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ADMITTED IN KANSAS
AND MISSOURI

MEMORANDUM

To: Members of the Library Board, Sean Casserley

From: Fred Logan and Andrew Logan, Board Counsel

Re: Bond issuance for Lenexa City Center Library project; approval of Resolution No. 2017-3 and associated bond documents

Date: September 8, 2017

As I advised at your meeting on August 10, the Public Building Commission of Johnson County is getting ready to issue bonds to fund the construction of the Lenexa City Center Library. I am enclosing drafts of bond-related documents that you will either approve or that you will approve in substantially the form presented to you at your meeting of Thursday, September 14. I will spend a good deal of time in Board Counsel Report explaining this method of capital improvement finance in general. I will then explain the enclosed documents when the item is taken up under New Business. Here is a brief preview:

1. I will ask that you approve, in conjunction with the bond issuance, **Resolution No. 2017-3**, titled as follows:

RESOLUTION NO. 2017-3

A RESOLUTION AUTHORIZING THE DESIGNING, CONSTRUCTING, EQUIPPING AND FURNISHING OF A LIBRARY TO BE LOCATED AT LENEXA CITY CENTER; APPROVING THE ISSUANCE BY THE PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS OF ITS LEASE PURCHASE REVENUE BONDS (CITY CENTER LIBRARY PROJECT), SERIES 2017A TO PAY THE COSTS OF SUCH IMPROVEMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

I have carefully reviewed this Resolution, and find it to be entirely in order. I will ask that you approve this Resolution at the September 14 meeting.

2. I will then ask that you approve in substantially the form presented to you at the meeting the following associated documents:

- **Base Lease between the Library Board and the Public Building Commission**
- **Sublease between Johnson County, Kansas and the Library Board**
- **Tax Compliance Agreement between the Library Board, the Public Building Commission, Johnson County, Kansas, and the Trustee, Security Bank**
- **Trust Indenture between the Public Building Commission and the Trustee, Security Bank**
- **Preliminary Official Statement**

3. I will ask you to make the form of a document entitled "Lease between Public Building Commission and Johnson County, Kansas" part of the Library's record on this bond issuance.

All of these materials, with the exception of the Preliminary Official Statement, are included in the Board packet. I will separately furnish you a copy of the Preliminary Official Statement once it is ready.

As I said, I will review this system of capital finance in Board Counsel Report. I will then explain the Resolution and the associated documents under New Business. I will be happy to answer any questions you may have about any of these materials, either before the meeting or during my presentation.

RESOLUTION NO. 2017-3

A RESOLUTION AUTHORIZING THE DESIGNING, CONSTRUCTING, EQUIPPING AND FURNISHING OF A LIBRARY TO BE LOCATED AT LENEXA CITY CENTER; APPROVING THE ISSUANCE BY THE PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS OF ITS LEASE PURCHASE REVENUE BONDS (CITY CENTER LIBRARY PROJECT), SERIES 2017A TO PAY THE COSTS OF SUCH IMPROVEMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the Board of Directors of the Johnson County Library (the "Library Board") is a body corporate and politic organized and validly existing under the laws of the State of Kansas, including specifically K.S.A. 12-1218 *et seq.*; and

WHEREAS, pursuant to the authority of K.S.A. 12-1757 *et seq.* (the "Act"), the Public Building Commission of Johnson County, Kansas (the "PBC") has been created by action duly taken by the Board of County Commissioners of Johnson County, Kansas (the "County") and has the power and authority to issue revenue bonds to provide funds for the purpose of acquiring, erecting, equipping, repairing, maintaining and operating buildings and other facilities; and

WHEREAS, pursuant to the Act, the PBC has proposed to issue its Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A (the "Series 2017A Bonds") for the purpose of paying the costs to design, construct, equip and furnish a library to be located at Lenexa City Center (the "Improvements") in order to finance the costs of such Improvements; and

WHEREAS, the Library Board hereby deems it necessary and desirable that the PBC issue the Series 2017A Bonds to pay the costs of the Improvements; and

WHEREAS, the Library Board deems it necessary and desirable to execute and deliver certain documents in connection with the Series 2017A Bonds, and that the Library Board enter into such documents and take certain other actions as provided herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE JOHNSON COUNTY LIBRARY:

Section 1. Authorization of Improvements. The Library Board hereby authorizes and approves the designing, constructing, equipping and furnishing of the Improvements, which are hereby deemed and declared to be necessary, convenient and in furtherance of the governmental purposes of the Library Board.

Section 2. Approval of Issuance of Series 2017A Bonds. The Library Board hereby approves the issuance and sale by the PBC of the Series 2017A Bonds, subject to the following parameters: (a) the principal amount of Series 2017A Bonds shall not to exceed \$15,300,000 plus the costs of issuing such Series 2017A Bonds; (b) the true interest cost of the Series 2017A Bonds shall not exceed 4.00%; and (c) the Series 2017A Bonds shall mature in principal installments with a final maturity date not later than September 1, 2037. The Series 2017A Bonds shall be in such denominations, shall mature at such times, bear interest at such rates, shall be in such forms, shall be subject to redemption, shall have such other terms and provisions, and shall be issued, executed and delivered in such manner subject to such provisions, covenants and agreements, as are set forth in the Indenture (as defined herein).

Section 3. Authorization of Documents. The Library Board is hereby authorized to enter into the following documents (the "Library Board Documents"), in substantially the forms presented to and reviewed by the Library Board at this meeting (copies of which documents shall be filed in the records of the Library Board), with such changes therein as shall be approved by the officials executing such documents, such officials' signatures thereon being conclusive evidence of their approval and the Library Board's approval thereof:

- (a) Base Lease between the Library Board and the PBC.
- (b) Sublease between the County and the Library Board.
- (c) Tax Compliance Agreement among the PBC, the County, the Library Board, and the Trustee (as defined in the Indenture), pursuant to which the requirements relating to the federal tax status of the Series 2017A Bonds are set forth.

Section 4. Execution of Documents. The Chair is hereby authorized and directed to execute and deliver the Library Board Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution for and on behalf of and as the act and deed of the Library Board. The Secretary is hereby authorized and directed to attest, by manual or facsimile signature, to the Library Board Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 5. Approval of Trust Indenture. The Library Board hereby approves the Trust Indenture dated as of November 1, 2017, between the PBC and the Trustee (the "Indenture") in substantially the form presented to and reviewed by the Library Board at this meeting (copies of which documents shall be filed in the records of the Library Board), with such changes therein as shall be approved by the officials executing the Library Board Documents, such officials' signatures on the Library Board Documents being conclusive evidence of their approval and the Library Board's approval of such changes to the Indenture.

Section 6. Official Statement. The proposed form of Preliminary Official Statement relating to the Series 2017A Bonds (the "Preliminary Official Statement"), in substantially the form presented to the Library Board at this meeting, and the final Official Statement, in substantially the form of the Preliminary Official Statement with such changes and additions thereto as are necessary to conform to and describe the transaction, are hereby approved, and the Library Board hereby consents to the use and public distribution of the same in connection with the sale of the Series 2017A Bonds. For the purpose of enabling the purchase of the Series 2017A Bonds to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Chair is hereby authorized to execute the "Certificate Deeming Preliminary Official Statement Final" as approval of the information relating to the Library Board contained in the Preliminary Official Statement, in substantially the form presented to the Library Board at this meeting, such official's signature thereon being conclusive evidence of such official's and the Library Board's approval thereof.

Section 7. Further Authority. The Library Board shall, and the officials, agents and employees of the Library Board are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Library Board with respect to the Series 2017A Bonds and the Library Board Documents.

Section 8. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Library Board.

ADOPTED by the Board of Directors of the Johnson County Library on September 14, 2017.

(SEAL)

Chair

ATTEST:

Secretary

Resolution of Library Board
PBC Series 2017A

**EXCERPT OF MINUTES OF A MEETING
OF THE BOARD OF DIRECTORS OF THE
JOHNSON COUNTY LIBRARY
HELD ON SEPTEMBER 14, 2017**

The Board of Directors of the Johnson County Library met in regular session at _____ at 4:00 p.m.

The Chair presided and the following members of the Board were present: _____

The following members were absent: _____

The Chair declared that a quorum was present and called the meeting to order.

* * * * *

(Other proceedings)

Thereupon, there was presented a Resolution entitled:

A RESOLUTION AUTHORIZING THE DESIGNING, CONSTRUCTING, EQUIPPING AND FURNISHING OF A LIBRARY TO BE LOCATED AT LENEXA CITY CENTER; APPROVING THE ISSUANCE BY THE PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS OF ITS LEASE PURCHASE REVENUE BONDS (CITY CENTER LIBRARY PROJECT), SERIES 2017A TO PAY THE COSTS OF SUCH IMPROVEMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

The Resolution was considered and discussed; and on motion of _____, seconded by _____, the Resolution was adopted by the following roll call vote:

Aye: _____

Nay: _____

Thereupon, a majority of the members of the Library Board having voted in favor of the adoption of the Resolution, it was given No. 2017-3 and was signed by the Chair and attested by the Secretary.

* * * * *

(Other Proceedings)

* * * * *

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the Board of Directors of the Johnson County Library, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)

Secretary

Gilmore & Bell, P.C.
DRAFT: September 7, 2017
Base Lease (PBC 2017A) v1

BASE LEASE

Dated as of November 1, 2017

Grantor:	Board of Directors of the Johnson County Library P.O. Box 2933 Shawnee Mission, Kansas 66201-1333 Attn: County Librarian
Grantee:	Public Building Commission of Johnson County, Kansas Johnson County Administration Building 111 South Cherry, Suite 2300 Olathe, Kansas 66061-3441 Attention: Finance Officer
Real Property Legal Description:	See attached Schedule 1

BASE LEASE

THIS BASE LEASE (the "Base Lease") dated as of November 1, 2017, between the Board of Directors of the Johnson County Library (the "Library Board"), a body corporate and politic duly created under the laws of the state of Kansas, as lessor, and the Public Building Commission of Johnson County, Kansas, a municipal corporation of the State of Kansas, as lessee (the "PBC").

RECITALS

1. Pursuant to the authority of K.S.A. 12-1757 *et seq.* (the "Act"), the PBC has been created by action duly taken by the Board of County Commissioners of Johnson County, Kansas (the "County") and has the power and authority to issue revenue bonds to provide funds for the purpose of acquiring, erecting, equipping, repairing, maintaining and operating buildings and other facilities.
2. Pursuant to the Act, the PBC is authorized to acquire land and other facilities by lease in order to design, construct, equip, and furnish a library to be located at Lenexa City Center (the "Improvements") located in the County.
3. The Library Board is the fee owner of the real estate legally described in *Schedule 1* hereto (together with the existing improvements thereon, the "Land"), on which it desires to construct the Improvements.
4. The Library Board and the PBC have agreed that the PBC will issue its Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A, in the aggregate principal amount of \$[PRINCIPAL AMOUNT] (the "Series 2017A Bonds"), pursuant to that certain Trust Indenture dated as of November 1, 2017 (the "Indenture"), between the PBC and Security Bank of Kansas City, as trustee (the "Trustee"), in order for the PBC to acquire a leasehold interest in the Land and the Improvements, as constructed (collectively, the "Facility").
5. The PBC has offered to lease the Facility to the County, pursuant to a Lease dated as of November 1, 2017 (the "Lease") between the PBC, as lessor, and the County, as lessee; and the County has further offered to sublease the Facility to the Library Board, pursuant to a Sublease dated as of the date hereof (the "Sublease") between the County, as lessor, and the Library Board, as lessee.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the Library Board and the PBC do hereby covenant and agree as follows:

SECTION 1. Representations by the Library Board. The Library Board represents, covenants and agrees as follows:

- (a) The lease of the Facility by the Library Board to the PBC as provided in this Base Lease, the lease of the Facility by the PBC to the County as provided in the Lease, and the sublease of the Facility by the County to the Library Board as provided in the Sublease, are necessary, desirable and in the public interest, and the Library Board hereby declares its current need for the Facility.
- (b) The Library Board, pursuant to Resolution No. 2017-3, has full power and authority to enter into the transactions contemplated by this Base Lease and the Sublease and to carry out its obligations hereunder and thereunder, and by proper action has authorized the execution and delivery of this Base Lease and the Sublease.

(c) Neither the execution and delivery of this Base Lease or the Sublease, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Library Board is now a party or by which the Library Board is bound.

(d) The Library Board has marketable record fee simple title to the Land.

(e) The Land is not subject to any dedication, easement, right-of-way, reservation, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the construction of the Improvements on the Land or the use and operation of the Facility, as contemplated by the Lease and Sublease.

(f) All taxes, assessments or impositions of any kind with respect to the Land, except current taxes, if any, have been paid in full.

(g) The Land is properly zoned for the purpose of constructing the Improvements and using the Facility.

(h) The Library Board has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the Library Board's interests in any property now or hereafter included in the Facility shall be or may be impaired, changed or encumbered in any manner, except as permitted by this Base Lease, the Lease and the Sublease.

SECTION 2. Representation of the PBC. The PBC represents, covenants and agrees as follows:

(a) To enter into the Lease simultaneously with the delivery of this Base Lease.

(b) To provide funds exclusively from the proceeds of its Series 2017A Bonds to pay a portion of the costs of constructing and equipping the Improvements on the Land, as authorized pursuant to a resolution of the PBC and the Indenture.

(c) To surrender and deliver the Facility to the Library Board upon the expiration of this Base Lease.

SECTION 3. Grant of Leasehold. The Library Board hereby rents, leases and lets to the PBC, and the PBC hereby rents, leases and hires from the Library Board, the Facility, for the rentals and upon and subject to the terms and conditions hereinafter set forth.

SECTION 4. Term; Termination.

(a) The term of this Base Lease shall commence on November 1, 2017 and end on September 1, 20[], subject to prior termination and extension on the conditions hereinafter provided. In no event shall this Base Lease end until all of the principal of, redemption premium, if any, and interest on the Series 2017A Bonds and any Additional Bonds (as defined in the Indenture) issued pursuant to the Indenture (collectively, the "Bonds") shall have been paid in full or provision made for their payment in accordance with the provisions of the Indenture.

(b) This Base Lease shall terminate upon the occurrence of the following:

- (1) the payment in full of the Bonds or provision is made therefore in accordance with the Indenture; *and*
- (2) the County exercises its option to purchase the PBC's interest in the Facility as provided in *Article XVI* of the Lease, whereupon the County's interest in this Base Lease shall be considered assigned to the Library Board and terminated through merger of the leasehold interest with the fee interest.

(c) At any time, the Library Board shall have the option to terminate this Base Lease upon (1) the payment in full of the Bonds or provision is made therefor in accordance with the Indenture, and (2) payment to the Trustee of any other amounts due by any entity to the Trustee or to any third party under the terms of the Indenture.

SECTION 5: Assignments and Subleases.

(a) The PBC may assign its rights under this Base Lease without the consent of the Library Board: (1) in connection with any assignment of its rights under the Lease; (2) if the Lease is terminated for any reason; or (3) if an "Event of Default" as defined in the Lease has occurred.

The Library Board hereby consents to the assignment by the PBC of its rights under this Base Lease to the Trustee in accordance with the terms of the Indenture.

If an "Event of Default" under the Lease occurs, the PBC shall have the right to possession of the Facility for the remainder of the term of this Base Lease and shall have the right to sublease the Facility or sell its interest in the Facility and this Base Lease upon whatever terms and conditions it deems prudent and in the interest of the Owners of the Bonds.

(b) The Library Board may assign its rights and obligations under this Base Lease and may sublet the Facility on the conditions set forth in the Sublease and the Act.

SECTION 6. Taxes and Assessments. The Library Board covenants and agrees to pay any and all assessments of any kind or character and all taxes levied or assessed upon the Facility.

SECTION 7. Title and Consideration. Title to the Land shall remain in the Library Board at all times. The leasing of the Facility to the Library Board under the Sublease shall be deemed the Library Board's entire consideration for this Base Lease.

SECTION 8. Severability. If any one or more of the terms, provisions, covenants or conditions of this Base Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Base Lease shall be affected thereby, and each provision of this Base Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 9. Amendments, Changes and Modifications. This Base Lease may not be effectively amended, changed, modified, altered or supplemented except with the written consent of both the PBC and the Library Board. Any waiver of any provision of this Base Lease or any right or remedy hereunder must be affirmatively and expressly made in writing and shall not be implied from inaction, course of dealing or otherwise.

SECTION 10. Applicable Law. This Base Lease shall be governed by and construed in accordance with the laws of the state of Kansas.

SECTION 11. Execution in Counterparts. Separate counterparts of this Base Lease may be executed by the PBC and the Library Board with the same force and effect as though the same counterpart had been executed by both the PBC and the Library Board.

SECTION 12. Successors. This Base Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 13. Third Party Beneficiary. The County is an intended third-party beneficiary of this Base Lease and shall have enforceable rights and remedies with respect thereto.

SECTION 14. Electronic Transactions. This Base Lease and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

SECTION 15. Complete Agreement. This written agreement, together with the Lease, the Sublease and the Indenture, constitute a final expression of the agreements between the parties hereto and such agreements may not be contradicted by evidence of any prior or contemporaneous oral agreement. No unwritten oral agreement between the parties exists.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the PBC and the Library Board have caused this Base Lease to be executed by their respective authorized officials and officers, all as of the day and year first above written.

**BOARD OF DIRECTORS
OF THE JOHNSON COUNTY LIBRARY**

Nancy Hupp, Chair

ATTEST:

Bethany Griffith, Secretary

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF JOHNSON)

This instrument was acknowledged before me on _____, 2017, by Nancy Hupp,
Chair of the Board of Directors of the Johnson County Library.

(SEAL)

Notary Public

My Commission Expires: _____

**PUBLIC BUILDING COMMISSION OF
JOHNSON COUNTY, KANSAS**

(SEAL)

ATTEST:

Ed Eilert, Chair

Mike Brown, Secretary

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF JOHNSON)

This instrument was acknowledged before me on _____, 2017, by Ed Eilert, Chair of the Public Building Commission of Johnson County, Kansas, a municipal corporation organized under the laws of the State of Kansas.

(Seal)

Notary Public

My Commission Expires: _____

SCHEDULE 1

PROPERTY DESCRIPTION

A tract of land being part of Lot 5 of CITY CENTER LENEXA FIFTH PLAT, a subdivision in the City of Lenexa, Johnson County, Kansas.

Beginning at the Southeast corner of said Lot 5; thence South $75^{\circ}48'01''$ West, along the South line of said Lot 5, a distance of 17.56 feet, to a point of curvature; thence Westerly and Southwesterly, continuing along said South line, and along a curve to the left, having a radius of 590.00 feet, and a central angle of $13^{\circ}16'28''$, a distance of 136.69 feet, said point also being on the Southeasterly prolongation of an Existing Easterly Foundation Wall; thence North $33^{\circ}50'58''$ West, departing said South line, along said Southeasterly prolongation and said Easterly Foundation Wall, a distance of 112.46 feet; thence North $46^{\circ}05'13''$ East, continuing along said Easterly Foundation Wall, a distance of 0.37 feet; thence North $33^{\circ}53'18''$ West, continuing along said Easterly Foundation Wall and it's Northwesterly extension, a distance of 26.09 feet; thence North $25^{\circ}44'36''$ East, departing said Northwesterly extension, a distance of 11.10 feet; thence North $56^{\circ}03'59''$ East, a distance of 17.01; thence North $65^{\circ}06'39''$ East, a distance of 14.27 feet; thence North $72^{\circ}07'25''$ East, a distance of 48.40 feet; thence South $17^{\circ}52'35''$ East, a distance of 10.29 feet; thence North $81^{\circ}28'02''$ East, a distance of 127.03 feet, to a point on a non-tangent curve, said point also being on the East line of said Lot 5; thence Southerly and Southeasterly, along said East line, and along a curve to the left, having a radius of 695.00 feet, and a central angle of $09^{\circ}18'54''$, and whose initial tangent bearing is South $02^{\circ}49'20''$ East, a distance of 112.99 feet, to the Point of Beginning, containing 23,704.21 square feet or 0.54 acres, more or less.

SUBLEASE

BY AND BETWEEN

JOHNSON COUNTY, KANSAS

AND

**BOARD OF DIRECTORS
OF THE JOHNSON COUNTY LIBRARY**

DATED AS OF NOVEMBER 1, 2017

SUBLEASE

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Schedule 1 - Property Description

SUBLEASE

THIS SUBLEASE is made and entered into as of November 1, 2017, by and between Johnson County, Kansas, a political subdivision organized under the laws of the State of Kansas (the "County") and the Board of Directors of the Johnson County Library, a body corporate and politic organized and existing under the laws of the State of Kansas (the "Library Board").

RECITALS

1. The County and the Library Board are each political subdivisions duly organized and existing under the constitution and laws of the State of Kansas with full lawful power and authority to enter into this Sublease.

2. The Library Board is the fee owner of the real estate legally described in *Schedule 1* hereto (together with the existing improvements thereon, the "Land"), on which it desires to design, construct, equip and furnish the Lenexa City Center Library (the "Improvements").

3. The Library Board and the Public Building Commission of Johnson County, Kansas (the "PBC") have proposed that the PBC issue its Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A, in the aggregate principal amount of \$[PRINCIPAL AMOUNT] (the "Series 2017A Bonds"), under and pursuant to and subject to the provisions of K.S.A. 12-1757 *et seq.*, as amended (the "Act") and a Trust Indenture dated as of November 1, 2017 (the "Indenture") between the PBC and Security Bank of Kansas City, as trustee (the "Trustee"), for the purpose of financing the costs of the Improvements.

4. The Library Board and the PBC have entered into a Base Lease dated as of November 1, 2017 (the "Base Lease"), whereby the Library Board, as lessor, has leased the Land and the Improvements, as constructed (collectively, the "Facility"), to the PBC, as lessee, upon the terms and conditions set forth therein.

5. The PBC and the County have entered into a Lease dated as of November 1, 2017 (the "Lease"), whereby the PBC, as lessor, has leased the Facility to the County, as lessee, for the rentals and upon the terms and conditions set forth therein.

6. The County, in furtherance of the purposes of the Act, does hereby propose to sublease the Facility to the Library Board, and the Library Board desires to sublease the Facility from the County, for the rentals and upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the County and the Library Board do hereby covenant and agree as follows:

ARTICLE I

Section 1.1 Definitions. Capitalized terms not otherwise defined in this Sublease shall have the meanings set forth in the Indenture and the Lease. In addition to the words, terms and phrases elsewhere defined in this Sublease and in the Indenture and the Lease, the following words, terms and phrases as used

herein shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Additional Rent” means all fees, charges and expenses of the Trustee, all Impositions, all amounts required to be rebated to the United States pursuant to this Indenture, all other payments of whatever nature (other than Basic Rent) payable or to become payable pursuant to this Indenture or which County has agreed to pay or assume under the provisions of the Lease, any and all expenses (including reasonable attorney’s fees) incurred by the PBC in connection with the issuance of the Bonds and any and all expenses (including reasonable attorney’s fees) incurred by the County in connection with the issuance of the Bonds or the administration or enforcement of any rights under the Lease or the Indenture.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Base Lease” means the Base Lease dated as of November 1, 2017 between the Library Board, as lessor, and the PBC, as lessee.

“Basic Rent” means the semi-annual amount which, when added to Basic Rent Credits, will be sufficient to pay, on any Bond Payment Date, all principal of, redemption premium, if any, and interest on the Bonds which is due and payable on such Bond Payment Date.

“Basic Rent Credits” means all funds on deposit in the Principal and Interest Fund and available for the payment of principal of, redemption premium, if any, and interest on the Bonds on the Business Day prior to each Bond Payment Date.

“Basic Rent Payment Date” means the Business Day prior to each Bond Payment Date until the principal of, redemption premium, if any, and interest on the Bonds have been fully paid or provision made for their payment in accordance with the provisions of the Indenture.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*

“Code” means the Internal Revenue Code of 1986, as amended, together with the regulations promulgated thereunder by the United States Department of the Treasury.

“Construction Contracts” means any contracts with respect to the design, acquisition and/or construction of the Improvements entered into by the PBC.

“County” means Johnson County, Kansas, and its successors and assigns.

“Default” means any event or condition the occurrence of which, with the lapse of time or the giving of notice or both, constitutes an Event of Default with respect to this Sublease.

“Environmental Assessment” means an environmental assessment with respect to the Improvements conducted by an independent consultant satisfactory to the PBC and the County that reflects the results of such inspections, records reviews, soil tests, groundwater tests and other tests requested, which assessment and results shall be satisfactory in scope, form and substance to the PBC, the County and the Library Board.

“Environmental Law” means CERCLA, SARA, and any other federal, state or local environmental statute, regulation or ordinance presently in effect or coming into effect during the term of this Sublease.

“Event of Bankruptcy” means an event whereby the Library Board shall: (a) admit in writing its inability to pay its debts as they become due; or (b) file a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code as now or in the future amended, or file a pleading asking for such relief; or (c) make an assignment for the benefit of creditors; or (d) consent to the appointment of a trustee or receiver for all or a major portion of its property; or (e) be finally adjudicated as bankrupt or insolvent under any federal or state law; or (f) suffer the entry of a final and nonappealable court order under any federal or state law appointing a receiver or trustee for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, which order, if the Library Board has not consented thereto, shall not be vacated, denied, set aside or stayed within 60 days after the day of entry; or (g) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within 60 days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside.

“Event of Default” means, with respect to this Sublease, subject to the provisions of *Section 2.4*, any one of the following events:

(a) Failure of the Library Board to make any payment of Basic Rent at the time and in the amounts required hereunder; or

(b) Failure of the Library Board to make any payment of Additional Rent at the times and in the amounts required hereunder, or failure to observe or perform any other covenant, agreement, obligation or provision of this Sublease on the Library Board’s part to be observed or performed, and the same is not remedied within thirty (30) days after the County has given the Library Board written notice specifying such failure (or such longer period as shall be reasonably required to correct such default; provided that (1) the Library Board has commenced such correction within said 30-day period and (2) the Library Board diligently prosecutes such correction to completion); or

(c) An Event of Bankruptcy; or

(d) Abandonment of the Facility by the Library Board.

“Facility” means the Land and the Improvements acquired, constructed or installed with the proceeds of the Series 2017A Bonds, together with any Facility Additions.

“Facility Additions” means any additions to the Facility acquired, constructed or installed from proceeds of any series of Additional Bonds authorized and issued pursuant to the Indenture. It also includes any alterations or additions made to the Facility to the extent provided in *Articles XI* and *XII* hereof.

“Full Insurable Value” means the full actual replacement cost less physical depreciation.

“Hazardous Substances” shall mean “hazardous substances” as defined in CERCLA.

“Impositions” means all taxes and assessments, general and special, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or payable for or in respect of the Facility or any part thereof, or any improvements at any time thereon or the County’s or the Library Board’s interest therein, including any new lawful taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily

levied against real or personal property, and further including all water and sewer charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen.

“Improvements” means the Lenexa City Center Library located in the County, the design, construction, equipping and furnishing of which is funded from the proceeds of the Series 2017A Bonds.

“Indenture” means the Trust Indenture dated as of November 1, 2017 between the PBC and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions thereof.

“Kansas Tort Claims Act” means K.S.A. 75-6101 *et seq.*, and amendments thereto.

“Land” means the real property (or interests therein) described in *Schedule 1* attached hereto, including the existing improvements located thereon.

“Lease” means the Lease dated as of November 1, 2017 by and between the PBC, as lessor, and the County, as lessee, as from time to time supplemented and amended in accordance with the provisions thereof.

“Library Board” means the Board of Directors of the Johnson County Library, a body corporate and politic corporation organized and existing under the laws of the State, and its successors and assigns.

“Maximum Term” means the Original Term and all Renewal Terms through the later of (a) September 1, 2037 or (b) the date on which payment or provision for payment of the principal of, redemption premium, if any, and interest on all Outstanding Bonds is made.

“Original Term” means the initial term of this Sublease beginning on November 2, 2017 and ending on the last day of the Library Board’s current fiscal year.

“PBC” means the Public Building Commission of Johnson County, Kansas, a municipal corporation organized and existing under the laws of the State, and its successors and assigns.

“Permitted Encumbrances” means any easements and rights-of-way of record at the time of lease of the Facility to the PBC, and any other minor defects, irregularities, encumbrances, easements, mechanic’s liens, rights-of-way and clouds on title as do not in the aggregate materially affect the marketability or the usefulness of the Facility to the County.

“Renewal Terms” means the renewal terms of this Sublease during which the Term is extended in accordance with *Section 2.2*, each having a duration of one year and a term coextensive with the Library Board’s fiscal year except as otherwise provided in *Section 2.2*.

“Rental Payments” means the aggregate of the Basic Rent and Additional Rent payments provided for pursuant to *Article III* of this Sublease.

“SARA” means the Superfund Amendments and Reauthorization Act of 1986, as now in effect and as hereafter amended.

“SEC Rule” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“Series 2017A Bonds” means the Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A, dated November 2, 2017, in the aggregate principal amount of \$[PRINCIPAL AMOUNT].

“Sublease” means this Sublease dated as of November 1, 2017 between the County and the Library Board, as from time to time supplemented and amended in accordance with the provisions hereof.

“Term” means collectively the Original Term and any Renewal Terms.

“Trustee” means Security Bank of Kansas City, Kansas City, Kansas, a state banking corporation organized under the laws of the State of Kansas, in its capacity as trustee, bond registrar and paying agent, and its successor or successors, and any other corporation or association with at the time may be substituted in its place pursuant to and at the time serving as Trustee under the Indenture.

Section 1.2 Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine gender. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) Wherever in this Sublease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(c) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or subdivision.

(d) The Table of Contents and the Article and Section headings of this Sublease shall not be treated as a part of this Sublease or as affecting the true meaning of the provisions hereof.

Section 1.3 Representations and Covenants by the Library Board. The Library Board makes the following covenants and representations as the basis for the undertakings on its part herein contained.

(a) Representations and Covenants Relating to the Code.

(i) The Library Board will not make, or cause or permit to be made, any use of the Bond proceeds which would cause any Tax-Exempt Bonds to be “private activity bonds” within the meaning of Section 141(b) of the Code or to cause the interest on the any Tax-Exempt Bonds to become subject to federal income taxation pursuant to the provisions of the Code. The Library Board will comply with, and will take all action reasonably required by the PBC or the County in order to comply with, all other applicable requirements of the Code until all of the Tax-Exempt Bonds, including interest thereon and any applicable redemption premium, have been paid.

(ii) The Library Board covenants and agrees that so long as any of the Bonds remain Outstanding, the Library Board will not enter into or renew any long-term management contract or service contract with any person or entity other than a state or local government unit with respect to

the management or operation of all or any portion of the facilities financed or refinanced with Bond proceeds (or any part thereof) without first obtaining and delivering to the PBC, the Trustee and the County an opinion of Bond Counsel addressed to the PBC and the Trustee that such management contract will not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds.

(iii) The Library Board will not use or cause or allow over 10% of the proceeds of any series of Tax-Exempt Bonds to be used for any private business use as contemplated by Section 141(b) of the Code.

(iv) The Library Board will not cause or allow payment of the principal of, or interest on, more than 10% of the proceeds of any series of Tax-Exempt Bonds to be secured by interest in property used or to be used for a private business use, or payments in respect of such property.

(v) The Library Board will not make, or cause or permit to be made, any use of the proceeds (as defined in the Code) of the Bonds which would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Library Board further covenants and agrees that it will comply with all applicable requirements of said Section 148 and Treasury Regulations promulgated thereunder until all of the Tax-Exempt Bonds, including interest thereon and any applicable redemption premium, have been paid.

