LEASE PURCHASE AGREEMENT

between

SECURITY BANK OF KANSAS CITY
as Trustee

and

SEDGWICK COUNTY UNIFIED SCHOOL DISTRICT NO. 261
HAYSVILLE, KANSAS

$1,900,000
LEASE PURCHASE AGREEMENT
CERTIFICATES OF PARTICIPATION
(TAX CREDIT TO PURCHASER)
SERIES 2012

Dated January __, 2012

THIS LEASE PURCHASE AGREEMENT HAS BEEN DESIGNATED BY THE DISTRICT AS A QUALIFIED ZONE ACADEMY BOND PURSUANT TO SECTIONS 54A AND 54E OF THE INTERNAL REVENUE CODE, PURSUANT TO AN ALLOCATION RECEIVED FROM THE KANSAS DEPARTMENT OF EDUCATION.

TABLE OF CONTENTS

LEASE PURCHASE AGREEMENT

PAGE

ARTICLE I

DEFINITIONS

Section 1.01. Definitions 2
Section 1.02. Rules of Construction 5
Section 1.03. Execution of Counterparts 6
Section 1.04. Severability 6
Section 1.05. Governing Law 6

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations of the District 6

ARTICLE III

DEMISING OF THE PROPERTY; LEASE TERM

Section 3.01. Lease of Improvements 8
Section 3.02. Lease Term 8
Section 3.03. Continuation of Lease Term by the District 8
Section 3.04. Enjoyment of Improvements 8
Section 3.05. Inspection 9

ARTICLE IV

RENT

Section 4.01. Basic Rent 9
Section 4.02. Supplemental Rent 9
Section 4.03. Rent Payments to Constitute a Current Expense and Limited Obligation of the District 9
Section 4.04. Advances 10
Section 4.05. Net Lease; Rent Payments to be Unconditional 10
Section 4.06. Compensation of the Trustee 10
Section 4.07. Increased Basic Rent 10

ARTICLE V

ACQUISITION, CONSTRUCTION, EQUIPPING AND INSTALLATION OF THE IMPROVEMENTS

Section 5.01. Acquisition, Construction and Installation 11
Section 5.02. Payment for Construction of the Improvements 13
Section 5.03. Completion Date; Excess Funds 13
Section 5.04. Warranties 13
Section 5.05. Disclaimer of Warranties 14
Section 5.06. Deficiency of Improvement Fund 14

ARTICLE VI

IMPOSITIONS

Section 6.01. Impositions 14
Section 6.02. Contest of Impositions 14

ARTICLE VII

INSURANCE; INDEMNITY

Section 7.01. Insurance Required 15
Section 7.02. Enforcement of Contract and Surety Bonds 15
Section 7.03. Release and Indemnification 16

ARTICLE VIII

COVENANTS OF THE DISTRICT

Section 8.01. Maintenance and Modification of Improvements by the District 16
Section 8.02. Tax Covenants 17
Section 8.03. The District's Continuing Existence 18

ARTICLE IX

CASUALTY AND CONDEMNATION

Section 9.01. Damage, Destruction and Condemnation 18
Section 9.02. Insufficiency of Net Proceeds 19

ARTICLE X

OPTION TO PURCHASE; PARTIAL PREPAYMENT

Section 10.01. Prepayment in Whole; Purchase Option 19
Section 10.02. Partial Prepayment 19
Section 10.03. Determination of Fair Rent and Purchase Price 20

ARTICLE XI

ASSIGNMENT

Section 11.01. Assignment and Subleasing by the District 21

ARTICLE XII

EVENTS OF DEFAULT

Section 12.01. Events of Default Defined 21
Section 12.02. Remedies on Default 22
Section 12.03. No Remedy Exclusive 23

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Notices 23
Section 13.02. Title to Personal Property 23
Section 13.03. Security Interest 23
Section 13.04. Binding Effect 23
Section 13.05. Amendments, Changes and Modifications 23
Section 13.06. Electronic Transactions 24

Signatures 25

Exhibit A – Schedule of Basic Rent Payments
Exhibit B – Legal Description
Exhibit C – Schedule of the Improvements

LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (the "Lease"), dated January __, 2012, is entered into between **SECURITY BANK OF KANSAS CITY, Kansas City, Kansas,** a state banking organization, organized and existing under the laws of the State of Kansas, as Trustee (the "Trustee"), and the **SEDGWICK COUNTY UNIFIED SCHOOL DISTRICT NO. 261, HAYSVILLE, KANSAS,** a unified school district and political subdivision organized and existing under the laws of the State of Kansas (the "District").

WITNESSETH:

WHEREAS, the Trustee desires to provide funds in an aggregate amount not to exceed $1,900,000 to acquire, construct and equip improvements to the existing District facilities, including HVAC, lighting, mechanical and plumbing upgrades (the "Improvements"); and

WHEREAS, the Improvements constitute "energy conservation measures" pursuant to the provisions of K.S.A. 75-37,125, and the District is permitted to enter into a lease purchase agreement for such energy conservation measures; and

WHEREAS, a lease purchase agreement entered into pursuant to K.S.A. 75-37,125 is not subject to the cash basis law at K.S.A. 10-1101 *et seq* or K.S.A. 72-8225; and

WHEREAS, the Trustee desires to lease the Improvements to the District, all subject to the terms and conditions and for the purposes set forth in this Lease; and

WHEREAS, concurrently herewith the Trustee is entering into a Declaration of Trust dated January __, 2012 (The "Declaration of Trust") pursuant to which the Trustee will execute and deliver the Certificates (as defined in the Declaration of Trust), the proceeds of which will be used to provide the funds to (1) pay the costs to acquire, construct, furnish and install the Improvements, and (2) pay certain costs connected to the execution and delivery of the Certificates; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), authorizes qualified zone academy bonds ("QZABs") to provide financing for the construction, rehabilitation or repair of public school facilities of "Qualified Zone Academies" under Code Section 54E(d)(4); and

WHEREAS, Section 54E of the Code provides a national bond limitation authorization for QZABs, and a portion of such authorization was allocated to the State of Kansas which, acting through the Kansas Department of Education, granted the District an allocation of $1,900,000 for QZABs.

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise specifically requires or indicates to the contrary, the following terms as used in this Lease will have the following meanings:

"Additional Certificates" means the Additional Certificates as defined in the Declaration of Trust.

"Authorized Representative" means Authorized Representative as defined in the Declaration of Trust.

"Available Revenues" means, for any Fiscal Year, any balances of the District from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the District for such Fiscal Year plus any unencumbered balances of the District from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

"Base Lease" means the Base Lease dated January __, 2012, between the District, as lessor, and the Trustee, as lessee.

"Basic Rent" means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth on **Exhibit A**, as **Exhibit A** may be revised as provided in **Section 3.09** of the Declaration of Trust and in **Section 4.08**.

"Basic Rent Payment" means a payment of Basic Rent.

