy of which shall be provided to Lessor. Lessee may transfer the account into which the User Fees and Self-Generation Incentive Payments are deposited, or open a new account for such purposes, *provided* that prior to any moneys being deposited in such new account a fully executed Notice to Depository identifying the new account shall have been provided to Lessor. Notwithstanding any Notice to Depository as to the entire account in which the Photovoltaic Equipment Payment Fund is held, it is understood that the lien of Lessor on moneys held in an account of the Depository extends only to the User Fees, Self-Generation Incentive Payments and other Legally Available Funds that may be on deposit therein and not to any revenues of Lessee from other sources.

(d) All User Fees and other Legally Available Funds in the Photovoltaic Equipment Payment Fund on each Rent Payment due date shall be applied to pay the Rent Payment that is then due and payable in accordance with the related Lease.

(e) All Self-Generation Incentive Payments in the Photovoltaic Equipment Payment Fund on any day shall only be applied to the extraordinary prepayment of the principal component of Rent Payments under the related Lease in accordance with Section 15.4 hereof.

(f) The Depository shall be a commercial bank or trust company or national banking association having capital and surplus aggregating at least $50,000,000.

(g) The Photovoltaic Equipment Payment Fund shall be held by the Depository as special and not as general deposits, the beneficial interest in which shall be in Lessor. All money so maintained on deposit with the Depository shall be secured to the fullest extent required by the laws of the State pertaining to the securing of public deposits. All or any part of the money in the Photovoltaic Equipment Payment Fund shall be invested by Lessee in the same investments as are permitted for the investment of funds held under the Escrow Agreement, but any such investments so made shall be such that the obligations mature or become subject to redemption at the option of the holder in amounts and at times so as to assure the availability of the proceeds thereof when needed. Whenever any money so invested from the Photovoltaic Equipment Payment Fund is needed, Lessee shall direct the Depository to liquidate the investments to the extent necessary and apply the proceeds thereof to the required purpose.

4.8. *Use Agreements.* (a) To the extent that Equipment financed under a Lease is located or to be located at a Fair Location for the use and benefit of an Authorized User, Lessee

shall enter into a Use Agreement with the Authorized User at or prior to the time that any funds are disbursed from the Escrow Fund in accordance with the related Escrow Agreement for the purpose of paying any portion of the Purchase Price for such Equipment, except as otherwise provided in Section 6.6(b) hereof. Such Authorized User shall be entitled under its Use Agreement to the use, but not ownership, of the financed Equipment in exchange for the payment of User Fees. Each Use Agreement entered into with respect to the Initial Leases during the period when the Unsupported Rent Payment Obligation would, but for such Use Agreement, exceed an amount equal to the sum of the Delivery Costs for the Initial Leases *plus* $4,000,000 and during the period described in the second *proviso* in the next succeeding sentence shall be in an amount at least sufficient to pay the Authorized User's portion of Rent Payments for its Equipment (including reimbursed amounts previously paid by Lessee) and its portion of other financing costs based on its Percentage of Financing Costs, including (without limitation) its portion of interest accrued during the related Installation Period and its portion of Delivery Costs. Lessee is not obligated to enter into a Use Agreement with any Authorized User during the period when the Unsupported Rent Payment Obligation does not exceed an amount equal to the sum of the Delivery Costs for the Initial Leases *plus* $4,000,000; *provided, however,* that Lessee may enter into Use Agreements during such period, which shall reduce the Unsupported Rent Payment Obligation and permit additional disbursements to be made from the Escrow Fund thereafter but in no event shall the Unsupported Rent Payment Obligation exceed an amount equal to the sum of the Delivery Costs for the Initial Leases *plus* $4,000,000; *and provided further, however,* that this sentence shall be of no further force and effect from and after the date on which the balance in the Escrow Fund relating to the Initial Leases is $4,000,000 or less during which period Lessee shall enter into Use Agreements as required by this Section 4.8.

(b) Lessee hereby covenants and agrees to enter into Use Agreements relating to the Initial Leases as provided in subsection (a) of this Section 4.8 on or before December 1, 2006, under which User Fees shall be payable by the Authorized Users thereunder in such amounts and on such dates to assure that sufficient amounts will be on deposit in the Photovoltaic Equipment Payment Fund to pay Rent Payments when due and to pay other financing costs related to each such Initial Lease.

5. COVENANT TO BUDGET AND APPROPRIATE.

Lessee hereby covenants to take such action as is necessary under the laws applicable to Lessee to budget for and include and maintain funds sufficient and available to discharge its obligation to meet all Rent Payments and other amounts due under each Lease in each of its Fiscal Years during the Term of each Lease. The covenants on the part of Lessee herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable Lessee to carry out and perform the covenants and agreements in each Lease to be carried out and performed by Lessee.

6. ESCROW AGREEMENT; EQUIPMENT DELIVERY AND ACCEPTANCE; FUNDING CONDITIONS; ESCROW DISBURSEMENT CONDITIONS.

6.1. *Financing the Purchase Price for Equipment.* In order to provide financing to pay the Purchase Price for the Equipment as described in a Schedule, Lessor and Lessee hereby agree to execute and deliver an Escrow Agreement relating to such Schedule on the date on which the Funding Conditions for such Schedule are satisfied as provided in Section 6.2. If Lessee signs and delivers a Schedule and an Escrow Agreement and if all Funding Conditions have been satisfied in full, then Lessor will deposit or cause to be deposited into an Escrow Fund under the related Escrow Agreement an amount (which may include estimated investment earnings thereon) equal to the Purchase Price for the Equipment to be financed under the related Schedule. Notwithstanding anything in this Master Lease, a Lease or the related Escrow Agreement to the contrary, Lessee shall not be entitled to direct disbursement, and Escrow Agent shall not be authorized to make any disbursement, to pay any portion of the Purchase Price of Equipment for an Authorized User to be used at its Fair Location until the Escrow Disbursement Conditions are satisfied as provided in Section 6.6 hereof, except as otherwise provided in Section 6.6(b) hereof.

6.2. *Funding Conditions for a Schedule.* Lessor shall have no obligation to deposit any Purchase Price into an Escrow Fund under the related Schedule unless all reasonable conditions established by Lessor (*"Funding Conditions"*) have been satisfied, including, without limitation, the following:

(a) Lessee has signed and delivered to Lessor the Schedule, its related Payment Schedule and the related Escrow Agreement;

(b) no Event of Default shall have occurred and be continuing under any Lease;

(c) no material adverse change shall have occurred in the financial condition of Lessee, any Authorized User or any Supplier;

(d) the Equipment is reasonably satisfactory to Lessor and is free and clear of any Liens (except Lessor's Liens);

(e) all representations of Lessee in the Lease remain true, accurate and complete;

(f) the amount (if any) that Lessor may require in advance that Lessee apply, or cause Authorized Users to apply, to the payment of Equipment costs; and

(g) Lessor has received all of the following documents, which shall be reasonably satisfactory, in form and substance, to Lessor: (1) evidence of insurance coverage or self-insurance required by the Lease; (2) an opinion of Lessee's counsel; (3) Uniform Commercial Code (UCC) financing statements with respect to the Equipment that is or will be subject to the related Lease; (4) copies of resolutions by the Governing Board duly authorizing Lessee to execute, deliver and perform the Lease, each

Use Agreement and the Escrow Agreement and incumbency certificates for the person(s) who will sign the Lease, each Use Agreement and the Escrow Agreement; (5) for a Tax-Exempt Lease only, such documents and certificates as Lessor may request relating to federal tax-exemption of interest payable under such Lease, including (without limitation) IRS Form 8038, 8038-G or 8038-GC (as appropriate) and evidence of the adoption of a reimbursement resolution or other official action in the event that Lessee is to be reimbursed for expenditures that it has paid more than sixty days prior to the date on which the Funding Conditions are satisfied; (6) a copy of a reservation or commitment letter from Pacific Gas and Electric Company or Southern California Edison Company identifying the amount of the Self-Generation Incentive Payment, the project and the Authorized User for each Authorized User that will enter into a Use Agreement with respect to the related Lease; (7) an opinion of special tax counsel who is acceptable to Lessee and Lessor with respect to certain federal and State income tax matters relating to each Tax-Exempt Lease; and (8) such other documents and information previously identified by Lessor or otherwise reasonably requested by Lessor.