(vi) The Library Board has reviewed the PBC's IRS Form 8038-G prepared for filing in connection with the issuance of the Series 2017A Bonds, and represents that the information set forth therein is true and accurate.

(vii) The Library Board will comply with the Tax Compliance Agreement and will pay to the United States all rebate payments required under Section 148(f) of the Code.

(viii) So long as any Tax-Exempt Bonds remain Outstanding, the Library Board will not enter into or renew a sublease of the Facility (or any part thereof) with any tenant that is not a state or local government unit without first obtaining and delivering to the PBC, the Trustee and the County an opinion of Bond Counsel addressed to the PBC and the Trustee that such lease will not adversely affect the tax-exempt status of the interest on the Tax-Exempt Bonds.

(b) General Representation and Covenants.

(i) The Library Board is a body corporate and politic duly organized under the laws of the State of Kansas with lawful power and authority to enter into this Sublease, acting by and through its duly authorized officers.

(ii) The Library Board shall (A) maintain and preserve its existence and organization as body corporate and politic under the laws of the State and (B) will not initiate any proceedings to dissolve without making provision for the payment in full of the principal of and interest and redemption premium, if any, on the Bonds.

(iii) Neither the execution or delivery of this Sublease, the consummation of the transactions contemplated hereby or by the Indenture or the Lease, nor the fulfillment of or compliance with the terms and conditions of this Sublease contravenes in any material respect any provisions of its governing law or resolutions, or conflicts in any material respect with or results in a material breach of the terms, conditions or provisions of any agreement, indenture or instrument to which the Library Board is a party or by which it is bound, or to which it or any of its properties is subject, or would constitute a material default (without regard to any required notice or the passage

of any period of time) under any of the foregoing, or violates any existing law, administrative regulation or court order or consent decree to which the Library Board is subject.

(iv) This Sublease constitutes a legal, valid and binding obligation of the Library Board enforceable in accordance with its terms.

(v) Either the PBC, the County or the Library Board has obtained or will obtain any and all permits, authorizations, licenses and franchises necessary to construct the Improvements and to enable it to operate and utilize the Facility for the purposes for which it is subleased by the Library Board under this Sublease.

(vi) The estimated total cost of the Improvements to be financed by the Series 2017A Bonds, plus interest thereon during construction and installation of the Improvements, and Costs of Issuance of the Series 2017A Bonds, will not be less than the face amount of such Series 2017A Bonds.

(vii) The Library Board and the County have, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year for the Library Board to make the Rental Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds have not been expended for other purposes.

Section 1.4 Representations and Covenants by the County. The County makes the following representations and covenants as the basis for the undertakings on its party herein contained:

(a) The County is a political subdivision of the State of Kansas with lawful power and authority to enter into this Sublease, acting by and through its duly authorized officers.

(b) The County has not, in whole or in part, assigned, leased, hypothecated or otherwise created any other interest in, or disposed of, or caused or permitted any lien, claim or encumbrance to be placed against, the Facility, except as provided for in this Sublease, the Lease and the Indenture.

(c) Except as otherwise provided herein or in the Lease, the County will not, during the Term, in whole or in part, assign, lease, hypothecate or otherwise create any other interest in, or dispose of, or cause or permit any lien, claim or encumbrance (other than Permitted Encumbrances) to be placed against, the Facility, except as is provided for in this Sublease, the Lease and the Indenture.

(d) The County has duly authorized the execution and delivery of this Sublease and the Lease and the issuance, execution and delivery of the Series 2017A Bonds.

(f) The County will not make, or cause or permit to be made, any use of the Series 2017A Bond proceeds which would cause the Series 2017A Bonds to be "arbitrage bonds" within the meaning of the Code. The County will comply with, and will take all actions reasonably required to insure that the County complies with, all other applicable requirements of the Code with respect to the Tax-Exempt Bonds until all of the Tax-Exempt Bonds, including interest thereon and any applicable redemption premium, have been paid.

ARTICLE II

Section 2.1 Granting of Leasehold. The County hereby rents, leases and lets to the Library Board, and the Library Board hereby rents, leases and hires from County, the Facility for the Term, for the rentals and upon and subject to the terms and conditions hereinafter set forth.

Section 2.2 Term. The Original Term will commence as of November 2, 2017 and will terminate on the last day of the Library Board's current fiscal year. The Term may be continued, at the option of the Library Board, at the end of the Original Term or any Renewal Term for an additional one year Renewal Term up to the Maximum Term. At the end of the Original Term and at the end of each Renewal Term until the Maximum Term has been completed, the Library Board will be deemed to have exercised its option to continue this Sublease for the next Renewal Term unless the Library Board has terminated this Sublease pursuant to **Section 2.3**. The terms and conditions during any Renewal Term will be the same as the terms and conditions during the Original Term.

The Library Board currently intends, subject to the provisions of **Section 2.4**, to continue this Sublease through the Maximum Term and to pay the Rental Payments due hereunder. The Library Board reasonably believes that legally available funds in an amount sufficient to pay all Rental Payments during the Original Term and each of the Renewal Terms through the Maximum Term can be obtained. The responsible financial officer of the Library Board will do all things lawfully within his power to obtain and maintain funds from which the Rental Payments may be made, including making provision for such Rental Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Library Board and the County and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend this Sublease for any Renewal Term is to be made in accordance with the Library Board and County's normal procedures for such decisions, and the then current governing bodies of the Library Board and the County will have the final responsibility for that decision.

Section 2.3 Termination of Sublease. This Sublease will terminate upon the occurrence of the following:

- (a) the expiration of the Original Term or any Renewal Term of this Sublease and the nonrenewal of this Sublease in the event of nonappropriation of funds pursuant to **Section 2.4**; *or*
- (b)
 - (i) all Rental Payments that the Library Board is obligated under this Sublease to pay during the Term have been paid to the County in full;
 - (ii) the Library Board has made arrangements which, in the opinion of the County, are adequate to comply with the PBC's obligations to pay any arbitrage rebate to the United States;
 - (iii) all of the principal of, redemption premium, if any, and interest on all Outstanding Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Indenture; *and*
 - (iv) the Lease has terminated according to its terms.

Section 2.4 Nonappropriation. The Library Board is obligated only to pay such Rental Payments under this Sublease as may lawfully be made from funds budgeted and appropriated for that purpose during the Library Board's then current fiscal year. Should the Library Board and the County fail to budget, appropriate or otherwise make available funds of the Library Board sufficient to pay Rental Payments

following the then current Original Term or Renewal Term, this Sublease will be deemed terminated at the end of the then current Original Term or Renewal Term. The Library Board agrees to deliver notice to the County, the PBC and the Trustee of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice will not extend the term beyond such Original Term or Renewal Term. If this Sublease is terminated in accordance with this section, the Library Board agrees to transfer possession of the Facility to the County.

ARTICLE III

Section 3.1 Basic Rent. The Library Board covenants and agrees to pay Basic Rent in immediately available funds, less Basic Rent Credits, on each Basic Rent Payment Date. Unless otherwise directed by the County, such payments shall be made directly to the Trustee for deposit in accordance with the provisions of the Indenture into the Principal and Interest Fund, to be applied by the Trustee in the manner and for the purposes set forth in the Indenture.

Section 3.2 Additional Rent. In addition to Basic Rent, the Library Board shall pay, subject to the provisions of *Section 2.4*, any Additional Rent required to be paid pursuant to this Sublease, or, if such payment cannot be made from legally available funds, as soon thereafter as funds can be made legally available after receipt of written notice thereof given to the Library Board by the County.

Section 3.3 Rental Payments Constitute Current Expenses. The obligation of the Library Board to pay Rental Payments is subject to the provisions of *Section 2.4*, constitutes a current expenses of the Library Board and does not constitute a general obligation or indebtedness of the Library Board for which the Library Board is obligated to levy or pledge any form of taxation or for which the Library Board has levied or pledged any form of taxation; such obligation will not be construed to be a debt of the Library Board in contravention of any applicable constitutional or statutory limitation or requirement, but in each fiscal year will be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such fiscal year, any proceeds of the Facility and the Net Proceeds of any insurance or condemnation awards.

Section 3.4 Rent Payable Without Abatement or Setoff. Subject to the provisions of *Section 2.4*, the Library Board covenants and agrees with and for the express benefit of the County, the PBC and the Owners that all payments of Basic Rent and Additional Rent shall be made by the Library Board as the same become due, and that the Library Board shall perform all of its obligations, covenants and agreements hereunder without notice or demand and without abatement, deduction, setoff, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising. Nothing in this Sublease shall be construed as a waiver by the Library Board of any rights or claims the Library Board may have against the County under this Sublease or otherwise, but any recovery upon such rights and claims shall be had from the County separately, it being the intent of this Sublease that, subject to the provisions of *Section 2.4*, the Library Board shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Sublease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the Owners.

Section 3.5 Prepayment of Basic Rent. The Library Board may at any time prepay all or any part of the Rental Payments, which prepayment shall be accompanied by an explanatory written statement of the Authorized Library Board Representative and written instructions as to application of the prepayment towards the early redemption of Bonds. The County shall submit such prepayment moneys to the PBC for deposit in the Principal and Interest Fund and shall provide written instructions to the PBC with respect to the early redemption of Bonds in accordance with the instructions of the Library Board.

Section 3.6 Deposit of Rental Payments. The County shall deposit, use and apply all payments of Basic Rent and Additional Rent received in accordance with the provisions of this Sublease, the Lease and the Indenture.

ARTICLE IV

Section 4.1 Disposition of Bond Proceeds. The proceeds of the Series 2017A Bonds shall be deposited in the funds and accounts established under the Indenture and shall be applied in the manner set forth in the Indenture and the Lease, without further order or authorization.

Section 4.2 Construction Contracts. The PBC has agreed in the Lease to enter into a contract or contracts with respect to the design, acquisition and/or construction of the Improvements (the "Construction Contracts"). The PBC has also agreed to cause the Construction Contracts to be fully performed by the contractor(s), subcontractor(s) and supplier(s) thereunder in accordance with the terms thereof, and the PBC has agreed to cause the Improvements to be acquired, constructed and installed in accordance with the Construction Contracts.

Section 4.3 Payment of Improvement Costs. The PBC has agreed in the Lease to pay for the acquisition, construction and equipping of the Improvements, or any repairs or replacements to be made pursuant to *Article XVII* of the Lease, but solely from the Construction Fund, from time to time in accordance with the provisions of *Section 404* of the Indenture. The PBC has also agreed to cause the acquisition and construction of the Improvements to be diligently and continuously prosecuted and to be completed with reasonable dispatch substantially in accordance with the Construction Contracts and the plans and specifications therefor.

Section 4.4 Right of Entry by the County or the PBC. The duly authorized agents of the County or the PBC shall have the right at any reasonable time prior to the completion of the Improvements to have access to the Facility or any parts thereof for the purpose of inspecting and supervising the acquisition, installation or construction of the Improvements.

Section 4.5 Furnishings and Equipment Purchased by the Library Board. If no part of the purchase price of an item of personal property is paid from funds deposited in the Construction Fund pursuant to the terms of this Sublease, then such item of machinery, equipment or personal property shall not be deemed a part of the Facility.

Section 4.6 Facility Property of the PBC. All Improvements to or constituting part of the Facility, all work and materials on such Improvements as such work progresses, any Facility Additions, anything under this Sublease which becomes, is deemed to be, or constitutes a part of the Facility, and the Facility as repaired, rebuilt, rearranged, restored or replaced by the County or the Library Board under the provisions of the Lease or this Sublease, except as otherwise specifically provided herein, will immediately when erected or installed become the property of the PBC, subject to the Base Lease.

Section 4.7 Kansas Retailers' Sales Tax. The parties have entered into this Sublease in contemplation that, under the existing provisions of K.S.A. 79-3606 and other applicable laws, sales of tangible personal property or services purchased directly by the PBC in connection with construction of the Improvements are entitled to exemption from the tax imposed by the Kansas Retailers' Sales Tax Act.

ARTICLE V

Section 5.1 Environmental Matters. The Library Board acknowledges that it is responsible for maintaining the Facility in compliance with all applicable Environmental Laws. In the event that the Library Board does not expeditiously proceed with any compliance action with respect to the Facility lawfully required by any local, state or federal authority under applicable Environmental Law, the County or the PBC, immediately after notice to the Library Board, may elect (but may not be required) to undertake such compliance. Any moneys expended by the County or the PBC in efforts to comply with any applicable Environmental Law (including the cost of hiring consultants, undertaking sampling and testing, performing any cleanup necessary or useful in the compliance process and attorneys' fees) shall be due and payable as Additional Rent hereunder, with interest thereon at the average rate of interest per annum on the Series 2017A Bonds, plus two (2) percentage points, from the date such cost is incurred. There will be unlimited recourse to the Library Board to the extent of any liability incurred by the County or the PBC with respect to any breaches of the provisions of this section.

To the extent permitted by law, the Library Board shall and does hereby indemnify the County, the PBC and the Owners and agrees to defend and hold them harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs associated with or incurred in the investigation, defense and settlement of claims) that they may incur, directly or indirectly, as a result of or in connection with the assertion against them or any of them of any claim relating to the presence on, escape or removal from the Facility of any Hazardous Substance or other material regulated by any applicable Environmental Law, or compliance with any applicable Environmental Law, whether before, during or after the term of this Sublease, including claims relating to personal injury or damage to property.

The Library Board agrees to give immediate written notice to the County, the PBC and the Trustee of any violation of any Environmental Law of which violation the Library Board has actual knowledge.

ARTICLE VI

Section 6.1 Insurance. The Library Board shall be required to maintain in full force and effect the following policies of insurance:

(a) Commercial general liability insurance providing coverage against claims for bodily injury, personal injury and property damage occurring in or about the Facility, under which the Library Board will be named as insured and the County, the PBC and the Trustee will be named as additional insureds, in an amount not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence as provided by the Kansas tort claims act or other similar future law (currently \$500,000 per occurrence); which policy must provide that such insurance may not be cancelled by the issuer thereof without at least 30 days' advance written notice to the PBC, the Trustee, the County and the Library Board, such insurance to be maintained throughout the Term of this Sublease.

(b) Workers' compensation insurance in accordance with statutory law.

(c) Property insurance insuring the Facility for perils covered by a special causes of loss form in an amount equal to the Full Insurable Value of the Facility. Such insurance coverage shall name the Library Board, the County, the PBC and the Trustee as loss payees, as their interests appear, and all Net Proceeds received under such policy or policies by the Library Board, the County or the PBC shall be paid over to the Trustee and be applied as set forth in *Article XVII* hereof.

(d) With regard to new buildings and improvements constituting a part of the Facility, performance and labor and material payment bonds and statutory bonds (with sureties approved by the PBC) with respect to the applicable Construction Contracts in the full amount of such Construction Contracts. Said bonds shall name the PBC, the Trustee, the County and the Library Board as obligees. All payments received by the PBC, the Trustee, the County and the Library Board under said bonds shall become a part of and be deposited in the Construction Fund. With regard to materials and/or labor furnished to the Facility at the order of the Library Board without formal contract, or by subcontract with the Library Board acting as general contractor, with respect to materials or labor which could form the basis of a statutory mechanic's lien, if the amount of the transaction does not exceed \$10,000, the Trustee may disburse payments therefor upon receipt of releases or waivers of statutory mechanic's or subcontractor's liens by all vendors or subcontractors receiving payment or furnishing labor or materials as a subcontractor of the vendor or subcontractor receiving payment.

Section 6.2 General Insurance Provisions.

(a) Prior to the expiration dates of the expiring policies or within 30 days of renewal, originals or certificates or acceptable binders of the policies provided for in this Article, each bearing notations evidencing payment of the premiums or other evidence of such payment satisfactory to the PBC, shall be delivered by the Library Board to the County and the PBC. All policies of such insurance and all renewals thereof shall name the Library Board as insured and the PBC, the Trustee, and the County as additional insureds, must contain a provision that such insurance may not be cancelled or amended by the issuer thereof without at least thirty (30) days' written notice to the PBC, the Trustee and the County, and shall be payable to the PBC, the Trustee, the County and the Library Board as their respective interests appear. The PBC and the County each hereby agree to do anything necessary, be it the endorsement of checks or otherwise, to cause any such payment, as long as such payment is required by this Sublease.

(b) Each policy of insurance hereinabove referred to shall be issued by a nationally recognized responsible insurance company qualified under the laws of the State to assume the risks covered therein except that the Library Board may be self-insured as to any required insurance coverages under a program of self-insurance approved by the State Commissioner of Insurance or other applicable State regulatory authority to the extent required by law, and with the consent of the County and the PBC, which consent will not be unreasonably withheld.

(c) Certificates of insurance evidencing the insurance coverages herein required shall be filed with the County and the PBC continuously during the term of this Sublease.

(d) Each policy of insurance hereinabove referred to may be subject to a reasonable deductible in an amount approved by the County and the PBC.

(e) Each policy of insurance required herein may be provided through blanket policies maintained by the Library Board.

(f) Anything in this Sublease to the contrary notwithstanding, subject to the limitations of the Kansas Tort Claims Act, the Library Board shall be liable to the County and the PBC pursuant to the provisions of this Sublease or otherwise, as to any loss or damage which may have been occasioned by the negligence of the Library Board, its agents, licensees, contractors, invitees or employees.

Section 6.3 Title Insurance. The Library Board shall purchase, from the Construction Fund or from the Library Board's own funds, a policy of owner's title insurance, insuring fee simple title to the Facility in the Library Board, subject to the Base Lease, the Lease, this Sublease and Permitted Encumbrances, in an amount not less than \$[PRINCIPAL AMOUNT]. The County and the Library Board

agree that any and all proceeds from such insurance during the Term (a) if received before the completion of the Improvements shall be paid into and become a part of the Construction Fund, (b) if received thereafter but before the Bonds and interest thereon have been paid in full, shall be paid into and become a part of the Principal and Interest Payment Fund and (c) if received after the Bonds, redemption premium, if any, and interest thereon have been paid in full, shall belong and be paid to the Library Board.

ARTICLE VII

Section 7.1 Impositions. The Library Board shall, during the Term of this Sublease, bear, pay and discharge, before the delinquency thereof, any and all Impositions. In the event any Impositions may be lawfully paid in installments, the Library Board shall be required to pay only such installments thereof as become due and payable during the Term of this Sublease as and when the same become due and payable.

Section 7.2 Receipted Statements. Unless the Library Board exercises its right to contest any Impositions in accordance with **Section 7.4** hereof, the Library Board shall, within 30 days after the last day for payment, without penalty or interest, of an Imposition which the County is required to bear, pay and discharge the same pursuant to the terms hereof, and deliver to the Trustee a copy of the statement issued therefor duly receipted to show the payment thereof.

Section 7.3 County May Not Sell. The County covenants that, unless the Library Board is in Default under this Sublease it will not, without Library Board's written consent, unless required by law, sell or otherwise part with or encumber its leasehold interest in the Facility at any time during the Term of this Sublease.

Section 7.4 Contest of Impositions. The Library Board shall have the right, in its own or the County's name or both, to contest the validity or amount of any Imposition by appropriate legal proceedings instituted at least 10 days before the Imposition complained of becomes delinquent if, and provided, the Library Board: (a) before instituting any such contest, shall give the County written notice of its intention to do so and, if requested in writing by the County, shall deposit with the County or the PBC a surety bond of a surety company acceptable to the County as surety, in favor of the County or the PBC, as directed by the County, or cash, in a sum of at least the amount of the Imposition so contested, assuring the payment of such contested Impositions together with all interest and penalties to accrue thereon and court costs; (b) diligently prosecutes any such contest and at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise; and (c) promptly pays any final judgment enforcing the Imposition so contested and thereafter promptly procures record release or satisfaction thereof. The Library Board shall hold the County and the PBC whole and harmless from any costs and expenses the County and the PBC may incur related to any such contest.

ARTICLE VIII

Section 8.1 Use of Facility. Subject to the provisions of this Sublease, the Library Board shall have the right to use the Facility for any and all purposes allowed by law and contemplated by the constitution of the State and the Act, as long as they are consistent with the Code limitations on use of property purchased with original proceeds of the Tax-Exempt Bonds. The Library Board shall comply with all statutes, laws, ordinances, resolutions, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Facility or to any adjoining public ways, as to the manner of use or the condition of the Facility or of adjoining public ways. The Library Board shall comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this

Sublease. The Library Board shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the Library Board to comply with the provisions of this Article.

ARTICLE IX

Section 9.1 Sublease by the Library Board. The Library Board may not sublease the Facility to a single party or entity, without the prior written consent of the County and the PBC. The Library Board may sublease portions of the Facility for use by others in the normal course of its business without the County's or the PBC's prior consent or approval provided such sublease does not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds. Any such subtenant must be an entity permitted to be a tenant under the provisions of the Act. In the event of any such subleasing, the Library Board shall remain fully liable for the performance of its duties and obligations hereunder, and no such subleasing and no dealings or transactions between the County or the PBC and any such subtenant shall relieve the Library Board of any of its duties and obligations hereunder. Any such sublease shall be subject and subordinate in all respects to the provisions of this Sublease.

Section 9.2 Assignment by the Library Board. The Library Board may not assign its interest in this Sublease without the prior written consent of the County and the PBC. Any such assignment must in furtherance of the purposes set forth in the Act and must be to an entity authorized to be a tenant in accordance with the Act; and such assignment shall not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds. In the event of any such assignment, the Library Board shall remain fully liable for the performance of its duties and obligations hereunder, except to the extent hereinafter provided, and no such assignment and no dealings or transactions between the County or the PBC and any such assignee shall relieve the Library Board of any of its duties and obligations hereunder, except as may be otherwise provided in the following section.

Section 9.3 Release of the Library Board. If, in connection with an assignment by the Library Board of its interest in this Sublease: (a) the County, the PBC and the Owners of ninety percent (90%) in aggregate principal amount of the Outstanding Bonds (including any Additional Bonds) shall file with the County and the PBC their prior written consent to such assignment; and (b) the proposed assignee shall expressly assume and agree to perform all of the obligations of the Library Board under this Sublease; then the Library Board shall be fully released from all obligations accruing hereunder after the date of such assignment.

Section 9.4 Covenant Against Other Assignments. The Library Board will not assign or in any manner transfer its interests under this Sublease, nor will it suffer or permit any assignment thereof by operation of law, except in accordance with the limitations, conditions and requirements herein set forth.

ARTICLE X

Section 10.1 Repairs and Maintenance. The Library Board covenants and agrees that it will, during the Term of this Sublease, keep and maintain the Facility and all parts thereof in good condition and repair, including but not limited to the furnishing of all parts, mechanisms and devices required to keep the furnishings, equipment and personal property constituting a part of the Facility in good mechanical and working order, and that during said period of time it will keep the Facility and all parts thereof free from nuisance or conditions unreasonably increasing the danger of fire.

Section 10.2 Removal, Disposition and Substitution of Equipment, Fixtures or Furnishings.

The Library Board shall have the right, provided the Library Board is not in default in the payment of Basic Rent and Additional Rent, to remove and sell (at not less than fair market value) or otherwise dispose of any equipment, fixtures or furnishings that constitute a part of the Facility and are no longer used by the Library Board or, in the opinion of the Library Board, are no longer useful to the Library Board in its operations of the Facility (whether by reason of obsolescence, depreciation or otherwise), subject, however, to the condition that the Library Board shall either (a) promptly replace any such equipment, fixtures or furnishings so removed with fixtures or furnishings of the same or a different kind but which performs the same function as the equipment, fixtures or furnishings so removed, and the equipment, fixtures or furnishings so acquired by the Library Board to replace such equipment, fixtures or furnishings thereafter shall be deemed a part of the Facility, or (b) deposit the proceeds from such sale in the Principal and Interest Fund; and provided further that such equipment, furnishings and fixtures shall only be disposed of without a sale if, in the reasonable opinion of the Library Board, such item or items has a resell value of less than \$5,000. The Library Board shall maintain accurate records of such replacements and upon request shall prepare a certificate of the Authorized Library Board Representative setting forth a complete description of the equipment, fixtures or furnishings which the Library Board has acquired to replace the equipment, fixtures or furnishings so removed by the Library Board, stating the cost thereof and the respective acquisition dates.

All equipment, fixtures or furnishings constituting a part of the Facility and removed by the Library Board pursuant to this section shall become the absolute property of the Library Board, shall no longer be subject to the Base Lease, the Lease or this Sublease, and may be sold or otherwise disposed of by the Library Board subject to the requirements of this section. In all cases, the Library Board shall pay all the costs and expenses of any such removal and shall immediately repair at its expense all damage caused thereby. The Library Board's rights under this section to remove equipment, fixtures or furnishings constituting a part of the Facility is intended only to permit the Library Board to maintain an efficient operation by the removal of such furnishings or equipment no longer suitable to the Library Board's use for any of the reasons set forth in this section, and such right is not to be construed to permit a removal under any other circumstances and shall not be construed to permit the wholesale removal of such equipment, fixtures or furnishings by the Library Board.

ARTICLE XI

Section 11.1 Alteration of Facility. The Library Board shall have and is hereby given the right, at its sole cost and expense, to make such changes and alterations in and to any part of the Facility as the Library Board from time to time may deem necessary or advisable without the consent of the County or the PBC; provided, however, the Library Board shall not make any major change or alteration which will adversely affect the intended use or structural strength of any part of the Facility. All changes and alterations made by the Library Board pursuant to the authority of this Article shall (a) be made in a workmanlike manner and in strict compliance with all laws, regulations and ordinances applicable thereto, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, shall be deemed a part of the Facility and subject to the Base Lease and the Lease; provided, however, that additions of fixtures, furnishings or personal property of the Library Board, not purchased or acquired from proceeds of the Bonds and not constituting a part of the Facility shall remain the separate property of the Library Board and may be removed by the Library Board at any time.

ARTICLE XII

Section 12.1 Additional Improvements. The Library Board shall have and is hereby given the right, at its sole cost and expense, to construct on the Land or within areas occupied by the Facility, or in airspace above the Facility, such additional buildings and improvements as the Library Board from time to time may deem necessary or advisable. All additional buildings and improvements constructed by the Library Board pursuant to the authority of this Article shall, during the Term, remain the property of the Library Board and may be added to, altered or razed and removed by the Library Board at any time during the Term hereof. The Library Board covenants and agrees (a) to make all repairs and restorations, if any, required to be made to the Facility because of the construction of, addition to, alteration or removal of, said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, and (c) to promptly and with due diligence either raze and remove from the Land, in a good, workmanlike manner, or repair, replace or restore such of said additional buildings or improvements as may from time to time be damaged by fire or other casualty.

ARTICLE XIII

Section 13.1 Securing of Permits and Authorizations. The Library Board shall not do or permit others under its control to do any work in or in connection with the Facility or related to any repair, rebuilding, restoration, replacement, alteration of or addition to the Facility, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have first been procured and paid for. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, resolutions, governmental regulations and requirements and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this Sublease.

Section 13.2 Mechanics' Liens. The Library Board shall not do or suffer anything to be done whereby the Facility, or any part thereof, may be encumbered by any mechanic's or other similar lien and if any mechanic's or other similar lien is filed against the Facility, or any part thereof, the Library Board shall discharge the same of record within 30 days after the date of filing. Notice is hereby given that the County does not authorize or consent to and shall not be liable for any labor or materials furnished to the Library Board or anyone claiming by, through or under the Library Board upon credit, and that no mechanic's or similar liens for any such labor, services or materials shall attach to or affect the estate of the County in and to the Facility, or any part thereof.

Section 13.3 Contest of Liens. The Library Board, notwithstanding the above, shall have the right to contest any such mechanic's or other similar lien if within said 30 day period stated in *Section 13.2* it: (a) notifies the Count, the PBC and the Trustee in writing of its intention so to do; (b) diligently prosecutes such contest, at all times effectively staying or preventing any official or judicial sale of the Facility or any part thereof or interest therein, under execution or otherwise; and (c) promptly pays or otherwise satisfies any final judgment adjudging or enforcing such contested lien claim and thereafter promptly procures a recorded release or satisfaction thereof.

Section 13.4 Utilities. All utilities and utility services used by the Library Board in, on or about the Facility shall be contracted for by the Library Board in the Library Board's own name and the Library Board shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

ARTICLE XIV

Section 14.1 Indemnity. Subject to the provisions of the Kansas Tort Claims Act and other applicable law, the Library Board covenants and agrees, at its expense, to pay, and to indemnify and save the County and all agents, members, directors, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the acquisition, construction, equipping, occupation, use, operation, maintenance, possession, conduct or management of, or from any work done in or about the Facility, or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, or regulations affecting the Facility or the occupancy or use thereof. Subject to the provisions of the Kansas Tort Claims Act and other applicable law, the Library Board also covenants and agrees, at its expense, to pay and to indemnify and save the County and all agents, members, directors, officers and employees thereof harmless against and from, any and all claims arising from (i) any condition of the Facility and the adjoining sidewalks and passageways, (ii) any breach or default on the part of the Library Board in the performance of any covenant or agreement to be performed by the Library Board pursuant to this Sublease, (iii) any act or negligence of the Library Board or, any of its agents, contractors, servants, employees or licensees in connection with their use, occupancy or operation of the Facility, or (iv) any accident, injury or damage whatsoever caused to any person, firm or corporation, in or about the Facility or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this section. In the event that any action or proceeding is brought against the County or any agent, member, director, officer or employee thereof by reason of any such claim, the Library Board, upon notice from the County, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the County.

Notwithstanding the fact that it is the intention of the parties that the County and all agents, members, directors, officers and employees thereof shall not incur any pecuniary liability whatsoever by reason of the terms of this Sublease, or the undertakings required of the County hereunder or any agent, member, director, officer or employee thereof, by reason of the issuance of Bonds, by reason of the execution or authorization of any documents or certification in connection with the Bonds including, but not limited to, the Indenture, the Lease, this Sublease, or any preliminary or final official statement, by reason of the performance, or nonperformance, of any act required of it by this Sublease, the Lease or the Indenture, or by reason of the performance, or nonperformance, of any act requested of it by the Library Board, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the County or any agent, member, employee, officer or director thereof should incur any such pecuniary liability then in such event the Library Board, subject to the provisions of the Kansas Tort Claims Act and other applicable law, shall indemnify and hold harmless the County and all agents, members, directors, officers and employees thereof, against all claims, fees, including attorney fees, and expenses by or on behalf of any person, firm, corporation, or governmental authority, arising out of the same, and all costs, fees and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the County, the Library Board shall defend and hold harmless the County in any such action or proceeding. This section shall survive the termination of this Sublease for any claim, proceeding or action arising from any event or omission occurring during the Term and after the termination, due to an Event of Default, for any period the Library Board or assignee occupies the Facility.

Section 14.2 Liability. Subject to *Article IV* hereof, the provisions of the Kansas Tort Claims Act and other applicable law, the Library Board hereby accepts all responsibility relating to the operation, maintenance and repair of the Facility during the Lease Term and agrees that the County shall not have any liability therefor.

ARTICLE XV

Section 15.1 Access to Facility. The County, for itself and its duly authorized representatives and agents, including the PBC and any duly authorized representative and agents thereof, reserves the right to enter the Facility at all reasonable times during usual business hours throughout the Term for the purpose of: (a) examining and inspecting the same, (b) performing any work made necessary by reason of an Event of Default by the Library Board under any of the provisions of this Sublease, and (c) while an Event of Default is continuing hereunder, for the purpose of exhibiting the Facility to prospective purchasers or lessees. The County and the PBC may, during the progress of said work mentioned in (b) above, keep and store on the Facility all necessary materials, supplies and equipment and shall not be liable for inconvenience, annoyances, disturbances, loss of business or other damage suffered by reason of the performance of any such work or the storage of such materials, supplies and equipment.