"Basic Rent Payment Date" means each January 15 and July 15 of each year during the Lease Term, commencing on July 15, 2012.

"Business Day" means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

"Certificates" means the Series 2012 Certificates and any Additional Certificates.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Commencement Date" means January __, 2012.

"Completion Certificate" means the certificate of the District given in accordance with **Section 5.03**.

"Completion Date" means the date of completion of the Improvements as that date will be certified as provided in **Section 5.03**.

"Construction Agreement" means one of any agreements between the District and various parties, if any, providing for the acquisition, construction and installation of various portions of the Improvements.

"Contractor" means Johnson Controls, Inc., or any other engineer or contractor hired by the District with respect to the Improvements.

"Costs of Improvements" means all reasonable or necessary expenses related or incidental to the acquisition and construction of the Improvements, including the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services and all other necessary and incidental expenses, including interest on the Certificates to the Completion Date. Costs of Improvements include Costs of Issuance.

"Costs of Issuance" means, generally, any cost or expense incurred on account of and in connection with the authorization, execution, sale and delivery of the Certificates including, (1) underwriters' spread (whether realized directly or derived through purchase of the Certificates at a discount below the price at which they are expected to be sold to the public); (2) counsel fees (including bond counsel, underwriter's counsel, issuer's counsel, as well as any other specialized counsel fees incurred in connection with the authorization, execution, sale and delivery of the Certificates); (3) rating agency fees; (4) trustee fees incurred in connection with the execution and delivery of the Certificates; (5) paying agent and certifying and authenticating agent fees related to execution and delivery of the Certificates; (6) accountant fees related to execution and delivery of the Certificates; (7) printing costs (for the Certificates and of preliminary and final offering materials); and (8) costs of engineering and feasibility studies necessary to the execution and delivery of the Certificates (as opposed to studies related to completion of the Project, but not to the financing). Costs of Issuance do not include fees and expenses directly related to the cost of credit enhancement for the Certificates, if any, to the extent those fees or expenses may be included as payments for a qualified guaranty in the calculation of the Certificate Yield (as defined in the Tax Compliance Certificate).

"Declaration of Trust" means the Declaration of Trust dated January __, 2012, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

"District" means the Sedgwick County Unified School District No. 261, Haysville, Kansas, a unified school district duly created, organized and existing under and by virtue of the laws of the State of Kansas, and its successors.

"ESCO" means Johnson Controls, Inc. or any other energy conservation contractor hired by the District to provide an energy study or audit pursuant to K.S.A. 75-37,125.

"Event of Default" means an Event of Default as described in **Section 12.01**.

"Expenditure Period" means the three-year period beginning on the Commencement Date of this Lease.

"Extension Period" means any extension of the Expenditure Period, granted to the District by the Secretary of the Treasury.

"Fiscal Year" means the fiscal year of the District, currently the twelve-month period beginning July 1 and ending on June 30.

"Funds" mean the Funds as defined in the Declaration of Trust.

"Improvement Costs" means all of the costs of the Improvements to the extent that such amounts are paid for the cost of construction, rehabilitation or repair of a public school facility or for the acquisition of land on which such facility is constructed with part of the proceeds of the Certificates, or to acquire equipment to be used in the portion of the public school facility that is being constructed, rehabilitated or repaired.

"Improvement Fund" means the Improvement Fund as defined in the Declaration of Trust.

"Improvements" means the Improvements specifically described in the schedule attached hereto as **Exhibit C** or any Substitute Improvements, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

"Interest Portion" means the portion of each Basic Rent Payment that represents the payment of interest as set forth on **Exhibit A**.

"Interest Rate" means 1.5%.

"IRS" means the Internal Revenue Service of the United States of America.

"Lease" means this Lease Purchase Agreement dated January __, 2012, between the Trustee, as lessor, and the District, as lessee, as amended and supplemented from time to time in accordance with its terms.

"Lease Term" means the period from the Commencement Date of this Lease until January 15, 2022.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim condemnation award or sale under threat of condemnation.

"Opinion of Counsel" means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the District.

"Outstanding" means Outstanding as defined in the Declaration of Trust.

"Prepayment Date" means any date set for the District's purchase of the Trustee's interest in the Improvements pursuant to **Section 10.01 or 10.02** hereof.

"Principal Portion" means the principal portion of the Basic Rent Payments as set forth in **Exhibit A**.

"Purchase Price" means the amount designated as such in **Article X** that the District may pay to the Trustee to purchase the Trustee's interest in the Improvements.

"Qualified Zone Academy Bond" or **"QZAB"** means a "qualified zone academy bond," as defined in Section 54E of the Code.

"Real Property" means the real property described on **Exhibit B** hereto.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

"**Revenue Fund"** means the Lease Revenue Fund as defined in the Declaration of Trust.

"Series 2012 Certificates" mean the Series 2012 Certificates as defined in the Declaration of Trust.

"S&P" means Standard & Poor's, a division of the McGraw–Hill Companies, its successors and their assigns, and if that entity no longer performs the functions of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

"Special Tax Counsel" means Kutak Rock LLP, or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America.

"State" means the State of Kansas.

"Substitute Improvements" means substitute or additional improvements authorized pursuant to **Section 5.01** hereof.

"Supplemental Declaration of Trust" means any amendment or supplement to the Declaration of Trust entered pursuant to **Article VIII** of the Declaration of Trust.

"Supplemental Lease" means any amendment or supplement to this Lease entered pursuant to **Section 13.05**.

"Supplemental Rent" means all amounts due hereunder other than Basic Rent.

"Supplemental Rent Payment" means a payment of Supplemental Rent.

"Tax Compliance Certificate" means the Tax Compliance Certificate entered by the District and the Trustee in connection with the execution and delivery with the Series 2012 Certificates.

"Trustee" means the party acting as Trustee under the Declaration of Trust.

Section 1.02. Rules of Construction. Words of the masculine gender will be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context will otherwise indicate, the words importing the singular number will include the plural and vice versa, and words importing person will include firms, associations and corporations, including public bodies, as well as natural persons.

The words "herein," "hereby," "hereunder," "hereof," "hereto," "hereinbefore," "hereinafter" and other equivalent words refer to this Lease and not solely to the particular article, section, paragraph or subparagraph hereof in which such word is used.

Reference herein to a particular article, section, exhibit, schedule or appendix will be construed to be a reference to the specified article or section hereof or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or intent.

Whenever an item or items are listed after the words "including," such listing is not intended to be a listing that excludes items not listed.

The section and article headings herein are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions hereof.

Section 1.03. Execution of Counterparts. This Lease may be executed simultaneously in two or more counterparts, each of which will be deemed to be an original, and all of which together will constitute but one and the same instrument.

Section 1.04. Severability. If any provision of this Lease is 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 will 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.

The invalidity of any one or more phrases, sentences, clauses or sections in this Lease contained will not affect the remaining portions of this Lease, or any part thereof.