6.3. *Delivery and Acceptance of Equipment; Determination of Amortization Schedule on Equipment Acceptance Date for each Fair Location.* (a) Lessee shall, at its sole expense, arrange for the transportation, delivery and installation of all Equipment to the Fair Location or Fair Locations specified in the Schedule by Equipment suppliers (*"Suppliers"*) selected by Lessee. Lessee shall accept Equipment for purposes of the related Lease as soon as it has been delivered and is operational. Lessee shall evidence its acceptance of any Equipment by signing and delivering to Lessor a Certificate of Acceptance in the form and manner required by the applicable Escrow Agreement.

(b) For each Capital Appreciation Lease, Lessor shall within five (5) days after each Equipment Acceptance Date under such Lease: (i) calculate the amount of interest (compounded monthly) at the applicable rate per annum that has accrued on the amount shown under the column titled "INITIAL PROJECT COST" for the applicable Fair Location identified on the related Schedule from the related Lease Commencement Date to such Equipment Acceptance Date; (ii) add the amount of such accrued interest determined as provided in clause (i) to such INITIAL PROJECT COST, which represents the portion of the aggregate principal component of Rent Payments under the related Lease that is attributable to such Fair Location; and (iii) prepare and deliver to Lessee an amortization schedule for that Fair Location as provided in subsection (c) of this Section 6.3.

(c) The amortization schedule that Lessor is required to prepare in connection with the Equipment Acceptance Date for each Fair Location under a Capital Appreciation Lease shall calculate and show Rent Payments attributable to such Fair Location based on (i) approximately level debt service payments of 120 monthly payments, commencing on the first day of the first calendar month after the Equipment Acceptance Date; (ii) the interest rate per annum identified in the related Schedule; (iii) for the first 4 monthly payments, the amount determined as provided in clause (ii) of subsection (b) of this Section 6.3 and for the succeeding 116 monthly payments, an amount equal to the difference between (x) the amount determined as provided in clause (ii) of subsection (b) of this Section 6.3 *minus* (y) the amount shown under the column titled "SELF-GENERATION INCENTIVE PAYMENT" for the applicable Fair Location identified on the

related Schedule; and (iv) a constant yield to maturity over such 120-month period; *provided, however,* that if for whatever reason the amount of such SELF-GENERATION INCENTIVE PAYMENT is not in fact applied to the extraordinary prepayment of the principal component of Rent Payments as provided in Section 15.4 hereof on the related Scheduled SGIP Principal Reduction Date, then Lessor shall prepare another amortization schedule within five (5) days after the Scheduled SGIP Principal Reduction Date based on the foregoing methodology but excluding the anticipated reduction described in the foregoing clause (y).

(d) Each amortization schedule prepared for a Capital Appreciation Lease in accordance with subsection (c) of this Section 6.3 shall identify the principal and interest components of each Rent Payment payable after the Equipment Acceptance Date for each Fair Location. The amortization schedule for a Fair Location so prepared by Lessor shall be (i) conclusive against Lessor and Lessee for purposes of the related Lease (absent manifest error), (ii) promptly delivered to Lessee and (iii) acknowledged by Lessee in writing at Lessor's request. The amortization schedule for a Fair Location shall constitute and be attached to the related Payment Schedule for the related Capital Appreciation Lease and to the Use Agreement for the related Authorized User for purposes of its payments thereunder.

(e) After the final amortization schedule has been prepared for the Fair Location with the latest Equipment Acceptance Date under a Capital Appreciation Lease, Lessor shall prepare a combined Payment Schedule for the related Lease based upon the amortization schedules for all of the Fair Locations and deliver such combined Payment Schedule to Lessee, which Lessee shall acknowledge in writing at Lessor's request.

(f) Each amortization schedule and Payment Schedule prepared as provided in this Section 6.3 shall include a column titled "TERMINATION VALUE," which shall be completed for each Rent Payment due date based upon a Termination Value equal to the product obtained by multiplying 102% *times* the aggregate principal component of Rent Payments that remain unpaid after such due date (assuming that all Rent Payments and other amounts due prior to that date have been paid).

6.4. *Certain Events Prior to Equipment Acceptance.* If an Event of Default occurs prior to Lessee's acceptance of all the Equipment under the related Schedule, the amount then on deposit in the Escrow Fund shall be applied to prepay the unpaid principal component of the Rent Payments in whole on the first business day of the month next succeeding the occurrence of such Event plus accrued interest to the prepayment date; *provided, however,* that the amount to be prepaid by Lessee pursuant to this Section 6.4 shall *first* be paid from moneys held in the Escrow Fund and then from Legally Available Funds and other moneys available for such purpose as a result of the exercise by Lessor of its rights and remedies under the related Schedule. Any funds on deposit in the Escrow Fund on the prepayment date described in this Section 6.4 in excess of the unpaid principal component of the Rent Payments to be prepaid plus accrued interest thereon to the prepayment date shall be paid promptly to Lessee.

6.5. *Excess Moneys Under Escrow Agreement for Initial Leases.* To the extent that Lessee has not accepted items of Equipment before December 31, 2007, which are financed under the Initial Leases (and otherwise such eighteen-month or other period as provided in

Leases thereafter), the amounts then on deposit in the related Escrow Fund shall be applied to prepay the unpaid principal component of the Rent Payments in part, in inverse order of Rent Payments, on the first business day of the next month plus accrued interest to the prepayment date; *provided, however,* that the amount to be prepaid by Lessee pursuant to this Section 6.5 shall *first* be paid from moneys in the related Escrow Fund and then from Legally Available Funds. Notwithstanding any such partial prepayment, the related Schedule shall remain in full force and effect with respect to the portion of the Equipment accepted by Lessee during the period prior to December 31, 2007 (or such other period), and the portion of the principal component of Rent Payments remaining unpaid after such prepayment plus accrued interest thereon shall remain payable in accordance with the terms of the related Schedule. Upon Lessor's request, Lessee shall execute an amendment to the related Payment Schedule that reflects the change to the Rent Payments as a result of such partial prepayment.

6.6. *Escrow Disbursement Conditions from Escrow Fund for Initial Leases.* (a) Notwithstanding anything in this Master Lease, any of the Initial Leases or the related Escrow Agreement to the contrary and except as otherwise provided in subsection (b) of this Section 6.6, Lessee shall not be entitled to direct disbursement, and Escrow Agent shall not be authorized to disburse, from such Escrow Fund any funds to pay any portion of the Purchase Price for Equipment located or to be located at the Fair Location for an Authorized User until Lessor has received all of the following documents, which shall be reasonably satisfactory, in form and substance, to Lessor (the *"Escrow Disbursement Conditions"*): (i) a fully executed and completed Use Agreement from such Authorized User as required by Section 4.8 hereof; (ii) with respect to an Authorized User for which the Purchase Price of Equipment subject to its Use Agreement exceeds $1,000,000, an opinion of its local counsel relating to the legality, validity and enforceability of the related Use Agreement as to such Authorized User; (iii) a certified copy of a resolution of its governing body authorizing the execution, delivery and performance by such Authorized User of its Use Agreement and an incumbency certificate for the person(s) who will sign the related Use Agreement for and on behalf of such Authorized User; (iv) evidence of insurance coverage or self-insurance required by the applicable Use Agreement; (v) Uniform Commercial Code (UCC) financing statements for personal property and fixtures with respect to the Equipment that is or will be subject to the related Use Agreement; (vi) owner and mortgagee waivers as Lessor may deem necessary from the appropriate parties in the Fair Location that is subject to the related Use Agreement; (vi) such information as Lessor may require regarding the current status of any reservation or commitment letter provided in accordance with Section 6.2(g)(6) of this Master Lease; and (vii) such other documents and information as Lessor may reasonably request.