Section 15.2 Quiet Enjoyment and Possession. So long as no Event of Default has occurred and is continuing under this Sublease, the Library Board shall and may peaceably and quietly have, hold and enjoy the Facility.

ARTICLE XVI

Section 16.1 County's Option to Purchase. In the event that the County purchases the PBC's interest in the Facility in accordance with the Lease, the Base Lease shall be considered assigned to the Library Board and terminated through merger of the leasehold interest with the fee interest.

ARTICLE XVII

Section 17.1 Damage and Destruction.

(a) If, during the Term, the Facility is damaged or destroyed, in whole or in part, by fire or other casualty, the Library Board shall promptly notify the County, the PBC and the Trustee in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

(b) If the Library Board determines that rebuilding, repairing, restoring or replacing the Facility is practicable and desirable, the Library Board shall forthwith proceed with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing. In such case, any Net Proceeds of property and/or casualty insurance required by this Sublease and received with respect to any such damage or loss to the Facility shall be deposited in the Construction Fund and shall be used and applied for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining in the Construction Fund after such rebuilding, repairing, restoring or replacing shall be deposited into the Principal and Interest Fund and used to pay or redeem the Bonds and the interest thereon as provided in the Indenture.

(c) If the Library Board determines that rebuilding, repairing, restoring or replacing the Facility is not practicable and desirable, any Net Proceeds of casualty insurance required by this Sublease and received with respect to any such damage or loss to the Facility shall be paid into the Principal and Interest Fund. The Library Board agrees that it shall be reasonable in exercising its judgment pursuant to this subsection (c).

(d) The Library Board shall not, by reason of its inability to use all or any part of the Facility during any period in which the Facility is damaged or destroyed, or is being repaired, rebuilt, restored or replaced nor by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent payable by the Library Board under this Sublease nor of any other obligations of the Library Board under this Sublease except as expressly provided in this Section.

Section 17.2 Condemnation.

(a) If, during the Term title to, or the temporary use of, all or any part of the Facility shall be condemned by any authority exercising the power of eminent domain, the Library Board shall, within 90 days after the date of entry of a final order in any eminent domain proceedings granting condemnation, notify the Count, the PBC and the Trustee in writing as to the nature and extent of such condemnation and whether it is practicable and desirable to acquire or construct facilities to substitute for the Facility, or portion thereof.

(b) If the Library Board determines that such substitution is practicable and desirable, the Library Board shall forthwith proceed with and complete with reasonable dispatch the acquisition or construction of such substitute facilities. In such case, any Net Proceeds received from any award or awards with respect to the Facility or any part thereof made in such condemnation or eminent domain proceeds shall be deposited in the Construction Fund and shall be used and applied for the purpose of paying the cost of such substitution. Any amount remaining in the Construction Fund after such acquisition or construction shall be deposited into the Principal and Interest Fund and used to pay or redeem the Bonds and the interest thereon as provided in the Indenture.

(c) If the Library Board determines that it is not practicable and desirable to acquire or construct substitute facilities, any Net Proceeds of condemnation awards received by the Library Board shall be paid into the Principal and Interest Fund. The Library Board agrees that it shall be reasonable in exercising its judgment pursuant to this subsection (c).

(d) The Library Board shall not, by reason of its inability to use all or any part of the Facility during any such period of restoration or acquisition nor by reason of the payment of the costs of such restoration or acquisition, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent payable by the Library Board under this Sublease nor of any other obligations hereunder except as expressly provided in this Section.

(e) The County shall cooperate fully with the Library Board in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Facility or any part thereof. In no event will the County voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Facility or any part thereof without the written consent of the Library Board.

Section 17.3 Effect of the Library Board's Default. Anything in this Article to the contrary notwithstanding, the County, the PBC and the Trustee shall have the right at any time and from time to time to withhold payment of all or any part of the Net Proceeds from the Construction Fund attributable to damage, destruction or condemnation of the Facility to the Library Board or any third party if an Event of Default has occurred and is continuing under this Sublease, or the County has given notice to the Library Board of an Event of Default which, with the passage of time, will become an Event of Default. In the event the Library Board cures any Default specified herein, the County, the PBC or the Trustee may make payments from the Net Proceeds to the Library Board in accordance with the provisions of this Article. However, if this Sublease is terminated or the County, the PBC or the Trustee otherwise re-enters and takes

possession of the Facility without terminating this Sublease, the County, the PBC and the Trustee shall pay all the Net Proceeds held by them into the Principal and Interest Fund and all rights of the Library Board in and to such Net Proceeds shall cease.

ARTICLE XVIII

Section 18.1 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the County may take any one or more of the following remedial actions:

(a) Give the Library Board written notice of intention to terminate this Sublease on a date specified therein, which date shall not be earlier than 30 days after such notice is given and, if all Events of Default have not then been cured on the date so specified, the Library Board's rights to possession of the Facility shall cease, and this Sublease shall thereupon be deemed terminated, and the County may re-enter and take possession of the Facility; or

(b) Without terminating the Term hereof, or this Sublease, conduct inspections or an Environmental Assessment of the Facility, and re-enter the Facility or take possession thereof pursuant to legal proceedings or any notice provided for by law and this Sublease. The County may refuse to re-enter or take possession of the Facility if it has reasonable cause for such refusal. "Reasonable cause" shall include the presence on the Facility of conditions which are in violation of any Environmental Law or the existence or threat of a remedial action against the Library Board under any Environmental Law resulting from conditions on the Facility.

Having elected to re-enter or take possession of the Facility without terminating the Term or this Sublease, the County shall use reasonable diligence to relet the Facility, or parts thereof, subject to the Base Lease and the Lease, for such term or terms and at such rental and upon such other terms and conditions as are deemed advisable, with the right to make alterations and repairs to the Facility, and no such re-entry or taking of possession of the Facility shall be construed as an election to terminate this Sublease, and no such re-entry or taking of possession shall relieve the Library Board of its obligation to pay Basic Rent or Additional Rent (at the time or times provided herein), or of any of its other obligations under this Sublease, all of which shall survive such re-entry or taking of possession. The Library Board shall continue to pay the Basic Rent and Additional Rent provided for in this Sublease until the end of the Term, whether or not the Facility shall have been relet, less the net proceeds, if any, of reletting the Facility.

Having elected to re-enter or take possession of the Facility pursuant to subsection (b) above, the County may (subject, however, to any restrictions against termination of this Sublease in the Indenture, the Base Lease or the Lease), by notice to the Library Board given at any time thereafter while the Library Board is in default in the payment of Basic Rent or Additional Rent or in the performance of any other obligation under this Sublease, elect to terminate this Sublease in accordance with subsection (a) above and thereafter proceed to sell its interest in the Facility subject to the Base Lease and the Lease.

If, in accordance with any of the foregoing provisions of this Article, the County shall have the right to elect to re-enter and take possession of the Facility, the County may enter and expel the Library Board and those claiming through or under the Library Board and remove the property and effects of both or either by all lawful means without being guilty of any manner of trespass and without prejudice to any remedies for arrears of Basic Rent or Additional Rent or preceding breach of covenant.

All Basic Rent recovered from the Library Board and the net proceeds of any re-letting or sale of the Facility shall be deposited by the County in the Principal and Interest Fund and applied by the PBC as set forth in the Indenture. For purposes of this paragraph, "net proceeds" means the receipts obtained from

reletting or sale after deducting all expenses incurred in connection with such reletting or sale, including without limitation, all repossession costs, brokerage commissions, legal fees and expenses, expenses of employees, alteration costs and expenses of preparation of the Facility for reletting or sale.

Section 18.2 Survival of Obligations. The Library Board covenants and agrees with the County, the PBC and the Owners that until all the Bonds and the interest thereon and redemption premium, if any, are paid in full or provision made for the payment thereof in accordance with the Indenture, its obligations under this Sublease shall survive the cancellation and termination of this Sublease, for any cause, and that the Library Board shall continue to be obligated to pay Basic Rent and Additional Rent (reduced by any net income the County or the PBC may receive from the Facility after such termination) and perform all other obligations provided for in this Sublease, all at the time or times provided in this Sublease. Notwithstanding any provision of this Sublease or the Indenture, the Library Board's obligations under **Section 14.1** hereof and the County's assignment of rights pursuant to **Section 16.1** hereof shall survive any termination, release or assignment of this Sublease and payment or provision for payment of the Bonds.

Section 18.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Sublease or now or hereafter existing at law or in equity or by statute, subject to the provisions of the Indenture. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein.

ARTICLE XIX

Section 19.1 Performance of the Library Board's Obligations by the County. If the Library Board shall fail to keep or perform any of its obligations as provided in this Sublease, then the County may (but shall not be obligated to do so) upon the continuance of such failure on the Library Board's part for 90 days after notice of such failure is given the Library Board by the County and without waiving or releasing the Library Board from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and the Library Board shall reimburse the County for all sums so paid by the County and all necessary or incidental costs and expenses incurred by the County in performing such obligations through payment of Additional Rent. If such Additional Rent is not so paid by the Library Board within ten (10) days of demand, the County shall have the same rights and remedies provided for in **Article XVIII** in the case of default by the Library Board in the payment of Basic Rent.

ARTICLE XX

Section 20.1 Surrender of Possession. Upon accrual of the County's right of re-entry as the result of an Event of Default by the Library Board hereunder or upon the cancellation or termination of this Sublease by lapse of time or otherwise (other than as a result of the County's purchase of the Facility), the Library Board shall peacefully surrender possession of the Facility to the County in good condition and repair, ordinary wear and tear excepted; provided, however, the Library Board shall have the right, prior to or within 120 days after the termination of this Sublease, to remove from or about the Facility any buildings, improvements, personal property, furniture and fixtures that are not a part of the Facility under the terms of this Sublease. All repairs to and restorations of the Facility required to be made because of such removal shall be made by and at the sole cost and expense of the Library Board. All buildings, improvements,

personal property, furniture and fixtures owned by the Library Board and which are not so removed from or about the Facility prior to or within 120 days after such termination of this Sublease shall become subject to the Base Lease and the Lease.

ARTICLE XXI

Section 21.1 Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Sublease shall be in writing and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via facsimile, with electronic or telephonic confirmation of receipt, or (c) communicated via electronic mail with electronic or telephonic confirmation of receipt to the Notice Representative at the Notice Address. The County and the Library Board may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (1) certified or registered mail shall be deemed duly given as of the date they are so mailed, however, notice to the Trustee shall be deemed duly given upon actual receipt; (b) facsimile or electronic mail shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the other party shall constitute a sufficient notice.

ARTICLE XXII

Section 22.1 Net Lease. The parties hereto agree that: (a) this Sublease is intended to be a net lease; (b) the payments of Basic Rent and Additional Rent are designed to provide the County with funds adequate in amount to pay the County's payments of Basic Rent and Additional Rent under the Lease as the same become due and payable and to pay and discharge all of the other duties and requirements set forth herein; and (c) to the extent that the payments of Basic Rent and Additional Rent are not adequate to provide the County with funds sufficient for the purposes aforesaid, the Library Board shall be obligated to pay, and it does hereby covenant and agree to pay, upon demand therefor, as Additional Rent, such further sums of money as may from time to time be required for such purposes.

ARTICLE XXIII

Section 23.1 Rights and Remedies. The rights and remedies reserved by the County and the Library Board hereunder and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The County and the Library Board shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Sublease, and each party hereby waives the right to raise such defense in any proceeding in equity.

Section 23.2 Waiver of Breach. No waiver of any breach of any covenant or agreement herein contained shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the nondefaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults which were in existence at the time such payment or payments or performance were accepted by it.

Section 23.3 The County Shall Not Unreasonably Withhold Consents and Approvals. Wherever in this Sublease it is provided that the County shall, may or must give its approval or consent, or execute supplemental agreements, exhibits or schedules, the County shall not unreasonably, arbitrarily or unnecessarily withhold or refuse to give such approvals or consents or refuse to execute such supplemental agreements, exhibits or schedules.

ARTICLE XXIV

Section 24.1 Funds Held by the County After Payment of All Bonds. If, after the principal of and interest on all of the Bonds and all costs incident to the payment of the Bonds have been paid in full pursuant to the Indenture and the Lease, the County holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, except as otherwise provided in this Sublease, the Lease and the Indenture and after payment therefrom to the County of any sums of money then due and owing by the Library Board under the terms of this Sublease, be the absolute property of and be paid over forthwith to the Library Board.

ARTICLE XXV

Section 25.1 Amendments. This Sublease may be amended, changed or modified in the following manner:

(a) With respect to an amendment, change or modification which reduces the Basic Rent or Additional Rent, or any amendment which reduces the percentage of Owners whose consent is required for any such amendment, change or modification, by an agreement in writing executed by the County and the Library and consented to in writing by the PBC and the Owners of 100% of the aggregate principal amount of the Bonds then Outstanding.

(b) With respect to any other amendment, change or modification which will materially adversely affect the security or rights of the Owners, by an agreement in writing executed by the County and the Library Board and consented to in writing by the PBC and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided that a modification to ***Schedule 1*** hereto to conform to actual legal descriptions of the components of the Land may be accomplished with an addendum executed by the County and the Library Board without the consent of the PBC or the Owners.

(c) With respect to all other amendments, changes, or modifications, by an agreement in writing executed by the County and the Library Board.

At least 30 days prior to the execution of any agreement pursuant to (c) above, the County and the Library Board shall furnish the PBC with a copy of the amendment, change or modification proposed to be made.

Section 25.2 Granting of Easements. If no Event of Default under this Sublease shall have happened and be continuing, the Library Board may, at any time or times, (a) grant easements, licenses and other rights or privileges in the nature of easements with respect to any property included in the Facility, free from any rights of the County, the PBC or the Owners, or (b) release existing easements, licenses, rights-of-way and other rights or privileges, all with or without consideration and upon such terms and conditions as the Library Board shall determine, and the County agrees, to the extent that it may legally do so, that it will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other

arrangement, upon receipt by the County, the PBC and the Trustee of: (i) a copy of the instrument of grant or release or of the agreement or other arrangement, (ii) a written application signed by the Authorized Library Board Representative requesting such instrument, and (iii) a certificate executed by the Library Board stating (A) that such grant or release is not detrimental to the proper conduct of the business of the Library Board, and (B) that such grant or release will not impair the effective use or interfere with the efficient and economical operation of the Facility and will not materially adversely affect the security of the Owners. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the rights of the County, the PBC and the Bondowners and shall not be affected by any termination of this Sublease or default on the part of the Library Board hereunder. If no Event of Default shall have happened and be continuing, any payments or other consideration received by the Library Board for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the Library Board, but, in the event of the termination of this Sublease because of an Event of Default, all rights then existing of the Library Board with respect to or under such grant shall inure to the benefit of and be exercisable by the County.

Section 25.3 Security Interests. The Library Board agrees to execute and deliver all instruments (including financing statements and continuation statements) necessary for perfection of and continuation of the security interest of the County in and to the Facility. The County is authorized by the Library Board to file or cause to be filed all such original instruments and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be Outstanding.

Section 25.4 Construction and Enforcement. This Sublease shall be construed and enforced in accordance with the laws of the State. The provisions of this Sublease shall be applied and interpreted in accordance with the rules of interpretation set forth in the Indenture. Wherever in this Sublease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

Section 25.5 Invalidity of Provisions of Lease. If, for any reason, any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

Section 25.6 Covenants Binding on Successors and Assigns. The covenants, agreements and conditions herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 25.7 Execution of Counterparts. This Sublease may be executed simultaneously in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 25.8 Electronic Transactions. This Sublease and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be signed and delivered by duly authorized officials as of the day and year first above written.

JOHNSON COUNTY, KANSAS

(SEAL)

ATTEST:

Ed Eilert, Chair

Linda W. Barnes, Clerk of the Board

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF JOHNSON)

This instrument was acknowledged before me on _____, 2017, by Ed Eilert, Chair of Johnson County, Kansas, a political subdivision duly organized and existing under the constitution and laws of the state of Kansas.

(SEAL)

Notary Public

My Commission Expires: _____

**BOARD OF DIRECTORS OF THE
JOHNSON COUNTY LIBRARY**

(SEAL)

ATTEST:

Nancy Hupp, Chair

Bethany Griffith, Secretary

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF JOHNSON)

This instrument was acknowledged before me on _____, 2017, by Nancy Hupp, Chair of the Board of Directors of the Johnson County Library, a body politic and corporate organized under the laws of the State of Kansas.

(Seal)

Notary Public

My Commission Expires: _____

SCHEDULE 1

PROPERTY DESCRIPTION

A tract of land being part of Lot 5 of CITY CENTER LENEXA FIFTH PLAT, a subdivision in the City of Lenexa, Johnson County, Kansas.

Beginning at the Southeast corner of said Lot 5; thence South $75^{\circ}48'01''$ West, along the South line of said Lot 5, a distance of 17.56 feet, to a point of curvature; thence Westerly and Southwesterly, continuing along said South line, and along a curve to the left, having a radius of 590.00 feet, and a central angle of $13^{\circ}16'28''$, a distance of 136.69 feet, said point also being on the Southeasterly prolongation of an Existing Easterly Foundation Wall; thence North $33^{\circ}50'58''$ West, departing said South line, along said Southeasterly prolongation and said Easterly Foundation Wall, a distance of 112.46 feet; thence North $46^{\circ}05'13''$ East, continuing along said Easterly Foundation Wall, a distance of 0.37 feet; thence North $33^{\circ}53'18''$ West, continuing along said Easterly Foundation Wall and it's Northwesterly extension, a distance of 26.09 feet; thence North $25^{\circ}44'36''$ East, departing said Northwesterly extension, a distance of 11.10 feet; thence North $56^{\circ}03'59''$ East, a distance of 17.01; thence North $65^{\circ}06'39''$ East, a distance of 14.27 feet; thence North $72^{\circ}07'25''$ East, a distance of 48.40 feet; thence South $17^{\circ}52'35''$ East, a distance of 10.29 feet; thence North $81^{\circ}28'02''$ East, a distance of 127.03 feet, to a point on a non-tangent curve, said point also being on the East line of said Lot 5; thence Southerly and Southeasterly, along said East line, and along a curve to the left, having a radius of 695.00 feet, and a central angle of $09^{\circ}18'54''$, and whose initial tangent bearing is South $02^{\circ}49'20''$ East, a distance of 112.99 feet, to the Point of Beginning, containing 23,704.21 square feet or 0.54 acres, more or less.

TAX COMPLIANCE AGREEMENT

Dated as of November 1, 2017

among

PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS

JOHNSON COUNTY, KANSAS

BOARD OF DIRECTORS OF THE JOHNSON COUNTY LIBRARY

and

**SECURITY BANK OF KANSAS CITY,
as Trustee**

**\$(PRINCIPAL AMOUNT)
LEASE PURCHASE REVENUE BONDS
(CITY CENTER LIBRARY PROJECT)
SERIES 2017A**

TAX COMPLIANCE AGREEMENT

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LIST OF EXHIBITS AND SCHEDULES TO TAX COMPLIANCE AGREEMENT

Exhibit A	IRS Form 8038-G
Exhibit B	Purchaser's Receipt and Representation
Exhibit C	Project Description
Exhibit D-1	Sample Annual Compliance Checklist – PBC
Exhibit D-2	Sample Annual Compliance Checklist – Library Board
Exhibit E	List of Expenditures to be Reimbursed from Bond Proceeds
Exhibit F	Sample Final Written Allocation
 Schedule I	 Debt Service Schedule and Proof of Bond Yield

* * *

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “**Tax Agreement**”), is entered into as of November 1, 2017, among the **PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS**, a municipal corporation duly organized and existing under the laws of the State of Kansas (the “**PBC**”) **JOHNSON COUNTY, KANSAS**, a political subdivision organized under the laws of the State of Kansas (the “**County**”), the **BOARD OF DIRECTORS OF THE JOHNSON COUNTY LIBRARY**, a body corporate and politic organized and existing under the laws of the State of Kansas (the “**Library Board**”), and **SECURITY BANK OF KANSAS CITY**, a state banking corporation duly organized and existing under the laws of the State of Kansas, as trustee (the “**Trustee**”).

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the PBC of \$[PRINCIPAL AMOUNT] principal amount of Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A (the “**Bonds**”), under a Trust Indenture, dated as of November 1, 2017, between the PBC and the Trustee (the “**Indenture**”), for the purposes described in this Tax Agreement and the Indenture.

2. The Internal Revenue Code of 1986, as amended (the “**Code**”), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the “**Regulations**”), impose certain limitations on the uses and Investment of the Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which the interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The PBC, the County, the Library Board and the Trustee are entering into this Tax Agreement in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the Investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

4. The County has adopted a Post Issuance Compliance Policy (the “**Tax Compliance Policy**”) for the purpose of setting out general policies and procedures to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations. This Tax Agreement is entered into as required by the Tax Compliance Policy to set out specific tax compliance policies and procedures applicable to the Bonds.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the PBC, the County, the Library Board and the Trustee represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Indenture, and certain other words and phrases have the meanings

assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Agreement have the following meanings:

“Adjusted Gross Proceeds” means the Gross Proceeds reduced by amounts (a) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (b) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (c) representing grant repayments or sale or Investment proceeds of any purpose Investment.

“Available Construction Proceeds” means the sale proceeds of the Bonds increased by (a) Investment earnings on such sale proceeds, (b) earnings on amounts in a reasonably required reserve or replacement fund allocable to the Bonds but not funded from the Bonds, and (c) earnings on such earnings, reduced by sale proceeds (1) in any reasonably required reserve fund or (2) used to pay issuance costs of the Bonds.

“Bona Fide Debt Service Fund” means a fund, which may include Bond proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or “Bonds” means any bond or bonds of the PBC’s Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A.

“Bond Compliance Officer” means the County’s Accounting and Financial Reporting Manager, or other person serving as the Post-Issuance Compliance Officer under the Tax Compliance Policy from time to time.

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the PBC and the County.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending September 1, or another one-year period selected by the PBC.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Date” means each date on which arbitrage rebate or yield-restriction for the Bonds is computed. The PBC may treat any date as a Computation Date, subject to the following limits:

- (a) the first rebate installment payment or yield reduction installment payment must be made for a Computation Date not later than 5 years after the Issue Date;
- (b) each such subsequent installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Bond is discharged is the final Computation Date.

The PBC selects November 1, 2022 as the first Computation Date, but reserves the right to select a different date consistent with the Regulations.

“County” means Johnson County, Kansas, and its successors and assigns.

“Final Written Allocation” means the written allocation of expenditures of proceeds of the Bonds, a sample form of which is set forth on **Exhibit F**.

“Financed Facilities” means that portion of the Project financed or refinanced with the proceeds of the Bonds, as described on **Exhibit C**.

“General Obligation Bonds” means the County’s General Obligation Internal Improvement Bonds, Series 2017A.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds or other Investment proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds and (e) any other replacement proceeds. Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds and accounts:

- (1) Construction Fund ******[(other than amounts held in the Equity Account)]******
- (2) Principal and Interest Fund.
- (3) Costs of Issuance Fund (to the extent funded with sale proceeds or investment proceeds of the Bonds).
- (4) Rebate Fund (to the extent funded with sale proceeds or investment proceeds of the Bonds).

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Indenture” means the Trust Indenture, dated as of November 1, 2017, between the PBC and the Trustee, as amended and supplemented in accordance with the provisions thereof.

“Investment” means any security, obligation, annuity contract or other Investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. Such term does not include a tax-exempt bond, except for “specified private activity bonds” as such term is defined in Code § 57(a)(5)(C), but does include the Investment element of an interest rate cap agreement.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means November 2, 2017.

“Lease” means the Lease, dated as of November 1, 2017, between the PBC, as lessor, and the County, as lessee, as amended and supplemented in accordance with the provisions thereof.

“Library Board” means the Board of Directors of the Johnson County Library, and its successors and assigns.

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facilities, such as a contract to manage any portion of the Financed Facilities. Contracts for services that are solely incidental to the primary governmental function of the

Financed Facilities (for example, contracts for janitorial, office equipment repair, billing, or similar services), however, are not treated as Management Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facilities with proceeds of the Bonds, the period beginning on the later of (a) the Issue Date or (b) the date the property is placed in service and ending on the earlier of (1) the final maturity date of the Bonds or (2) the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Bonds.

“Net Proceeds” means the sale proceeds (excluding pre-issuance accrued interest), less an allocable share of any proceeds deposited in a reasonably required reserve or replacement fund, plus an allocable share of all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Bond proceeds or the Financed Facilities in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Bond proceeds or the Financed Facilities are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facilities, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Opinion of Bond Counsel” means the written opinion of Gilmore & Bell, P.C. or other nationally recognized firm of bond counsel concluding that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“PBC” means the Public Building Commission of Johnson County, Kansas, and its successors and assigns.

“Post-Issuance Tax Requirements” means those requirements imposed on the PBC, the County and the Library Board related to the use of Bond proceeds or the Financed Facilities, and the investment of Gross Proceeds, that apply after the Issue Date of the Bonds.

“Project” means certain improvements to the Library Board’s facilities, including the design, construction, equipping, and furnishing of a library to be located at Lenexa City Center, as further described on **Exhibit C**.

“Proposed Regulations” means the proposed arbitrage regulations including Prop. Treas. Reg. §§ 1.148-0, 1.148-3, 1.148-4, 1.148-5, 1.148-8, and 1.148-11 (published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

“Purchaser” means [_____, _____, _____], the original purchaser of the Bonds.

“Qualified Use Agreement” means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Facilities on a short-term basis in the ordinary course of the parties’ governmental purposes.

(b) Agreements with Non-Qualified Users to use all or a portion of the Financed Facilities for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Facilities under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Non-Qualified User using all or any portion of the Financed Facilities under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(c) Agreements with Non-Qualified Users to use all or a portion of the Financed Facilities for a period up to 100 days in length pursuant to arrangements whereby (1) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (2) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (3) the Financed Facilities were not constructed for a principal purpose of providing the property for use by that Non-Qualified User. Any Non-Qualified User using all or any portion of the Financed Facilities under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(d) Agreements with Non-Qualified Users to use all or a portion of the Financed Facilities for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facilities were not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Reasonable Retainage” means Gross Proceeds retained by the PBC or the Library Board for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the Bonds on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

“Rebate Analyst” means Springsted Incorporated or any successor Rebate Analyst selected pursuant to this Tax Agreement.

“Regulations” means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

“Series 2017B Bonds” means the PBC’s Lease Purchase Revenue Bonds ([MARP] Project), Series 2017B.

“Sublease” means the Sublease, dated as of November 1, 2017, between the County, as lessor, and the Library Board, as lessee, as amended and supplemented in accordance with the provisions thereof.

“Tax Agreement” means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

“Tax Compliance Policy” means the County’s Post Issuance Compliance Policy.

“Tax-Exempt Bond File” means documents and records for the Bonds maintained by the Bond Compliance Officer pursuant to the Tax Compliance Policy.

“Transcript” means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

“Trustee” means Security Bank of Kansas City, and any successors or assigns.

“Yield” means Yield on the Bonds, computed under Regulations § 1.148-4, and Yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the PBC. The PBC represents and covenants as follows:

- (a) *Organization and Authority.* The PBC (1) is a municipal corporation duly organized and existing under the laws of the State of Kansas, and (2) has lawful power and authority to issue the Bonds on behalf of the County for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, the Lease, the Bonds and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Indenture, the Lease, the Bonds, and this Tax Agreement, acting by and through its duly authorized officials.
- (b) *Issuance of Bonds on Behalf of the County.* The PBC is issuing the Bonds on behalf of the County, a political subdivision of the State of Kansas. In accordance therewith, the PBC represents and certifies as follows:
 - (1) The PBC is a public corporation authorized by K.S.A. 12-1757 *et seq.*, formed by and at the direction of the County for the purpose of financing certain projects and holding property in trust for the County.
 - (2) The PBC was formed by the Board of County Commissioners of the County (the governing body of the County), which formally approved the creation of the PBC by Resolution.
 - (3) The PBC is authorized under Kansas law to issue bonds in furtherance of its corporate purposes, which include the power to finance and lease the Project to the County.
- (c) *Tax-Exempt Status of Bonds—General Covenant.* In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the PBC (to the extent within its power or direction) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code, and will not use or permit the use of any Bond proceeds or other funds of the PBC, directly or indirectly, in

any manner, or take or permit to be taken any other action, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

- (d) *IRS Form 8038.* Attached to this Tax Agreement as **Exhibit A** is a copy of IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) prepared by Bond Counsel based on information provided by the PBC, the County and the Library Board that is to be executed by a representative of the PBC and filed with the IRS in connection with the issuance of the Bonds, as required by Code § 149(e). The PBC does not know of any inaccuracies in the Form 8038-G included as **Exhibit A**. The PBC will timely execute and return to Bond Counsel the execution copy of IRS Form 8038-G for filing with the IRS. The PBC will execute any other IRS Forms (such as IRS Form 8038T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate) in the future, based on the instructions of Bond Counsel or the Rebate Analyst.
- (e) *No Hedge Bonds.* The PBC (1) reasonably expects that at least 85% of the net sale proceeds (the sale proceeds less any sale proceeds invested in a reserve fund) of the Bonds will be used to carry out the governmental purpose of the Bonds within 3 years after the Issue Date, and (2) not more than 50% of the proceeds of the Bonds will be invested in investments having a substantially guaranteed yield for 4 years or more.
- (f) *Reimbursement of Expenditures.* On May 5, 2016, the PBC adopted a resolution (contained as Tab [] of the Transcript) declaring the PBC's intent to finance the Financed Facilities with tax-exempt obligations for the benefit of the Library Board and to reimburse the PBC, the County or Library Board for expenditures made for the Financed Facilities prior to the issuance of such obligations. The PBC expects to reimburse from Bond proceeds for expenditures made for the Financed Facilities paid prior to the Issue Date in the amount of \$[], as shown on **Exhibit E**; provided that, (1) no Bond proceeds will be used to reimburse an expenditure paid by the PBC, the County or the Library Board more than 60 days prior to the date said resolution was adopted, (2) no reimbursement allocation will be made more than 18 months following the later of the date of the expenditure or the date the Financed Facilities are placed in service, and (3) no reimbursement allocation will be made for an expenditure made more than three years prior to the date of the reimbursement allocation.
- (g) *Registered Bonds.* The Indenture requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).
- (h) *Guaranteed Investment Contract.* As of the Issue Date, the PBC does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The PBC will be responsible for complying **Section 4.4(d)** hereof if it decides to enter into a Guaranteed Investment Contract at a later date.
- (i) *Interest Rate Swap.* As of the Issue Date, the PBC has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds. The PBC will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.
- (j) *Bank Qualified Tax-Exempt Obligations.* The Bonds are *not* "qualified tax-exempt obligations" under Code § 265(b)(3).

- (k) *Compliance with Future Tax Requirements.* The PBC understands that the Code and the Regulations may impose new or different restrictions and requirements on the PBC in the future. The PBC will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.
- (l) *PBC Reliance on Other Parties.* The expectations, representations and covenants of the PBC described in this Tax Agreement and other matters are based in whole or in part upon covenants, representations and certifications of the County and the Library Board set forth in this Tax Agreement. Although the PBC has made no independent investigation of the representations of the County or the Library Board, the PBC is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Agreement.