Section 1.05. Governing Law. This Lease will be governed by and construed in accordance with the laws of the State.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations of the District. The District represents and warrants, as of the date of delivery hereof, as follows:

(a) The District is a unified school district duly created, organized and existing under and by virtue of the constitution and laws of the State with full power and authority to enter into this Lease and the transaction contemplated thereby and hereby and to perform all of its obligations thereunder and hereunder.

(b) The District has full power and authority to enter into the transactions contemplated by this Lease and has been duly authorized to execute and deliver this Lease by proper action by its governing body. This Lease is a valid, legal and binding obligation of the District enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and equitable principles affecting creditor's rights generally.

(c) The lease of the Improvements by the Trustee to the District, as provided in this Lease, is necessary, desirable, in the public interest and consistent with the permissible scope of the District's authority. The District hereby declares its current need for the Improvements and its current expectation that it will continue to need and use the Improvements for the maximum Lease Term.

(d) The District's financial statements that have been used in connection with any offering of the Certificates present fairly, in accordance with a statutory basis of accounting and applicable regulations consistently applied throughout the periods involved, the financial position of the District as at their respective dates and the revenues and expenses and changes in fund balances for the periods covered thereby.

(e) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions hereof, 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 District is a party or by which the District is bound.

(f) There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal challenging the validity of the proceedings of the governing body of the District authorizing this Lease or the power or authority of the District to enter into this Lease or the validity or enforceability of this Lease or that, if adversely determined, would adversely affect the transactions contemplated by this Lease or the interest of the Trustee under this Lease.

(g) The District has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the District's interests in any property now or hereafter included in the Real Property or Improvements will be or may be impaired, changed or encumbered in any manner whatsoever, except as contemplated by this Lease.

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

(i) Upon completion, the Improvements will be structurally sound and in compliance with all applicable building and design codes and the District's requirements and will constitute "energy conservation measures" as described in K.S.A. 75-37,125. The Improvements are designed to provide energy and operational cost savings at least equivalent to the amount expended by the District for the Improvements over a period of not more than 30 years after the date the Improvements are installed.

(j) The District has complied or will comply with all requirements under K.S.A. 75-37,125, and any other public bidding or other requirements that may be applicable to this Lease and the acquisition, construction and equipping of the Improvements.

(k) The capital cost that would be required to purchase the Improvements if paid for by cash would be $1,900,000.

(l) The annual average effective interest cost of this Lease is 1.5% per annum.

(m) No amount is included in Rent (assuming continuation of this Lease through the Lease Term) for service, maintenance, insurance and other charges exclusive of capital cost and interest cost.

(n) The District has received an allocation of Qualified Zone Academy Bonds from the Kansas Department of Education in an amount equal to or in excess of the Principal Portion. The District hereby designates this Lease as a Qualified Zone Academy Bond for purposes of Section 54E of the Code.

ARTICLE III

DEMISING OF THE PROPERTY; LEASE TERM

Section 3.01. Lease of Improvements. The Trustee hereby demises, leases, and lets to the District, and the District rents, leases, and hires from the Trustee, the Real Property and the Improvements in accordance with this Lease for the Lease Term.

Section 3.02. Lease Term. The Lease Term shall commence on the Commencement Date and will terminate on January 15, 2022, unless the District shall have terminated this Lease pursuant to **Section 12.02**.

Section 3.03. Continuation of Lease Term by the District. The District intends to continue this Lease through the Lease Term and to pay all Rent hereunder. The District reasonably believes that Available Revenues in an amount sufficient to make all payments of Rent during the Lease Term can be obtained. The District further covenants that its responsible financial officer shall do all things lawfully within its power to obtain and maintain funds from which the Rent may be paid, including making provisions for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved.

Section 3.04. Enjoyment of Improvements. The Trustee will provide the District during the Lease Term with quiet use and enjoyment of the Improvements, and the District will, during the Lease Term, peaceably and quietly have, hold and enjoy the Improvements, without suit, trouble or hindrance from the Trustee, except as expressly set forth in this Lease. The District will have the right to use the Improvements for any essential governmental or proprietary purpose of the District, subject to the limitations contained in this Lease.

Notwithstanding any other provision in this Lease, the Trustee will have no responsibility to cause the Improvements to be constructed or to maintain, repair or insure the Improvements. The District will comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Improvements, as to the manner and use or the condition of the Improvements. The District will also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of **Article VII**. The District will 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 District to comply with the provisions of this Section. Notwithstanding any provision contained in this Section, however, the District will have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any

such requirement, rule or regulation of an insurer and during such contest or review, the District may refrain from complying therewith, if the District furnishes, on request, to the Trustee, at the District's expense, indemnity satisfactory to the Trustee.

Section 3.05. Inspection. The Trustee will have the right at all reasonable times and with reasonable notice during business hours to enter into and upon the Improvements for the purpose of inspecting the Improvements.

ARTICLE IV

RENT

Section 4.01. Basic Rent. The District will promptly pay all Basic Rent, subject to **Section 4.03**, in lawful money of the United States of America on each Basic Rent Payment Date in such amounts as are described on **Exhibit A**. A portion of each Basic Rent Payment is paid as, and represents payment of, interest as set forth on **Exhibit A.**

To provide for the timely payment of Basic Rent, the District will pay to the Trustee for deposit in the Lease Revenue Fund not less than five Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

Section 4.02. Supplemental Rent. The District will pay, subject to **Sections 3.04** and **4.03**, as Supplemental Rent (a) all Impositions (as defined in **Article VI**); (b) all amounts required under **Sections 4.04** or **4.06** and all other payments of whatever nature that the District has agreed to pay or assume under this Lease; (c) all expenses, including attorneys' fees and expenses to the extent permitted by law, incurred in connection with the enforcement of any rights under this Lease by the Trustee; (d) all fees, charges and expenses of the Trustee as further provided in **Section 4.07**; (e) any payments required to be made pursuant to the Tax Compliance Certificate; and (f) all Costs of Issuance in excess of $38,000 as provided in **Section 5.02** hereof. Amounts required to be paid under this Section will be paid directly to the person or entity owed.

Section 4.03. Rent Payments to Constitute a Current Expense and Limited Obligation of the District. NOTWITHSTANDING ANY OTHER PROVISION HEREOF, THE TRUSTEE AND THE DISTRICT UNDERSTAND AND INTEND THAT THE OBLIGATION OF THE DISTRICT TO PAY RENT HEREUNDER BE LIMITED TO PAYMENT FROM AVAILABLE REVENUES AND WILL CONSTITUTE A CURRENT EXPENSE OF THE DISTRICT AND WILL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE DISTRICT AND SHALL NOT IN ANY WAY BE CONSTRUED TO BE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE LESSEE; SUCH OBLIGATION SHALL NOT BE CONSTRUED TO BE A DEBT OF THE DISTRICT IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE DISTRICT, BUT SHALL BE PAYABLE SOLELY FROM AMOUNTS APPROPRIATED THEREFOR, ANY PROCEEDS OF THE IMPROVEMENTS AND THE NET PROCEEDS OF ANY INSURANCE OR CONDEMNATION AWARDS, NOR WILL ANYTHING CONTAINED HEREIN CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS OR MONEYS OF THE DISTRICT, AND ALL PROVISIONS OF THIS LEASE WILL BE CONSTRUED SO AS TO GIVE EFFECT TO SUCH INTENT.