(b) Lessee shall be entitled to direct disbursement, and Escrow Agent shall be authorized to disburse, from the Escrow Fund without satisfaction of the Escrow Disbursement Conditions amounts to pay the Purchase Price of Equipment for any Authorized User (subject, however, to the requirements of any Tax-Exempt Lease) so long as and to the extent that, after giving effect to such disbursement, the Unsupported Rent Payment Obligation does not exceed an amount equal to the sum of the Delivery Costs for the Initial Leases *plus* $4,000,000; *provided, however,* that this subsection (b) shall be of no further force or effect from and after the date on which the balance in the Escrow Fund relating to the Initial Leases is $4,000,000 or less.

7. NO WARRANTY BY LESSOR.

LESSEE ACQUIRES AND LEASES THE EQUIPMENT UNDER EACH LEASE "AS IS." LESSEE ACKNOWLEDGES THAT LESSOR DID NOT MANUFACTURE THE EQUIPMENT UNDER ANY LEASE. LESSOR DOES NOT REPRESENT THE MANUFACTURER, SUPPLIER, OWNER OR DEALER, AND LESSEE SELECTED THE EQUIPMENT BASED UPON LESSEE'S OWN JUDGMENT. LESSOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE OR AS TO THE EQUIPMENT'S VALUE, DESIGN, CONDITION, USE, CAPACITY OR DURABILITY. LESSEE AGREES THAT REGARDLESS OF CAUSE, LESSOR IS NOT RESPONSIBLE FOR, AND LESSEE WILL NOT MAKE ANY CLAIM AGAINST LESSOR FOR, ANY DAMAGES, WHETHER CONSEQUENTIAL, DIRECT, SPECIAL OR INDIRECT INCURRED BY LESSEE IN CONNECTION WITH THE EQUIPMENT UNDER ANY LEASE. NEITHER THE MANUFACTURER, SUPPLIER OR DEALER NOR ANY SALESPERSON, EMPLOYEE OR AGENT OF THE MANUFACTURER, SUPPLIER OR DEALER IS LESSOR'S AGENT OR HAS ANY AUTHORITY TO SPEAK FOR LESSOR OR TO BIND LESSOR IN ANY WAY. For and during the Lease Term under each Lease, Lessor assigns to Lessee any manufacturer's or Supplier's product warranties, express or implied, applicable to any Equipment and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's sole expense. Lessee agrees that (a) all Equipment will have been purchased by Lessor in accordance with Lessee's specifications from Suppliers selected by Lessee, (b) Lessor is not a manufacturer or dealer of any Equipment and has no liability for the delivery or installation of any Equipment, (c) Lessor assumes no obligation with respect to any manufacturer's or Supplier's product warranties or guaranties, (d) no manufacturer or Supplier or any representative of said parties is an agent of Lessor and (e) any warranty, representation, guaranty or agreement made by any manufacturer or Supplier or any representative of said parties shall not be binding upon Lessor.

8. TITLE; SECURITY INTEREST.

8.1. *Title to Equipment.* Upon Lessee's acceptance of any Equipment under a Lease and in accordance with the related Escrow Agreement, title to such Equipment shall vest in Lessee, subject to Lessor's security interest therein and all of Lessor's other rights under such Lease including, without limitation, Sections 20 and 21 hereof.

8.2. *Security Interest in Equipment and Escrow Fund.* As collateral security for Lessee's obligations to pay all Rent Payments and all other amounts due and payable under each Lease and to perform and observe all covenants, agreements and conditions (direct or indirect, absolute or contingent, due or to become due or existing or hereafter arising) of Lessee under such Lease, Lessee hereby grants to Lessor a first priority, exclusive security interest in any and all of the Equipment (now existing or hereafter acquired) under each Lease, moneys and investments held from time to time in the Escrow Fund under each Escrow Agreement, the Photovoltaic Equipment Payment Fund and any and all proceeds of any of the foregoing. Lessee agrees to execute and deliver to Lessor all necessary documents to evidence and perfect such security interest, including, without limitation, Uniform Commercial Code (UCC) financing statements and any amendments thereto.

9. PERSONAL PROPERTY.

All Equipment is and will remain personal property and will not be deemed to be affixed or attached to real estate or any building thereon.

10. MAINTENANCE AND OPERATION.

Lessee shall, at its sole expense, or shall cause Authorized Users, at their expense, to: (a) repair and maintain all Equipment in good condition and working order, in accordance with manufacturer's instructions, and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate all Equipment solely for the purpose of performing one or more governmental or proprietary functions of Lessee or the Authorized Users (as the case may be) and in a careful manner in the normal course of its operations and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements; and (c) comply with all laws and regulations relating to the Equipment. If any Equipment is customarily covered by a maintenance agreement, Lessee will furnish, or cause Authorized Users to furnish, Lessor with a maintenance agreement by a party reasonably satisfactory to Lessor. No maintenance or other service for any Equipment will be provided by Lessor. Neither Lessee nor any Authorized User will make any alterations, additions or improvements to any Equipment without Lessor's prior written consent unless the alterations, additions or improvements may be readily removed without damage to the operation, value or utility of such Equipment, but any such alterations, additions or improvements not removed prior to the termination of the applicable Lease shall automatically become part of the Equipment.

11. LOCATION; INSPECTION.

Equipment will not be removed from its Fair Location without Lessor's prior written consent which will not be unreasonably withheld. Upon reasonable notice to Lessee, Lessor may enter any Fair Location or elsewhere during normal business hours to inspect the Equipment.

12. LIENS, SUBLEASES AND TAXES.

12.1. *No Liens.* Lessee shall keep, and shall cause Authorized Users to keep, all Equipment free and clear of all Liens except those Liens created under each Lease. Lessee shall not sublet or lend any Equipment or permit it to be used by anyone other than Lessee, Lessee's employees or an Authorized User. Lessee shall cause each Authorized User under a Use Agreement not to sublet or lend the Equipment used thereunder or permit it to be used by anyone other than such Authorized User and its employees.

12.2. *Payment of Taxes.* Lessee shall pay, or cause Authorized Users to pay, when due all Taxes that may now or hereafter be imposed upon: any Equipment or its ownership, leasing, rental, sale, purchase, possession or use; any Lease or Use Agreement; any Rent Payments or any other payments due under any Lease; or any User Fees due under any Use Agreement. If Lessee

or an Authorized User fails to pay such Taxes when due, Lessor shall have the right, but not the obligation, to pay such Taxes. If Lessor pays any such Taxes, then Lessee shall, upon demand, immediately reimburse Lessor therefor. *"Taxes"* means present and future taxes, levies, duties, assessments or other governmental charges that are not based on the net income of Lessor, whether they are assessed to or payable by Lessee or Lessor, including, without limitation (a) sales, use, excise, licensing, registration, titling, gross receipts, stamp and personal property taxes and (b) interest, penalties or fines on any of the foregoing.