Section 2.2. Representations and Covenants of the County. The County represents and covenants as follows:

- (a) *Organization and Authority.* The County (1) is a political subdivision organized and existing under the laws of the State of Kansas, (2) has lawful power to enter into, execute and deliver the Lease, the Sublease and this Tax Agreement and to carry out its obligations under the Lease, the Sublease and this Tax Agreement, and (3) by all necessary action has been duly authorized to execute and deliver the Lease, the Sublease and this Tax Agreement, acting by and through its duly authorized officials.
- (b) *Tax-Exempt Status of Bonds—General Representation and Covenants.* In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the County (to the extent within its power or direction) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code, and will not use or permit the use of any Bond proceeds or other funds of the County, directly or indirectly, in any manner, or take or permit to be taken any other action, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.
- (c) *Governmental Obligations.* The Financed Facilities will be leased to the County under the Lease, and the County will, in turn, lease the Financed Facilities to the Library Board under the Sublease. If the Sublease is terminated or is otherwise no longer in effect, and the County either assumes direct operation and control of the Financed Facilities or subleases or enters into a management or operating agreement with another entity related to the operations of the Financed Facilities, then, in either case, the County will comply with, or require any subsequent sublessee or operator to comply with, the covenants and representations made by the Library Board relating to the use and operation of the Financed Facilities, as set forth in **Section 2.3** of this Tax Agreement.
- (d) *IRS Forms.* The County will instruct and assist the PBC, as necessary, in filing all appropriate returns, reports and attachments to income tax returns required by the Code, including without limitation IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations).
- (e) *Guaranteed Investment Contract.* As of the Issue Date, the County does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The County

will be responsible for complying with **Section 4.4(d)** hereof if it decides to enter into a Guaranteed Investment Contract at a later date.

- (f) *Interest Rate Swap.* As of the Issue Date, the County has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds. The County will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.
- (g) *Bank Qualified Tax-Exempt Obligation.* The County acknowledges and understands that the Bonds are not “qualified tax exempt obligations” under Code § 265(b)(3).
- (h) *Compliance with Future Tax Requirements.* The County understands that the Code and the Regulations may impose new or different restrictions and requirements on the County in the future. The County will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 2.3. Representations and Covenants of the Library Board. The Library Board represents and covenants as follows:

- (a) *Organization and Authority.* The Library Board (1) is a body corporate and politic organized and existing under the laws of the State of Kansas, (2) has lawful power to enter into, execute and deliver the Sublease and this Tax Agreement and to carry out its obligations under the Sublease and this Tax Agreement, and (3) by all necessary action has been duly authorized to execute and deliver the Sublease and this Tax Agreement, acting by and through its duly authorized officials.
- (b) *Tax-Exempt Status of Bonds—General Covenant.* In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the Library Board will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code, and will not use or permit the use of any Bond proceeds or other funds of the PBC, directly or indirectly, in any manner, or take or permit to be taken any other action, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.
- (c) *Governmental Obligations—Use of Proceeds.* Throughout the Measurement Period: (1) all of the Financed Facilities are expected to be owned by a Qualified User, (2) no portion of the Financed Facilities is expected to be used in a Non-Qualified Use, and (3) the Library Board will not permit any Non-Qualified Use of the Financed Facilities without first obtaining an Opinion of Bond Counsel.
- (d) *Governmental Obligations—Private Security or Payment.* As of the Issue Date, the Library Board expects that none of the principal of and interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly:
 - (1) secured by (A) any interest in property used or to be used for a private business use, or (B) any interest in payments in respect of such property; or
 - (2) derived from payments (whether or not such payments are made to the PBC, the County or the Library Board) in respect of property, or borrowed money, used or to be used for a private business use.

For purposes of the foregoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Library Board will not permit any private security or payment with respect to the Bonds without first obtaining an Opinion of Bond Counsel.

- (e) *No Private Loan.* Not more than 5% of the net proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.
- (f) *Management Agreements.* As of the Issue Date, the Library Board has no Management Agreements with Non-Qualified Users. During the Measurement Period, the Library Board has not and will not enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.
- (g) *Leases.* As of the Issue Date, the Library Board has not entered into any leases of any portion of the Financed Facilities (disregarding the Base Lease and the Sublease for this purpose). During the Measurement Period, the Library Board will not enter into or renew any lease or similar agreement or arrangement, other than a Qualified Use Agreement, without first obtaining an Opinion of Bond Counsel.
- (h) *No Hedge Bonds.* The Library Board (1) reasonably expects that at least 85% of the net sale proceeds (the sale proceeds less any sale proceeds invested in a reserve fund) of the Bonds will be used to carry out the governmental purpose of the Bonds within 3 years after the Issue Date, and (2) not more than 50% of the proceeds of the Bonds will be invested in investments having a substantially guaranteed yield for 4 years or more.
- (i) *Limit on Maturity of Bonds.* A list of the assets included in the Financed Facilities and a computation of the “average reasonably expected economic life” is attached to this Tax Agreement as **Exhibit C**. The “average maturity” of the Bonds of [_.____] years, as computed by Bond Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Facilities.
- (j) *Registered Bonds.* All of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).
- (k) *Bonds Not Federally Guaranteed.* The Library Board will not take any action or permit any action to be taken which would cause any Bond to be “federally guaranteed” within the meaning of Code § 149(b).
- (l) *IRS Forms.* The Library Board will instruct and assist the PBC and the County in filing all appropriate returns, reports and attachments to income tax returns required by the Code, including without limitation IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations). The information contained in Parts II through VI of IRS Form 8038-G attached as **Exhibit A** was provided to the PBC, the County and Bond Counsel by the Library Board, and such information is true, complete and correct as of the Issue Date.
- (m) *Compliance with Future Tax Requirements.* The Library Board understands that the Code and the Regulations may impose new or different restrictions and requirements on the County in the future. The Library Board will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

- (n) *Bank Qualified Tax-Exempt Obligation.* The Library Board acknowledges and understands that the Bonds are not “qualified tax exempt obligations” under Code § 265(b)(3).

Section 2.4. Representations and Covenants of the Trustee. The Trustee represents and covenants as follows:

- (a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or Opinion of Bond Counsel, specifically referencing the Bonds and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.
- (b) The Trustee, acting on behalf of the PBC, the County or the Library Board, may from time to time cause a firm of attorneys, consultants or independent accountants or an Investment banking firm to provide the Trustee with such information as it may request in order to determine all matters relating to (a) the Yield on the Bonds as it relates to any data or conclusions necessary to verify that the Bonds are not “arbitrage bonds” within the meaning of Code § 148, and (b) compliance with arbitrage rebate requirements of Code § 148(f). The Library Board will pay all costs and expenses incurred in connection with supplying the foregoing information.
- (c) The Trustee, acting on behalf of the PBC, the County or the Library Board, will retain records related to the investment and expenditure of Gross Proceeds held in funds and accounts maintained by the Trustee and any records provided to the Trustee by the PBC, the County or the Library Board related to the Post-Issuance Tax Requirements in accordance with **Section 4.2(a)** of this Tax Agreement. The Trustee will retain these records until three years following the final maturity of (1) the Bonds or (2) any obligations issued to refund the Bonds; provided, however, if the Trustee is not retained to serve as trustee for any obligations issued to refund the Bonds, then the Trustee may satisfy its record retention duties under this **Section 2.3(c)** by providing copies of all records in its possession related to the Bonds to the trustee for any such refunding obligations or another party designated by the PBC, the County or the Library Board.

Section 2.5. Survival of Representations and Covenants. All representations, covenants and certifications of the PBC, the County, the Library Board and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by such parties under this Tax Agreement, will survive the execution and delivery of such documents and the delivery of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the expectations of the PBC, the County and the Library Board as to the sources, uses and Investment of Bond proceeds and other money, in order to support the PBC's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the PBC, the County and the Library Board are officers of such parties responsible for the issuance of the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the PBC's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the PBC's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the PBC set forth in this Tax Agreement are reasonable. None of the PBC, the County or the Library Board has any knowledge that would cause any such party to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purpose of Financing. The Bonds are being issued for the purpose of providing funds to finance the Project for the benefit of the Library Board.

Section 3.4. Funds and Accounts. The following funds and accounts have been established under the Indenture:

- (a) Construction Fund**[, including an Equity Account therein]**.
- (b) Principal and Interest Fund.
- (c) Costs of Issuance Fund.
- (d) Rebate Fund.

Section 3.5. Amount and Use of Bond Proceeds and Other Money.

- (a) *Amount of Bond Proceeds.* The total proceeds to be received by the Trustee from the sale of the Bonds are as follows:

Principal Amount	\$[PRINCIPAL AMOUNT].00
Original Issue Premium/Discount	
Less Underwriting Discount	()
Total Proceeds Received by the Trustee	\$ _____

- (b) *Use of Bond Proceeds.* The Bond proceeds are expected to be allocated to expenditures as follows:

- (1) \$_____ of Bond proceeds will be deposited in the Costs of Issuance Fund and used to pay the costs of issuing the Bonds.
- (2) \$_____ of Bond proceeds will be deposited in the Construction Fund, **[and \$_____ of other funds contributed by the Library Board will be

deposited in the Equity Account of the Construction Fund,]**which amount will be used to pay or reimburse costs of the Financed Facilities.

Section 3.6. Multipurpose Issue. Pursuant to Regulations § 1.148-9(h), the PBC, the County and the Library Board are applying the arbitrage rules to separate financing purposes of the Bonds that have the same initial temporary period as if they constitute a single issue for purposes of applying the arbitrage rules.

Section 3.7. No Advance Refunding. No proceeds of the Bonds will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.8. No Current Refunding. No proceeds of the Bonds will be used to pay principal of or interest on any other debt obligation.

Section 3.9. Project Completion. The PBC has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Bonds on the Financed Facilities. The completion of the Financed Facilities and the allocation of the Net Proceeds of the Bonds to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the Bonds will be allocated to expenditures on the Financed Facilities within 3 years after the Issue Date.

Section 3.10. Sinking Funds. The PBC is making the Financed Facilities available to the County under the Lease, and the County is in turn making the Financed Facilities available to the Library Board under the Sublease. The Library Board is required under the Sublease to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds, which payments will be deposited in the Principal and Interest Fund. Except for the Principal and Interest Fund, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds has been established or is expected to be established. The Principal and Interest Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the PBC, the County and the Library Board expect that the Principal and Interest Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

- (a) *Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Bonds.
- (b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facilities, and that instead has been or will be used to acquire higher Yielding Investments. Except for the Principal and Interest Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the PBC, the County or the Library Board encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.13. Offering Prices and Yield on Bonds.

- (a) ****[Offering Prices.** In the Purchaser's Receipt and Representation, attached hereto as **Exhibit B**, the Purchaser has certified that (1) all of the Bonds have been the subject of an initial offering to the public at prices no higher than those shown on such **Exhibit B**, without accrued interest (the "Offering Prices"), and (2) the Purchaser expects that at least 10% of the Bonds of each maturity will be sold to the public at initial offering prices no higher than said Offering Prices. The aggregate initial offering price of the Bonds is \$ _____.]**
- (b) **Bond Yield.** Based on the Offering Prices, the Yield on the Bonds is [_____]%, as computed by Bond Counsel and shown on **Schedule I**.

Section 3.14. Miscellaneous Arbitrage Matters.

- (a) **No Abusive Arbitrage Device.** The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the PBC, the County or the Library Board to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.
- (b) **No Over-Issuance.** The sale proceeds of the Bonds, together with expected Investment earnings thereon and other money contributed by the PBC, the County or the Library Board, do not exceed the cost of the governmental purpose of the Bonds as described above.
- (c) **Single Issue; No Other Issues.** The Bonds constitute a single "issue" under Regulations § 1.150-1(c). No other debt obligations of the PBC, the County or the Library Board are being sold within 15 days of the sale of the Bonds, are being sold under the same plan of financing as the Bonds, and are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).
- (1) **Series 2017B Bonds.** The Series 2017B Bonds are being sold under a different plan of financing than the Bonds and are not expected to be payable from substantially the same source of funds as the Bonds, and therefore constitute a separate "issue" from the Bonds under Regulations § 1.150-1(c). A separate Tax Compliance Agreement and IRS Form 8038-G are being executed in connection with the issuance of the Series 2017B Bonds.
- (2) **General Obligation Bonds.** The General Obligation Bonds are being sold under a different plan of financing than the Bonds and are not expected to be payable from substantially the same source of funds as the Bonds, and therefore constitute a separate "issue" from the Bonds under Regulations § 1.150-1(c). A separate Federal Tax Certificate and IRS Form 8038-G are being executed in connection with the issuance of the General Obligation Bonds.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the PBC does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

- (a) *Purpose of Article.* The purpose of this Article is to supplement the Tax Compliance Policy and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Bonds are issued. The PBC, the County and the Library Board recognize that interest on the Bonds will remain excludable from gross income only if Post-Issuance Tax Requirements are followed after the Issue Date. The PBC, the County and the Library Board further acknowledge that written evidence substantiating compliance with Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and support the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.
- (b) *Written Policies and Procedures.* The PBC, the County and the Library Board intend for the Tax Compliance Policy, as supplemented by this Tax Agreement, to be the primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bonds and to supplement any other formal policies and procedures related to tax compliance otherwise established. The provisions of this Tax Agreement are intended to be consistent with the Tax Compliance Policy. In the event of any inconsistency between the Tax Compliance Policy and this Tax Agreement, the terms of this Tax Agreement will govern.
- (c) *Responsibilities for Post-Issuance Tax Requirements.* The PBC, the County and the Library Board acknowledge that the investment and expenditure of proceeds of the Bonds are primarily within the control of the PBC, but that substantially all of the Financed Facilities will be operated and controlled by the Library Board. For these reasons, the parties are relying on each other to carry out the respective Post-Issuance Tax Requirements applicable to each, in accordance with this Tax Agreement and the Tax Compliance Policy.
- (d) *Bond Compliance Officer.* The Bond Compliance Officer will be responsible for working with the PBC, the County and other Library Board officials, departments and administrators and for consulting with Bond Counsel, other legal counsel and outside experts to the extent necessary to carry out the Post-Issuance Tax Requirements for the Bonds. The Bond Compliance Officer is responsible for obtaining and delivering to the PBC, the County and the Library Board any Opinion of Bond Counsel required under the provisions of this Tax Agreement or the Tax Compliance Policy.
- (e) *Future Action; Costs.* The PBC and the County will, if necessary to fulfill its Post-Issuance Tax Requirements, sign Form 8038-T in connection with the payment of arbitrage rebate or yield reduction payments, participate in any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedure (VCAP) or undertake a remedial action procedure pursuant to Regulations § 1.141-12. The parties to this Tax Agreement understand and intend that all such costs of the Post-Issuance Tax Requirements will be paid, or immediately reimbursed, by the party responsible for that aspect of the Post-Issuance Tax Requirements.

Section 4.2. Record Keeping; Use of Bond Proceeds and Use of Financed Facilities.

- (a) *Record Keeping.* The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Bonds in accordance with the Tax Compliance Policy. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the Bond Compliance Officer shall retain records related to Post-Issuance Tax Requirements until 3 years following the final maturity of the Bonds or any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the Library Board, and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Library Board's premises.
- (b) *Accounting and Allocation of Bond Proceeds to Expenditures.* Bond proceeds and other money will be used as described in **Section 3.5** hereof. The PBC will account for the investment and expenditure of Bond proceeds as part of the Tax-Exempt Bond File. The expected allocation of Bond proceeds to Project expenditures is set forth on **Exhibit C**; the PBC will supplement this expected allocation with a Final Written Allocation, a sample form of which is attached as **Exhibit F**.
- (c) *Annual Compliance Checklist.* Attached as **Exhibits D-1** and **D-2** are sample compliance checklists for the Bonds. The PBC and the Library Board will prepare and complete compliance checklists for the Bonds and the Financed Facilities at least annually in accordance with the Tax Compliance Policy. In the event the compliance checklist identifies a deficiency in compliance with the requirements of this Tax Agreement, the parties will take the actions identified in an Opinion of Bond Counsel or the Tax Compliance Policy to correct any deficiency.

Section 4.3. Temporary Periods/Yield Restriction. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Bonds:

- (a) *Construction Fund; Costs of Issuance Fund.* Bond proceeds deposited in the Construction Fund or Costs of Issuance Fund, and Investment earnings on those proceeds, may be invested without Yield restriction for up to 3 years following the Issue Date. If any such unspent proceeds remain after 3 years, those amounts may continue to be invested without Yield restriction so long as the County or the Library Board pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c).
- (b) *Principal and Interest Fund.* To the extent that the Principal and Interest Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

- (c) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Fair Market Value.

- (a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with § 1.148-5 of the Regulations.
- (b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with § 1.148-5 of the Regulations.
- (c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.
- (d) *Guaranteed Investment Contracts.* The PBC, the County and the Library Board are applying Regulations § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:
 - (1) Bona Fide Solicitation for Bids. The PBC or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:
 - (A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.
 - (B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.
 - (C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider

did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the PBC, the County, the Library Board, the Trustee or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the PBC, the County, the Library Board, the Trustee or any other person, for purposes of satisfying the requirements of the Regulations.

- (D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.
 - (E) The terms of the solicitation take into account the reasonably expected deposit and draw-down schedule for the amounts to be invested.
 - (F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids (*i.e.*, a last look) before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).
 - (G) At least three “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.
- (2) Bids Received. The bids received must meet all of the following requirements:
- (A) At least three bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.
 - (B) At least one of the three bids received is from a reasonably competitive provider, as defined above.
 - (C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

- (3) Winning Bid. The winning bid is the highest Yielding bona fide bid (determined net of any broker's fees).
- (4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.
- (5) Records. The PBC or the Trustee retains the following records with the bond documents until three years after the last outstanding Bond is redeemed:
 - (A) A copy of the Guaranteed Investment Contract.
 - (B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the PBC, and the certification as to fees paid, described in paragraph (d)(4) above.
 - (C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.
 - (D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.
- (e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:
 - (1) at least three bids on the Investment must be received from persons with no financial interest in the Bonds (e.g., as underwriters or brokers); and
 - (2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Certain Gross Proceeds Exempt from the Rebate Requirement.

- (a) *General*. A portion of the Gross Proceeds of the Bonds may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Bonds and will not otherwise affect the application of the Investment limitations described in **Section 4.3**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** applies even if a portion of the Gross Proceeds of the Bonds is exempt from the rebate requirement. To the extent all or a portion of the Bonds is exempt from rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6**.
- (b) *Applicable Spending Exceptions*. The following optional rebate spending exceptions can apply to the Bonds:
 - (1) 6-month exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).

- (2) 18-month exception (Regulations § 1.148-7(d)).
 - (3) 2-year exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).
- (c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.
- (d) *Bona Fide Debt Service Fund.* To the extent that the Principal and Interest Fund qualifies as a Bona Fide Debt Service Fund, Investment earnings in the account cannot be taken into account in computing arbitrage rebate.
- (e) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the PBC may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the parties must continue to comply with **Section 4.5** hereof.
- (f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.
 - (1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay principal of any Bonds is not taken into account as an expenditure for purposes of meeting any of the spending tests.
 - (2) The 6-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent within 6 months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial 6-month period, so long as this amount is spent within 1 year of the Issue Date.
 - (3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Adjusted Gross Proceeds Spent
6 months	15%
12 months	60%
18 months (Final)	100%

- (4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Available Construction Proceeds Spent
6 months	10%
12 months	45%
18 months	75%
24 months (Final)	100%

- (5) For purposes of applying the 18-month and 2-year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the PBC and the County use due diligence to complete the Financed Facilities and the failure does not exceed the lesser of 3% of the aggregate issue price of the Bonds or \$250,000. **No such exception applies for any other spending period.**
- (6) For purposes of applying the 18-month and 2-year spending exceptions only, the Bonds meet the applicable spending test even if, at the end of the final spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months after the Issue Date in the case of the 18-month exception or 3 years after the Issue Date in the case of the 2-year spending exception.

Section 4.6. Computation and Payment of Arbitrage Rebate.

- (a) *Rebate Fund.* The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any Investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any Investment loss will be charged to the Rebate Fund.
- (b) *Computation of Rebate Amount.* The PBC, the County, the Library Board and the Trustee will provide the Rebate Analyst Investment reports relating to each fund held by any such party that contains Gross Proceeds of the Bonds annually as of the end of each Bond Year and not later than ten days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Bonds, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the PBC, the County, the Library Board and the Trustee, together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the County will, within 55 days after such Computation Date, pay the amount of the deficiency for deposit into the Rebate Fund. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is greater than the Rebate Amount such surplus in the Rebate Fund shall be transferred to the Principal and Interest Fund. After the final Computation Date or at any other time if the Rebate Analyst has advised the PBC and the County, any money left in the Rebate Fund will be paid to the County and may be used for any purpose not prohibited by law.
- (c) *Rebate Payments.* Within 60 days after each Computation Date, the County will pay the Trustee for deposit into the Rebate Fund, or will pay directly to the United States, the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

- (d) *Successor Rebate Analyst.* If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the PBC desires that a different firm act as the Rebate Analyst, then the PBC, by an instrument in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder.
- (e) *Survival After Defeasance.* Notwithstanding anything in the Indenture, the Lease or the Sublease to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

Section 4.7. Filing Requirements. The PBC, the County and the Library Board will file or cause to be filed with the Internal Revenue Service such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of **Section 4.6** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions in **Section 4.2** relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the PBC, the County, the Library Board and the Trustee without notice to or the consent of any of the owners of the Bonds, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then-existing law, assuming compliance with this Tax Agreement as so amended such amendment will not cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the PBC, the County, the Library Board and the Trustee receive this Opinion of Bond Counsel.

Section 5.3. Opinion of Bond Counsel. The PBC, the County, the Library Board and the Trustee may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Bond Counsel to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The PBC, the County, the Library Board and the Trustee will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

Section 5.4. Reliance. In delivering this Tax Agreement the PBC, the County, the Library Board and the Trustee are making only those certifications, representations and agreements as are specifically attributed to it in this Tax Agreement. None of the PBC, the County, the Library Board or the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of their knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties providing certifications or representations to this Tax Agreement, including the PBC, understand that their certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.5. Severability. If any provision in this Tax Agreement or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Agreement is binding upon the PBC, the County, the Library Board and the Trustee, and their respective successors and assigns, and inures to the benefit of the owners of the Bonds and to such parties. Nothing in this Tax Agreement or in the Indenture, the Lease, the Sublease or the Bonds, express or implied, gives to any person, other than the PBC, the County, the Library Board and the Trustee, and their respective successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement.

Section 5.7. Default; Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement may be pursued by the owners of the Bonds pursuant to the terms of the Indenture, the Lease, the Sublease or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

Section 5.8. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Kansas.

Section 5.10. Electronic Transactions. The transaction described in this Tax Agreement may be conducted, and related documents may be stored, by electronic means.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

The parties to this Tax Agreement have caused this Tax Compliance Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Bonds.

**PUBLIC BUILDING COMMISSION OF
JOHNSON COUNTY, KANSAS**

By: _____
Ed Eilert, Chair

JOHNSON COUNTY, KANSAS

By: _____
Ed Eilert, Chair

**BOARD OF DIRECTORS OF THE JOHNSON
COUNTY LIBRARY**

By: _____
Nancy Hupp, Chair

SECURITY BANK OF KANSAS CITY
as Trustee

By: _____
Peter B. Gardner, Senior Vice President

EXHIBIT A

IRS FORM 8038-G

EXHIBIT B

PURCHASER'S RECEIPT AND REPRESENTATION

**\$[PRINCIPAL AMOUNT]
PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS
LEASE PURCHASE REVENUE BONDS
(CITY CENTER LIBRARY PROJECT)
SERIES 2017A
DATED NOVEMBER 2, 2017**

EXHIBIT C

PROJECT DESCRIPTION

EXHIBIT D-1

SAMPLE ANNUAL COMPLIANCE CHECKLIST – PBC

Name of tax-exempt obligations ("Bonds") financing Project:	\$[PRINCIPAL AMOUNT] PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS LEASE PURCHASE REVENUE BONDS (CITY CENTER LIBRARY PROJECT) SERIES 2017A
Issue Date of Bonds:	November 2, 2017
Name and title of person completing request:	
Period covered by request ("Annual Period"):	

1 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	☐ Yes ☐ No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

Bond Compliance Officer: _____
Date Completed: _____

EXHIBIT D-2

SAMPLE ANNUAL COMPLIANCE CHECKLIST – LIBRARY BOARD

Name of tax-exempt obligations (“Bonds”) financing Project:	\$[PRINCIPAL AMOUNT] PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS LEASE PURCHASE REVENUE BONDS (CITY CENTER LIBRARY PROJECT) SERIES 2017A
Issue Date of Bonds:	November 2, 2017
Placed in service date(s) of Project:	
Name and title of person completing request:	
Period covered by request (“Annual Period”):	

Item	Question	Response
1 Ownership	Was the entire Project owned by the PBC, the County or the Library Board during the entire Annual Period?	☐ Yes ☐ No
	If answer above was “No,” was an Opinion of Bond Counsel obtained prior to the transfer? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No
2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Project leased at any time pursuant to a lease or similar agreement for more than 50 days (other than the Base Lease between the Library Board and the PBC, the Lease between the PBC and the County and the Sublease between the County and the Library Board)?	☐ Yes ☐ No
	If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No

Item	Question	Response
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Facilities (e.g., coffee shop) been assumed by or transferred to another entity?	☐ Yes ☐ No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the management agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Facilities?	☐ Yes ☐ No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	☐ Yes ☐ No

Authorized Library Board Representative: _____

Date Completed: _____

EXHIBIT E

LIST OF EXPENDITURES TO BE REIMBURSED FROM BOND PROCEEDS

EXHIBIT F

SAMPLE FINAL WRITTEN ALLOCATION

\$[PRINCIPAL AMOUNT]
PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS
LEASE PURCHASE REVENUE BONDS
(CITY CENTER LIBRARY PROJECT)
SERIES 2017A
DATED NOVEMBER 2, 2017

Final Written Allocation

The undersigned is the _____ of the Public Building Commission of Johnson County, Kansas (the "PBC"), and in that capacity has been authorized to prepare and execute this final allocation on behalf of the PBC, Johnson County, Kansas (the "County") and the Board of Directors of the Johnson County Library (the "Library Board") with respect to the above-referenced bonds (the "Bonds"). This allocation of the proceeds of the Bonds is necessary for the PBC, the County and the Library Board to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Bond proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the "Code"). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the PBC or, if later, the date the "project" was "placed in service" (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Bonds.

Background. The Bonds were issued on November 2, 2017 (the "Issue Date") by the PBC under a Trust Indenture, dated as of November 1, 2017, between the PBC and Security Bank of Kansas City, as trustee (the "Indenture"), for the purposes described in the Indenture. The Bonds were issued to finance certain improvements to the Library Board's facilities and specifically, an expansion to the Central Resource Library and the initial phase of the Monticello Library (collectively, the "Project"). Bond proceeds were deposited to the Construction Fund and the Costs of Issuance Fund established under the Indenture.

Sources Used to Fund Project Costs and Allocation of Bond Proceeds to Project Costs. A portion of Project costs was paid from sale and investment proceeds of the Bonds and the remaining portion of Project costs was paid from other money contributed by the PBC, the County or the Library Board, as shown on **Exhibit 1** to this Final Written Allocation. The portion of the Project financed from Bond proceeds (*i.e.*, the "Financed Facilities" referenced in the Tax Compliance Agreement) is shown on **Exhibit 2** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules of Code § 148, the PBC allocates the proceeds of the Bonds to the various expenditures described in the invoices, requisitions or other evidences of substantiation attached as **Exhibit 2** to this Final Written Allocation. In each case, the cost requisitioned either was paid directly to a third party or reimbursed to the PBC, the County or the Library Board for an amount previously paid or incurred. Amounts received from the sale of the Bonds and retained as underwriter's discount are allocated to that

purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Bonds.

Placed In Service. The Project was “placed in service” on the date(s) set out on **Exhibit 2** to this Final Written Allocation. For this purpose, each component of the Project is considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (1) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (2) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The PBC reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

**PUBLIC BUILDING COMMISSION OF JOHNSON
COUNTY, KANSAS**

By: _____
Title: _____

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

EXHIBIT 1
TO FINAL WRITTEN ALLOCATION

ALLOCATION OF SOURCES AND USES

	<i>Estimated at Closing</i>	<i>Actual</i>
Sources of Funds:		
Principal Amount of the Bonds	[\$[PRINCIPAL AMOUNT]].00	[\$[PRINCIPAL AMOUNT]].00
Investment earnings		_____.
Accrued Interest		
Net Original Issue Premium		
<i>Total</i>	\$	\$_____.
Uses of Funds:		
Construction Fund	\$	\$_____.
Purchaser's Discount		
Costs of Issuance		_____.
<i>Total</i>	\$	\$_____.

EXHIBIT 2
TO FINAL WRITTEN ALLOCATION

IDENTIFICATION OF FINANCED FACILITIES
&
DETAILED LISTING OF EXPENDITURES

Schedule I

Debt Service Schedule and Proof of Bond Yield

TRUST INDENTURE

Dated as of November 1, 2017

between

PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS

and

SECURITY BANK OF KANSAS CITY,
as Trustee

[\$[PRINCIPAL AMOUNT]
Public Building Commission of Johnson County, Kansas
Lease Purchase Revenue Bonds
(City Center Library Project)
Series 2017A

TRUST INDENTURE
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Exhibit A - Form of the Bonds

TRUST INDENTURE

THIS TRUST INDENTURE, dated as of November 1, 2017 (the “Indenture”), is made by and between the Public Building Commission of Johnson County, Kansas, a municipal corporation duly organized and existing under the laws of the State of Kansas (the “PBC”), and Security Bank of Kansas City, Kansas City, Kansas, a state banking corporation duly organized and existing and authorized to accept and execute trusts of the character herein set forth under the laws of the State of Kansas, with its corporate trust office located in the City of Kansas City, Kansas, as trustee (the “Trustee”).

RECITALS

1. Pursuant to the authority of K.S.A. 12-1757 *et seq.* (the “Act”), the PBC has heretofore been created by action duly taken by the Board of County Commissioners of Johnson County, Kansas (the “County”) and has the power and authority to issue revenue bonds to provide funds for the purpose of acquiring, erecting, equipping, repairing, maintaining and operating buildings and other facilities.

2. The PBC has heretofore adopted Resolution No. PBC 003-16 declaring an intent to issue revenue bonds in an aggregate principal amount not to exceed \$21,570,000 for the purpose of paying all or a portion of the costs of designing, constructing, equipping and furnishing a library to be located at Lenexa City Center (the “Improvements”) located in the County and owned by the Board of Directors of the Johnson County Library (the “Library Board”), and paying the costs of issuance of such revenue bonds; and such resolution was published in accordance with the Act, and no sufficient protest was filed against the Improvements or such revenue bonds in accordance with the provisions of the Act.

3. Pursuant to Resolution No. PBC ____-17, the PBC has determined that it is desirable to issue its Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A, dated November 2, 2017, in the principal amount of \$[PRINCIPAL AMOUNT] (the “Series 2017A Bonds”), for the purpose of paying a portion of the costs of designing, constructing, equipping and furnishing the Improvements, as more fully described herein and in the hereinafter defined Lease.

4. In connection with the issuance of the Series 2017A Bonds, the PBC will enter into a Base Lease dated as of November 1, 2017 (the “Base Lease”) with the Library Board, whereby the PBC will lease the real estate upon which the Improvements will be located, as legally described in *Schedule 1* attached to the Base Lease, and the existing improvements located thereon (collectively, the “Land”), together with the Improvements, from the Library Board upon the terms and conditions set forth therein.

