

**SUPPLEMENTAL AGREEMENT**

**dated as of July 14, 2026,**

**between the**

**CITY OF CHINO**

**and**

**BMO BANK N.A.**

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## **SUPPLEMENTAL AGREEMENT**

This **SUPPLEMENTAL AGREEMENT**, dated as of July 14, 2026 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this “Supplemental Agreement”), between the **CITY OF CHINO**, a municipal corporation and general law city duly organized and existing under the Constitution and the laws of the State of California (the “City”) and **BMO BANK N.A.** (the “Bank”).

### **RECITALS**

**WHEREAS**, the City desires to finance the costs associated with the acquisition of the certain real property located at 13272 6th Street, Chino, California, and related project costs, for future City use (as more particularly defined in the hereinafter defined Lease Agreement, the “Project”);

**WHEREAS**, the City and the City of Chino Public Financing Authority (the “Authority”) have determined that it would be in the best interests of the City and residents of the City to authorize the preparation, sale and delivery of the “City of Chino Public Financing Authority 2026 Lease Revenue Bond” (the “Bond”) for the purpose of financing the Project;

**WHEREAS**, to facilitate the issuance of the Bond, the City will lease certain real property and the improvements thereto comprising the Senior Center (collectively, as more particularly defined in the Lease Agreement, the “Property”) to the Authority pursuant to a Ground Lease, dated as of July 1, 2026 (as more particularly defined in the Lease Agreement, the “Ground Lease”), and the City will sublease the Property back from the Authority pursuant to a Lease Agreement, dated as of July 1, 2026 (as more particularly defined herein, the “Lease Agreement”);

**WHEREAS**, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to finance all or a portion of the Project through the issuance by the Authority of the Bond payable from the base rental payments (the “Base Rental Payments”) to be made by the City under the Lease Agreement;

**WHEREAS**, all rights to receive the Base Rental Payments have been assigned without recourse by the Authority to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) pursuant to an Assignment Agreement, dated as of July 1, 2026 (as more particularly defined in the Lease Agreement, the “Assignment Agreement”);

**WHEREAS**, the City and the Authority have determined that it would be in the best interests of the City and the Authority to cause the Authority to sell the Bond to the Bank; and

**WHEREAS**, the Bank has agreed to purchase the Bond, and as a condition to such purchase, the Bank has required the City to enter into this Supplemental Agreement.

**NOW, THEREFORE**, to induce the Bank to purchase the Bond, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the City and the Bank hereby agree as follows:

**ARTICLE I**  
**DEFINITIONS**

**Section 1.01 Certain Defined Terms.** Capitalized terms used herein but not otherwise defined shall have the meanings ascribed thereto in the Lease Agreement. In addition to the terms defined in the recitals and elsewhere in this Supplemental Agreement and the Lease Agreement, the following terms shall have the following meanings:

“Asbestos Containing Materials” means material in friable form containing more than 1% of the asbestiform varieties of (a) chrysotile (serpentine), (b) crocidolite (ricbeckite), (c) amosite (cummington-itegrinerite), (d) anthophyllite, (e) tremolite, and (f) actinolite.

“Bank” means BMO Bank N.A., and its successors and assigns.

“Base Rate” means a fluctuating rate per annum equal to the highest of (i) the Prime Rate, (ii) the Federal Funds Rate plus 2.00% per annum, (iii) Daily Simple SOFR Rate plus 3.00% per annum, or (iv) 7.00% per annum; *provided, however*, that in no event shall the Base Rate exceed the Maximum Rate. Interest at the Base Rate shall be computed on the basis of a 360-day year and the actual number of days elapsed.

“Bond” means the City of Chino Public Financing Authority 2026 Lease Revenue Bond issued pursuant to the Indenture.

“City Long-Term Borrowing General Fund Obligation” means any long-term obligations to third parties in respect of borrowed moneys payable from the general fund of the City, including without limitation lease payments in connection with certificates of participation and lease revenue bonds, but excluding equipment leases. As of the Closing Date, no City Long-Term Borrowing General Fund Obligations are outstanding.

“City Long-Term Borrowing General Fund Obligation Issuing Document” means any Contract or resolution authorizing or evidencing the issuance or incurrence of any City Long-Term Borrowing General Fund Obligation.

“City Long-Term Borrowing General Fund Obligation Ratings” means the long-term unenhanced ratings assigned by one or more Rating Agencies to any City Long-Term Borrowing General Fund Obligation.

“Closing Date” means July 14, 2026.

“Contract” means any indenture, contract, agreement (other than this Supplemental Agreement), other contractual restriction, lease, mortgage, instrument, guaranty, certificate of incorporation, charter or by-law.

“Daily Simple SOFR Rate” means a daily rate based on SOFR and determined by the Bank in accordance with the conventions for such rate selected by the Bank.

“Default” means any event or condition that, with notice, the passage of time or both, would constitute an Event of Default.

“Default Rate” means the Base Rate plus 4.000% per annum.

“Environmental Regulations” means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, “CERCLA”), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, “RCRA”), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, “Title III”), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, “CWA”), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, “CAA”) and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.) (together with the regulations promulgated thereunder, “TSCA”), and any similar state or local Laws and Regulations and any so-called local, state or federal “superfund” or “superlien” law.

“Event of Default” with respect to this Supplemental Agreement, has the meaning assigned to that term in the Indenture.