13. RISK OF LOSS.

13.1. *Risk of Loss*. Lessee bears the entire risk of loss, theft, damage or destruction of any Equipment in whole or in part from any reason whatsoever (*"Casualty Loss"*). No Casualty Loss to any Equipment shall relieve Lessee from the obligation to make any Rent Payments or to perform any other obligation under any Lease. Proceeds of any insurance recovery will be applied to Lessee's obligations under this Section 13.

13.2. *Notice of Casualty Loss*. If a Casualty Loss occurs to any Equipment, Lessee shall immediately notify Lessor of the same and Lessee shall, unless otherwise directed by Lessor, immediately repair the same.

13.3. *Actions to be taken after Casualty Loss*. If Lessor determines that any item of Equipment has suffered a Casualty Loss beyond repair (*"Lost Equipment"*), then Lessee shall either: (a) immediately replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens (except Lessor's Liens) and deliver to Lessor a purchase order, bill of sale or other evidence of sale to Lessee covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under the applicable Lease, or (b) on the next scheduled Rent Payment due date, pay Lessor (i) all amounts owed by Lessee under the applicable Lease, including the Rent Payment due on such date, plus (ii) an amount equal to the applicable Termination Value set forth in the Payment Schedule to the applicable Lease. If Lessee is making such payment with respect to less than all of the Equipment under a Lease, then (x) Lessor will provide Lessee with the pro rata amount of the Termination Value to be paid by Lessee with respect to the Lost Equipment; (y) the portion of such Termination Value attributable to the unpaid principal component of Rent Payments shall be applied in inverse order of the scheduled payments of such principal component and Lessor shall provide Lessee a revised Payment Schedule reflecting such application, which Lessee shall acknowledge in writing at Lessor's request; and (z) Lessee shall advise Lessor in writing of the Authorized Users who had been entitled to the use of the Lost Equipment.

13.4. *Claims Relating to Equipment*. Lessee shall bear the risk of loss for, shall pay directly and shall defend against any and all claims, liabilities, proceedings, actions, expenses (including reasonable attorney's fees), damages or losses arising under or related to any Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof. These obligations of Lessee shall survive any expiration or termination of any Lease. Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses (including attorney's fees), damages or losses which arise directly from events occurring after any Equipment has been returned by Lessee to Lessor in accordance with the

terms of the applicable Lease or which arise directly from the gross negligence or willful misconduct of Lessor.

14. INSURANCE.

14.1. *Required Insurance Coverage.* (a) Lessee at its sole expense shall, during the Installation Period for Equipment, maintain or cause to be maintained builders' risk insurance for property damage in such amounts and with such terms as are acceptable to Lessor and thereafter shall at all times keep or cause to be kept all Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the Termination Value of the Equipment under each Lease. Lessor shall be named as loss payee with respect to all insurance covering damage to or loss of any Equipment (including builders' risk insurance as herein provided), and the proceeds of any such insurance shall be payable to Lessor as loss payee to be applied as provided in Section 13.3.

(b) The Total Amount Financed as set forth on the applicable Payment Schedule does not include the payment of any premium for any liability insurance coverage for bodily injury and/or property damage caused to others and no such insurance will be purchased by Lessor.

(c) Lessee at its sole expense shall, during the Installation Period for Equipment, maintain or cause to be maintained builders' risk insurance for public liability and property damage in such amounts and with such terms as are acceptable to Lessor and thereafter shall at all times carry or cause to be carried public liability and property damage insurance in amounts reasonably satisfactory to Lessor protecting Lessee and Lessor from liabilities for injuries to persons and damage to property of others relating in any way to any Equipment. Lessor shall be named as additional insured with respect to all such public liability and property damage insurance (including builders' risk insurance as herein provided), and the proceeds of any such insurance shall be payable first to Lessor as additional insured to the extent of its liability, and then to Lessee.

(d) Lessee shall maintain or cause to be maintained at its expense, from and after the end of the Installation Period and throughout the Term of each Lease, insurance against Rent Payment abatement and loss of use of the Equipment or portions thereof, with coverage equal to the maximum total Rent Payments payable by Lessee for any consecutive twelve (12) month period. The policy shall insure against abatement of Rent Payments payable by Lessee under each Lease resulting from Lessee's loss of use of the Equipment or any substantial portion thereof and caused by any and all perils, either insured or uninsured, including earthquakes and other acts of God. Such insurance or self-insurance may be maintained in conjunction with or separate from any other similar insurance carried by Lessee. The Net Proceeds of such insurance or self-insurance shall be payable to Lessor in amounts proportionate to Lessee's applicable Rent Payments, if any, during the restoration period in sufficient amount to make Lessor whole.

14.2. *General Requirements for Insurance.* All insurers shall be reasonably satisfactory to Lessor. Lessee shall promptly deliver to Lessor satisfactory evidence of required insurance coverage and all renewals and replacements thereof. Each insurance policy will require that the insurer give Lessor at least 30 days prior written notice of any cancellation of such policy and

will require that Lessor's interests remain insured regardless of any act, error, misrepresentation, omission or neglect of Lessee. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Lessor.

14.3. *Self-Insurance*. If Lessee is self-insured under an actuarially sound self-insurance program that is acceptable to Lessor with respect to equipment such as the Equipment under a Lease, Lessee shall maintain during the Term of such Lease such actuarially sound self-insurance program and shall provide evidence thereof in form and substance satisfactory to Lessor.

15. PURCHASE OPTION; PARTIAL PREPAYMENT.

15.1. *Right of Prepayment*. The principal component of Rent Payments may not be prepaid, in whole or in part, except in accordance with this Section 15.

15.2. *Optional Prepayment in Whole*. Upon ninety (90) days' prior written notice by Lessee to Lessor, and so long as there is no Event of Default then existing, Lessee shall have the option to purchase all, but not less than all, of the Equipment subject to a Lease on any Rent Payment due date by paying to Lessor all Rent Payments then due (including accrued interest, if any) plus the Termination Value set forth on the Payment Schedule to the applicable Lease for such date. Upon satisfaction by Lessee of such purchase conditions, Lessor shall release its Lien on such Equipment and Lessee shall retain its title to such Equipment "AS-IS, WHERE-IS," without representation or warranty by Lessor, express or implied, except for a representation that such Equipment is free and clear of any Liens created by Lessor.

15.3. *Optional Prepayment From Proceeds of CREBs*. Upon at least thirty (30) days' prior written notice by Lessee to Lessor, and so long as there is no Event of Default then existing, Lessee shall have the option to prepay the principal component of Rent Payments under a Lease, in whole or in part, on any Rent Payment due date solely from the proceeds of sale of CREBs issued by Lessee by paying to Lessor so much or all of the Termination Value set forth on the Payment Schedule to the applicable Lease for such Rent Payment due date on which such prepayment is to occur as may be paid from such proceeds of sale of CREBs then available for such prepayment. If Lessee is making such prepayment with respect to less than all of the Equipment under a Lease, then (a) Lessor will provide Lessee with a pro rata amount of the Termination Value to be paid by Lessee in connection with such prepayment from the proceeds of sale of CREBs; (b) the portion of such Termination Value attributable to the unpaid principal component of Rent Payments shall be applied in inverse order of the scheduled installments of such principal component and Lessor shall provide to Lessee a revised Payment Schedule reflecting such application, which Lessee shall acknowledge in writing at Lessor's request; and (c) Lessee shall advise Lessor in writing of the Authorized Users for whom the CREBs were issued and whose Equipment under the related Lease is being refinanced with the proceeds of sale of CREBs. Notwithstanding anything herein to the contrary, in the event that National City Commercial Capital Corporation or an affiliated entity is the purchaser of the CREBS the proceeds of which are to be used to prepay the principal component of Rent Payments as provided in this Section 15.3, then the Termination Value to be paid shall exclude the portion thereof that represents premium; otherwise, such Termination Value shall be paid in full (including the portion thereof representing premium) in accordance with this Section 15.3.