5. The PBC will also enter into a Lease dated as of November 1, 2017 (the “Lease”) with the County, under which the proceeds of the Series 2017A Bonds shall be used to pay a portion of the costs necessary to construct, furnish and equip the Improvements and pursuant to which the PBC shall lease the Land and the Improvements (collectively, the “Facility”) to the County, in consideration of rentals that are intended to be sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2017A Bonds as the same become due.

6. The Board of County Commissioners has adopted Resolution No. ____-17, which requested that the PBC issue revenue bonds in one or more series in the principal amount of \$[PRINCIPAL AMOUNT] to provide for financing the costs of the Improvements and associated costs of issuance, and authorized the County to enter into the Lease to provide for the source of repayments of such revenue bonds and other expenses and to enter into a sublease with the Library Board for the use and operation of the Facility (the “Sublease”).

7. The Library Board has adopted Resolution No. 2017-____, which requested that the PBC issue its revenue bonds in one or more series in an aggregate principal amount not to exceed \$[_____]

to provide for financing the costs of the Improvements and associated costs of issuance, and authorized the Library Board to enter into the Base Lease and the Sublease.

8. This Indenture provides for the issuance of additional parity bonds from time to time (the "Additional Bonds," together with the Series 2017A Bonds, the "Bonds") on the terms and conditions provided for herein.

9. All things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid and legally binding limited obligations of the PBC, and to constitute this Indenture a valid and legally binding pledge and assignment of the Trust Estate herein made for the security of the payment of the principal of, premium, if any, and interest on the Bonds issued hereunder, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

GRANTING CLAUSES

To declare the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under this Indenture, to secure the performance and observance by the PBC of all the covenants, agreements and conditions contained in this Indenture and in the Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by this Indenture, and the purchase and acceptance of the Bonds by the Owners thereof, the PBC transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the following described property (said property referred to in this Indenture as the "Trust Estate"):

- (a) all right, title and interest, of the PBC in, to and under the Base Lease, the Lease and the Sublease, the provisions of which are incorporated herein by reference, all Basic Rent and Additional Rent derived by the PBC pursuant to the Lease, subject to the provisions of the Lease and the Base Lease; provided that the pledge and assignment hereby made shall not impair or diminish the obligations of the PBC under the provisions of the Lease and the Base Lease;
- (b) all moneys and securities from time to time held by the Trustee under the terms of this Indenture (except moneys and securities held in the Rebate Fund), including, without limitation, Bond proceeds and income from the temporary investment thereof, and proceeds from insurance and condemnation awards; and
- (c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by right of any kind, pledged, assigned or transferred as and for additional security under this Indenture by the PBC or by anyone on its behalf of with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and subject to the conditions herein set forth, for the equal and proportionate benefit, protection and security of all Owners from time to time of the Bonds issued and Outstanding under this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds except as expressly provided in or permitted by this Indenture.

NOW, THEREFORE, the PBC covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners of the Bonds, that all Bonds are to be issued, authenticated

and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined elsewhere in this Indenture, the capitalized words and terms as used in this Indenture and in the Lease shall have the following meanings, unless some other meaning is plainly intended:

“Act” means K.S.A. 12-1757 *et seq.*, as amended.

“Additional Bonds” means any Bonds issued in addition to the Series 2017A Bonds specifically authorized in *Section 210* of this Indenture.

“Additional Rent” means all fees, charges and expenses of the Trustee, all Impositions, all amounts required to be rebated to the United States pursuant to this Indenture, all other payments of whatever nature (other than Basic Rent) payable or to become payable pursuant to this Indenture or which the County has agreed to pay or assume under the provisions of the Lease and any and all expenses (including reasonable attorney’s fees) incurred by PBC in connection with the issuance of the Bonds or the administration or enforcement of any rights under the Lease or this Indenture.

“Authorized County Representative” means the Budget Director for the County, or such other person as is designated to act on behalf of the County as evidenced by a written certificate furnished to the PBC and the Trustee containing the specimen signature of such person and signed by the Budget Director for the County. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized County Representative.

“Authorized PBC Representative” means the Finance Officer or the Project Manager of the PBC, or such other person as is designated to act on behalf of the PBC as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person and signed by the Finance Officer or the Project Manager of the PBC. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized PBC Representative.

“Base Lease” means the Base Lease dated as of November 1, 2017 between the Library Board, as lessor, and the PBC, as lessee, as from time to time amended and supplemented in accordance with the provisions thereof.

“Basic Rent” means the semi-annual amount of rent due and payable under the Lease which, when added to Basic Rent Credits, will be sufficient to pay, on any Bond Payment Date, all principal of, redemption premium, if any, and interest on the Bonds which is due and payable on such Bond Payment Date.

“Basic Rent Credits” means all funds on deposit in the Principal and Interest Fund and available for the payment of principal of, redemption premium, if any, and interest on the Bonds on any Bond Payment Date.

“Basic Rent Payment Date” means the Business Day prior to each Bond Payment Date until the principal of, redemption premium, if any, and interest on the Bonds have been fully paid or provision made for their payment in accordance with the provisions of this Indenture.

“Beneficial Owner” of the Bonds includes any Owner of the Bonds and any other person who, directly or indirectly, has investment power with respect to any of the Bonds.

“Bondowner” means the Owner of any Bond.

“Bond Counsel” means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the PBC and County.

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept by the Trustee.

“Bonds” or **“Bond”** means, collectively, the Series 2017A Bonds and any Additional Bonds issued hereunder.

“Business Day” means a day which is not a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which banks in the City of New York or in the State are not authorized to be closed.

“Cede & Co.” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“Certificate of Completion” means a written certificate signed by the Authorized PBC Representative stating that: (a) the Improvements have been completed in accordance with the plans and specifications prepared or approved by the PBC; (b) the Improvements have been completed in a good and workmanlike manner; (c) no mechanic’s or materialmen’s liens have been filed, nor is there any basis for the filings of such liens, with respect to the Improvements; (d) the Improvements are located or installed on the Land; and (e) if required by applicable building codes, that an appropriate certificate of occupancy has been issued with respect to the Improvements.

“Code” means the Internal Revenue Code of 1986, as amended, together with the regulations promulgated thereunder by the United States Department of the Treasury.

“Construction Fund” means the fund by that name created in *Section 401* hereof.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking dated as of November 1, 2017 delivered by the County, as may be amended from time to time in accordance with the provisions thereof.

“Costs of Issuance” means all costs of issuing the Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

“Costs of Issuance Fund” means the fund by that name created in *Section 401* hereof.

“County” means Johnson County, Kansas, and its successors and assigns.

“Dated Date” means November 2, 2017.

“Defaulted Interest” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (A) not subject to redemption prior to maturity or (B) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in a rating category by Moody’s or Standard & Poor’s that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

“Derivative” means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

“Event of Default” means, with respect to this Indenture, any one of the following events:

(a) Default in the due and punctual payment of the principal of, premium, if any, and interest on the Bonds whether at the stated maturity or accelerated maturity thereof, or at the redemption date thereof;

(b) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the PBC under this Indenture or the Bonds, and the continuance thereof for a period of **30** days after written notice thereof shall have been given to the PBC by the County, or to the PBC and the County by the Owners owning not less than **25%** in aggregate principal amount of Bonds then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such **30-day**

period, it shall not constitute an Event of Default if corrective action is instituted by the PBC or the County within such period and diligently pursued until the default is corrected; or

(c) An Event of Default as defined in the Lease shall have occurred.

“Facility” means the Land and the Improvements acquired, constructed, installed or equipped with the proceeds of the Series 2017A Bonds, together with any Facility Additions.

“Facility Additions” means any additions to the Facility acquired, constructed or installed from proceeds of any series of Additional Bonds authorized and issued pursuant to this Indenture. It also includes any alterations or additions made to the Facility to the extent provided in *Articles XI* and *XII* of the Lease.

“Fiscal Year” means the twelve month period ending on December 31 of each year.

“Improvement Costs” means those costs incurred in connection with the Improvements, including:

(a) all costs and expenses of every nature incurred in connection with constructing, acquiring, installing or equipping of the Improvements;

(b) fees and expenses of architects, appraisers, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and terms necessary to the commencement of construction, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, surveyors and engineers in relation to the construction, furnishing and equipping of the Facility or the issuance of the Series 2017A Bonds;

(c) payment of interest actually incurred on any interim financing obtained from a lender unrelated to the County for performance of work on the Improvements prior to the issuance of the Series 2017A Bonds;

(d) the costs of title insurance policies and the cost of any insurance and performance and payment bonds maintained during the construction of the Improvements in accordance with the Lease;

(e) interest accruing on the Series 2017A Bonds during the period of construction of the Improvements; and

(f) Costs of Issuance.

“Improvements” means the Lenexa City Center Library located in the County, the design, construction, equipping and furnishing of which is funded from the proceeds of the Series 2017A Bonds.

“Indenture” means this Indenture, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of *Article VIII* of this Indenture.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2018.

“Investment Securities” means the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the PBC’s temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time

deposits in commercial banks or trust companies located in the County which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

“Land” means the real property (or interests therein) described in *Schedule 1* attached to the Lease, including the existing improvements located thereon.

“Lease” means the Lease dated as of November 1, 2017 between the PBC, as lessor, and the County, as lessee, as from time to time amended and supplemented in accordance with the provisions thereof.

“Library Board” means the Board of Directors of the Johnson County Library, a body corporate and politic organized and existing under the laws of the State, and its successors and assigns.

“Maturity” when used with respect to any Bond, means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

“Moody’s” means Moody’s Investor’s Service, Inc., and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities ratings agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the PBC.

“Net Proceeds” means, when used with respect to any insurance or condemnation award with respect to the Facility, the proceeds from the insurance or condemnation award remaining after the payment of all expenses (including attorneys’ fees and any extraordinary expenses of the County, the Library Board or the Trustee occasioned by such casualty or condemnation) incurred in the collection of such proceeds.

“Notice Address” means:

(1) With respect to the County:

Johnson County, Kansas
Johnson County Administration Building
111 South Cherry, Suite 2300
Olathe, Kansas 66061-3441
Attention: Budget Director

- (2) With respect to the PBC:

Public Building Commission of Johnson County, Kansas
Johnson County Administration Building
111 South Cherry, Suite 2300
Olathe, Kansas 66061-3441
Attention: Finance Officer

- (3) With respect to the Trustee:

Security Bank of Kansas City
One Security Plaza
701 Minnesota
Kansas City, Kansas 66101
Attention: Corporate Trust Department

- (4) With respect to the Library Board:

Board of Directors of the Johnson County Library
P.O. Box 2933
Shawnee Mission, Kansas 66201-1333
Attn: County Librarian

“Notice Representative” means:

- (1) with respect to the County, the Budget Director;
- (2) with respect to the PBC, the Finance Officer;
- (3) with respect to the Trustee, the Corporate Trust Department; and
- (4) with respect to the Library Board, the County Librarian.

“Outstanding” means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:

- (a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of **Section 1101** hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

“Owner” when used with respect to any Bond means the person in whose name such Bond is registered on the Bond Register.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means the Trustee.

“PBC” means the Public Building Commission of Johnson County, Kansas, a municipal corporation organized and existing under the laws of the State, and its successors and assigns.

“Principal and Interest Fund” means the fund by that name created in *Section 401* hereof.

“Principal Payment Date” shall mean each September 1, commencing September 1, 2018 and continuing until such time as the aggregate principal amount of the Bonds has been paid or provision is made for the payment thereof, whether at Stated Maturity or on a Redemption Date.

“Purchase Price” means the principal amount of the Series 2017A Bonds plus a reoffering premium of \$[_____, less an underwriting discount of \$_____].

“Purchaser” means [_____, _____, _____].

“Rebate Fund” means the fund by that name created in *Section 401* hereof.

“Record Dates” for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of each month preceding such Interest Payment Date.

“Redemption Date,” when used with respect to any Bond to be redeemed, means the date fixed for the redemption of such Bond pursuant to the terms of this Indenture.

“Redemption Price,” when used with respect to any Bond to be redeemed, means the price at which such Bond is to be redeemed pursuant to the terms of this Indenture, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Rental Payments” means the aggregate of the Basic Rent payments and Additional Rent payments pursuant to the Lease.

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 209* hereof.

“SEC Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2017A Bonds” means the Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A, dated November 2, 2017, in the aggregate principal amount of \$[PRINCIPAL AMOUNT].

“Special Record Date” means the date fixed by the Trustee pursuant to *Section 204* hereof for the payment of Defaulted Interest.

“Standard & Poor’s” or **“S&P”** means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities

rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the PBC.

"State" means the State of Kansas.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Indenture as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

"Sublease" means the Sublease dated as of November 1, 2017 between the County, as lessor, and the Library Board, as lessee, as from time to time amended and supplemented in accordance with the provisions thereof.

"Supplemental Indenture" means any indenture, supplemental or amendatory to this Indenture, entered into by the PBC and the Trustee pursuant to of this Indenture.

"Tax Compliance Agreement" means the Tax Compliance Agreement dated as of November 1, 2017 among the PBC, the County, the Library Board and the Trustee, as from time to time amended and supplemented in accordance with the provisions thereof.

"Tax-Exempt Bonds" means Bonds of a series the interest on which is intended to be excluded from gross income for federal income tax purposes as designated by the PBC at the time of issuance of a series of Bonds.

"Trust Estate" means the Trust Estate described in the Granting Clauses of this Indenture.

"Trustee" means Security Bank of Kansas City, Kansas City, Kansas, a state banking corporation organized under the laws of the State of Kansas, in its capacity as trustee, bond registrar and paying agent, and its successor or successors, and any other corporation or association with at the time may be substituted in its place pursuant to and at the time serving as Trustee under the Indenture.

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the PBC.

["2017A Term Bonds" means [collectively]the Series 2017A Bonds scheduled to mature in 20__][and the Series 2017A Bonds scheduled to mature in 20__].

Section 102. Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) Wherever in this Indenture it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(c) All references in this instrument to designated "Articles," "Sections" and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this instrument as originally executed. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision.

(d) The Table of Contents and the Article and Section headings of this Indenture shall not be treated as a part of this Indenture or as affecting the true meaning of the provisions hereof.

ARTICLE II

THE BONDS

Section 201. Authorization of Bonds. The PBC may issue Bonds in series from time to time under this Indenture, but subject to the provisions of this Indenture and any Supplemental Indenture authorizing a series of Bonds. No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The total principal amount of Bonds, the number of Bonds and series of Bonds that may be issued under this Indenture is not limited, except with respect to the Series 2017A Bonds as provided in **Section 203** hereof, and with respect to Additional Bonds as provided in **Section 210** hereof and in the Supplemental Indenture providing for the issuance thereof, and except as may be limited by law. The several series of Bonds may differ as between series in any respect not in conflict with the provisions of this Indenture and as may be prescribed in the Supplemental Indenture authorizing such series. The general title of all series of Bonds authorized to be issued under this Indenture shall be "Lease Purchase Revenue Bonds (City Center Library Project)," with such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular series as the PBC may determine.

Section 202. Security for the Bonds; Limited Nature of Obligations.

(a) The Bonds and the interest thereon shall be limited obligations of the PBC payable solely and only from the net earnings and revenues derived by the PBC from the Facility, including but not limited to the rents, revenues and receipts under the Lease (including, in certain circumstances, Bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards). The Bonds and the interest thereon shall not be a debt or general obligation of the PBC, the County, the Library Board or the State or any political subdivision thereof and are secured by a pledge and assignment of the Trust Estate to the Trustee in favor of the Owners of the Bonds. The Bonds shall not constitute an indebtedness or a pledge of the faith and credit of PBC, the County, the Library Board, the State or any political subdivision thereof, within the meaning of any constitutional or statutory limitation or restriction.

The covenants and agreements of the PBC contained in this Indenture, the Base Lease, the Lease and in the Bonds shall be for the equal benefit, protection, and security of the legal Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of, redemption premium, if any, and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Indenture.

(b) No provision, covenant or agreement contained in this Indenture or the Bonds, or any obligation herein or herein imposed upon the PBC, or the breach thereof, shall constitute or give rise to or impose upon the PBC a pecuniary liability or a charge upon its general credit or powers of taxation. In making the agreements, provisions and covenants set forth in this Indenture, the PBC has not obligated itself except with respect to the Facility and the application of the payments, revenues and receipts therefrom as hereinabove provided. Neither the officers of the PBC nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

Section 203. Authorization and Description of the Series 2017A Bonds. There shall be issued under and secured by this Indenture a series of Bonds designated “Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A,” in the original aggregate principal amount of \$[PRINCIPAL AMOUNT], for the purpose of providing funds to pay Improvement Costs and Costs of Issuance.

The Series 2017A Bonds shall consist of fully registered bonds in the minimum authorized denomination of \$5,000 or any integral multiple thereof and shall be numbered in such manner as the Trustee shall determine. All of the Series 2017A Bonds shall be dated the Dated Date, shall become due in the amounts on the Stated Maturities, and subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, shall bear interest as the respective rates per annum as follows:

SERIAL BONDS

<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2018	\$ _____	____%	2028	\$ _____	____%
2019	_____	_____	2029	_____	_____
2020	_____	_____	2030	_____	_____
2021	_____	_____	2031	_____	_____
2022	_____	_____	2032	_____	_____
2023	_____	_____	2033	_____	_____
2024	_____	_____	2034	_____	_____
2025	_____	_____	2035	_____	_____
2026	_____	_____	2036	_____	_____
2027	_____	_____	2037	_____	_____

**[TERM BONDS

<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Annual Rate</u> <u>of Interest</u>
20__	\$ _____	____%
20__	_____	____%]**

The Series 2017A Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof. The Series 2017A Bonds shall be issued as book-entry only Bonds and administered in accordance with the provisions of *Section 209* hereof.

The Series 2017A Bonds and the Trustee's Certificate of Authentication to be endorsed thereon, shall be in substantially the form set forth in *Exhibit A* to this Indenture. Any Additional Bonds and the Trustee's Certificate of Authentication to be endorsed thereon shall also be in substantially such form, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture or any Supplemental Indenture. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

Each of the Series 2017A Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section 204. Method and Place of Payment of the Bonds. The Trustee is hereby designated as the "Paying Agent" for the payment of principal of and interest on the Bonds. The principal of, or Redemption Price, if any, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the corporate trust office of the Trustee.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Trustee to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Trustee in writing by such Owner or (b) in the case of an interest payment to any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The PBC shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least **30** days after receipt of such notice by the Trustee) and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Following receipt of such funds, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Trustee shall promptly notify the PBC of such Special Record Date and, in the name and at the expense of the PBC, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Trustee shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the PBC.

Section 205. Registration, Transfer and Exchange of Bonds. The Trustee is hereby designated as the "Bond Registrar" with respect to the registration, transfer and exchange of Bonds. The Trustee shall cause to be kept at its corporate trust office a register (referred to herein as the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as provided herein. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender for transfer or exchange of any Bond at the corporate trust office of the Trustee, the PBC shall execute, and the Trustee authenticate and deliver, in the name of the designated transferee or transferees, a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented or surrendered for transfer or exchange shall be duly endorsed, or be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form satisfactory to the Trustee, duly executed by the Owner thereof or by the Owner's attorney or legal representative duly authorized in writing.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the County. In the event any Owner fails to provide a certified taxpayer identification number to the Trustee, the Trustee may impose a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such Owner hereunder or under the Bonds.

The PBC and the Trustee shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Trustee pursuant to **Section 303** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the PBC of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof; or (c) to register the transfer or exchange of any Bond during a period beginning at the opening of business on any Record Date for such Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

The PBC and the Trustee may deem and treat the person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the PBC nor the Trustee shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the Owners of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Trustee.

Section 206. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the PBC by the manual or facsimile signature of the Chair, attested by the manual or facsimile signature of the Secretary and the seal of the PBC shall be affixed thereto or imprinted thereon. The Chair and Secretary are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Secretary, which registration shall be evidenced by the manual or facsimile signature of the Secretary with the seal of the PBC affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the County Clerk of Johnson County, Kansas, which registration shall be evidenced by the manual or facsimile signature of the County Clerk with the seal of the County affixed thereto or imprinted thereon; and in the office of the Trustee which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *Exhibit A*, which shall be executed by the Trustee. No Bond shall be entitled to any security or benefit under this Indenture or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Trustee. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The certificate of authentication on any Bond shall be deemed to have been duly executed if signed by any authorized officer or employee of the Trustee, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. Upon authentication, the Trustee shall deliver the Bonds to the Purchaser upon instructions of the PBC or its representative.

Section 207. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the PBC and the Trustee such security or indemnity as may be required by each of them, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the PBC shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the PBC, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the PBC and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Bond, shall constitute a replacement of the prior obligation of the PBC, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or which the Trustee has purchased or which have otherwise been surrendered to the Trustee under this Indenture, either at or before Maturity, shall be cancelled by the Trustee immediately upon the payment, redemption or purchase of such Bonds and the surrender thereof to the Trustee and

subsequently destroyed in accordance with the customary practice of the Trustee. The Trustee shall execute and deliver to the PBC a certificate describing the Bonds so cancelled.

Section 209. Book-Entry Bonds; Securities Depository. Any series of Bonds may be issued as book-entry only Bonds. If so, such series of Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Trustee issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

If (a) the PBC determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, or (b) the Trustee receives written notice from Participants having interests in not less than **50%** of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Trustee shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the PBC, with the consent of the Trustee, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the PBC, the Trustee or Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Trustee shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the PBC.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the PBC may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 210. Authorization of Additional Bonds.

(a) Additional Bonds may be issued under and equally and ratably secured by this Indenture on a parity with the Series 2017A Bonds and any other Additional Bonds Outstanding at any time and from time to time, upon compliance with the conditions hereinafter provided in this Section, for any of the following purposes:

(1) To provide funds to pay the costs of completing the Improvements, the total of such costs to be evidenced by a certificate signed by the Authorized PBC Representative.

(2) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Improvements in the event of damage, destruction or condemnation thereto or thereof.

(3) To provide funds to pay all or any part of the costs of acquisition, purchase or construction of such additions, improvements, extensions, alterations, expansions, or modifications of the Facility or any part thereof as the County may deem necessary or desirable and as will not impair the nature of the Facility as a facility within the meaning and purposes of the Act.

(4) To provide funds for refunding all or any part of the Bonds of any series then Outstanding, including the payment of any premium thereon and interest to accrue to the designated redemption date and any expenses in connection with such refunding.

(b) Before any Additional Bonds shall be issued under the provisions of this Section, the PBC shall adopt a resolution (i) authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued or describing the Bonds to be refunded; (ii) authorizing the PBC to enter into a Supplemental Indenture for the purpose of providing for the issuance of and securing such Additional Bonds and, if required (iii) authorizing the PBC to enter into a supplemental lease or leases with the County to provide for rental payments at least sufficient to pay the principal of, premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and for such other matters as are appropriate because of the issuance of the Additional Bonds proposed to be issued which, in the judgment of the PBC, is not to the prejudice of the PBC or the Owners of Bonds previously issued.

(c) Such Additional Bonds shall have the same designation as the Series 2017A Bonds, except for an identifying series letter or date and the addition of the word "Refunding" when applicable, shall be dated, shall be stated to mature on Bond Payment Dates in such year or years, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, and shall be redeemable at such times and prices (subject to the provisions of *Article III* of this Indenture), all as may be provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturity or maturities, the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Indenture as the Series 2017A Bonds and any other Additional Bonds Outstanding at the time of the issuance of such Additional Bonds.

(d) Such Additional Bonds shall be substantially in the form and executed in the manner set forth in this Article and shall be deposited with the Trustee for authentication.

(e) Except as provided in this Section, the PBC will not otherwise issue any obligations ratably secured and on a parity with the Series 2017A Bonds, but the PBC may issue other obligations specifically subordinate and junior to the Series 2017A Bonds with the express written consent of the County.

Section 211. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 212. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, at Maturity, if funds sufficient to pay such Bond have been made available to the Trustee, all liability of the PBC to the Owner thereof for the payment of such Bond, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. If any Bond is not presented for payment within six (6) years following the date when such Bond becomes due, at Maturity, the Trustee upon the request of the PBC shall repay to the PBC the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the PBC, and the Owner thereof shall be entitled to look only to the PBC for payment, and then only to the extent of the amount so repaid, and the PBC shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption.

(a) *Redemption of Bonds Generally.* The Series 2017A Bonds are subject to redemption prior to maturity in accordance with their terms and provisions set forth in this Article. Additional Bonds shall be subject to redemption prior to maturity in accordance with the applicable terms and provisions contained in this Article and as may be specified in such Bonds and the Supplemental Indenture authorizing such Bonds.

(b) *Optional Redemption of Series 2017A Bonds.* At the option of the PBC, upon instructions from the County, the Series 2017A Bonds maturing in the years 2027 and thereafter may be called for redemption and payment prior to their Stated Maturity on September 1, 2026 and thereafter, in whole or in part on any date, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

(c) *Extraordinary Optional Redemption of Series 2017A Bonds.* At the option of the PBC, upon instructions from the County, the Series 2017A Bonds may be called for redemption and payment prior to their Stated Maturity, in whole or in part on any date, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date, in the event that all or a substantial portion of the Facility is damaged or destroyed by fire or other casualty or is condemned or taken for any public or quasi-public use by any authority exercising the power of eminent domain, and the County determines that rebuilding, repairing, restoring or replacing the Facility is not practicable or desirable.

**[(d) *Mandatory Redemption.* The 2017A Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption

Date. The moneys in the Principal and Interest Fund shall be sufficient to redeem, and the PBC shall redeem on September 1 in each year, the following principal amounts of such 2017A Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$ _____	20____
_____	20____
_____	20____*

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the PBC may: (1) deliver to the Paying Agent for cancellation 2017A Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any 2017A Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the PBC under this Section for any 2017A Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each 2017A Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the PBC to redeem 2017A Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for 2017A Term Bonds of the same Stated Maturity as designated by the PBC, and the principal amount of 2017A Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the PBC intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the PBC will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.]**

Section 302. Election to Redeem; Selection of Bonds to be Redeemed.

(a) In the event the PBC desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Trustee from the PBC, together with the written consent of the County, not less than 35 days prior to the Redemption Date. The Trustee shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Trustee at least 35 days prior to the Redemption Date of written instructions of the PBC specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. The Trustee may in its discretion waive such notice period so long as the notice requirements set forth in **Section 303** are met.

The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Bonds hereunder, and Bonds shall be called by the Trustee for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the PBC and whether or not the Trustee holds moneys available and sufficient to effect the required redemption.

(b) Bonds shall be redeemed only in the minimum authorized denomination of \$5,000 (or other authorized denomination of the Bonds of any series specified in the Supplemental Indenture authorizing such series of Bonds) or any integral multiple thereof. Bonds that are to be redeemed pursuant to optional redemption provisions shall be selected from the maturity or maturities selected by the PBC, unless

otherwise provided in a Supplemental Indenture with respect to a particular Series of Bonds. If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Bond Trustee from the Bonds of such maturity which have not previously been called for redemption, by lot or such other equitable manner as the Bond Trustee may determine and which may provide for the selection for redemption of portions of the principal of Bonds equal to the minimum authorized denomination of the Bonds of a denomination larger than the minimum authorized denomination.

Section 303. Notice and Effect of Call for Redemption. Unless waived by any Owner of Bonds to be redeemed, if the PBC shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Trustee on behalf of the PBC shall give written notice of redemption to the Owners of said Bonds. Said written notices shall be deposited in the United States first class mail not less than **20** days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) the principal amount (and, in the case of partial redemption, the respective principal amounts, identification numbers and Maturities) of the Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the corporate trust office of the Trustee.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Trustee receives written notice from the PBC that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice shall be of no force and effect, the Trustee shall not redeem such Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

The failure of any Owner to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notice specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the PBC defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Trustee. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Trustee as provided herein and shall not be reissued.

In addition to the foregoing notice, the Bond Trustee shall give further notice by first class mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and by facsimile to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed, (b) the date of issue of the Bonds as originally issued, (c) the rate of interest borne by each Bond being redeemed, (d) the maturity date of each Bond being redeemed, and (e) any other descriptive information needed to identify accurately the Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Registered Owners of the Bonds as above prescribed.

The Trustee is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

ARTICLE IV

FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS

Section 401. Creation of Funds and Accounts.

(a) There is hereby created and ordered to be established in the custody of the PBC the following separate funds and accounts:

- (1) Public Building Commission of Johnson County, Kansas Construction Fund for Lease Purchase Revenue Bonds (City Center Library Project), hereinafter referred to as the "Construction Fund."
- (2) Public Building Commission of Johnson County, Kansas Costs of Issuance Fund for Lease Purchase Revenue Bonds (City Center Library Project), hereinafter referred to as the "Costs of Issuance Fund."

(b) There is hereby created and ordered to be established in the custody of the Trustee the following separate funds and accounts:

- (1) Public Building Commission of Johnson County, Kansas Principal and Interest Fund for Lease Purchase Revenue Bonds (City Center Library Project), hereinafter referred to as the "Principal and Interest Fund."

- (2) Public Building Commission of Johnson County, Kansas Rebate Fund for Lease Purchase Revenue Bonds (City Center Library Project), hereinafter referred to as the "Rebate Fund."

(c) The PBC and the Trustee shall hold the funds established in this **Section 401** in trust pursuant to the terms hereof as long as any of the Bonds remain outstanding and unpaid or until provisions are made for the payment thereof in accordance with the terms of this Indenture.

(d) The PBC and the Trustee are authorized to establish separate accounts or subaccounts within the funds established in this **Section 401** or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the PBC or the Trustee may deem necessary or convenient.

Section 402. Disposition of Series 2017A Bond Proceeds and Other Moneys.

(a) The net proceeds received from the sale of the Series 2017A Bonds shall be deposited simultaneously with the delivery of such Bonds and applied as follows:

- (1) The sum of \$_____ shall be deposited in the Costs of Issuance Fund and applied in accordance with **Section 405** hereof.
- (2) The remaining balance of the proceeds derived from the sale of the Series 2017A Bonds in the amount of \$_____ shall be deposited in the Construction Fund and applied in accordance with **Section 404** hereof.

[(b) On or before the date of issuance of the Series 2017A Bonds, the Library Board shall deposit \$_____ with the PBC, which amount shall be deposited into the Equity Account of the Construction Fund and applied in accordance with **Section 404 hereof.]**

Section 403. Deposits into the Construction Fund. The following funds shall be paid over to and deposited by the PBC into the Construction Fund, as and when received:

- (a) The proceeds from the sale of the Series 2017A Bonds **[and moneys provided by the Library Board]** to be paid into the Construction Fund pursuant to **Section 402** hereof;
- (b) The earnings accrued on the investment of moneys in the Construction Fund and required to be deposited into the Construction Fund pursuant to **Section 502** hereof;
- (c) The proceeds from the sale of Additional Bonds (except Additional Bonds issued to refund Outstanding Series 2017A Bonds) required to be paid into the Construction Fund pursuant to the Supplemental Indenture authorizing such Additional Bonds;
- (d) All amounts collected under any performance and labor and material payment bond and any and all payments from any contractors or other suppliers by way of breach of contract, refunds or adjustments paid to the PBC, the County or the Library Board in connection with the Improvements;
- (e) The Net Proceeds of casualty insurance, condemnation awards or title insurance required to be deposited into the Construction Fund pursuant to the Lease;

- (f) Any and all payments from any contractors or other suppliers by way of breach of contract, refunds or adjustments required to be deposited into the Construction Fund pursuant to the Lease; and
- (g) Except as otherwise provided herein or in the Lease, any other money received by or to be paid to the Trustee from any other source for the acquisition, construction and equipping of the Improvements, when accompanied by directions from the PBC, the County or the Library Board that such moneys are to be deposited into the Construction Fund.