Section 4.04. Advances. In the event the District will fail to either maintain the insurance required by this Lease or keep the Improvements in good repair, the Trustee may, but will be under no obligation to, purchase the required insurance and pay the cost of the premiums therefor and maintain and repair the Improvements and pay the cost thereof. All amounts so advanced by the Trustee will constitute Supplemental Rent, and the District covenants and agrees to pay such amounts so advanced by the Trustee with interest thereon from the due date until paid at a rate per annum equal to the prime rate of the Trustee plus 2% or the maximum amount permitted by law, whichever is less.

Section 4.05. Net Lease; Rent Payments to be Unconditional. This Lease is intended to be net, net, net to the Trustee, subject to Section 4.03, and the obligations of the District to make payment of the Rent Payments and to perform and observe the other covenants and agreements contained herein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, or any right of termination or cancellation, for any reason, including any failure of the Improvements to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Improvements or any accident, condemnation or unforeseen circumstances. The obligations of the District to make rent payments hereunder do not in any respect represent or constitute a general obligation or indebtedness of the District in contravention of any applicable constitutional or statutory limitation or requirement, nor do they constitute a pledge of the full faith and credit of the District.

Nothing in this Lease will be construed as a waiver by the District of any rights or claims the District may have against the Trustee under this Lease or otherwise, but any recovery upon such rights and claims will be from the Trustee separately, it being the intent of this Lease that the District will be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease, including its obligation to pay Basic Rent and Supplemental Rent. The District may, however, at its own cost and expense and in its own name or in the name of the Trustee, prosecute or defend any action or proceeding or take any other action involving third persons that the District deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Trustee hereby agrees, subject to receipt by the Trustee of satisfactory indemnity in accordance with **Section 11.03** of the Declaration of Trust, to cooperate fully with the District and to take all action necessary to effect the substitution of the District for the Trustee in any such action or proceeding if the District will so request.

Section 4.06. Compensation of the Trustee. The District will, from time to time, upon the written request of the Trustee, (a) pay to the Trustee reasonable compensation for its services as agreed to by the District and the Trustee from time to time (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and (b) reimburse the Trustee for all reasonable advances and expenditures, including but not limited to, advances to and reasonable fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of its powers and duties hereunder. Compensation under this Section (except the initial fee which is included in Costs of Issuance) is to be paid as Supplemental Rent as set forth in **Section 4.02**. The Trustee will have a first lien against the Trust Estate for its reasonable costs, fees, expenses and advancements hereunder.

Section 4.07. Increased Basic Rent. Notwithstanding any other provision of this Lease, the Trustee and the District may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the District on any Basic Rent Payment Date to provide funds to pay the costs of (a) completion of the acquisition and construction of the Improvements, (b) repairing, replacing or restoring the Improvements, (c) improving, upgrading or modifying the Improvements, (d) the acquisition, purchase construction or equipping of additions to or expansions or remodeling or

modification of the Improvements, and (e) refunding any or all of the Certificates. Each such Supplemental Lease will include an amended **Exhibit A** reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date. Such amended **Exhibit A** shall also include an estimate of the Mandatory Reserve Fund Deposits, if any, due on each Basic Rent Payment Date.

ARTICLE V

ACQUISITION, CONSTRUCTION, EQUIPPING AND INSTALLATION OF THE IMPROVEMENTS

Section 5.01. Acquisition, Construction and Installation. The District represents, warrants, covenants and agrees as follows:

(a) It has entered into or will enter into the Construction Agreement providing for the construction of the Improvements in accordance with K.S.A. 75-37,125 and the plans and specifications for the Improvements prepared by an engineer licensed to practice in Kansas and provided by the ESCO or will construct the Improvements with District employees in accordance with the plans and specifications K.S.A. 75-37,125 and the plans and specifications for the Improvements prepared by an engineer licensed to practice in Kansas and provided by the ESCO;

(b) It will cause the acquisition, construction, equipping and installation of the Improvements to be completed with all reasonable dispatch in accordance with the applicable provisions of this Lease;

(c) All contracts entered into or to be entered into by the District relating to such work will be in accordance with all applicable requirements of the laws of the State and will have the performance bonds required by **Section 7.01(f)**;

(d) It has obtained or will obtain all necessary or required permits, licenses, consents and approvals that are material for the purchase, construction, installation, operation and maintenance of the Improvements and will comply with all lawful requirements of any governmental body regarding the use or condition of the Improvements, whether existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other change to the Improvements and irrespective of the cost of so complying;

(e) It will pay all fees, costs and expenses incurred in completing the Improvements or, to the extent there are moneys in the Improvement Fund available for Improvement Costs, will request the Trustee to make such payments from the Improvement Fund in the manner hereinafter and in the Declaration of Trust provided; and

(f) It will ask, demand, sue for and use its best efforts to recover and receive such sums of money, debts or other demand to which it may be entitled under any

contract, order, receipt, guaranty, warranty, writing or instruction in connection with the purchase, construction and installation of the Improvements, and it will use its best efforts, to the extent economically reasonable, to enforce the provisions of any contract, agreement, obligation, bond or other security in connection therewith, and any such amounts received in connection with the foregoing, after deduction of expenses incurred in recovering such amounts, will be paid to the Trustee for deposit in the Improvement Fund if the Completion Date has not occurred or for deposit in the Lease Revenue Fund Account if the Completion Date has occurred.

If the purchase, construction and installation of the Improvements or any portion thereof is delayed or fails to occur for any reason and there are moneys remaining in the Improvement Fund on the third anniversary of the date of this Lease, the Basic Rent payable under this Lease shall be prepaid pursuant to **Section 10.02(b).** Notwithstanding the foregoing, if the purchase, construction and installation of the Improvements is delayed or fails to occur for any reason, there will be no diminution in or postponement of the payments to be made by the District hereunder.

The District may elect for any reason to substitute or add other improvements to public school facilities (the "Substitute Improvements") to the list of Improvements attached hereto as **Exhibit B** provided the following conditions are met: (1) the District has obtained an energy audit or amended energy audit or study from the ESCO showing that the Improvements (specifically including any Substitute Improvement) are designed to provide energy and operational savings at least equivalent to the amount expended by the District for such Improvements over a period of not more than 30 years after the Improvements are installed or become operational; (2) the District has obtained from the ESCO plans for the proposed Substitute Improvements prepared by an engineer licensed to practice in Kansas; and (3) the District has obtained an opinion of Special Tax Counsel that the use of the proceeds of the Certificates to pay the Eligible Improvement Costs related to the Substitute Improvement is permissible under K.S.A. 75-37,125.