15.4. *Extraordinary Mandatory Prepayment From Self-Generation Incentive Payments.* On each Scheduled SGIP Principal Reduction Date, Lessee shall prepay a portion of the principal component of Rent Payments under the related Lease in an amount equal to the amount shown under the column titled "SELF-GENERATION INCENTIVE PAYMENT" for the applicable Fair Location shown in the related Lease, which amount shall also be applied as a credit against the amount otherwise payable by the Authorized User of such Fair Location under its Use Agreement.

15.5. *Extraordinary Optional Prepayment.* Lessee shall have the option to prepay the principal component of Rent Payments under a Lease to the extent that Equipment thereunder becomes Lost Equipment for which Lessee is entitled to prepay Rent Payments in accordance with Section 13.3 hereof.

16. LESSEE'S REPRESENTATIONS AND WARRANTIES.

With respect to each Lease, the Equipment subject thereto and the related Escrow Agreement, Lessee hereby represents and warrants to Lessor that:

(a) Lessee has full power, authority and legal right to (i) conduct its business and own and administer its properties, (ii) execute and deliver the Lease, the Escrow Agreement and the User Agreements and (iii) perform its obligations under the Lease, the Escrow Agreement and each of the User Agreements, and all such actions have been duly authorized by appropriate findings and actions of the Governing Board;

(b) the Lease, the Escrow Agreement and the User Agreements have each been duly authorized, executed and delivered by Lessee and each constitutes a legal, valid and binding obligation of Lessee, enforceable in accordance with their respective terms;

(c) the Lease, the Escrow Agreement and the User Agreements are each authorized under, and the authorization, execution and delivery of the Lease, the Escrow Agreement and the User Agreements comply with, all applicable federal, state and local laws and regulations (including, but not limited to, all open meeting, public bidding and property acquisition laws) and all applicable judgments and court orders;

(d) the execution, delivery and performance by Lessee of its obligations under the Lease, the Escrow Agreement and the User Agreements will not result in a breach or violation of, nor constitute a default under, any agreement, lease or other instrument to which Lessee is a party or by which Lessee's properties may be bound or affected;

(e) there is no pending, or to the best of Lessee's knowledge threatened, litigation of any nature that may have a material adverse effect on Lessee's ability to perform its obligations under the Lease, the Escrow Agreement and the User Agreements;

(f) Lessee is a duly constituted and validly existing Joint Exercise of Powers Authority under the laws of the State (including the JPA Law) and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such;

(g) The Joint Powers Agreement is currently in full force and effect and has not been amended or otherwise modified since the date of its execution and delivery among the member entities thereto; and

(h) Lessee has received a copy of a commitment letter from Pacific Gas and Electric Company or Southern California Edison Company to each Authorized User with respect to Self-Generation Incentive Payments to be paid in connection with the Equipment initially financed pursuant to the related Leases. Lessee reasonably expects that the amounts shown in each related Schedule under the column titled "SELF-GENERATION INCENTIVE PAYMENT" represent firm commitments under which each of the Authorized Users will in fact receive an amount not less than the amount indicated under such column and are not likely to change to a material extent. *Lessee hereby represents that it understands and agrees that any shortfall in the amount of any Self-Generation Incentive Payment from that shown under the column titled "SELF-GENERATION INCENTIVE PAYMENT" for an Authorized User will not reduce Lessee's obligation to pay Rent Payments under the related Lease or the Authorized User's obligation to pay its User Fees or any other amounts under its Use Agreement.*

17. TAX COVENANTS APPLICABLE ONLY TO TAX-EXEMPT LEASES; TAX INDEMNITY PAYMENTS.

Lessee hereby covenants and agrees that:

(a) The parties anticipate that Lessor can exclude the interest component of the Rent Payments under each Tax-Exempt Lease from federal gross income. Lessee covenants and agrees with respect to each Tax-Exempt Lease that it will (i) complete and timely file an information reporting return with the Internal Revenue Service (*"IRS"*) in accordance with Section 149(e) of the Code; (ii) not permit the Equipment to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code including, without limitation, use by private persons or entities pursuant to contractual arrangements which do not satisfy IRS guidelines for permitted management contracts, as the same may be amended from time to time; (iii) invest and reinvest moneys on deposit in the Escrow Fund related to each Lease from time to time in a manner that will not cause such Lease to be classified as an "arbitrage bond" within the meaning of Section 148(a) of the Code; (iv) rebate an amount equal to excess earnings in any Escrow Fund 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; and (v) comply with all provisions and regulations applicable to establishing and maintaining the excludability of the interest component of the Rent Payments under each Tax-Exempt Lease from federal gross income pursuant to Section 103 of the Code.

(b) If Lessor either (i) receives notice, in any form, from the IRS; or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor and approved by Lessee, which approval Lessee shall not unreasonably withhold, that Lessor may not exclude the interest component of any Rent Payment under a Tax-Exempt Lease from federal gross income because Lessee breached a covenant contained herein, then Lessee shall pay to Lessor, within thirty (30) days after Lessor notifies Lessee of such determination, the amount which, with respect to Rent Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of all Rent Payments under such Tax-Exempt Lease due through the date of such event) that are imposed on Lessor as a result of the loss of the exclusion, will restore to Lessor the same after-tax yield on the transaction evidenced by such Tax-Exempt Lease (assuming tax at the highest marginal corporate tax rate) that it would have realized had the exclusion not been lost. Additionally, Lessee agrees that upon the occurrence of such an event with respect to a Tax-Exempt Lease, it shall pay additional rent to Lessor on each succeeding Rent Payment due date in such amount as will maintain such after-tax yield to Lessor. Lessor's determination of the amount necessary to maintain its after-tax yield as provided in this subsection (b) shall be conclusive (absent manifest error).

This Section 17 shall be inapplicable and of no force or effect with respect to any Taxable Lease.

18. ASSIGNMENT.

18.1. *Assignment by Lessee.* Lessee shall not sell, assign, transfer, pledge, hypothecate or grant any Lien on, nor otherwise dispose of, any Lease, any Equipment, any Escrow Agreement, any Escrow Fund, any Use Agreement, any User Fees or any Self-Generation Incentive Payments or any interest in any thereof; *provided, however, that* Lessee shall enter into Use Agreements with Authorized Users with respect to the use of Equipment at their respective Fair Locations all as provided in Section 4.8 hereof.

18.2. *Assignments by Lessor.* Lessor may assign its rights, title and interest in and to any Lease, any Equipment, any Escrow Agreement (including the Escrow Fund thereunder), any Use Agreement and any Self-Generation Incentive Payments, and/or may grant or assign a security interest in any Lease, its Equipment, any Escrow Agreement (including the Escrow Fund thereunder), any Use Agreement and any Self-Generation Incentive Payments, in whole or in part, to any party at any time and from time to time without Lessee's consent. Any such assignee or lien holder (an "*Assignee*") shall have all of the rights of Lessor under the applicable Lease and the related Escrow Agreement and Use Agreements.. LESSEE AGREES NOT TO ASSERT AGAINST ANY ASSIGNEE ANY CLAIMS, ABATEMENTS, SETOFFS, COUNTERCLAIMS, RECOUPMENT OR ANY OTHER SIMILAR DEFENSES WHICH LESSEE MAY HAVE AGAINST LESSOR. Unless otherwise agreed by Lessee in writing, any such assignment transaction shall not release Lessor from any of Lessor's obligations under the applicable Lease and Escrow Agreement. An assignment or reassignment of any of Lessor's right, title or interest in a Lease, its Equipment, any Escrow Agreement (including the Escrow Fund thereunder), any Use Agreement and any Self-Generation Incentive Payments shall be enforceable against Lessee only after Lessee

receives a written notice of assignment that discloses the name and address of each such Assignee. Lessee shall keep a complete and accurate record of all such assignments in the form necessary to comply with Section 149(a) of the Code with respect to Tax-Exempt Leases and Section 163(f) of the Code with respect to Taxable Leases. Lessee agrees to acknowledge in writing any such assignments if so requested.