Section 404. Application of Moneys in the Construction Fund. Moneys in the Construction Fund shall be disbursed by the PBC for the payment of Improvement Costs in accordance with the provisions of *Article IV* of the Lease.

The PBC shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Improvements have been completed and the Certificate of Completion has been filed with the Trustee, the PBC shall file a statement of receipts and disbursements with respect thereto with the County and the Library Board.

The completion of the Improvements and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee by the PBC of a Certificate of Completion as required by *Section 4.4* of the Lease. As soon thereafter as practicable, any balance remaining in the Construction Fund (other than amounts required to be transferred to the Rebate Fund) shall without further authorization be transferred to the Trustee to be deposited into the Principal and Interest Fund and be applied by the Trustee solely to: (i) the payment of principal and premium, if any, of the Series 2017A Bonds through the payment or redemption thereof at the earliest date permissible under the terms of this Indenture, or (ii) at the option of the PBC, to the purchase of the Series 2017A Bonds at such earlier date or dates as the PBC may elect.

Section 405. Application of Moneys in the Costs of Issuance Fund. All moneys held in the Costs of Issuance Fund shall be applied by the PBC to pay the Costs of Issuance. Any moneys remaining in the Costs of Issuance Fund at such time as all Costs of Issuance with respect to the Series 2017A Bonds have been paid, but in any case not later than February 1, 2018, shall be transferred to the Construction Fund, or if the Improvements are complete, shall be transferred to the Trustee for deposit in the Principal and Interest Fund.

Section 406. Deposits into the Principal and Interest Fund. The Trustee shall deposit into the Principal and Interest Fund, as and when received, the following:

- (a) All Rental Payments paid by or on behalf of the County to the PBC attributable to payments of principal of, redemption premium, if any, or interest on the Series 2017A Bonds.
- (b) Any amount in the Construction Fund to be transferred to the Principal and Interest Fund pursuant to *Section 404* hereof upon completion of the Improvements.
- (c) Any amount in the Costs of Issuance Fund to be transferred to the Principal and Interest Fund pursuant to *Section 405* hereof.
- (d) All interest and other income derived from the investment of moneys held in the Principal and Interest Fund as provided in *Section 502* hereof.

- (e) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Principal and Interest Fund, as specified in such Supplemental Indenture.
- (f) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture or the Lease or otherwise, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Principal and Interest Fund.

Section 407. Application of Moneys in Principal and Interest Fund. Except as otherwise provided herein, moneys in the Principal and Interest Fund shall be expended solely for the payment of the principal of, premium, if any, and interest on the Bonds as the same shall mature and become due or upon the redemption thereof prior to maturity. The PBC hereby authorizes and directs the Trustee to withdraw sufficient funds of the Principal and Interest Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee for the purpose of paying said principal and premium, if any, and interest.

The Trustee, upon written directions from the PBC given pursuant to written direction of the County, shall use any excess moneys in the Principal and Interest Fund to redeem all or part of the Bonds Outstanding in accordance with and to the extent permitted by *Article III* hereof, so long as the County is not in default with respect to any payments under the Lease and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The County may cause such excess money in the Principal and Interest Fund or such part thereof or other moneys of the County, as the County may direct, to be applied by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery for cancellation.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in this Indenture), all rebatable arbitrage to the United States and the fees, charges and expenses of the Trustee and the PBC, and any other amounts required to be paid under this Indenture and the Lease, all amounts remaining in the Principal and Interest Fund shall be paid to the County upon the expiration or sooner termination of the Lease.

Section 408. Deposits into and Application of Moneys in the Rebate Fund. There shall be deposited into the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to pay rebatable arbitrage to the United States of America, and none of the PBC, the County, the Library Board or the Owner of any Bond shall have any right in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement.

The Trustee shall remit from moneys in the Rebate Fund all rebate installments and a final rebate payment to the United States required by the Tax Compliance Agreement. Neither the Trustee nor the PBC shall have any obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under this Indenture as provided in this Indenture or from other moneys provided to it by the County. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage, or provision having been made therefor, shall be withdrawn and paid to the County.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all rebatable arbitrage shall have been paid.

ARTICLE V

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 501. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for the account of any fund or accounts held under this Indenture, and all moneys deposited with or paid to the Trustee under any provision of this Indenture, shall be held by the Trustee in trust and shall be applied only in accordance with the provisions of this Indenture and the Lease and, until used or applied as so provided, shall (except for moneys in the Rebate Fund which shall be held in trust but are not subject to the lien of this Indenture) constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the PBC, the County or the Library Board except as provided in *Section 502* hereof for investment purposes.

Section 502. Investment of Moneys in Funds. Moneys held in the Principal and Interest Fund and the Rebate Fund shall be separately invested and reinvested by the Trustee, at the written instruction of the Authorized PBC Representative, in Investment Securities which mature or are subject to redemption by the owner prior to the date when such moneys will be needed. The Trustee may conclusively rely upon such instructions as to both the suitability and legality of the directed investments. The Trustee is authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. The PBC acknowledges that, to the extent regulations of the Comptroller of the Currency or any other applicable regulatory agency grant the PBC the right to receive brokerage confirmations of securities transactions as they occur, the PBC waives the right to receive such confirmations with respect to any transactions relating to the Bonds.

Moneys held in the Construction Fund and the Costs of Issuance Fund shall be separately invested and reinvested by the PBC in Investment Securities which mature or are subject to redemption by the owner prior to the date when such moneys will be needed.

Neither the Trustee nor the PBC shall make any investments which would violate the provisions of Section 148 of the Code or the Tax Compliance Agreement. Any such Investment Securities shall be held by or under the control of the Trustee or the PBC, as applicable, and shall be deemed at all times to be a part of the fund or account in which such moneys are originally held, and except as otherwise specifically provided in this Indenture, the interest accruing thereon and any profit realized from such Investment Securities shall be credited to and accumulated in such fund or account, and any loss resulting from such Investment Securities shall be charged to such fund or account. The Trustee or the PBC shall sell and reduce to cash a sufficient amount of such Investment Securities whenever the cash balance in any fund or account is insufficient for the purposes of such fund or account.

Section 503. Record Keeping. The Trustee shall maintain records with respect to any and all moneys or investment held by the Trustee under the Indenture. Such records shall be designed to show compliance with the provisions of this Article and with the provisions of *Article IV* and shall be maintained at least six years after the payment of all of the Outstanding Bonds.

ARTICLE VI

GENERAL COVENANTS AND PROVISIONS

Section 601. Payment of Principal of, Premium, If Any, and Interest on the Bonds. The PBC covenants and agrees that it will, but solely from the rents, revenues and receipts derived from the Facility as described herein, promptly pay or cause to be paid the principal of, premium, if any, and interest on the Bonds as the same become due and payable at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, and to this end the PBC covenants and agrees that it will use its best efforts to cause the Facility to be continuously leased as a revenue and income producing undertaking, and that, should there be a default under the Lease with the result that the right of possession of the Facility is returned to the PBC, the PBC shall fully cooperate with the Trustee and with the Owners to protect the rights and security of the Owners and shall diligently proceed in good faith and use its best efforts to secure another lawful tenant for the Facility to the end that at all times sufficient rents, revenues and receipts will be derived by PBC from the Facility to provide for payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the PBC to operate the Facility as a business other than as lessor or to use any funds or revenues from any source other than funds and revenues derived from the Facility.

Section 602. Authority to Execute Indenture and Issue Bonds. The PBC represents that it is duly authorized under the constitution and laws of the State of Kansas to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the PBC according to the import thereof.

Section 603. Performance of Covenants. The PBC covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

Section 604. Instruments of Further Assurance. The PBC covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments, financing statements and other documents as the Trustee may reasonably require for the better pledging and assigning unto the Trustee the property and revenues herein described to secure the payment of the principal of, premium, if any, and interest on the Bonds. The PBC covenants and agrees that, except as herein and in the Lease provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Facility or the rents, revenues and receipts derived therefrom or from the Lease, or of its rights under the Lease.

Section 605. Inspection of Books. The PBC covenants and agrees that all books and documents in its possession relating to the Facility and the rents, revenues and receipts derived from the Facility shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

Section 606. Enforcement of Rights Under the Lease. The PBC covenants and agrees that it shall, by and through the Trustee, enforce all of the Trustee's rights and all of the obligations of the County (at the expense of the County) under the Lease to the extent necessary to preserve the Facility in good order and repair, and to protect the rights of the Trustee and the Owners hereunder with respect to the pledge and assignment of the rents, revenues and receipts coming due under the Lease. The PBC agrees that the Trustee as assignee of the Lease in its name or in the name of the PBC may enforce all rights of the PBC and all

obligations of the County under and pursuant to the Lease for and on behalf of the Owners, whether or not the PBC is in default hereunder.

Section 607. Possession and Use of Facility. So long as not otherwise provided in this Indenture, the County shall be suffered and permitted to possess, use and enjoy the Facility and appurtenances so as to carry out its obligations under the Lease.

Section 608. Maintenance, Taxes and Insurance. The PBC represents that pursuant to the provisions of the Lease, the County has agreed to cause the Facility to be maintained and kept in good condition, repair and working order, to pay, as the same respectively become due, all taxes, assessments and other governmental charges at any time lawfully levied or assessed upon or against the Facility or any part thereof, and to keep the Facility constantly insured to the extent provided for therein, all at the sole expense of County.

Section 609. Continuing Disclosure. The Lease provides that the County will provide and disseminate certain information described in the Continuing Disclosure Undertaking for purposes of complying with the SEC Rule. In the event the County fails to comply in a timely manner with its covenants in the Continuing Disclosure Undertaking, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the County. In the event the County does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the County under the Continuing Disclosure Undertaking. The Purchaser or Beneficial Owner shall provide a copy of any such demand or notice to the PBC and the Trustee.

Section 610. Tax Covenants.

The PBC (to the extent within its power or direction) shall not use or permit the use of any proceeds of Series 2017A Bonds or any other funds of the PBC, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would adversely affect the exclusion of the interest on any Bond from gross income for federal income tax purposes. The PBC agrees that so long as any of the Series 2017A Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Agreement applicable to the PBC.

The Trustee agrees to comply with the provisions of the Tax Compliance Agreement applicable to the Trustee. The Trustee from time to time may cause a firm of attorneys, consultants or independent accountants or an investment banking firm to supply the Trustee, on behalf of the PBC, with such information as the Trustee, on behalf of the PBC, may request in order to determine in a manner reasonably satisfactory to the Trustee, on behalf of the PBC, all matters relating to (a) the actuarial yields on the Series 2017A Bonds as the same may relate to any data or conclusions necessary to verify that the Series 2017A Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with the rebate requirements of Section 148(f) of the Internal Revenue Code. Payment for costs and expenses incurred in connection with supplying the foregoing information shall be paid by the County.

Notwithstanding any provision of this Section, if the County provides to the Trustee and the PBC an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion of interest on the Tax-Exempt Bonds from federal gross income, the Trustee and the PBC may conclusively rely on such opinion in

complying with the provisions of this Indenture, and the covenants under this Indenture shall be deemed to be modified to that extent.

The foregoing covenants of this Section shall remain in full force and effect notwithstanding the defeasance of the Series 2017A Bonds pursuant to *Article XI* of this Indenture or any other provision of this Indenture, until the final maturity date of all Series 2017A Bonds Outstanding and payment thereof.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 701. Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any Event of Default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture, the Base Lease or the Lease, to enforce and compel the performance of the duties and obligations of the PBC as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the Owners of not less than a majority in principal amount of Bonds Outstanding and if indemnified as provided in *Section 802(e)* of this Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee (who may rely upon the advice or opinion of counsel) shall deem most expedient in the interests of the Bondowners.

(c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) *Suits to Protect the Trust Estate.* The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Indenture or be prejudicial to the interests of the Bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the Bondowners in any judicial proceeding to which the PBC is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the Bondowners.

(e) *Enforcement Without Possession of Bonds.* All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of **Section 705** hereof, be for the equal and ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

(f) *Restoration of Positions.* If the Trustee or any Bondowner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Bondowner, then and in every case the PBC, the Trustee and the Bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the Bondowners shall continue as though no such proceeding had been instituted.

Section 702. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the PBC or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the PBC for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

- (a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding, and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under **Section 804**.

Section 703. Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless:

- (a) such Owner has previously given written notice to the Trustee of a continuing event of default;

- (b) the Owners of not less than a majority in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under this Indenture;
- (c) such Owner or Owners have offered to the Trustee indemnity as provided in this Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Owners of Bonds, or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided.

Notwithstanding the foregoing or any other provision in this Indenture, however, the Owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date) and nothing contained in this Indenture shall affect or impair the right of any Owner to institute suit for the enforcement of any such payment.

Section 704. Control of Proceedings by Bondowners. The Owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with this Indenture:

- (a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture, provided that:
 - (1) such direction shall not be in conflict with any rule of law or this Indenture;
 - (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and
 - (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction.

Section 705. Application of Moneys Collected. Notwithstanding anything herein to the contrary, any moneys collected by the Trustee pursuant to this Article (after the deductions for payment of reasonable costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal

(or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) **First:** To the payment of all amounts due the Trustee under *Section 804* of this Indenture;
- (b) **Second:** To the payment to the persons entitled thereto of all installments of interest, if any, then due and payable on the Bonds, in the order in which such installments of interest became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and
- (c) **Third:** To the payment to the persons entitled thereof of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment, ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and
- (d) **Fourth:** To the payment of the remainder, if any, to the County or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 706. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

Section 707. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the PBC, on behalf of the Owners of all the Bonds waive any past default hereunder and its consequences, except a default (a) in the payment of the principal of (or premium, if any) or interest on any Bond, or (b) in respect of a

covenant or provision hereof which under *Article IX* cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

ARTICLE VIII

THE TRUSTEE

Section 801. Acceptance of Trusts; Certain Duties and Responsibilities.

The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the following terms and conditions:

- (a) The Trustee, prior to an Event of Default and after the curing of all Events of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and in the absence of bad faith, negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.
- (b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.
- (c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, **except** that:
 - (1) this subsection shall not be construed to limit the effect of *subsection (a)* of this Section;
 - (2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
 - (3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

- (4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee, whether in its capacity as Trustee, Paying Agent, Bond Registrar or any other capacity, shall be subject to the provisions of this *Article VIII*.

Section 802. Certain Rights of Trustee.

Except as otherwise provided in *Section 801* of this Indenture:

- (a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (b) The Trustee shall be entitled to rely upon a certificate of an authorized representative of the PBC as to the sufficiency of any request or direction of the PBC mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been duly adopted by the governing board of the PBC and is in full force and effect.
- (c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of any authorized representative of the PBC.
- (d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.
- (e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondowners pursuant to this Indenture or otherwise, unless such Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in compliance with such request or direction; *provided that* the Trustee may not require indemnity as a condition to making any payment of principal, purchase price, premium or interest on the Bonds.
- (f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation,

it shall be entitled to examine the books, records and premises of the PBC, personally or by agent or attorney.

- (g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the PBC of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the PBC under any provision of this Indenture.
- (h) The Trustee, in its individual or any other capacity, may become the Owner or pledgee of Bonds and may otherwise deal with the PBC with the same rights it would have if it were not Trustee.
- (i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in this Indenture.
- (j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.
- (k) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.
- (l) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that (1) the PBC, subsequent to such transmission of written instructions, shall provide the originally executed instructions or directions to the Trustee in a timely manner, (2) such originally executed instructions or directions shall be signed by a person as may be designated and authorized to sign for the PBC or in the name of the PBC, by an authorized representative of the PBC, and (3) the PBC shall provide to the Trustee an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the PBC elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The PBC agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation

the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 803. Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except a default in any of the payments to the Trustee required to be made by *Article IV* of this Indenture, unless the Trustee shall be specifically notified in writing of such default by the PBC or the Owners of at least **25%** in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within **30** days after the occurrence of any default hereunder of which the Trustee is required to take notice or has received notice as provided in this Section, the Trustee shall give written notice of such default to the PBC and all Owners of Bonds as shown on the Bond Register maintained by the Trustee, unless such default shall have been cured or waived. For the purpose of this Section, the term “*default*” means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 804. Compensation and Reimbursement. The Trustee shall be entitled to payment or reimbursement, as follows:

- (a) from time to time for reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);
- (b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee’s negligence, willful misconduct or bad faith; and
- (c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

Pursuant to the provisions of the Lease, the County has agreed to pay to the Trustee all reasonable fees, charges, advances and expenses of the Trustee, and the Trustee agrees to look only to the County for the payment of all reasonable fees, charges, advances and expenses of the Trustee as provided in the Lease. The Trustee agrees that the PBC shall have no liability for any fees, charges and expenses of the Trustee.

The indemnifications set forth herein shall survive the termination of this Indenture and/or the resignation or removal of the Trustee. The Trustee shall promptly notify the County in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the County, setting forth the particulars of such claim or action, and the County will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall not be payable by the County unless (i) such employment has been specifically authorized by the County, (ii) in the opinion of the Trustee the County has failed to actively and competently pursue the defense of such claim or action, or (iii) the County’s counsel is precluded, by the rules governing conflicts of interest, from representing the Trustee.

Section 805. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, having a corporate trust office located in the State of Kansas. The Trustee must have a combined capital and surplus or consolidated net worth of at least **\$50,000,000**, or must provide a guaranty of the full and prompt performance by the Trustee of its obligations under this Indenture and any other agreements made in connection with the Bonds, on terms satisfactory to the PBC, by a guarantor with such combined capital and surplus or consolidated net worth. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Section 806. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the PBC, the County and each Owner of Bonds Outstanding as shown by the Bond Register required by this Indenture to be kept by the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (within the meaning of the Trust Indenture Act of 1939, as amended), it shall, within **90** days after ascertaining that it has a conflicting interest, or within **30** days after receiving written notice from the PBC that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in **subsection (a)**.

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the PBC and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds. The PBC or any Bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) If at any time:

- (1) the Trustee shall fail to comply with **subsection (b)** after written request therefor by the PBC or any Bondowner, or
- (2) the Trustee shall cease to be eligible under **Section 805** and shall fail to resign after written request therefor by the PBC or by any such Bondowner, or
- (3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the PBC may remove the Trustee, or any Bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

The Trustee shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Registered Owners of Bonds as their names and addresses appear in the Bond Register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its corporate trust office.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under *Section 808*.

Section 807. Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the PBC (so long as no Event of Default hereunder has occurred and is continuing), or the Owners of a majority in principal amount of Bonds Outstanding (if an Event of Default hereunder has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the PBC and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the PBC or the Bondowners. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, the Trustee or any Bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank with trust powers or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Section 808. Acceptance of Appointment by Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the PBC and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the PBC or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the PBC shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 809. Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise

qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 810. Co-Trustees and Separate Trustees. At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the Owners of at least **25%** in principal amount of the Bonds Outstanding, the PBC shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the PBC does not join in such appointment within **15** days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the PBC be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the PBC.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

- (a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee.
- (b) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.
- (c) The Trustee at any time, by an instrument in writing executed by it, with the written concurrence of the PBC, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the PBC. Upon the written request of the Trustee, the PBC shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such

resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

- (d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder.
- (e) Any request, demand, authorization, direction, notice, consent, waiver or other act of Bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 811. Paying Agents. The Trustee is hereby designated and agrees to act as principal paying agent for and in respect to the Bonds. The PBC may, in its discretion, cause the necessary arrangements to be made through the Trustee for the designation of alternate paying agents, if any, and for the making available of funds hereunder for the payment of the principal of, premium, if any, and interest on the Bonds of any series at the principal corporate trust office or other designated payment office of said alternate paying agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and paying agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and paying agent unless a separate paying agent or agents are appointed by the PBC in connection with the appointment of any successor Trustee.

Section 812. Performance of Duties under the Lease. The Trustee hereby accepts and agrees to perform all duties and obligations assigned to it under the Lease.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Not Requiring Consent of Owners. The PBC and the Trustee may from time to time, without the consent of or notice to any of the Owners, amend this Indenture or enter into such Supplemental Indentures as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture, to correct or supplement any provision in this Indenture that may be inconsistent with any other provision herein or to make any other change that does not materially adversely affect the rights of the Owners under this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Owners, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;
- (c) To more precisely identify the facilities financed or refinanced with proceeds of the Bonds, or to substitute or add additional property thereto, or to correct or amplify the description of any property at any time subject to the lien of this Indenture, or to subject to the lien of this Indenture additional property;
- (d) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed;

- (e) To issue Additional Bonds as provided in *Section 210* hereof; and
- (f) To conform the provisions of this Indenture to the provisions of the Code as the same now exists or may be hereafter amended.

Section 902. Supplemental Indentures Requiring Consent of Owners. With the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the PBC and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Owners of the Bonds under this Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Owner of each Outstanding Bond affected thereby, carry out any of the following:

- (a) change the stated maturity of the principal of, or any mandatory sinking fund payment with respect to, or any installment of interest on, any Bond, or change any optional redemption date thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which any Bond or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Indenture, or the consent of whose Owners is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences;
- (c) modify the obligation of the PBC to make payment on or provide funds for the payment of any Bond;
- (d) modify any of the provisions of this Section or *Section 707*, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby; or
- (e) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the Owner of any Bond of the security afforded by the lien of this Indenture.

The Trustee may in its discretion (and has the right to rely upon the advice or opinion of counsel) determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of Owners of Bonds under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and, subject to *Article VIII*, shall be fully protected in relying upon, an opinion of counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this Article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. County's Consent to Supplemental Indentures. Anything herein to the contrary notwithstanding, an amendment or Supplemental Indenture under this Article which affects the rights of the County shall not become effective unless the County shall have consented in writing to the execution and delivery of such Supplemental Indenture, provided that receipt by the Trustee of an amendment to the Lease executed by the County in connection with the issuance of Additional Bonds under *Section 210* hereof shall be deemed to constitute consent of the County to the execution of a Supplemental Indenture pursuant to *Section 210* hereof.

ARTICLE X

LEASE AMENDMENTS

Section 1001. Lease Amendments. The provisions of the Lease may be amended to the extent and upon the terms and conditions provided therein.

ARTICLE XI

SATISFACTION AND DISCHARGE

Section 1101. Payment, Discharge and Defeasance of Bonds. Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the PBC shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or Redemption Dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or Redemption Date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the

requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or Redemption Dates only with Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of a verification report prepared by independent certified public accountants, or other verification agent, addressed to and satisfactory to the Trustee and the PBC, to the effect that such Defeasance Obligations are sufficient for the payment in full of the principal of and redemption premium, if any, and interest on such Bonds at their maturity or Redemption Dates.

The foregoing notwithstanding, the liability of the PBC in respect of such Bonds shall continue, but the Owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any paying agent, as the Trustee may determine) to the persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Section 1102. Satisfaction and Discharge of Indenture. This Indenture and the lien, rights and interests created by this Indenture shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein provided for) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of *Section 1101*; and
- (b) all other sums payable under this Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment.

Thereupon, the Trustee shall execute and deliver to the PBC such instruments of satisfaction and discharge of this Indenture as may be necessary and shall pay, assign, transfer and deliver to the PBC, or other persons entitled thereto, all moneys, securities and other property then held by it under this Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as herein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Section 1103. Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of this Indenture, the rights of the Trustee under *Section 804* shall survive, and the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of or interest on any Bond remaining unclaimed for two years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid as provided in *Section 212* and all liability of the Trustee or any Paying Agent or the PBC with respect to such moneys shall thereupon cease.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Acts of Bondowners.

Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by the Owners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such Bondowners in person or by agent duly appointed in writing. A copy of any notice received by the PBC pursuant to the provisions hereof shall be forwarded to the County and the Library Board. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

- (a) The fact and date of the execution by any person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.
- (b) The fact and date of execution of any such instrument or writing and the authority of any person executing the same may also be proved in any other manner which the Bond Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.
- (c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the Bond Register maintained by the Trustee.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds registered in the name of the PBC or the County shall be disregarded and deemed not to be Outstanding under this Indenture, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the PBC in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1202. Limitation of Rights Under the Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be inferred from this Indenture or the Bonds is intended or shall be construed to give any person other than the parties hereto and the Owners of the Bonds, any right, remedy or claim under or with respect to this Indenture, and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the County, the Library Board and the Owners of the Bonds as herein provided.

Section 1203. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Indenture shall be in writing and shall be deemed duly given or filed if the same shall be duly mailed by registered or certified mail, postage prepaid, to the Notice Representative at the Notice Address.

All notices given by certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed. A duplicate copy of each notice, certificate or other communication given hereunder by the PBC, the County or the Library Board shall also be given to the Trustee. The PBC, the County, the Library Board and the Trustee may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

Section 1204. Immunity of Officers, Employees and Members of the PBC. This Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State. No recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained against any past, present or future officer, director, member, employee or agent of the PBC, or of any successor municipal corporation, as such, either directly or through the PBC or any successor municipal corporation, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of the Bonds.

Section 1205. Severability. If any provision of this Indenture shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

Section 1206. Execution in Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1207. Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section 1208. Governing Law. This Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the PBC has caused this Indenture to be signed in its name and behalf by the Chair and its corporate seal to be hereunto affixed and attested by its Secretary, and to evidence its acceptance of the trusts hereby created, the Trustee has caused this Indenture to be signed in its name and behalf and its official seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

**PUBLIC BUILDING COMMISSION OF
JOHNSON COUNTY, KANSAS,
as PBC**

(Seal)

By: _____
Ed Eilert, Chair

ATTEST:

By: _____
Mike Brown, Secretary

SECURITY BANK OF KANSAS CITY, as Trustee

(SEAL)

Name: Pete Gardner

Title: Senior Vice President/Trust Manager

ATTEST:

Name: M. Kathryn Gellings

Title: Assistant Vice President/Trust Officer

EXHIBIT A

FORM OF BONDS

**REGISTERED
NUMBER R-**

**REGISTERED
\$**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the PBC or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF JOHNSON
PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS
LEASE PURCHASE REVENUE BOND
(CITY CENTER LIBRARY PROJECT)
SERIES 2017A**

Interest	Maturity	Dated	CUSIP:
Rate: %	Date:	Date: November 2, 2017	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS: That the Public Building Commission of Johnson County, Kansas, a municipal corporation in the County of Johnson, State of Kansas (the "PBC"), for value received, hereby acknowledges itself to be indebted and promises to pay, but solely from the sources hereinafter referred to, to the registered owner identified above (the "Owner"), or registered assigns, the Principal Amount shown above on the Maturity Date shown unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above or from the most recent date to which interest has been paid or duly provided for, payable semiannually on March 1 and September 1 of each year, commencing September 1, 2018 (the "Interest Payment Dates"), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the corporate trust office of Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books

maintained by the Trustee at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Trustee in writing by such Owner or, (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

Authorization of Bonds. This Bond is one of a duly authorized series of Bonds of the PBC designated "Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A," in the aggregate principal amount of \$[PRINCIPAL AMOUNT] (the "Series 2017A Bonds"), issued for the purpose of paying all or a portion of the costs of designing, constructing, equipping and furnishing a library to be located at Lenexa City Center (the "Improvements") on land located in Johnson County, Kansas (the "County") and owned by the Board of Directors of the Johnson County Library (the "Library Board"). The PBC and the Library Board will enter into a Base Lease dated as of November 1, 2017, wherein the Library Board will lease the site on which the Improvements will be located, together with the existing improvements located thereon (collectively, the "Land") and the Improvements to the PBC for a term ending September 1, 20[]. The PBC and the County will then enter into a Lease dated as of November 1, 2017 (said Lease, as amended from time to time in accordance with the provisions thereof, being herein called the "Lease"), wherein the PBC will lease the Land and the Improvements (collectively, the "Facility") to the County for Basic Rent payments sufficient to provide funds to the PBC to payment of the principal of, premium, if any, and interest on the Bonds as the same become due.

The Series 2017A Bonds are issued pursuant to the authority of and in full compliance with the provisions, restrictions and limitations of the constitution and laws of the State of Kansas, including K.S.A. 12-1757 *et seq.*, as amended.

The Bonds are issued under and are equally and ratably secured and entitled to the protection of the Trust Indenture, dated as of November 1, 2017 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "Indenture"), between the PBC and the Trustee. Subject to the terms and conditions set forth therein, the Indenture permits the PBC to issue Additional Bonds (as defined therein) secured by the Indenture ratably and on a parity with the Series 2017A Bonds (the Series 2017A Bonds, together with any Additional Bonds, being herein referred to collectively as the "Bonds"). Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the PBC, the Trustee and the Owners, and the terms upon which the Bonds are issued and secured.

The Bonds and the interest thereon are limited obligations of the PBC payable solely and only from the net earnings and revenues derived by the PBC from the Facility, including but not limited to the rents, revenues and receipts under the Lease (including, in certain circumstances, Bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards). The Bonds and the interest thereon shall not be a debt or general obligation of the PBC, the County, the Library Board or the State or any political subdivision thereof and are secured by a pledge and assignment of the Trust Estate to the Trustee in favor of the Owners of the Bonds. The Bonds shall not constitute an indebtedness or a pledge

of the faith and credit of PBC, the County, the Library Board, the State or any political subdivision thereof, within the meaning of any constitutional or statutory limitation or restriction.

Redemption Prior to Maturity. The Series 2017A Bonds are subject to redemption prior to maturity as set forth in the Indenture.

Book-Entry System. The Series 2017A Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One certificate with respect to each date on which the Series 2017A Bonds are stated to mature or with respect to each form of Series 2017A Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2017A Bonds by the Securities Depository's participants, beneficial ownership of the Series 2017A Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The PBC and the Trustee will recognize the Securities Depository nominee, while the Owner of this Series 2017A Bond, as the owner of this Series 2017A Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Series 2017A Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The PBC and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the Owner of this Series 2017A Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2017A Bond shall be made in accordance with existing arrangements among the PBC, the Trustee and the Securities Depository.

Limitation on Rights. The Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable prior to the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of this Bond or the Indenture may be made only to the extent and under the circumstances permitted by the Indenture.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the Bond Register maintained by the Trustee and kept for that purpose at the corporate trust office of the Trustee, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or such Owner's duly authorized agent, and thereupon a new Bond or Bonds and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The PBC and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute Owner hereof for the

purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

Definitions. Capitalized terms not defined herein, shall have the same meaning as set forth in the hereinafter defined Indenture and Lease.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the PBC has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and attested by the manual or facsimile signature of its Secretary and its official seal to be affixed hereto or imprinted hereon, and has caused this Bond to be dated as of November 2, 2017.

**PUBLIC BUILDING COMMISSION
OF JOHNSON COUNTY, KANSAS**

(Seal)

By: _____
Chair

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (City Center Library Project) Series 2017A, described in the within-mentioned Indenture.

Date of Authentication: November 2, 2017

SECURITY BANK OF KANSAS CITY,
Kansas City, Kansas,
as Trustee

By: _____

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Public Building Commission of Johnson County, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of November 2, 2017.

WITNESS my hand and official seal.

(Seal)

Secretary

CERTIFICATE OF COUNTY CLERK

I, the undersigned, Director of Records and Tax Administration, acting in the capacity of County Clerk of Johnson County, Kansas, do hereby certify that this Bond has been duly registered in my office according to law as of November 2, 2017.

WITNESS my hand and official seal.

(Seal)

Directors of Records and Tax Administration,
acting in the capacity of County Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

I, JAKE LATURNER, Treasurer of the State of Kansas, do hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in my office, and that this Bond was registered in my office according to law on November 2, 2017.

WITNESS my hand and official seal.