The District shall not enter into any contract for the construction of any Improvement (including any Substitute Improvement) listed on **Exhibit B** attached hereto in excess of the total cost shown on **Exhibit B** unless the following conditions are met: (1) the District has obtained an amended energy audit or study from the ESCO showing that the Improvements are designed to provide energy and operational savings at least equivalent to the amount expended by the District for such Improvements over a period of not more than 30 years after the Improvements are installed or become operational; (2) the District has sufficient funds to pay any additional costs and (3) the District has obtained an opinion of Special Tax Counsel that the use of the proceeds of the Certificates to pay the Eligible Improvement Costs related to the Substitute Improvement is permissible under K.S.A. 75-37,125.

The Trustee is not the agent or representative of the District, and the District is not the agent of the Trustee, and this Lease will not be construed to make the Trustee liable to materialmen, contractors, subcontractors, craftsmen, laborers or others for goods or services delivered by them in connection with the Improvements, or for debts or claims accruing to the aforesaid parties against the District. This Lease will not create any contractual relation either expressed or implied between the Trustee and any materialmen, contractors, subcontractors, craftsmen, laborers or any other person supplying any work, labor or materials in connection with the Improvements. Notwithstanding anything herein or in the Declaration of Trust to the contrary, during the Lease Term, the Trustee will not be deemed to exercise control over or be an operator or owner of the Improvements and will not be responsible or liable for the operation, use and maintenance of the Improvements.

Section 5.02. Payment for Construction of the Improvements. In compliance with **Section 6.04** of the Declaration of Trust, costs and expenses of every nature incurred in the construction of the Improvements that qualify as Eligible Improvement Costs will be paid by the Trustee from the Improvement Fund upon receipt by the Trustee of a completed request of the District signed by the Authorized Representative of the District and the Contractor and containing the statements, representations and certifications set forth in the form of such request attached to the Declaration of Trust as **Exhibit B**.

Payment for the Costs of Issuance will be paid by the Trustee from the Costs of Issuance Account upon receipt by the Trustee of a completed request of the District signed by the Authorized Representative of the District and containing the statements, representations and certifications set forth in the form of such request attached to the Declaration of Trust as **Exhibit B.** Any Costs of Issuance in excess of $32,000 shall be paid by the District as Supplemental Rent and shall not be paid from the Improvement Fund.

In making disbursements for Costs of Improvements, the Trustee will be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative of the District without inquiry or investigation. It is understood that the Trustee will *not* make any inspections of the Improvements nor any improvements thereon, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the construction or installation of the Improvements. The approval of each requisition certificate by the Authorized Representative of the District will constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Improvement Fund and the Costs of Issuance Account have been completed.

Section 5.03. Completion Date; Excess Funds. The Completion Date will be evidenced to the Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the District (the "Completion Certificate") stating (a) the date on which the Improvements were substantially completed, (b) that all other facilities necessary in connection with the Improvements have been purchased, constructed and installed, (c) that the Improvements and such other facilities have been purchased, constructed, made and installed in accordance with the plans and specifications therefor and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Costs of Improvements described in clause (e), all Costs of Improvements have been paid, and (e) the amounts, if any, to be retained in the Improvement Fund for the payment of Costs of Improvements, if any, not yet due or Costs of Improvements whose liability the District is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the District that then exist or may subsequently come into being against third parties. Any amounts remaining in the Improvement Fund that are not needed to pay any remaining Costs of Improvements will be transferred by the Trustee without further authorization to the Lease Revenue Fund.

Notwithstanding the foregoing, on the third anniversary date of the Commencement Date of this Lease, the Trustee shall transfer all moneys remaining in the Improvement Fund to the Prepayment Fund and such moneys shall be treated as a prepayment of Basic Rent payable under this Lease pursuant to **Section 10.02(a).**

Section 5.04. Warranties. The Trustee hereby assigns to the District for and during the Lease Term, all of its interest in all warranties, guarantees or other contract rights against any architect, contractor, subcontractor or supplier, expressed or implied, issued on or applicable to the Improvements,

and the Trustee hereby authorizes the District to obtain the customary services furnished in connection with such warranties, guarantees or other contract rights at the District's expense. The District's sole remedy for the breach of such warranties, guarantees or other contract rights will be against any architect, contractor, subcontractor or supplier, and not against the Trustee, nor will such matter have any effect whatsoever on the rights of the Trustee with respect to this Lease, including the right to receive full and timely Basic Rent Payments and Supplemental Rent Payments. The District expressly acknowledges that the Trustee does not make nor has it made any representation or warranty whatsoever as to the existence or availability of such warranties, guarantees or other contract rights of the manufacturer or supplier of any portion of the Improvements.

Section 5.05. DISCLAIMER OF WARRANTIES. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE IMPROVEMENTS OR ANY PART THEREOF, OR WARRANTY WITH RESPECT THERETO. IN NO EVENT WILL THE TRUSTEE BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF THE IMPROVEMENTS OR ANY PART THEREOF.

Section 5.06. Deficiency of Improvement Fund. If the Improvement Fund is insufficient to pay fully all Costs of Improvements and to complete fully the Improvements lien free, the District will pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same becomes due. The Trustee is not obligated to pay and will not be responsible for any such deficiency, and the District will save the Trustee whole and harmless from any obligation to pay such deficiency.

ARTICLE VI

IMPOSITIONS

Section 6.01. Impositions. The District will bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Real Property or Improvements, including any 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 general governmental charges and impositions whatsoever, foreseen or unforeseen, that if not paid when due would impair the security of the Trustee or encumber the Real Property or Improvements (all of the foregoing being herein referred to as "Impositions").

Section 6.02. Contest of Impositions. The District will have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition that the District is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least ten days before the contested Imposition becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee notifies the District that, in the Opinion of Counsel, by nonpayment of any such items the interest of the Trustee in the Real Property or Improvements will be endangered or the Real Property or Improvements or any part thereof will be subject to loss or forfeiture, in which event the District will promptly pay such taxes,

assessments or charges or provide the Trustee with full security against any loss that may result from nonpayment in form satisfactory to the Trustee. The Trustee agrees to cooperate with the District in connection with any and all administrative or judicial proceedings related to Impositions. The District will hold the Trustee whole and harmless from any costs and expenses the Trustee may incur with respect to any Imposition.

ARTICLE VII

INSURANCE; INDEMNITY

Section 7.01. Insurance Required. The District will, during the Lease Term, cause the Improvements to be kept continuously insured against such risks customarily insured against for equipment such as the Improvements and will pay (except as otherwise provided herein), as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance: (a) casualty insurance insuring the Improvements against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks in an amount at least equal to the then applicable Purchase Price of the Improvements, (b) liability insurance that protects the Trustee from liability in all events, and (c) workers' compensation coverage as required by the laws of the State. All such casualty insurance will contain a provision making any losses payable to the Trustee and the District, as their respective interests may appear.