18.3. *Successors and Assigns Generally.* Subject to the foregoing, each Lease inures to the benefit of and is binding upon the successors and assigns of the parties hereto.

19. EVENTS OF DEFAULT.

For each Lease, *"Event of Default"* means the occurrence of any one or more of the following events as they may relate to such Lease: (a) Lessee fails to make any Rent Payment (or any other payment) as it becomes due in accordance with the terms of the Lease, and any such failure continues for ten (10) days after the due date thereof; (b) Lessee fails to perform or observe any of its obligations under Section 4.8, 6.6, 12.1, 14 or 18.1 hereof; (c) Lessee fails to perform or observe any other covenant, condition or agreement to be performed or observed by it under the Lease and such failure is not cured within thirty (30) days after receipt of written notice thereof by Lessor; (d) any statement, representation or warranty made by Lessee in the Lease or in any writing delivered by Lessee pursuant thereto or in connection therewith proves at any time to have been false, misleading or erroneous in any material respect as of the time when made; (e) Lessee applies for or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or a substantial part of its assets, or a petition for relief is filed by Lessee under any federal or state bankruptcy, insolvency, moratorium or similar law; or (f) Lessee shall be in default under any other Lease or under any other financing agreement executed at any time with Lessor.

20. REMEDIES.

Whenever any Event of Default shall have occurred and be continuing, Lessor shall have the right, at its sole option and without any further demand or notice, to take any one or any combination of the following remedial steps:

(a) Terminate one or more of the Leases and retake possession of the Equipment wherever situated and sell or lease, sublease or make other disposition of the Equipment for use over a term in a commercially reasonable manner, all for the account of Lessee. Lessor shall apply the sale proceeds in the following manner:

FIRST, to pay all proper and reasonable costs and expenses associated with the recovery, repair, storage and sale of the Equipment, including reasonable attorney's fees and expenses;

SECOND, to pay Lessor (i) the amount of all unpaid Rent Payments, if any, that are then due and owing, together with interest and late charges thereon, (ii) the then applicable Termination Value (taking into account the payment of past due Rent Payments as aforesaid), plus a pro rata allocation of interest, at the

rate utilized to establish the interest component for the Rent Payment next due, from the next preceding due date of a Rent Payment until the date of payment by the buyer of the Equipment and (iii) any other amounts due hereunder; and

THIRD, to pay to Lessee the remainder of the sale proceeds, purchase moneys or other amounts paid by a buyer of the Equipment;

(b) without terminating the related Lease, to collect each installment of Rent Payments thereunder as it becomes due;

(c) proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of the related Lease or to recover for the breach thereof;

(d) use or retake such portion of the Equipment as Lessor, in its sole discretion, may decide;

(e) exercise such rights or remedies that it may have with respect to the Escrow Fund under the related Escrow Agreement; and

(f) exercise such rights or remedies that it may have under the related Use Agreements with respect to the Authorized Users.

Notwithstanding anything to the contrary contained herein, the exercise of rights or remedies under a Lease is not intended, and shall not be construed to permit or authorize, the acceleration of Rent Payments under any circumstance.

Upon an Event of Default and if so directed by Lessor, Lessee agrees to deliver the Equipment to Lessor, at Lessee's sole cost and expense, to a reasonable location specified by Lessor. In addition, Lessee shall execute and deliver such documents as may reasonably be required to evidence further that title to and possession of the Equipment is in Lessor, free and clear of any interest of Lessee and all liens and security interests to which the Equipment may have become subject.

If, upon its return to Lessor, the Equipment has been damaged or otherwise made less suitable for the purposes for which it was manufactured than when delivered to Lessee, Lessee agrees, at its option and expense (but solely from Legally Available Funds), to: (a) repair and restore the Equipment to the same condition in which it was received by Lessee (reasonable wear and tear excepted) or (b) pay to Lessor for the reasonable costs of such repair and restoration.

Lessor shall also be entitled to exercise any or all remedies available to a secured party under the California Uniform Commercial Code and all other rights and remedies that Lessor may have at law or in equity.

No right or remedy herein conferred upon or reserved to Lessor is exclusive of any right or remedy herein or at law or in equity or otherwise provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing at law or

in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

No waiver of or delay or omission in the exercise of any right or remedy herein provided or otherwise available to Lessor shall impair, affect or be construed as a waiver of its rights thereafter to exercise the same. Any single or partial exercise by Lessor of any right hereunder shall not preclude any other or further exercise of any right hereunder.

21. RETURN OF EQUIPMENT.

If Lessor is entitled under the provisions of any Lease, including any termination thereof pursuant to Section 20 hereof, to obtain possession of any Equipment or if Lessee is obligated at any time to return any Equipment, then (a) title to the Equipment shall vest in Lessor immediately upon Lessor's notice thereof to Lessee, and (b) Lessee shall, at its sole expense and risk, immediately de-install, disassemble, pack, crate, insure and return the Equipment to Lessor (all in accordance with applicable industry standards) at any location in the continental United States selected by Lessor. Such Equipment shall be in the same condition as when received by Lessee (reasonable wear, tear and depreciation resulting from normal and proper use excepted), shall be in good operating order and maintenance as required by the applicable Lease, shall be free and clear of any Liens (except Lessor's Lien) and shall comply with all applicable laws and regulations. Until Equipment is returned as required above, all terms of the applicable Lease shall remain in full force and effect including, without limitation, obligations to pay Rent Payments and to insure the Equipment. Lessee agrees to execute and deliver to Lessor all documents reasonably requested by Lessor to evidence the transfer of legal and beneficial title to such Equipment to Lessor and to evidence the termination of Lessee's interest in such Equipment.

22. LAW GOVERNING; UCC ARTICLE 2A WAIVER.

(a) Each Lease shall be governed by the laws of the State of California.

(b) Lessee hereby willingly and knowingly waives any rights or remedies to which it may otherwise be entitled under Sections 508 through 522, inclusive, of Article 2A of the Uniform Commercial Code of California.

23. NOTICES.

All notices to be given under any Lease shall be made in writing and either personally delivered or mailed by certified mail to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notices shall be deemed to have been received five (5) days subsequent to mailing if sent by regular or certified mail, or on the next business day if sent by overnight courier, or on the day of delivery if delivered personally.

24. FINANCIAL INFORMATION; INDEMNITY; POWER OF ATTORNEY.

24.1. *Annual Financial Information.* Within thirty (30) days after receipt of its audited financial statements for each Fiscal Year during the Term of any Lease, Lessee will deliver to Lessor upon Lessor's request the publicly available annual financial information of Lessee.

24.2. *Indemnity Generally.* To the extent authorized by the laws of the State, Lessee shall indemnify, hold harmless and, if Lessor requests, defend Lessor and its shareholders, affiliates, employees, dealers and agents against all Claims directly or indirectly arising out of or connected with (a) the manufacture, installation, use, lease, possession or delivery of the Equipment, (b) any defects in the Equipment or any wrongful act or omission of Lessee or its employees and agents, or (c) any claims of alleged breach by Lessee of any Lease, any Escrow Agreement, any Use Agreement or any related document. *"Claims"* means all losses, liabilities, damages, penalties, expenses (including attorney's fees and costs), claims, actions and suits, whether in contract, tort or otherwise. Notwithstanding anything in any Lease to the contrary, any indemnity amount payable by Lessee as provided in this Section 24.2 shall be payable solely from Legally Available Funds.