(Seal)

Treasurer of the State of Kansas

State Registration No. _____

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

Signature (Sign here exactly as name(s)
appear on the face of Certificate)

Signature guarantee:

By _____

LEASE

BY AND BETWEEN

**PUBLIC BUILDING COMMISSION
OF JOHNSON COUNTY, KANSAS**

AND

JOHNSON COUNTY, KANSAS

DATED AS OF NOVEMBER 1, 2017

LEASE
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Schedule 1 - Property Description

LEASE

THIS LEASE is made and entered into as of November 1, 2017, by and between the Public Building Commission of Johnson County, Kansas, a municipal corporation duly organized under the laws of the State of Kansas (the "PBC"), and Johnson County, Kansas, a political subdivision organized under the laws of the State of Kansas (the "County").

RECITALS

1. The PBC is a duly organized municipal corporation created by the County pursuant to K.S.A. 12-1757 *et seq.* (the "Act"), with full lawful power and authority to enter into this Lease.
2. The County is a political subdivision duly organized and existing under the constitution and laws of the State of Kansas with full lawful power and authority to enter into this Lease.
3. The Board of Directors of the Johnson County Library (the "Library Board") is the fee owner of the real estate legally described in *Schedule 1* hereto (together with the existing improvements thereon, the "Land"), on which it desires to design, construct, equip and furnish a library to be located at Lenexa City Center (the "Improvements").
4. The Library Board and the PBC have entered into a Base Lease dated as of November 1, 2017 (the "Base Lease"), whereby the Library Board has leased the Land and the Improvements, as constructed (collectively, the "Facility"), to the PBC upon the terms and conditions set forth therein.
5. The PBC, in furtherance of the purposes and pursuant to the provisions of the Act, and in order to construct and equip the Improvements for the Library Board, has proposed and hereby proposes that it shall:
 - (a) Lease the Facility to the County for the rentals and upon the terms and conditions hereinafter set forth; and
 - (b) Issue, for the purpose of paying the costs of the Improvements, its Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A, in the aggregate principal amount of \$[PRINCIPAL AMOUNT] (the "Series 2017A Bonds"), under and pursuant to and subject to the provisions of the Act and a Trust Indenture dated as of November 1, 2017 (the "Indenture") between the PBC and Security Bank of Kansas City, as trustee (the "Trustee").
6. The County shall sublease the Facility to the Library Board pursuant to a Sublease dated as of November 1, 2017 (the "Sublease") between the County, as lessor, and the Library Board, as lessee.
7. The County, pursuant to the foregoing proposals of the PBC, desires to lease the Facility from the PBC, with an option to purchase the PBC's interest in the Facility (*i.e.*, the PBC's rights in the Base Lease), for the rentals and upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the PBC and the County do hereby covenant and agree as follows:

ARTICLE I

Section 1.1 Definitions. Capitalized terms not otherwise defined in this Lease shall have the meanings set forth in the Indenture. In addition to the words, terms and phrases elsewhere defined in this Lease and in the Indenture, the following words, terms and phrases as used herein shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Act” means K.S.A. 12-1757 *et seq.*, as amended from time to time.

“Additional Rent” means all fees, charges and expenses of the Trustee, all Impositions, all amounts required to be rebated to the United States pursuant to this Indenture, all other payments of whatever nature (other than Basic Rent) payable or to become payable pursuant to this Indenture or which County has agreed to pay or assume under the provisions of the Lease and any and all expenses (including reasonable attorney’s fees) incurred by PBC in connection with the issuance of the Bonds or the administration or enforcement of any rights under this Lease or the Indenture.

“Additional Term” means the additional term of this Lease commencing on the last day of the Basic Term and terminating upon the payment or provision for payment of the principal of, redemption premium, if any, and interest on all Outstanding Bonds.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Base Lease” means the Base Lease dated as of November 1, 2017 between the Library Board, as lessor, and the PBC, as lessee.

“Basic Rent” means the semi-annual amount which, when added to Basic Rent Credits, will be sufficient to pay, on any Bond Payment Date, all principal of, redemption premium, if any, and interest on the Bonds which is due and payable on such Bond Payment Date.

“Basic Rent Credits” means all funds on deposit in the Principal and Interest Fund and available for the payment of principal of, redemption premium, if any, and interest on the Bonds on the Business Day prior to each Bond Payment Date.

“Basic Rent Payment Date” means the Business Day prior to each Bond Payment Date until the principal of, redemption premium, if any, and interest on the Bonds have been fully paid or provision made for their payment in accordance with the provisions of the Indenture.

“Basic Term” means that term commencing on November 2, 2017 and ending on September 1, 2037, subject to prior termination as specified in **Section 2.2** of this Lease.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*

“Code” means the Internal Revenue Code of 1986, as amended, together with the regulations promulgated thereunder by the United States Department of the Treasury.

“Construction Contracts” means any contracts with respect to the design, acquisition and/or construction of the Improvements entered into by the PBC.

“County” means Johnson County, Kansas, and its successors and assigns.

“Default” means any event or condition the occurrence of which, with the lapse of time or the giving of notice or both, constitutes an Event of Default with respect to this Lease.

“Environmental Assessment” means an environmental assessment with respect to the Improvements conducted by an independent consultant satisfactory to the PBC that reflects the results of such inspections, records reviews, soil tests, groundwater tests and other tests requested, which assessment and results shall be satisfactory in scope, form and substance to the PBC and the County.

“Environmental Law” means CERCLA, SARA, and any other federal, state or local environmental statute, regulation or ordinance presently in effect or coming into effect during the term of this Lease.

“Event of Bankruptcy” means an event whereby the County shall: (a) admit in writing its inability to pay its debts as they become due; or (b) file a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code as now or in the future amended, or file a pleading asking for such relief; or (c) make an assignment for the benefit of creditors; or (d) consent to the appointment of a trustee or receiver for all or a major portion of its property; or (e) be finally adjudicated as bankrupt or insolvent under any federal or state law; or (f) suffer the entry of a final and nonappealable court order under any federal or state law appointing a receiver or trustee for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, which order, if the County has not consented thereto, shall not be vacated, denied, set aside or stayed within 60 days after the day of entry; or (g) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within 60 days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside.

“Event of Default” means, with respect to this Lease, any one of the following events:

(a) Failure of the County to make any payment of Basic Rent at the time and in the amounts required hereunder; or

(b) Failure of the County to make any payment of Additional Rent at the times and in the amounts required hereunder, or failure to observe or perform any other covenant, agreement, obligation or provision of this Lease on the County’s part to be observed or performed (other than covenants relating to continuing disclosure contained in **Section 1.5**), and the same is not remedied within thirty (30) days after the PBC has given the County written notice specifying such failure (or such longer period as shall be reasonably required to correct such default; provided that (1) the County has commenced such correction within said 30-day period and (2) the County diligently prosecutes such correction to completion); or

(c) An Event of Bankruptcy; or

(d) Abandonment of the Facility by the County.

“Facility” means the Land and the Improvements acquired, constructed or installed with the proceeds of the Series 2017A Bonds, together with any Facility Additions.

“Facility Additions” means any additions to the Facility acquired, constructed or installed from proceeds of any series of Additional Bonds authorized and issued pursuant to the Indenture. It also includes any alterations or additions made to the Facility to the extent provided in *Articles XI* and *XII* hereof.

“Full Insurable Value” means the full actual replacement cost less physical depreciation.

“Hazardous Substances” shall mean “hazardous substances” as defined in CERCLA.

“Impositions” means all taxes and assessments, general and special, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or payable for or in respect of the Facility or any part thereof, or any improvements at any time thereon or the County’s or the Library Board’s interest therein, including any new lawful taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen.

“Improvements” means the Lenexa City Center Library located in the County, the design, construction, equipping and furnishing of which is funded from the proceeds of the Series 2017A Bonds.

“Indenture” means the Trust Indenture dated as of November 1, 2017 between the PBC and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions thereof.

“Kansas Tort Claims Act” means K.S.A. 75-6101 *et seq.*, and amendments thereto.

“Land” means the real property (or interests therein) described in *Schedule 1* attached hereto, including the existing improvements located thereon.

“Lease” means this Lease by and between the PBC and the County, as from time to time supplemented and amended in accordance with the provisions hereof and of the Indenture.

“Library Board” means the Board of Directors of the Johnson County Library, a body corporate and politic organized and existing under the laws of the State, and its successors and assigns.

“PBC” means the Public Building Commission of Johnson County, Kansas, a municipal corporation organized and existing under the laws of the State, and its successors and assigns.

“Permitted Encumbrances” means any easements and rights-of-way of record at the time of lease of the Facility to the PBC, and any other minor defects, irregularities, encumbrances, easements, mechanic’s liens, rights-of-way and clouds on title as do not in the aggregate materially affect the marketability or the usefulness of the Facility to the County.

“Rental Payments” means the aggregate of the Basic Rent and Additional Rent payments provided for pursuant to *Article III* of this Lease.

“SARA” means the Superfund Amendments and Reauthorization Act of 1986, as now in effect and as hereafter amended.

“SEC Rule” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“Series 2017A Bonds” means the Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (City Center Library Project), Series 2017A, dated November 2, 2017, in the aggregate principal amount of \$[PRINCIPAL AMOUNT].

“Sublease” means the Sublease dated as of November 1, 2017 between the County, as lessor, and the Library Board, as lessee.

“Term” means collectively the Basic Term and any Additional Term of this Lease.

“Trustee” means Security Bank of Kansas City, Kansas City, Kansas, a state banking corporation organized under the laws of the State of Kansas, in its capacity as trustee, bond registrar and paying agent, and its successor or successors, and any other corporation or association with at the time may be substituted in its place pursuant to and at the time serving as Trustee under the Indenture.

Section 1.2 Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine gender. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) Wherever in this Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(c) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision.

(d) The Table of Contents and the Article and Section headings of this Lease shall not be treated as a part of this Lease or as affecting the true meaning of the provisions hereof.

Section 1.3 Representations and Covenants by the County. The County makes the following covenants and representations as the basis for the undertakings on its part herein contained.

(a) Representations and Covenants Relating to the Code.

(i) The County will not make, or cause or permit to be made, any use of the Bond proceeds which would cause any Tax-Exempt Bonds to be “private activity bonds” within the meaning of Section 141(b) of the Code or to cause the interest on the any Tax-Exempt Bonds to become subject to federal income taxation pursuant to the provisions of the Code. The County will comply with, and will take all action reasonably required by the PBC in order to comply with, all other applicable requirements of the Code until all of the Tax-Exempt Bonds, including interest thereon and any applicable redemption premium, have been paid.

(ii) The County covenants and agrees that so long as any of the Bonds remain Outstanding, the County will not enter into or renew any long-term management contract or service contract with any person or entity other than a state or local government unit with respect to the

management or operation of all or any portion of the facilities financed or refinanced with Bond proceeds (or any part thereof) without first obtaining and delivering to the PBC and the Trustee an opinion of Bond Counsel addressed to the PBC and the Trustee that such management contract will not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds.

(iii) The County will not use or cause or allow over 10% of the proceeds of any series of Tax-Exempt Bonds to be used for any private business use as contemplated by Section 141(b) of the Code.

(iv) The County will not cause or allow payment of the principal of, or interest on, more than 10% of the proceeds of any series of Tax-Exempt Bonds to be secured by interest in property used or to be used for a private business use, or payments in respect of such property.

(v) The County will not make, or cause or permit to be made, any use of the proceeds (as defined in the Code) of the Bonds which would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The County further covenants and agrees that it will comply with all applicable requirements of said Section 148 and Treasury Regulations promulgated thereunder until all of the Tax-Exempt Bonds, including interest thereon and any applicable redemption premium, have been paid.

(vi) The County has reviewed the PBC's IRS Form 8038-G prepared for filing in connection with the issuance of the Series 2017A Bonds, and represents that the information set forth therein is true and accurate.

(vii) The County will comply with the Tax Compliance Agreement and will pay to the United States all rebate payments required under Section 148(f) of the Code.

(viii) So long as any Tax-Exempt Bonds remain Outstanding, the County will not enter into or renew a sublease of the Facility (or any part thereof) with any tenant that is not a state or local government unit without first obtaining and delivering to the PBC and the Trustee an opinion of Bond Counsel addressed to the PBC and the Trustee that such lease will not adversely affect the tax-exempt status of the interest on the Tax-Exempt Bonds.

Additionally, in the Sublease, the County shall cause the Library Board to agree to comply with the provisions of this subsection (a).

(b) General Representation and Covenants.

(i) The County is a political subdivision of the State of Kansas with lawful power and authority to enter into this Lease, acting by and through its duly authorized officers.

(ii) The County shall (A) maintain and preserve its existence and organization as a county under the laws of the State and (B) will not initiate any proceedings to dissolve without making provision for the payment in full of the principal of and interest and redemption premium, if any, on the Bonds.

(iii) Neither the execution or delivery of this Lease, the consummation of the transactions contemplated hereby or by the Indenture or the Sublease, nor the fulfillment of or compliance with the terms and conditions of this Lease contravenes in any material respect any provisions of its governing law or resolutions, or conflicts in any material respect with or results in a material breach of the terms, conditions or provisions of any agreement, indenture or instrument to which the County

is a party or by which it is bound, or to which it or any of its properties is subject, or would constitute a material default (without regard to any required notice or the passage of any period of time) under any of the foregoing, or violates any existing law, administrative regulation or court order or consent decree to which the County is subject.

(iv) This Lease constitutes a legal, valid and binding obligation of the County enforceable in accordance with its terms. This Lease and the County's obligations under it are not subject to the limitations imposed by the Kansas Cash Basis Law, as codified in K.S.A. 10-1001 to 10-1122, and amendments thereto. Pursuant to the Act, the obligations of the County for rentals payable under this Lease for its entire term are **not** subject to annual appropriation, early cancellation or termination. The County covenants to make all the Rental Payments required under this Lease from whatever source of revenues is legally available, and will levy ad valorem taxes without limit if necessary to make such Rental Payments.

(v) Either the PBC, the County or the Library Board has obtained or will obtain any and all permits, authorizations, licenses and franchises necessary to construct the Improvements and to enable it to operate and utilize the Facility for the purposes for which it was leased by the County under this Lease.

(vi) The estimated total cost of the Improvements to be financed by the Series 2017A Bonds, plus interest thereon during construction and installation of the Improvements, and Costs of Issuance of the Series 2017A Bonds, will not be less than the face amount of such Series 2017A Bonds.

(vii) The County hereby covenants and agrees that all of its interests under the Sublease are hereby assigned to the PBC as security for its obligation to make Rental Payments under this Lease.

Section 1.4 Representations and Covenants by the PBC. The PBC makes the following representations and covenants as the basis for the undertakings on its party herein contained:

(a) The PBC is a municipal corporation existing under the Constitution and laws of the State. Under the provisions of the Act, the PBC has the power to enter into and perform the transactions contemplated by this Lease and the Indenture and to carry out its obligations hereunder and thereunder.

(b) The PBC will submit to the Internal Revenue Service in accordance with Section 149 of the Code a completed Internal Revenue Service Form 8038-G, or other similar form provided by the Internal Revenue Service, with respect to each series of Tax-Exempt Bonds.

(c) The PBC has not, in whole or in part, assigned, leased, hypothecated or otherwise created any other interest in, or disposed of, or caused or permitted any lien, claim or encumbrance to be placed against, the Facility, except as provided for in this Lease and the Indenture.

(d) Except as otherwise provided herein or in the Indenture, the PBC will not, during the Term, in whole or in part, assign, lease, hypothecate or otherwise create any other interest in, or dispose of, or cause or permit any lien, claim or encumbrance (other than Permitted Encumbrances) to be placed against, the Facility, except as is provided for in this Lease and the Indenture.

(e) The PBC has duly authorized the execution and delivery of this Lease and the Indenture and the issuance, execution and delivery of the Series 2017A Bonds.

(f) The PBC will not make, or cause or permit to be made, any use of the Series 2017A Bond proceeds which would cause the Series 2017A Bonds to be "arbitrage bonds" within the meaning of the Code. The PBC will comply with, and will take all actions reasonably required to insure that the County complies with, all other applicable requirements of the Code with respect to the Tax-Exempt Bonds until all of the Tax-Exempt Bonds, including interest thereon and any applicable redemption premium, have been paid.

Section 1.5 Continuing Disclosure. The parties acknowledge that the County has certain obligations to comply with the provisions of the SEC Rule, as more fully set forth in the Continuing Disclosure Undertaking. The County hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Continuing Disclosure Undertaking. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners. In the event the County fails to comply in a timely manner with the covenants contained in this section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the County and the Trustee. In the event the County does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in this section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the County under this section. Notwithstanding any other provision of this Lease, failure of the County to comply with its covenants contained in this section shall not be considered an Event of Default under this Lease.

ARTICLE II

Section 2.1 Granting of Leasehold. The PBC hereby rents, leases and lets to the County, and the County hereby rents, leases and hires from PBC, the Facility for the Basic Term, for the rentals and upon and subject to the terms and conditions hereinafter set forth.

Section 2.2 Termination of Lease. This Lease will terminate upon the occurrence of the following:

- (a) all Rental Payments that the County is obligated under this Lease to pay during the Basic Term and any Additional Term have been paid to the PBC in full;
- (b) the County has made arrangements which, in the opinion of the PBC, are adequate to comply with the PBC's obligations to pay any arbitrage rebate to the United States;
- (c) all of the principal of, redemption premium, if any, and interest on all Outstanding Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Indenture; and
- (d) the County has exercised its option to purchase the PBC's interest in the Facility pursuant to *Article XVI* hereof.

ARTICLE III

Section 3.1 Basic Rent. The County covenants and agrees to pay Basic Rent in immediately available funds, less Basic Rent Credits, on each Basic Rent Payment Date. Such payments shall be made

directly to the Trustee for deposit in accordance with the provisions of the Indenture into the Principal and Interest Fund, to be applied by the Trustee in the manner and for the purposes set forth in the Indenture.

Section 3.2 Additional Rent. In addition to Basic Rent, the County shall pay any Additional Rent required to be paid pursuant to this Lease, or, if such payment cannot be made from legally available funds, as soon thereafter as funds can be made legally available after receipt of written notice thereof given to the County by the PBC.

Section 3.3 Rent Payable Without Abatement or Setoff. The County covenants and agrees with and for the express benefit of the PBC and the Owners that all payments of Basic Rent and Additional Rent shall be made by the County as the same become due, and that the County shall perform all of its obligations, covenants and agreements hereunder without notice or demand and without abatement, deduction, setoff, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising. Nothing in this Lease shall be construed as a waiver by the County of any rights or claims the County may have against the PBC under this Lease or otherwise, but any recovery upon such rights and claims shall be had from the PBC separately, it being the intent of this Lease that the County shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the Owners.

Section 3.4 Prepayment of Basic Rent. The County may at any time prepay all or any part of the Rental Payments, which prepayment shall be accompanied by an explanatory written statement of the Authorized County Representative and written instructions as to application of the prepayment towards the early redemption of Bonds.

Section 3.5 Deposit of Rental Payments. The PBC shall deposit, use and apply all payments of Basic Rent and Additional Rent in accordance with the provisions of this Lease and the Indenture.

ARTICLE IV

Section 4.1 Disposition of Bond Proceeds. The proceeds of the Series 2017A Bonds shall be deposited in the funds and accounts established under the Indenture and shall be applied in the manner set forth in the Indenture and this Article, without further order or authorization.

Section 4.2 Construction Contracts. The PBC will enter into a contract or contracts with respect to the design, acquisition and/or construction of the Improvements (the "Construction Contracts"). The PBC shall cause the Construction Contracts to be fully performed by the contractor(s), subcontractor(s) and supplier(s) thereunder in accordance with the terms thereof, and the PBC covenants to cause the Improvements to be acquired, constructed and installed in accordance with the Construction Contracts. Any and all amounts received by the PBC from any of the contractors or other suppliers by way of breach of contract, refunds or adjustments will become a part of and be deposited in the Construction Fund.

Section 4.3 Payment of Improvement Costs. The PBC hereby agrees to pay for the acquisition, construction and equipping of the Improvements, or any repairs or replacements to be made pursuant to *Article XVII* of this Lease, but solely from the Construction Fund, from time to time in accordance with the provisions of *Section 404* of the Indenture. The PBC agrees to cause the acquisition and construction of the Improvements to be diligently and continuously prosecuted and to be completed with reasonable dispatch substantially in accordance with the Construction Contracts and the plans and specifications therefor.

Section 4.4 Completion of the Improvements. Upon completion of the Improvements, the PBC shall deliver a Certificate of Completion signed by the Authorized PBC Representative to the Trustee. In the event funds remain on hand in the Construction Fund on the date the Certificate of Completion is received by the Trustee, such remaining funds (other than amounts required to be transferred to the Rebate Fund) shall without further authorization be transferred to the Trustee to be deposited into the Principal and Interest Fund and shall be applied in accordance with the provisions of the Indenture.

Section 4.5 Right of Entry by the PBC. The duly authorized agents of the PBC shall have the right at any reasonable time prior to the completion of the Improvements to have access to the Facility or any parts thereof for the purpose of inspecting and supervising the acquisition, installation or construction of the Improvements.

Section 4.6 Furnishings and Equipment Purchased by the County. If no part of the purchase price of an item of personal property is paid from funds deposited in the Construction Fund pursuant to the terms of this Lease, then such item of machinery, equipment or personal property shall not be deemed a part of the Facility.

Section 4.7 Facility Property of the PBC. All Improvements to or constituting part of the Facility, all work and materials on such Improvements as such work progresses, any Facility Additions, anything under this Lease which becomes, is deemed to be, or constitutes a part of the Facility, and the Facility as repaired, rebuilt, rearranged, restored or replaced by the County under the provisions of this Lease, except as otherwise specifically provided herein, will immediately when erected or installed become the property of the PBC, subject to the Base Lease.

Section 4.8 Kansas Retailers' Sales Tax. The parties have entered into this Lease in contemplation that, under the existing provisions of K.S.A. 79-3606 and other applicable laws, sales of tangible personal property or services purchased directly by the PBC in connection with construction of the Improvements are entitled to exemption from the tax imposed by the Kansas Retailers' Sales Tax Act.

ARTICLE V

Section 5.1 Environmental Matters. The County acknowledges that it is responsible for maintaining the Facility in compliance with all applicable Environmental Laws. In the event that the County does not expeditiously proceed with any compliance action with respect to the Facility lawfully required by any local, state or federal authority under applicable Environmental Law, the PBC, immediately after notice to the County, may elect (but may not be required) to undertake such compliance. Any moneys expended by the PBC in efforts to comply with any applicable Environmental Law (including the cost of hiring consultants, undertaking sampling and testing, performing any cleanup necessary or useful in the compliance process and attorneys' fees) shall be due and payable as Additional Rent hereunder, with interest thereon at the average rate of interest per annum on the Series 2017A Bonds, plus two (2) percentage points, from the date such cost is incurred. There will be unlimited recourse to the County to the extent of any liability incurred by the PBC with respect to any breaches of the provisions of this section.

To the extent permitted by law, the County shall and does hereby indemnify the PBC and the Owners and agrees to defend and hold them harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs associated with or incurred in the investigation, defense and settlement of claims) that they may incur, directly or indirectly, as a result of or in connection with the assertion against them or any of them of any claim relating to the presence on, escape or removal from the Facility of any Hazardous Substance or other material regulated by any applicable Environmental

Law, or compliance with any applicable Environmental Law, whether before, during or after the term of this Lease, including claims relating to personal injury or damage to property.

The County agrees to give immediate written notice to the PBC and the Trustee of any violation of any Environmental Law of which violation the County has actual knowledge.

ARTICLE VI

Section 6.1 Insurance. The Sublease provides that the Library Board shall be required to maintain in full force and effect the following policies of insurance; provided, however, that to the extent that such insurance is not provided by the Library Board, the County shall be required to provide such insurance policies:

(a) Commercial general liability insurance insuring against claims for bodily injury, personal injury and property damage occurring in or about the Facility, under which the Library Board will be named as insured and the County, the PBC and the Trustee will be named as additional insureds, in an amount not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence as provided by the Kansas Tort Claims Act or other similar future law (currently \$500,000 per occurrence); which policy must provide that such insurance may not be cancelled by the issuer thereof without at least 30 days' advance written notice to the PBC, the Trustee and the County, such insurance to be maintained throughout the Term of this Lease.

(b) Workers' compensation insurance in accordance with statutory law.

(c) Property insurance insuring the Facility for perils covered by a special causes of loss form in an amount equal to the Full Insurable Value of the Facility. Such insurance coverage shall name the Library Board, the County, the PBC and the Trustee as loss payees, as their interests appear, and all Net Proceeds received under such policy or policies by the Library Board, the County or the PBC shall be paid over to the Trustee and be applied as set forth in *Article XVII* hereof.

(d) With regard to new buildings and improvements constituting a part of the Facility, performance and labor and material payment bonds and statutory bonds (with sureties approved by the PBC) with respect to the applicable Construction Contracts in the full amount of such Construction Contracts. Said bonds shall name the PBC, the Trustee, the County and the Library Board as obligees. All payments received by the PBC, the Trustee, the County and the Library Board under said bonds shall become a part of and be deposited in the Construction Fund. With regard to materials and/or labor furnished to the Facility at the order of the County without formal contract, or by subcontract with the County acting as general contractor, with respect to materials or labor which could form the basis of a statutory mechanic's lien, if the amount of the transaction does not exceed \$10,000, the Trustee may disburse payments therefor upon receipt of releases or waivers of statutory mechanic's or subcontractor's liens by all vendors or subcontractors receiving payment or furnishing labor or materials as a subcontractor of the vendor or subcontractor receiving payment.

Section 6.2 General Insurance Provisions.

(a) Prior to the expiration dates of the expiring policies or within 30 days of renewal, originals or certificates or acceptable binders of the policies provided for in this Article, each bearing notations evidencing payment of the premiums or other evidence of such payment satisfactory to the PBC, shall be delivered by the County to the PBC. All policies of such insurance and all renewals thereof shall name the Library Board (or the County) as insured and the PBC, the Trustee, and the County (or the Library Board)

as additional insureds, must contain a provision that such insurance may not be cancelled or amended by the issuer thereof without at least thirty (30) days' written notice to the PBC, the Trustee and the County, and shall be payable to the PBC, the Trustee, the County and the Library Board as their respective interests appear. The PBC and the County each hereby agree to do anything necessary, be it the endorsement of checks or otherwise, to cause any such payment, as long as such payment is required by this Lease.

(b) Each policy of insurance hereinabove referred to shall be issued by a nationally recognized responsible insurance company qualified under the laws of the State to assume the risks covered therein except that the Library Board (or the County) may be self-insured as to any required insurance coverages under a program of self-insurance approved by the State Commissioner of Insurance or other applicable State regulatory authority to the extent required by law, and with the consent of the PBC, which consent will not be unreasonably withheld.

(c) Certificates of insurance evidencing the insurance coverages herein required shall be filed with the PBC continuously during the term of this Lease.

(d) Each policy of insurance hereinabove referred to may be subject to a reasonable deductible in an amount approved by the PBC.

(e) Each policy of insurance required herein may be provided through blanket policies maintained by the County or the Library Board.

(f) Anything in this Lease to the contrary notwithstanding, subject to the limitations of the Kansas Tort Claims Act, the County shall be liable to the PBC pursuant to the provisions of this Lease or otherwise, as to any loss or damage which may have been occasioned by the negligence of the County, its agents, licensees, contractors, invitees or employees.

Section 6.3 Title Insurance. The County shall purchase, or cause the Library Board to purchase, from the Construction Fund or from the County's or the Library Board's own funds, a policy of owner's title insurance, insuring fee simple title to the Facility in the Library Board, subject to the Base Lease, this Lease, the Sublease and Permitted Encumbrances, in an amount not less than \$[PRINCIPAL AMOUNT]. The PBC and the County agree that any and all proceeds from such insurance during the Basic Term (a) if received before the completion of the Improvements shall be paid into and become a part of the Construction Fund, (b) if received thereafter but before the Bonds and interest thereon have been paid in full, shall be paid into and become a part of the Principal and Interest Payment Fund and (c) if received after the Bonds, redemption premium, if any, and interest thereon have been paid in full, shall belong and be paid to the Library Board.

ARTICLE VII

Section 7.1 Impositions. The County shall, during the Term of this Lease, bear, pay and discharge, before the delinquency thereof, any and all Impositions. In the event any Impositions may be lawfully paid in installments, the County shall be required to pay only such installments thereof as become due and payable during the Term of this Lease as and when the same become due and payable.

Section 7.2 Receipted Statements. Unless the County exercises its right to contest any Impositions in accordance with **Section 7.4** hereof, the County shall, within 30 days after the last day for payment, without penalty or interest, of an Imposition which the County is required to bear, pay and discharge the same pursuant to the terms hereof, and deliver to the Trustee a copy of the statement issued therefor duly receipted to show the payment thereof.

Section 7.3 PBC May Not Sell. The PBC covenants that, unless the County is in Default under this Lease it will not, without County's written consent, unless required by law, sell or otherwise part with or encumber its leasehold interest in the Facility at any time during the Term of this Lease.

Section 7.4 Contest of Impositions. The County shall have the right, in its own or the PBC's name or both, to contest the validity or amount of any Imposition by appropriate legal proceedings instituted at least 10 days before the Imposition complained of becomes delinquent if, and provided, the County: (a) before instituting any such contest, shall give PBC written notice of its intention to do so and, if requested in writing by the PBC, shall deposit with the PBC a surety bond of a surety company acceptable to the PBC as surety, in favor of the PBC, or cash, in a sum of at least the amount of the Imposition so contested, assuring the payment of such contested Impositions together with all interest and penalties to accrue thereon and court costs; (b) diligently prosecutes any such contest and at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise; and (c) promptly pays any final judgment enforcing the Imposition so contested and thereafter promptly procures record release or satisfaction thereof. The County shall hold the PBC whole and harmless from any costs and expenses the PBC may incur related to any such contest.

ARTICLE VIII

Section 8.1 Use of Facility. Subject to the provisions of this Lease, the County shall have the right to use the Facility for any and all purposes allowed by law and contemplated by the constitution of the State and the Act, as long as they are consistent with the Code limitations on use of property purchased with original proceeds of the Tax-Exempt Bonds. The County shall comply with all statutes, laws, ordinances, resolutions, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Facility or to any adjoining public ways, as to the manner of use or the condition of the Facility or of adjoining public ways. The County shall comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this Lease. The County shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the County to comply with the provisions of this Article.

ARTICLE IX

Section 9.1 Sublease by the County. The County intends to enter into the Sublease of the Facility to the Library Board in exchange for Sublease payments sufficient to provide funds to the County to pay the County's payments of Basic Rent hereunder, and the PBC hereby consents to the execution and delivery of the Sublease. The Library Board will pay operation and maintenance expenses of the Facility, and will use and operate the Facility.

Other than the Sublease, the County may not sublease the Facility to a single party or entity, without the prior written consent of the PBC. The County may sublease portions of the Facility for use by others in the normal course of its business without the PBC's prior consent or approval provided such sublease does not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds. Any such subtenant must be an entity permitted to be a tenant under the provisions of the Act. In the event of any such subleasing, the County shall remain fully liable for the performance of its duties and obligations hereunder, and no such subleasing and no dealings or transactions between the PBC and any such subtenant shall relieve the County of any of its duties and obligations hereunder. Any such sublease shall be subject and subordinate in all respects to the provisions of this Lease.

Section 9.2 Assignment by the County. The County may not assign its interest in this Lease without the prior written consent of the PBC. Any such assignment must in furtherance of the purposes set forth in the Act and must be to an entity authorized to be a tenant in accordance with the Act, and such assignment shall not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds. In the event of any such assignment, the County shall remain fully liable for the performance of its duties and obligations hereunder, except to the extent hereinafter provided, and no such assignment and no dealings or transactions between the PBC and any such assignee shall relieve the County of any of its duties and obligations hereunder, except as may be otherwise provided in the following section.