Not less than 15 days prior to the expiration dates of the expiring policies, originals or copies of the certificates evidencing such insurance will be delivered by the District to the Trustee. All policies of such insurance, and all renewals thereof, will contain a provision that such insurance may not be cancelled by the issuer thereof without at least 30 days' written notice to the District and the Trustee. Not less than annually, the District will provide a current certificate evidencing that the District is in compliance with the requirements of this Section to the Trustee.

Nothing in this Lease will be construed as preventing the District from satisfying the insurance requirements herein set forth by using blanket policies of insurance or self-insurance provided each and all of the requirements and specifications of this Lease respecting insurance are complied with.

The District may elect to be self–insured for all or any part of the foregoing requirements of this **Section 7.01** if (i) the District annually obtains a written evaluation with respect to such self-insurance program from an individual or firm selected by the District and acceptable to the Trustee qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the District and having a favorable reputation for skill and experience in making such surveys and recommendations (an "Insurance Consultant"), (ii) the evaluation is to the effect that the self-insurance program is sound, (iii) unless the evaluation states that such reserves are not necessary, the District maintains adequate reserves for the self-insurance program, and (iv) in the case of workers' compensation, adequate reserves created by the District for such self-insurance program are maintained in such amount and manner as are acceptable to the State. The District will pay any fees and expenses of such Insurance Consultant in connection therewith.

Section 7.02. Enforcement of Contract and Surety Bonds. In the event of material default of any contractor or subcontractor under a Construction Agreement or any other contract made in connection with the acquisition, construction and installation of the Improvements, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the District will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the

District against the contractor or subcontractor in default and against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the District of any amounts theretofore paid by the District not previously reimbursed to the District for correction or remedying of the default that gave rise to the proceedings against the contractor or subcontractor or surety, will be paid to the Trustee for deposit in the Improvement Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under this Lease.

Section 7.03. Release and Indemnification. To the extent permitted by law, the District will indemnify, protect, hold harmless, save and keep the Trustee harmless from and against any and all liability, obligation, loss, claim, tax (other than income taxes or other taxes on or attributable to Rent Payments, if any, that are received by the Trustee in its individual capacity) and damage whatsoever and all expenses in connection therewith (including, without limitation, attorneys' fees and expenses) that are not caused by the gross negligence or willful misconduct of the Trustee, its agents, directors, attorneys or employees arising out of or as the result of (a) the entering into of this Lease or the Declaration of Trust, (b) the acquisition, construction and installation of the Improvements, (c) injury, actual or claimed, of whatsoever kind or character, to property or persons, occurring or allegedly occurring in, on or about the Real Property or Improvements during the Lease Term, and/or (d) the breach of any covenant by the District herein or any material misrepresentation by the District contained herein; provided that the District will have the right to conduct the Trustee's defense through counsel designated by the District and approved by the Trustee, which approval will not be unreasonably withheld and, provided further, that Trustee will be entitled to retain separate counsel, at the expense of the District, should counsel selected by the District fail to actively and competently pursue a defense. The indemnification arising under this Section will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease and the Declaration of Trust for any reason.

ARTICLE VIII

COVENANTS OF THE DISTRICT

Section 8.01. Maintenance and Modification of Improvements by the District. The District will at its own expense (a) keep the Improvements in a safe condition, (b) with respect to the Improvements, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Improvements in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the District will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Improvements the maintenance, repair, replacement or renewal of which becomes uneconomical to the District because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The District will not permit or suffer others to commit a nuisance in or about the Real Property or Improvements or itself commit a nuisance in connection with its use or occupancy of the Improvements. The District will pay all costs and expenses of operation of the Improvements.

The District may, also at its own expense, make from time to time any additions, modifications or improvements to the Improvements that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Improvements. All additions, modifications or improvements made by the District pursuant to the authority of this Section will (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Improvements.

During the Lease Term, the Real Property and Improvements will be used by the District only for the purpose of performing essential governmental or proprietary functions of the District consistent with the permissible scope of the District's authority.

Section 8.02. Tax Covenants.

(a) The District covenants and agrees that (1) it will comply with the provisions of the Tax Compliance Agreement and with all applicable provisions of the Code, including Sections 54A and 54E, necessary to cause this Lease to be a Qualified Zone Academy Bond and (2) it will not use or permit the use of any proceeds of Certificates or any other funds of the District nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the ability of this Lease to be a Qualified Zone Academy Bond. The District will, in addition, adopt such other resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that this Lease will remain a Qualified Zone Academy Bond to the extent any such actions can be taken by the District. Notwithstanding any other provision of this Lease, failure of the District to ensure that this Lease will remain a Qualified Zone Academy Bond and to comply with this Section 8.02 will not be considered a default or an Event of Default under this Lease.

(b) The schools where the Improvements will be installed or used in accordance with the school reform initiative are "qualified zone academies" under Section 54E of Code in that:

(i) the school reform initiative is a program established within the schools that is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce;

(ii) the students in the schools are subject to the same academic standards and assessments as other students educated by the District;

(iii) the comprehensive education plan of such schools is approved by the District; and

(iv) there is a reasonable expectation (as of the effective date of this Lease) that at least 35 percent of the students attending such schools will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

(c) The District has contributions and written commitments from private entities to make Qualified Contributions having a present value (as of the date of the effective date of this Agreement) of not less than 10% of the principal component of this Lease for the initiative. The written commitment is from Learn.com.

(d) The District covenants that 100 or more of the "Certificate Proceeds" (as hereinafter defined) will be used for Qualified Purposes at the Qualified Zone Academies and that the District owns and holds fee title to the Project to which all or a part of the Project may be or become a fixture. "Certificate Proceeds" means an amount equal to the proceeds of the sale of the Certificates to the Purchasers ($1,900,000), less not more than 2% thereof used to issuance costs, increased by all investment earnings on such sale proceeds.

(e) The Board of the District has authorized the execution and delivery of this Lease and has designated this Lease and the Certificates a Qualified Zone Academy Bond by board resolution on file with the Secretary of the District.

(f) The District qualifies as a local education agency as defined in Code Section 54E(d)(2) and Section 9101 of the Elementary and Secondary Education Act of 1965.

(g) To the best of our knowledge and belief, the amount of the QZABs represented by this Lease, issued by the District and approved by the Department of Education of the State, will not cause the State's QZAB allocation under the Code to be exceeded. Further, except for the approvals by the Board of the District and the State Department of Education, no other governmental or regulatory approvals are required as a condition of execution and delivery of this Lease.

(h) The District will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including Sections 54A and 54E thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order for this Agreement to qualify as a Qualified Zone Academy Bond under Section 54E and to maintain the tax credits under Section 54A for the Certificate holders.