24.3. *Limited Power of Attorney.* Lessee hereby appoints Lessor its true and lawful attorney-in-fact (with full power of substitution) to prepare any instrument or financing statement covering the Equipment or otherwise protecting Lessor's interest in the Equipment; and to make claims for, receive payment of and execute and endorse all documents, checks or drafts for loss, theft, damage or destruction to the Equipment under any insurance.

25. SECTION HEADINGS.

All section and subsection headings contained herein or in any Schedule are for convenience of reference only and do not define or limit the scope of any provision of any Lease.

26. EXECUTION IN COUNTERPARTS.

This Master Lease and each Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument; *provided, however,* that only Counterpart No. 1 of each Lease (including the terms and conditions of this Master Lease incorporated therein by reference) shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

27. ENTIRE AGREEMENT; WRITTEN AMENDMENTS.

Each Lease, Escrow Agreement and other documents or instruments executed by Lessee and Lessor in connection therewith constitute the entire agreement between the parties with respect to the lease and financing of the Equipment covered thereby, and such Lease shall not be modified, amended, altered or changed except with the written consent of Lessee and Lessor. Any provision of any Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Lease.

CALIFORNIA FAIRS FINANCING AUTHORITY, *as Lessee*

By: J. Thomas Baker

Name: J. Thomas Baker

Title: EXECUTIVE OFFICER

1776 Tribute Road, Suite 220
Sacramento, California 95815

NATIONAL CITY COMMERCIAL CAPITAL CORPORATION, *as Lessor*

By: [signature]

Name: Vincent D. Rinaldi

Title: Funding Authority Chief Executive Officer

995 Dalton Avenue
Cincinnati, Ohio 45203

Document No. P-1

PHOTOVOLTAIC EQUIPMENT USE AGREEMENT

This PHOTOVOLTAIC EQUIPMENT USE AGREEMENT (this *"Use Agreement"*) is entered into as of Sept. 19, 2006, by and between the CALIFORNIA FAIRS FINANCING AUTHORITY, a joint powers authority and separate public entity of the State of California (the *"Authority"*), and SONOMA COUNTY FAIR AND EXPOSITION, INC., a nonprofit corporation duly organized and existing under the laws of the State of California (the *"Fair Entity"*).

WHEREAS, the Authority is acquiring and financing the photovoltaic equipment and related property described in *Exhibit 1* attached hereto (the *"Equipment"*) from National City Commercial Capital Corporation, as lessor (the *"Lessor"*), under that certain Master Photovoltaic Equipment Lease-Purchase Agreement dated as of June 2, 2006, and Lease Schedule No. 2006-2 thereto dated as of June 2, 2006 and incorporating the terms and conditions thereof (collectively, the *"Financing Lease"*), between the Lessor and the Authority, as lessee, a copy of which has been made available to the Fair Entity; and

WHEREAS, the Fair Entity would like to use the Equipment and have the Authority install the Equipment at various locations on the Fair Entity's fairgrounds (the *"Fairgrounds"*), and the Authority is willing to install the Equipment for the Fair Entity on the Fairgrounds for purposes of this Use Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority and the Fair Entity hereby agree as follows:

Section 1. Use of the Equipment; Subordination. (a) The Authority hereby licenses to the Fair Entity the use of the Equipment on the Fairgrounds for the Term hereafter provided.

(b) This Use Agreement and the Fair Entity's rights hereunder shall at all times be subject and subordinate to the Financing Lease, without the need for any further act or agreement by the Fair Entity.

(c) In connection with the financing of the Equipment, the Authority has pledged to the Lessor as security for payment and performance of the Authority's obligations under the Financing Lease all of the Authority's rights and interests under this Use Agreement, including the right to receive the user fees, late charges and other amounts payable hereunder, and the self-generation incentive payments to be paid with respect to the Equipment to be used hereunder, to which pledge and security the Fair Entity hereby agrees and consents. To secure payment of its user fees to the Authority, the Fair Entity hereby grants a first priority security interest to the Authority in and to the self-generation incentive payments that are payable with respect to the Equipment to be used hereunder and consents to the pledge and security interest granted by the Authority in and to such self-generation incentive payments to the Lessor as security for the payments under the Financing Lease.

(d) The Fair Entity hereby acknowledges that the Equipment to be installed on the Fairgrounds is subject to a first priority security interest granted by the Authority in favor of the

Lessor. The Fair Entity hereby waives any right or interest in the Equipment other than its rights to use and enjoy the Equipment in accordance with the terms of this Use Agreement for the Term hereof.

Section 2. Installation of the Equipment. The Authority shall install the Equipment at the locations on the Fairground described in *Exhibit 1* attached hereto.

Section 3. Term. The term of this Use Agreement (the *"Term"*) shall commence as of the date first above written and end on the date on which the Financing Lease terminates in accordance with Section 3 thereof.

Section 4. User Fees; Late Charges; Other Payments. (a) The Fair Entity shall pay to the Authority an amount equal to $3,170,769.47 (representing the Authority's cost to acquire and install the Equipment, including any reimbursed amounts, to be used under this Use Agreement) *plus* interest accruing thereon from the Lease Commencement Date under the Financing Lease at the rate of 7.2878% per annum, which amount shall be payable in installments commencing on the first day of the first month after the date on which the Equipment subject to this Use Agreement has been accepted by the Authority for purposes of the Financing Lease (the *"Equipment Acceptance Date"*). Such installments shall be payable in such amounts and on such dates as are provided in the amortization schedule that is required to be prepared and delivered pursuant to the Financing Lease within five (5) days after the Equipment Acceptance Date. The amortization schedule so provided by the Authority shall be conclusive and binding on the Fair Entity (absent manifest error).

(b) The obligations of the Fair Entity to pay user fees, late charges and other amounts under this Use Agreement, and to perform and observe the covenants and agreements contained herein, shall be absolute and unconditional under any and all circumstances subject to the terms and conditions of this Use Agreement and without notice or demand by the Authority or the Lessor, notwithstanding any dispute between the Authority and the Fair Entity or any other person. The Fair Entity shall not assert any right of set-off, counterclaim or abatement against its obligation to pay user fees under this Use Agreement.

(c) The Fair Entity shall be entitled to prepay user fees, in whole or in part, to the same extent and on the same conditions as the Authority is entitled to prepay Rent Payments in accordance with the Financing Lease.

(d) The Fair Entity shall pay a late charge to the Authority equal to five percent (5%) of the monthly installment for any monthly installment that is paid more than ten days after its due date.

(e) The Fair Entity hereby agrees to pay its *pro rata* share, based on its percentage of financing costs relating to the Equipment as a portion of all photovoltaic equipment financed by the Authority under the Financing Lease (which percentage of financing costs equals 82.02%), to assure that amounts are available to the Authority at any time to pay or prepay Rent Payments when due in accordance with the terms of the Financing Lease. The Authority's determination of the Fair Entity's percentage of financing costs and the amount to be paid by the Fair Entity

pursuant to this subsection shall be conclusive against the Authority and the Fair Entity (absent manifest error).