Section 9.3 Release of the County. If, in connection with an assignment by the County of its interest in this Lease: (a) the PBC and the Owners of ninety percent (90%) in aggregate principal amount of the Outstanding Bonds (including any Additional Bonds) shall file with the PBC their prior written consent to such assignment; and (b) the proposed assignee shall expressly assume and agree to perform all of the obligations of the County under this Lease; then the County shall be fully released from all obligations accruing hereunder after the date of such assignment.

Section 9.4 Covenant Against Other Assignments. The County will not assign or in any manner transfer its interests under this Lease, nor will it suffer or permit any assignment thereof by operation of law, except in accordance with the limitations, conditions and requirements herein set forth.

ARTICLE X

Section 10.1 Repairs and Maintenance. The County covenants and agrees that it will, during the Term of this Lease, keep and maintain the Facility and all parts thereof in good condition and repair, including but not limited to the furnishing of all parts, mechanisms and devices required to keep the furnishings, equipment and personal property constituting a part of the Facility in good mechanical and working order, and that during said period of time it will keep the Facility and all parts thereof free from nuisance or conditions unreasonably increasing the danger of fire.

Section 10.2 Removal, Disposition and Substitution of Equipment, Fixtures or Furnishings. The County shall have the right, provided the County is not in default in the payment of Basic Rent and Additional Rent, to remove and sell (at not less than fair market value) or otherwise dispose of any equipment, fixtures or furnishings that constitute a part of the Facility and are no longer used by the County or the Library Board or, in the opinion of the County, are no longer useful to the County or the Library Board in its operations of the Facility (whether by reason of obsolescence, depreciation or otherwise), subject, however, to the condition that the County shall either (a) promptly replace any such equipment, fixtures or furnishings so removed with fixtures or furnishings of the same or a different kind but which performs the same function as the equipment, fixtures or furnishings so removed, and the equipment, fixtures or furnishings so acquired by the County to replace such equipment, fixtures or furnishings thereafter shall be deemed a part of the Facility, or (b) deposit the proceeds from such sale in the Principal and Interest Fund; and provided further that such equipment, furnishings and fixtures shall only be disposed of without a sale if, in the reasonable opinion of the County, such item or items has a resell value of less than \$5,000. The County shall maintain accurate records of such replacements and upon request shall prepare a certificate of the Authorized County Representative setting forth a complete description of the equipment, fixtures or furnishings which the County has acquired to replace the equipment, fixtures or furnishings so removed by the County, stating the cost thereof and the respective acquisition dates.

All equipment, fixtures or furnishings constituting a part of the Facility and removed by the County pursuant to this section shall become the absolute property of the County, shall no longer be subject to the

Base Lease or this Lease, and may be sold or otherwise disposed of by the County subject to the requirements of this section. In all cases, the County shall pay all the costs and expenses of any such removal and shall immediately repair at its expense all damage caused thereby. The County's rights under this section to remove equipment, fixtures or furnishings constituting a part of the Facility is intended only to permit the County and the Library Board to maintain an efficient operation by the removal of such furnishings or equipment no longer suitable to the County's or the Library Board's use for any of the reasons set forth in this section, and such right is not to be construed to permit a removal under any other circumstances and shall not be construed to permit the wholesale removal of such equipment, fixtures or furnishings by the County.

ARTICLE XI

Section 11.1 Alteration of Facility. The County shall have and is hereby given the right, at its sole cost and expense, to make such changes and alterations in and to any part of the Facility as the County from time to time may deem necessary or advisable without the consent of the PBC; provided, however, the County shall not make any major change or alteration which will adversely affect the intended use or structural strength of any part of the Facility. All changes and alterations made by the County pursuant to the authority of this Article shall (a) be made in a workmanlike manner and in strict compliance with all laws, regulations and ordinances applicable thereto, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, shall be deemed a part of the Facility and subject to the Base Lease; provided, however, that additions of fixtures, furnishings or personal property of the County, not purchased or acquired from proceeds of the Bonds and not constituting a part of the Facility shall remain the separate property of the County and may be removed by the County at any time.

ARTICLE XII

Section 12.1 Additional Improvements. The County shall have and is hereby given the right, at its sole cost and expense, to construct on the Land or within areas occupied by the Facility, or in airspace above the Facility, such additional buildings and improvements as the County from time to time may deem necessary or advisable. All additional buildings and improvements constructed by the County pursuant to the authority of this Article shall, during the Term, remain the property of the County and may be added to, altered or razed and removed by the County at any time during the Term hereof. The County covenants and agrees (a) to make all repairs and restorations, if any, required to be made to the Facility because of the construction of, addition to, alteration or removal of, said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, and (c) to promptly and with due diligence either raze and remove from the Land, in a good, workmanlike manner, or repair, replace or restore such of said additional buildings or improvements as may from time to time be damaged by fire or other casualty.

ARTICLE XIII

Section 13.1 Securing of Permits and Authorizations. The County shall not do or permit others under its control to do any work in or in connection with the Facility or related to any repair, rebuilding, restoration, replacement, alteration of or addition to the Facility, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have first been procured and paid for. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, resolutions, governmental regulations and requirements and in

accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this Lease.

Section 13.2 Mechanics' Liens. The County shall not do or suffer anything to be done whereby the Facility, or any part thereof, may be encumbered by any mechanic's or other similar lien and if any mechanic's or other similar lien is filed against the Facility, or any part thereof, the County shall discharge the same of record within 30 days after the date of filing. Notice is hereby given that the PBC does not authorize or consent to and shall not be liable for any labor or materials furnished to the County or the Library Board or anyone claiming by, through or under the County or the Library Board upon credit, and that no mechanic's or similar liens for any such labor, services or materials shall attach to or affect the estate of the PBC in and to the Facility, or any part thereof.

Section 13.3 Contest of Liens. The County, notwithstanding the above, shall have the right to contest any such mechanic's or other similar lien if within said 30 day period stated in **Section 13.2** it: (a) notifies the PBC and the Trustee in writing of its intention so to do; (b) diligently prosecutes such contest, at all times effectively staying or preventing any official or judicial sale of the Facility or any part thereof or interest therein, under execution or otherwise; and (c) promptly pays or otherwise satisfies any final judgment adjudging or enforcing such contested lien claim and thereafter promptly procures a recorded release or satisfaction thereof.

Section 13.4 Utilities. All utilities and utility services used by the County and the Library Board in, on or about the Facility shall be contracted for by the County or the Library Board in the County's or Library Board's own name and the County shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

ARTICLE XIV

Section 14.1 Indemnity. Subject to the provisions of the Kansas Tort Claims Act and other applicable law, the County covenants and agrees, at its expense, to pay, and to indemnify and save the PBC and all agents, members, directors, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the acquisition, construction, equipping, occupation, use, operation, maintenance, possession, conduct or management of, or from any work done in or about the Facility, or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, or regulations affecting the Facility or the occupancy or use thereof. Subject to the provisions of the Kansas Tort Claims Act and other applicable law, the County also covenants and agrees, at its expense, to pay and to indemnify and save the PBC and all agents, members, directors, officers and employees thereof harmless against and from, any and all claims arising from (i) any condition of the Facility and the adjoining sidewalks and passageways, (ii) any breach or default on the part of the County in the performance of any covenant or agreement to be performed by the County pursuant to this Lease, (iii) any act or negligence of the County or, any of its agents, contractors, servants, employees or licensees in connection with their use, occupancy or operation of the Facility, or (iv) any accident, injury or damage whatsoever caused to any person, firm or corporation, in or about the Facility or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this section. In the event that any action or proceeding is brought against the PBC or any agent, member, director, officer or employee thereof by reason of any such claim, the County, upon notice from the PBC, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the PBC.

Notwithstanding the fact that it is the intention of the parties that the PBC and all agents, members, directors, officers and employees thereof shall not incur any pecuniary liability whatsoever by reason of the terms of this Lease, or the undertakings required of the PBC hereunder or any agent, member, director, officer or employee thereof, by reason of the issuance of Bonds, by reason of the execution or authorization of any documents or certification in connection with the Bonds including, but not limited to, the Indenture, this Lease, or any preliminary or final official statement, by reason of the performance, or nonperformance, of any act required of it by this Lease or the Indenture, or by reason of the performance, or nonperformance, of any act requested of it by the County, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the PBC or any agent, member, employee, officer or director thereof should incur any such pecuniary liability then in such event the County, subject to the provisions of the Kansas Tort Claims Act and other applicable law, shall indemnify and hold harmless the PBC and all agents, members, directors, officers and employees thereof, against all claims, fees, including attorney fees, and expenses by or on behalf of any person, firm, corporation, or governmental authority, arising out of the same, and all costs, fees and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the PBC, the County shall defend and hold harmless the PBC in any such action or proceeding. This section shall survive the termination of this Lease for any claim, proceeding or action arising from any event or omission occurring during the Term and after the termination, due to an Event of Default, for any period the County or assignee occupies the Facility.

Section 14.2 Liability. Subject to *Article IV* hereof, the provisions of the Kansas Tort Claims Act and other applicable law, the County hereby accepts all responsibility relating to the operation, maintenance and repair of the Facility during the Lease Term and agrees that the PBC shall not have any liability therefor.

ARTICLE XV

Section 15.1 Access to Facility. The PBC, for itself and its duly authorized representatives and agents, reserves the right to enter the Facility at all reasonable times during usual business hours throughout the Term for the purpose of: (a) examining and inspecting the same, (b) performing any work made necessary by reason of an Event of Default by the County under any of the provisions of this Lease, and (c) while an Event of Default is continuing hereunder, for the purpose of exhibiting the Facility to prospective purchasers or lessees. The PBC may, during the progress of said work mentioned in (b) above, keep and store on the Facility all necessary materials, supplies and equipment and shall not be liable for inconvenience, annoyances, disturbances, loss of business or other damage suffered by reason of the performance of any such work or the storage of such materials, supplies and equipment.

Section 15.2 Quiet Enjoyment and Possession. So long as no Event of Default has occurred and is continuing under this Lease, the County shall and may peaceably and quietly have, hold and enjoy the Facility.

ARTICLE XVI

Section 16.1 Option to Purchase the Facility. Subject to the provisions of this Article, the County shall have the option to purchase the PBC's interest in the Facility (*i.e.*, the PBC's rights in the Base Lease), for the benefit of the Library Board, at any time during the Term hereof and for 120 days thereafter. The County shall exercise its option by giving the PBC written notice of the County's election to exercise its option specifying the date, time and place of closing, which date (the "Closing Date") shall not be earlier than 30 days or later than 180 days after the notice is given.

Section 16.2 Quality of Title and Purchase Price. If notice of election to purchase is given, the PBC shall sell its interest in and to the Facility to the County, for the benefit of the Library Board, and shall convey its interest in and to the Facility to the Library Board, on the Closing Date, free and clear of all liens and encumbrances except: (a) those to which the title was subject on the date of execution of the Base Lease, or to which title became subject with the County's written consent, or which resulted from any failure of the County to perform any of its covenants or obligations under this Lease; (b) taxes and assessments, general and special, if any; and (c) the rights of any party having condemned or who is attempting to condemn title to, or the use for a limited period of, all or any part of the Facility, for the price and sum as follows (which the County shall pay in cash at the time of delivery of PBC's deed or other instrument or instruments of transfer to the Facility to the County as hereinafter provided):

(1) The full amount which is required to provide the PBC with funds sufficient, in accordance with the provisions of the Indenture, to pay at maturity or to redeem and pay in full (A) the principal of all of the Outstanding Bonds, (B) all interest due thereon to date of maturity or redemption, whichever first occurs, and (C) all costs, expenses and premiums incident to the redemption and payment of said Bonds in full, plus

(2) \$100.00.

Nothing in this Article shall release or discharge the County from its duty or obligation under this Lease to make any payment of Basic Rent or Additional Rent which, in accordance with the terms of this Lease, becomes due and payable prior to the Closing Date, or its duty and obligation to fully perform and observe all covenants and conditions herein stated to be performed and observed by the County prior to the Closing Date.

Section 16.3 Closing of Purchase. On the Closing Date the PBC shall deliver to the Library Board its quit claim deed or other appropriate instrument or instruments of conveyance or assignment, properly executed and conveying its interest in the Facility to the Library Board free and clear of all liens and encumbrances of the PBC or the Owners, and the County shall pay the full purchase price for the Facility as follows: (a) the amount specified in clause (1) of **Section 16.2** shall be deposited in the Principal and Interest Fund and be used to pay or redeem the Bonds and the interest thereon as provided in the Indenture, and (b) the amount specified in clause (2) of said **Section 16.2** shall be paid to the PBC; provided, however, nothing herein shall require the PBC to deliver its said quit claim deed or other appropriate instrument or instruments of assignment or conveyance to the Library Board until after all duties and obligations of the County under this Lease to the date of such delivery have been fully performed and satisfied. Upon the delivery to the Library Board of the PBC's said quit claim deed or other appropriate instrument or instruments of assignment or conveyance and payment of the purchase price by the County, all rights of the County under this Lease shall, *ipso facto*, terminate.

Section 16.4 Effect of Failure to Complete Purchase. If, for any reason, the purchase of the Facility by the County pursuant to valid notice of election to purchase given as aforesaid is not effected on the Closing Date, this Lease shall be and remain in full force and effect according to its terms the same as though no notice of election to purchase had been given, except that if such purchase is not effected on the Closing Date because the PBC does not have or is unable to convey to the Library Board such title to the Facility as the Library Board is required to accept, the PBC shall use its best efforts to cure any such defect in its title. In the event the PBC is unable to cure such defect in its title, the County shall have the right to cancel this Lease forthwith if, but only if, the principal of and interest on the Bonds and all costs incident to the redemption and payment of the Bonds have been paid in full. The County shall also have the right to exercise any legal or equitable remedies, in its own name or in the name of the PBC, to obtain its own

name or in the name of the PBC, to obtain acceptable title to the Facility for the benefit of the Library Board.

Section 16.5 Application of Condemnation Awards if the County Purchases the Facility. The right of the County to exercise its option to purchase the Facility under the provisions of this Article shall remain unimpaired notwithstanding any condemnation of title to, or the use for a limited period of, all or any part of the Facility. If the County shall exercise its said option and pay the purchase price as provided in this Article, all of the condemnation awards received by the PBC after the payment of said purchase price, less all attorneys' fees and other expenses and costs incurred by the PBC in connection with such condemnation, shall belong and be paid to the Library Board.

Section 16.6 Assignment of Rights to the Library Board. In the event that the County exercises the option to purchase the PBC's interest in the Facility pursuant to this *Article XVI*, the Base Lease shall be considered assigned to the Library Board and terminated through merger of the leasehold interest with the fee interest.

ARTICLE XVII

Section 17.1 Damage and Destruction.

(a) If, during the Term, the Facility is damaged or destroyed, in whole or in part, by fire or other casualty, the County shall promptly notify the PBC and the Trustee in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

(b) If the County determines that rebuilding, repairing, restoring or replacing the Facility is practicable and desirable, the County shall forthwith proceed with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing. In such case, any Net Proceeds of property and/or casualty insurance required by this Lease and received with respect to any such damage or loss to the Facility shall be deposited in the Construction Fund and shall be used and applied for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining in the Construction Fund after such rebuilding, repairing, restoring or replacing shall be deposited into the Principal and Interest Fund and used to pay or redeem the Bonds and the interest thereon as provided in the Indenture.

(c) If the County determines that rebuilding, repairing, restoring or replacing the Facility is not practicable and desirable, any Net Proceeds of casualty insurance required by this Lease and received with respect to any such damage or loss to the Facility shall be paid into the Principal and Interest Fund. The County agrees that it shall be reasonable in exercising its judgment pursuant to this subsection (c).

(d) The County shall not, by reason of its inability to use all or any part of the Facility during any period in which the Facility is damaged or destroyed, or is being repaired, rebuilt, restored or replaced nor by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent payable by the County under this Lease nor of any other obligations of the County under this Lease except as expressly provided in this Section.

Section 17.2 Condemnation.

(a) If, during the Term title to, or the temporary use of, all or any part of the Facility shall be condemned by any authority exercising the power of eminent domain, the County shall, within 90 days after the date of entry of a final order in any eminent domain proceedings granting condemnation, notify the PBC and the Trustee in writing as to the nature and extent of such condemnation and whether it is practicable and desirable to acquire or construct facilities to substitute for the Facility, or portion thereof.

(b) If the County determines that such substitution is practicable and desirable, the County shall forthwith proceed with and complete with reasonable dispatch the acquisition or construction of such substitute facilities. In such case, any Net Proceeds received from any award or awards with respect to the Facility or any part thereof made in such condemnation or eminent domain proceeds shall be deposited in the Construction Fund and shall be used and applied for the purpose of paying the cost of such substitution. Any amount remaining in the Construction Fund after such acquisition or construction shall be deposited into the Principal and Interest Fund and used to pay or redeem the Bonds and the interest thereon as provided in the Indenture.

(c) If the County determines that it is not practicable and desirable to acquire or construct substitute facilities, any Net Proceeds of condemnation awards received by the County shall be paid into the Principal and Interest Fund. The County agrees that it shall be reasonable in exercising its judgment pursuant to this subsection (c).

(d) The County shall not, by reason of its inability to use all or any part of the Facility during any such period of restoration or acquisition nor by reason of the payment of the costs of such restoration or acquisition, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent payable by the County under this Lease nor of any other obligations hereunder except as expressly provided in this Section.

(e) The PBC shall cooperate fully with the County in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Facility or any part thereof. In no event will the PBC voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Facility or any part thereof without the written consent of the County.

Section 17.3 Effect of the County's Default. Anything in this Article to the contrary notwithstanding, the PBC and the Trustee shall have the right at any time and from time to time to withhold payment of all or any part of the Net Proceeds from the Construction Fund attributable to damage, destruction or condemnation of the Facility to the County or any third party if an Event of Default has occurred and is continuing, or the Trustee has given notice to the County of an Event of Default which, with the passage of time, will become an Event of Default. In the event the County cures any Default specified herein, the Trustee may make payments from the Net Proceeds to the County in accordance with the provisions of this Article. However, if this Lease is terminated or the PBC or the Trustee otherwise re-enters and takes possession of the Facility without terminating this Lease, the PBC and the Trustee shall pay all the Net Proceeds held by them into the Principal and Interest Fund and all rights of the County in and to such Net Proceeds shall cease.

ARTICLE XVIII

Section 18.1 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee (acting on behalf of the PBC) may take any one or more of the following remedial actions:

(a) Give the County written notice of intention to terminate this Lease on a date specified therein, which date shall not be earlier than 30 days after such notice is given and, if all Events of Default have not then been cured on the date so specified, the County's rights to possession of the Facility shall cease, and this Lease shall thereupon be deemed terminated, and the PBC may re-enter and take possession of the Facility; or

(b) Without terminating the Term hereof, or this Lease, conduct inspections or an Environmental Assessment of the Facility, and re-enter the Facility or take possession thereof pursuant to legal proceedings or any notice provided for by law and this Lease. The PBC may refuse to re-enter or take possession of the Facility if it has reasonable cause for such refusal. "Reasonable cause" shall include the presence on the Facility of conditions which are in violation of any Environmental Law or the existence or threat of a remedial action against the County under any Environmental Law resulting from conditions on the Facility.

Having elected to re-enter or take possession of the Facility without terminating the Term or this Lease, the PBC shall use reasonable diligence to relet the Facility, or parts thereof, subject to the Base Lease, for such term or terms and at such rental and upon such other terms and conditions as are deemed advisable, with the right to make alterations and repairs to the Facility, and no such re-entry or taking of possession of the Facility shall be construed as an election to terminate this Lease, and no such re-entry or taking of possession shall relieve the County of its obligation to pay Basic Rent or Additional Rent (at the time or times provided herein), or of any of its other obligations under this Lease, all of which shall survive such re-entry or taking of possession. The County shall continue to pay the Basic Rent and Additional Rent provided for in this Lease until the end of the Term, whether or not the Facility shall have been relet, less the net proceeds, if any, of reletting the Facility.

Having elected to re-enter or take possession of the Facility pursuant to subsection (b) above, the PBC may (subject, however, to any restrictions against termination of this Lease in the Indenture or the Base Lease), by notice to the County given at any time thereafter while the County is in default in the payment of Basic Rent or Additional Rent or in the performance of any other obligation under this Lease, elect to terminate this Lease in accordance with subsection (a) above and thereafter proceed to sell its interest in the Facility subject to the Base Lease.

If, in accordance with any of the foregoing provisions of this Article, the PBC shall have the right to elect to re-enter and take possession of the Facility, the PBC may enter and expel the County and those claiming through or under the County and remove the property and effects of both or either by all lawful means without being guilty of any manner of trespass and without prejudice to any remedies for arrears of Basic Rent or Additional Rent or preceding breach of covenant.

All Basic Rent recovered from the County and the net proceeds of any re-letting or sale of the Facility shall be deposited in the Principal and Interest Fund and applied by the PBC as set forth in the Indenture. For purposes of this paragraph, "net proceeds" means the receipts obtained from reletting or sale after deducting all expenses incurred in connection with such reletting or sale, including without limitation, all repossession costs, brokerage commissions, legal fees and expenses, expenses of employees, alteration costs and expenses of preparation of the Facility for reletting or sale.

Section 18.2 Survival of Obligations. The County covenants and agrees with the PBC and the Owners that until all the Bonds and the interest thereon and redemption premium, if any, are paid in full or provision made for the payment thereof in accordance with the Indenture, its obligations under this Lease shall survive the cancellation and termination of this Lease, for any cause, and that the County shall continue to be obligated to pay Basic Rent and Additional Rent (reduced by any net income the PBC may receive from the Facility after such termination) and perform all other obligations provided for in this Lease, all at the time or times provided in this Lease. Notwithstanding any provision of this Lease or the Indenture, the County's obligations under **Section 14.1** hereof shall survive any termination, release or assignment of this Lease and payment or provision for payment of the Bonds.

Section 18.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the PBC is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute, subject to the provisions of the Indenture. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the PBC to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein.

ARTICLE XIX

Section 19.1 Performance of the County's Obligations by the PBC. If the County shall fail to keep or perform any of its obligations as provided in this Lease, then the PBC may (but shall not be obligated to do so) upon the continuance of such failure on the County's part for 90 days after notice of such failure is given the County by the PBC or the Trustee and without waiving or releasing the County from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and the County shall reimburse the PBC for all sums so paid by the PBC and all necessary or incidental costs and expenses incurred by the PBC in performing such obligations through payment of Additional Rent. If such Additional Rent is not so paid by the County within ten (10) days of demand, the PBC shall have the same rights and remedies provided for in **Article XVIII** in the case of default by the County in the payment of Basic Rent.

ARTICLE XX

Section 20.1 Surrender of Possession. Upon accrual of the PBC's right of re-entry as the result of an Event of Default by the County hereunder or upon the cancellation or termination of this Lease by lapse of time or otherwise (other than as a result of the County's purchase of the Facility), the County shall peacefully surrender possession of the Facility to the PBC in good condition and repair, ordinary wear and tear excepted; provided, however, the County shall have the right, prior to or within 120 days after the termination of this Lease, to remove from or about the Facility any buildings, improvements, personal property, furniture and fixtures that are not a part of the Facility under the terms of this Lease. All repairs to and restorations of the Facility required to be made because of such removal shall be made by and at the sole cost and expense of the County. All buildings, improvements, personal property, furniture and fixtures owned by the County and which are not so removed from or about the Facility prior to or within 120 days after such termination of this Lease shall become subject to the Base Lease.

ARTICLE XXI

Section 21.1 Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Lease shall be in writing and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via facsimile, with electronic or telephonic confirmation of receipt, or (c) communicated via electronic mail with electronic or telephonic confirmation of receipt to the Notice Representative at the Notice Address. The PBC and the County may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (1) certified or registered mail shall be deemed duly given as of the date they are so mailed, however, notice to the Trustee shall be deemed duly given upon actual receipt; (b) facsimile or electronic mail shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the other party shall constitute a sufficient notice.

ARTICLE XXII

Section 22.1 Net Lease. The parties hereto agree that: (a) this Lease is intended to be a net lease; (b) the payments of Basic Rent and Additional Rent are designed to provide the PBC with funds adequate in amount to pay all principal of and interest on all Bonds as the same become due and payable and to pay and discharge all of the other duties and requirements set forth herein; and (c) to the extent that the payments of Basic Rent and Additional Rent are not adequate to provide the PBC with funds sufficient for the purposes aforesaid, the County shall be obligated to pay, and it does hereby covenant and agree to pay, upon demand therefor, as Additional Rent, such further sums of money as may from time to time be required for such purposes.

ARTICLE XXIII

Section 23.1 Rights and Remedies. The rights and remedies reserved by the PBC and the County hereunder and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The PBC and the County shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Lease, and each party hereby waives the right to raise such defense in any proceeding in equity.

Section 23.2 Waiver of Breach. No waiver of any breach of any covenant or agreement herein contained shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the nondefaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults which were in existence at the time such payment or payments or performance were accepted by it.

Section 23.3 The PBC Shall Not Unreasonably Withhold Consents and Approvals. Wherever in this Lease it is provided that the PBC shall, may or must give its approval or consent, or execute supplemental agreements, exhibits or schedules, the PBC shall not unreasonably, arbitrarily or

unnecessarily withhold or refuse to give such approvals or consents or refuse to execute such supplemental agreements, exhibits or schedules.

ARTICLE XXIV

Section 24.1 Funds Held by the PBC After Payment of All Bonds. If, after the principal of and interest on all of the Bonds and all costs incident to the payment of the Bonds have been paid in full, the PBC holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, except as otherwise provided in this Lease and the Indenture and after payment therefrom to the PBC of any sums of money then due and owing by the County under the terms of this Lease, be the absolute property of and be paid over forthwith to the County.

ARTICLE XXV

Section 25.1 Amendments. This Lease may be amended, changed or modified in the following manner:

(a) With respect to an amendment, change or modification which reduces the Basic Rent or Additional Rent, or any amendment which reduces the percentage of Owners whose consent is required for any such amendment, change or modification, by an agreement in writing executed by the PBC and the County and consented to in writing by the Owners of 100% of the aggregate principal amount of the Bonds then Outstanding.

(b) With respect to any other amendment, change or modification which will materially adversely affect the security or rights of the Owners, by an agreement in writing executed by the PBC and the County and consented to in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided that a modification to *Schedule 1* hereto to conform to actual legal descriptions of the components of the Land may be accomplished with an addendum executed by the PBC and the County without the consent of the Owners.

(c) With respect to all other amendments, changes, or modifications, by an agreement in writing executed by the PBC and the County.

Section 25.2 Granting of Easements. If no Event of Default under this Lease shall have happened and be continuing, the County may, at any time or times, (a) grant easements, licenses and other rights or privileges in the nature of easements with respect to any property included in the Facility, free from any rights of the PBC or the Owners, or (b) release existing easements, licenses, rights-of-way and other rights or privileges, all with or without consideration and upon such terms and conditions as the County shall determine, and the PBC agrees, to the extent that it may legally do so, that it will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other arrangement, upon receipt by the PBC and the Trustee of: (i) a copy of the instrument of grant or release or of the agreement or other arrangement, (ii) a written application signed by the Authorized County Representative requesting such instrument, and (iii) a certificate executed by the County stating (A) that such grant or release is not detrimental to the proper conduct of the business of the County, and (B) that such grant or release will not impair the effective use or interfere with the efficient and economical operation of the Facility and will not materially adversely affect the security of the Owners. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the rights of the PBC and the Bondowners and shall not be affected by any termination of this Lease or default on the part of the

County hereunder. If no Event of Default shall have happened and be continuing, any payments or other consideration received by the County for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the County, but, in the event of the termination of this Lease because of an Event of Default, all rights then existing of the County with respect to or under such grant shall inure to the benefit of and be exercisable by the PBC.

Section 25.3 Security Interests. The County agrees to execute and deliver all instruments (including financing statements and continuation statements) necessary for perfection of and continuation of the security interest of the PBC in and to the Facility. The PBC is authorized by the County to file or cause to be filed all such original instruments and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be Outstanding.

Section 25.4 Construction and Enforcement. This Lease shall be construed and enforced in accordance with the laws of the State. The provisions of this Lease shall be applied and interpreted in accordance with the rules of interpretation set forth in the Indenture. Wherever in this Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

Section 25.5 Invalidity of Provisions of Lease. If, for any reason, any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

Section 25.6 Covenants Binding on Successors and Assigns. The covenants, agreements and conditions herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 25.7 Execution of Counterparts. This Lease may be executed simultaneously in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 25.8 Electronic Transactions. This Lease and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed and delivered by duly authorized officials as of the day and year first above written.

**PUBLIC BUILDING COMMISSION OF
JOHNSON COUNTY, KANSAS**

(SEAL)

ATTEST:

Ed Eilert, Chair

Mike Brown, Secretary

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF JOHNSON)

This instrument was acknowledged before me on _____, 2017, by Ed Eilert, Chair of the Public Building Commission of Johnson County, Kansas, a municipal corporation organized under the laws of the State of Kansas.

(Seal)

Notary Public

My Commission Expires: _____

JOHNSON COUNTY, KANSAS

(SEAL)

ATTEST:

Ed Eilert, Chair

Linda W. Barnes, Clerk of the Board

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF JOHNSON)

This instrument was acknowledged before me on _____, 2017, by Ed Eilert, Chair of Johnson County, Kansas, a political subdivision duly organized and existing under the constitution and laws of the state of Kansas.

(SEAL)

Notary Public

My Commission Expires: _____

SCHEDULE 1

PROPERTY DESCRIPTION

A tract of land being part of Lot 5 of CITY CENTER LENEXA FIFTH PLAT, a subdivision in the City of Lenexa, Johnson County, Kansas.

Beginning at the Southeast corner of said Lot 5; thence South $75^{\circ}48'01''$ West, along the South line of said Lot 5, a distance of 17.56 feet, to a point of curvature; thence Westerly and Southwesterly, continuing along said South line, and along a curve to the left, having a radius of 590.00 feet, and a central angle of $13^{\circ}16'28''$, a distance of 136.69 feet, said point also being on the Southeasterly prolongation of an Existing Easterly Foundation Wall; thence North $33^{\circ}50'58''$ West, departing said South line, along said Southeasterly prolongation and said Easterly Foundation Wall, a distance of 112.46 feet; thence North $46^{\circ}05'13''$ East, continuing along said Easterly Foundation Wall, a distance of 0.37 feet; thence North $33^{\circ}53'18''$ West, continuing along said Easterly Foundation Wall and it's Northwesterly extension, a distance of 26.09 feet; thence North $25^{\circ}44'36''$ East, departing said Northwesterly extension, a distance of 11.10 feet; thence North $56^{\circ}03'59''$ East, a distance of 17.01; thence North $65^{\circ}06'39''$ East, a distance of 14.27 feet; thence North $72^{\circ}07'25''$ East, a distance of 48.40 feet; thence South $17^{\circ}52'35''$ East, a distance of 10.29 feet; thence North $81^{\circ}28'02''$ East, a distance of 127.03 feet, to a point on a non-tangent curve, said point also being on the East line of said Lot 5; thence Southerly and Southeasterly, along said East line, and along a curve to the left, having a radius of 695.00 feet, and a central angle of $09^{\circ}18'54''$, and whose initial tangent bearing is South $02^{\circ}49'20''$ East, a distance of 112.99 feet, to the Point of Beginning, containing 23,704.21 square feet or 0.54 acres, more or less.