Section 8.03. The District's Continuing Existence. The District will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic.

ARTICLE IX

CASUALTY AND CONDEMNATION

Section 9.01. Damage, Destruction and Condemnation. The District will bear the risk of loss with respect to the Improvements during the Lease Term. If (a) the Improvements or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Real Property or Improvements or any part thereof will be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the District will cause the Net

Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Improvements, unless the District has exercised its option to purchase the Trustee's interest in the Improvements by making payment of the Purchase Price as provided herein. Any balance of the Net Proceeds remaining after such work has been completed will be paid to the District and will be held and appropriated by the District for the exclusive purpose of paying Rent under this Lease.

If the District determines that the repair, restoration, modification or improvement of the Improvements is not economically feasible or in the best interest of the District, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the District will promptly purchase the Improvements pursuant to **Section 10.01** by paying the Purchase Price. The Net Proceeds will be applied by the District to payment of the Purchase Price. Any balance of the Net Proceeds remaining after paying the Purchase Price will belong to the District.

Section 9.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in **Section 9.01** and the District has not elected to purchase the Improvements pursuant to **Section 10.01**, the District will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the District makes any payments pursuant to this Section, the District will not be entitled to any reimbursement therefor from the Trustee nor will the District be entitled to any diminution of Rent.

ARTICLE X

OPTION TO PURCHASE; PARTIAL PREPAYMENT

Section 10.01. Prepayment in Whole; Purchase Option.

Extraordinary Optional Prepayment. In the event of substantial damage to or destruction or condemnation (other than condemnation by the District or any entity controlled by or otherwise affiliated with the District) of, or loss of title to, substantially all of the Real Property or Improvements, or if, as a result of changes in the Constitution of the State or legislative or administrative action by the State or the United States, or the Base Lease or Lease becomes unenforceable, and the Improvements are not repaired or replaced, then the District will have the option to purchase the Improvements, in whole, on the date the District specifies as the purchase date in the District's notice to the Trustee of its exercise of the purchase option (the "Extraordinary Optional Prepayment Date"), upon payment in full of a Purchase Price equal to (i) the Principal Portion of Basic Rent Payments, plus (ii) the Interest Portion of Basic Rent Payments (calculated at the Interest Rate) accrued to the Extraordinary Optional Prepayment Date, plus (iii) accrued interest on the Principal Portion of the Basic Rent Payments called for prepayment to the Extraordinary Optional Prepayment Date. The District shall give the Trustee at least 30 days' written notice prior to the Extraordinary Optional Prepayment Date.

Section 10.02. Partial Prepayment or Prepayment in Whole.

(a) Optional Prepayment (i) On any date (the "Optional Prepayment Date"), upon payment in full to the Trustee of a Purchase Price (if purchasing Improvements under (iii) below) or Prepayment Price (if prepaying a portion of Basic Rent under (iv) below) equal to (i) the Principal Portion of Basic Rent Payments called for prepayment, plus (ii) the Interest Portion of Basic Rent Payments

(calculated at the Interest Rate) accrued to the Optional Prepayment Date, plus (iii) any additional amount necessary to provide for the payment or redemption of the Certificates or portions thereof at the Optional Prepayment Date, the District will have (iii) the option to purchase the Improvements on the Optional Prepayment Date, if all of the Principal Portion of Basic Rent Payments, accrued Interest Portion thereon and all Certificates are being prepaid on the Optional Prepayment Date, or (iv) the option to prepay a portion of the Basic Rent Payments, if less than all of the Principal Portion of Basic Rent Payments, accrued Interest Portion thereon and Certificates are being prepaid on the Optional Prepayment Date; or

(ii) On any date, upon the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, that are or will be sufficient to satisfy, to the Optional Prepayment Date (occurring on any date), (i) the Principal Portion of Basic Rent Payments called for prepayment, plus (ii) the Interest Portion of Basic Rent Payments (calculated at the Interest Rate) accrued to the Optional Prepayment Date, plus (iii) any additional amount necessary to provide for the payment or redemption of the Certificates or portions thereof at the Optional Prepayment Date, the District will have the option to purchase the Improvements, if payment of all of the Principal Portion of Basic Rent Payments, accrued Interest Portion thereon and all Certificates on the Optional Prepayment Date is being satisfied by such deposit of cash or Government Obligations, or the option to prepay a portion of the Basic Rent Payments, if payment of less than all of the Principal Portion of Basic Rent Payments, accrued Interest Portion thereon and Certificates on the Optional Prepayment Date is being satisfied by such deposit of cash or Government Obligations.

The District shall give the Trustee at least 30 days' written notice prior to the Optional Prepayment Date to be established in subsection (a)(i) above or prior to the irrevocable deposit date in subsection (a)(ii) above. Upon any partial prepayment pursuant to this **Section 10.02(a)**, the amount of each Interest Portion of Basic Rent coming due thereafter will be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual Interest Rate corresponding to such prepaid Principal Portion as shown on **Exhibit A**.

(b) Extraordinary Mandatory Prepayment from Unexpended Certificate Proceeds. In the event moneys are remaining in the Improvement Fund at the close of the Expenditure Period, then the District shall purchase that portion of the Improvements equal to the unexpended moneys in the Improvement Fund at the close of the Expenditure Period, rounded up to the next highest $5,000 denomination. The Prepayment Price pursuant to this Section shall equal 100% of the Principal Portion of Basic Rent called for prepayment plus Interest Portions of Basic Rent accrued to the Prepayment Date. Under Section 54A of the Code, the District may apply to the IRS for an extension of the Expenditure Period. If the District requests an extension and the IRS approves the request, the Improvements will be subject to extraordinary mandatory prepayment, in whole or in part, on a date that is not more than 90 days after the end of the Extension Period, at the Prepayment Price and in the amount as described above.

Upon any partial prepayment pursuant to this **Section 10.02(b)**, the amount of each Interest Portion of Basic Rent coming due thereafter will be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual Interest Rate corresponding to such prepaid Principal Portion as shown on **Exhibit A**.

The District is not required to give the Trustee any advance written notice prior to the date of purchase pursuant to this **Section 10.02(b)**.

Section 10.03. Determination of Fair Rent and Purchase Price. The District hereby agrees and determines that the Rent hereunder during the Lease Term represents the fair value of the use of the

Improvements and that the Purchase Price required to exercise the District's option to purchase the Trustee's interest in the Improvements pursuant to **Sections 10.01** and **10.02** represents, as of the end of the Lease Term, the fair Purchase Price of the Improvements. The District hereby determines that the Rent does not exceed a reasonable amount so as to place the District under an economic practical compulsion to renew this Lease or to exercise its option to purchase the Improvements hereunder. In making such determinations, the District has given consideration to the Costs of the Improvements, the uses and purposes for which the Improvements will be employed by the District, the benefit to the District by reason of the acquisition, construction, equipping, making and installation of the Improvements and the use and occupancy of the Improvements pursuant to the terms and provisions of this Lease and the District's option to purchase the Improvements. The District hereby determines and declares that the acquisition, construction and installation of the Improvements and the leasing of the Real Property and Improvements pursuant to this Lease will result in a Improvements of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition, construction and installation of the Improvements were performed by the District other than pursuant to this Lease. The District hereby determines and declares that the maximum Lease Term does not exceed the useful life of the Improvements.