*(f) **The Fair Entity hereby expressly acknowledges and agrees that its obligation to pay user fees, late charges and other amounts payable hereunder is, and shall be construed to be, absolute and unconditional as herein provided regardless of whether any self-generation incentive payments with respect to the Equipment are in fact paid by Pacific Gas and Electric Company or Southern California Edison Company (as the case may be). Any shortfall in the amount of any such self-generation incentive payments shall not reduce the Fair Entity's obligation to pay user fees, late charges or any other amounts under this Use Agreement.***

Section 5. Title to the Equipment. Title to the Equipment shall be and remain at all times in the Authority during the Term of this Use Agreement. Nothing in this Use Agreement shall vest in the Fair Entity any right or title in or to the Equipment other than the right to use and enjoy the Equipment on the terms and conditions provided in this Use Agreement for the Term hereof.

Section 6. Use and Maintenance of Equipment. The Fair Entity shall use the Equipment for the production of energy. The Fair Entity shall not sublet or lend any Equipment or permit it to be used by anyone other than the Fair Entity and its employees. The Fair Entity shall keep the Equipment in good condition and repair.

Section 7. Risk of Loss. The Authority retains all risks of loss or damage to the Equipment from any cause whatsoever as provided in the Financing Lease; *provided, however,* that the Fair Entity shall also obtain and maintain, at its expense, such property damage and public liability insurance as the Authority shall require and the Fair Entity customarily maintains with respect to the Fairgrounds and improvements thereon, including the Equipment subject to this Use Agreement. The proceeds of the insurance relating to the Equipment shall be used by the Authority to either replace the Equipment or prepay its Rent Payments under the Financing Lease, which shall be applied as a credit against the user fees that the Fair Entity is to pay under this Use Agreement. The Fair Entity shall not be relieved of its obligations to user fees under this Use Agreement because of inadequate insurance coverage or proceeds to completely pay for loss of or damage to the Equipment.

Section 8. Access to Equipment. The Authority shall have access to the Fairgrounds for the purpose of installing, inspecting, maintaining, repairing, modifying, improving or removing the Equipment. The Lessor shall have access to the Fairgrounds for the purpose of de-installing and repossessing the Equipment and otherwise exercising its remedies with respect to the Equipment upon the occurrence of an Event of Default under the Financing Lease or hereunder.

Section 9. Taxes. The Fair Entity shall be responsible for all property taxes associated with the Equipment.

Section 10. Assignment and Subletting. The Fair Entity may not assign or transfer this Use Agreement, the Equipment or any rights to the Equipment without the prior written consent of the Authority and the Lessor.

Section 11. Events of Default; Remedies. (a) The occurrence of any one or more of the following events shall constitute an *"Event of Default"* under this Use Agreement: (i) the Fair Entity fails to pay user fees (or any other payment) as it becomes due in accordance with the terms of this Use Agreement and any such failure continues for ten (10) days after the due date thereof; (ii) the Fair Entity fails to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Use Agreement and such failure is not cured within thirty (30) days after receipt of written notice thereof by the Authority or the Lessor; or (iii) the Fair Entity applies for or consents to the appointment of a receiver, trustee, conservator or liquidator of the Fair Entity or of all or a substantial part of its assets, or a petition for relief is filed by or against the Fair Entity under any federal or state bankruptcy, insolvency, moratorium or similar law.

(b) Upon the occurrence of an Event of Default under this Use Agreement, the Authority or the Lessor (as the Authority's assignee for this purpose) shall have the right, at its sole option and without any further demand or notice, to take any one or more remedial steps as may be customary for similar obligations as this Use Agreement and as are otherwise provided or permitted by law.

Section 12. Attorney's Fees. If any controversy, claim or dispute arises relating to this Use Agreement, the prevailing party shall recover its expenses, costs and reasonable attorneys' fees from the losing party, in addition to any other relief to which that party may be entitled.

Section 13. Entire Agreement. This Use Agreement supersedes all prior and contemporaneous agreements, representations and understanding of the parties with respect to the subject matter hereof.

Section 14. Amendment. No supplement, modification or amendment of this Use Agreement shall be binding unless executed in writing by both parties and consented to by the Lessor.

Section 15. Waiver. No waiver of any of the provisions of this Use Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

Executed as of the date first set forth above.

CALIFORNIA FAIRS FINANCING AUTHORITY

By: _____
J. Thomas Baker
Executive Officer
1776 Tribute Road, Suite 220
Sacramento, California 95815

SONOMA COUNTY FAIR AND EXPOSITION, INC.

By: _____
Name: Carly J. Oakley
Title: CEO

ATTEST:

By: _____
Name: Bev Palm
Title: Secretary

EXHIBIT 1

DESCRIPTION OF THE PROJECT FOR SONOMA COUNTY FAIR & EXPOSITION, INC.

- Install 1,548 Kaneka GSA 211 photovoltaic modules on the Grandstand to generate electricity. 936 modules will feed a Xantrex PV45208, 45 kW inverter. 612 modules will feed a Xantrex PV30208, 30 kW inverter. Each inverter will have an isolation transfer and 1 DC disconnect switch. Both inverters will feed into 1 AC disconnect switch which will tie into Pacific Gas & Electric service at the 1200 amp, 120/208 volt Grandstand switchboard.

- Install 224 Mitsubishi PV-MF170EB3 photovoltaic modules on the Cattle & Sheep Barn to generate electricity. The modules will feed a Xantrex PV30208, 30 kW inverter. The inverter will have an isolation transformer, 1 DC and 1 AC disconnect switch. The AC Disconnect switch will tie into Pacific Gas & Electric service at the 1000 amp, 120/208 volt Cattle & Sheep Barn switchboard.

- Install 1,554 Sharp ND-167 photovoltaic modules on the Cattle & Sheep Barn to generate electricity. The modules will feed two Xantrex PV100S480, 100 kW inverters. Each inverter will have an isolation transformer and 1 DC disconnect switch. Both inverters will feed into 1 AC disconnect switch which will tie into Pacific Gas & Electric service at the 1000 amp, 277/480 volt Satellite Wagering Facility switchboard.

- Install 224 Mitsubishi PV-MF170EB3 photovoltaic modules on the Grandstand to generate electricity. The modules will feed a Xantrex PV30208, 30 kW inverter. The inverter will have an isolation transformer, 1 DC and 1 AC disconnect switch. The AC Disconnect switch will tie into Pacific Gas & Electric service at the 400 amp, 120/208 volt Concession switchboard.

- Install 224 Mitsubishi PV-MF170EB3 photovoltaic modules on the Grandstand to generate electricity. The modules will feed six PV Powered LLC PVP-5200, 5.2 kW inverters. Each inverter will have a DC disconnect switch and AC circuit breaker. The AC circuit breakers will feed a 200 amp circuit breaker which will tie into Pacific Gas & Electric service at the 400 amp, 120/240 volt Restaurant switchboard.

- Install 360 Kyocera KC158G photovoltaic modules on the Maintenance Building to generate electricity. The modules will feed a Xantrex PV45208, 45 kW inverter. The inverter will have an isolation transformer, 1 DC and 1 AC disconnect switch. The AC Disconnect switch will tie into Pacific Gas & Electric service at the 800 amp, 120/208 volt Fairground switchboard.

- Install 1,584 Kyocera KC158G photovoltaic modules on the Grandstand to generate electricity. The modules will feed two Xantrex PV100S208, 100 kW inverters. Each inverter will have an isolation transformer and 1 DC disconnect switch. Both inverters will feed into 1 AC disconnect switch which will tie into Pacific Gas & Electric service at the 2000 amp, 120/208 volt Exhibit Building switchboard.

- Install 360 Kyocera KC158G photovoltaic modules on the Grandstand to generate electricity. The modules will feed a Xantrex PV45208, 45 kW inverter. The inverter will have an isolation transformer, 1 DC and 1 AC disconnect switch. The AC Disconnect switch will tie into Pacific Gas & Electric service at the 400 amp, 120/208 volt Administration switchboard.