ARTICLE XI

ASSIGNMENT

Section 11.01. Assignment and Subleasing by the District. Except as hereinafter expressly provided, none of the District's right, title and interest in, to and under the Base Lease, this Lease and in the Real Property or Improvements may be assigned or encumbered by the District for any reason; except that the District may sublease any one or more parts of the Real Property or Improvements if the District obtains an Opinion of Special Tax Counsel that such subleasing will not adversely affect the status of this Lease as a Qualified Zone Academy Bond. Any such sublease of all or part of the Real Property or Improvements will be subject to the Base Lease, this Lease and the rights of the Trustee in, to and under the Base Lease, this Lease, the Real Property and the Improvements.

ARTICLE XII

EVENTS OF DEFAULT

Section 12.01. Events of Default Defined. Any of the following will constitute an "Event of Default" under this Lease:

(a) Failure by the District to make any deposits required by **Section 4.01** to pay Basic Rent in the Lease Revenue Fund at the time specified herein;

(b) Failure by the District to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the District by the Trustee;

(c) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such

failure and requesting that it be remedied is given to the District by the Trustee, unless the Trustee will agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the District in or pursuant to this Lease or the execution, delivery or performance of either of them proves to have been false, incorrect, misleading or breached in any material respect on the date when made;

(e) Any provision of this Lease at any time for any reason ceases to be valid and binding on the District, or is declared null and void, or the validity or enforceability thereof is contested by the District or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The District becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the District or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the District or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the District or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the District, is consented to or acquiesced in by the District or is not dismissed within 60 days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the District, the Trustee may declare all Rent payable by the District hereunder to the end of the then current Lease Term to be due;

(b) With or without terminating this Lease, the Trustee may take possession of the Improvements, and sell the Trustee's interest in the Improvements or lease the Improvements or, for the account of the District, sublease the Improvements continuing to hold the District liable for the difference between (i) the Rent payable by the District hereunder for the Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under this Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Improvements and all brokerage, auctioneers and attorneys' fees and expenses);

(c) The Trustee may terminate any rights the District may have in any moneys held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Improvements and under the Base Lease and this Lease.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive and every such remedy will be cumulative and will be in addition to every other remedy given under this Lease now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power or will 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 Trustee to exercise any remedy reserved to it in this Article it will not be necessary to give any notice, other than such notice as may be required in this Article.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Notices. All notices, certificates or other communications to be given or to be served upon any party in connection with this Lease will be given in accordance with **Section 12.03** of the Declaration of Trust.

Section 13.02. Title to Personal Property. Title to any portion of the Improvements that constitutes personal property will vest in the District subject to Trustee's rights under this Lease; provided that title thereto will thereafter immediately and without any action by the District vest in Trustee and the District will immediately surrender possession thereof to Trustee upon (i) any termination of this Lease without the District exercising its option to purchase pursuant to **Section 10.01** or **Section 10.02** or (ii) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to Trustee pursuant to this Section will occur automatically without the necessity of any deed, bill of sale, certificate of title or other instrument of conveyance. Nevertheless, the District will execute and deliver any such instruments as the Trustee may request to evidence such transfer.

Section 13.03. Security Interest. To secure the payment of all of the District's obligations under this Lease, to the extent permitted by law, the Trustee retains a security interest in that portion of the Improvements consisting of personal property or fixtures and on all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom. The District will execute all additional documents, including financing statements, affidavits, notices and similar instruments that are necessary or appropriate to establish and maintain such security interest. The District hereby authorizes the filing of financing statements under the Uniform Commercial Code in connection with any security interest granted hereunder.

Section 13.04. Binding Effect. This Lease will inure to the benefit of and will be binding upon the Trustee and the District and their respective successors and assigns.

Section 13.05. Amendments, Changes and Modifications. This Lease may not be effectively amended, changed, modified, altered or supplemented except with the written consent of the Trustee and the District and as provided in the Declaration of Trust.

Section 13.06. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents will be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Remainder of Page Intentionally Left Blank

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

SEDGWICK COUNTY UNIFIED SCHOOL DISTRICT NO. 261, HAYSVILLE, KANSAS

(SEAL)

By: _____
Susan Walston
President of the Board of Education

ATTEST:

_____
Debra M. Coleman
Clerk of the Board of Education

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF SEDGWICK)

On this ____ day of January, 2012 before me, the undersigned, a Notary Public, appeared Susan Walston, to me personally known, who, being by me duly sworn, did say that she is the President of the Board of Education of **SEDGWICK COUNTY UNIFIED SCHOOL DISTRICT NO. 261, HAYSVILLE, KANSAS,** a body politic and corporate duly authorized, incorporated and existing under and by virtue of the laws of the State of Kansas, and that the approval of the foregoing instrument was signed on behalf of said School District by authority of its Board of Education, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said School District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year last above written.

_____
Printed Name: _____
Notary Public in and for said State

My commission expires: _____

IN WITNESS WHEREOF, the Trustee and the District have caused this Lease Purchase Agreement to be executed by their respective authorized officials and officers, all as of the day and year first above written.

SECURITY BANK OF KANSAS CITY, as Trustee

By: _____
Pete Gardner
Assistant Vice President

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF WYANDOTTE)

On this ____ day of January, 2012, before me, the undersigned, a Notary Public in and for said State, appeared Pete Gardner, to me personally known, who, being by me duly sworn, did say that he is the Assistant Vice President of Security Bank of Kansas City, a state banking corporation and that the seal affixed to the foregoing instrument is the corporate seal of said association, and that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year last above written.

_____
Printed Name: _____
Notary Public in and for said State

My commission expires: _____

EXHIBIT A

TO LEASE PURCHASE AGREEMENT DATED JANUARY __, 2012, BETWEEN SEDGWICK COUNTY UNIFIED SCHOOL DISTRICT NO. 261, HAYSVILLE, KANSAS, AND SECURITY BANK OF KANSAS CITY, KANSAS CITY, KANSAS.

SCHEDULE OF BASIC RENT PAYMENTS FOR THE SERIES 2012 CERTIFICATES

See Attached

EXHIBIT B

LEGAL DESCRIPTION

The land together with the buildings and improvements thereon situated in Sedgwick County, Kansas and commonly known as Campus High School, 2100 W. 55th Street South, Wichita, Kansas 67217, and more particularly bounded and described as follows:

EXHIBIT C

SCHEDULE OF THE IMPROVEMENTS