“Event of Insolvency” means, with respect to any Person, the occurrence of one or more of the following events:

(a) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of such Person;

(b) the commencement by or against such Person of a case or other proceeding seeking liquidation, reorganization or other relief with respect to such Person or its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Person or any substantial part of its property or there shall be appointed or designated with respect to it, an entity such as an organization, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared or introduced or proposed for consideration by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it;

(c) the making of an assignment for the benefit of creditors by such Person;

(d) the failure of such Person to generally pay its debts as they become due;

(e) a debt moratorium, debt adjustment, debt restructuring or comparable restriction with respect to the payment of any indebtedness of such Person is declared or imposed by such Person or by any governmental authority having jurisdiction over such Person;

(f) such Person shall admit in writing its inability to pay its debts when due; or

(g) the initiation of any actions to authorize any of the foregoing by or on behalf of such Person.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average (rounded upwards, if necessary to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Bank from three Federal funds brokers of recognized standing selected by it.

“Generally Accepted Accounting Principles” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the City.

“Hazardous Materials” has the meaning set forth in Section 4.10 hereof.

“Indenture” means the Indenture dated as of July 1, 2026, among the Authority, the City and the Trustee.

“Laws and Regulations” has the meaning set forth in Section 4.10 hereof.

“Lease Agreement” means the Lease Agreement, dated as of July 1, 2026, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Lease Documents” means the Ground Lease, the Lease Agreement, the Assignment Agreement, the Indenture, the Bond and this Supplemental Agreement.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business or operations of the City, (b) the ability of the City to carry out its business as of the Closing Date or as proposed in this Supplemental Agreement, the Lease Agreement or any other Lease Document to be conducted or to meet or perform its obligations under this Supplemental Agreement, the Lease Agreement or any of the other Lease Documents on a timely basis, (c) the validity or enforceability of this Supplemental Agreement, the Lease Agreement or any other Lease Document, (d) the rights or remedies of the Bank under this Supplemental Agreement, the Lease Agreement or any other Lease Document, or (e) the exemption of interest components of Base Rental Payments from State personal income taxes.

“Material Litigation” has the meaning assigned to such term in Section 4.05 hereof.

“Maximum Rate” means the lesser of (i) twelve percent (12%) per annum and (ii) the maximum rate of interest allowed by applicable law.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City and approved by the Bank.

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Person” means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Prime Rate” means an index for a variable interest rate which is quoted, published or announced by the Bank as its prime rate and as to which loans may be made by the Bank at, above or below such rate.

“Rating Agencies” or “Rating Agency” means one or all of Moody’s or S&P or, in the event that Moody’s or S&P no longer maintains a City Long-Term Borrowing General Fund Obligation Rating, any other nationally recognized bond rating agency acceptable to the Bank, but, in each instance, only so long as Moody’s, S&P or such other nationally recognized rating agency then maintains a City Long-Term Borrowing General Fund Obligation Rating.

“Release” has the meaning set forth in Section 4.10 hereof.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City and approved by the Bank.

“SOFR” means the secured overnight financing rate which is published by the Board of Governors of the Federal Reserve System and available at [www.newyorkfed.org](http://www.newyorkfed.org).

“State” means the State of California.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States

“Transactions” means the execution and delivery of the Lease Documents, the purchaser by the Bank of the Bond to finance the Project, the lease of the Property and the performance by the City of its obligations (including payment obligations) under the Lease Documents (including any amounts to reimburse the Bank for any advances or expenditures by it under any of the Lease Documents).

**Section 1.02 Construction.** Unless the context of this Supplemental Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereunder” and similar terms in this Supplemental Agreement refer to this Supplemental Agreement as a whole and not to any particular provision of this Supplemental Agreement. The Section headings contained in this Supplemental Agreement and the table of contents preceding this Supplemental Agreement are for reference purposes only and shall not control or affect the construction of this Supplemental Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Supplemental Agreement unless otherwise specified. Each exhibit, schedule and annex attached hereto is incorporated by reference herein and is a constituent part of this Supplemental Agreement.

**Section 1.03 Incorporation of Certain Definitions by Reference.** Any capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Indenture and the Lease Agreement, as applicable.

**Section 1.04 Accounting Terms and Determinations.** Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with Generally Accepted Accounting Principles consistently applied. In the event of changes to Generally Accepted Accounting Principles which become effective after the Closing Date, the City and the Bank agree to negotiate in good faith appropriate revisions of this Supplemental Agreement so as to perpetuate the meaning and effect of such provisions as originally negotiated and agreed upon.

## ARTICLE II

### THE CLOSING

**Section 2.01 Closing.** Upon the terms and conditions set forth herein, subject to fulfillment of each of the conditions precedent set forth in Article III hereof, and upon the basis of the representations set forth herein, the Bank hereby agrees to purchase from the Authority the Bond in an aggregate principal amount equal to \$3,225,000. The Bank shall transfer said purchase price (\$3,225,000) to the Trustee on or before the Closing Date, and shall authorize release of such funds upon the terms and conditions set forth herein, subject to fulfillment of each of the conditions precedent set forth in Article III hereof, and upon the basis of the representations set forth herein, and shall be applied as provided in the Indenture.

**Section 2.02 Calculation of Interest.** Computations of any interest rates payable hereunder or under the Lease Documents and the interest component of the Base Rental Payments shall be made as provided in the Indenture.

## ARTICLE III

### CONDITIONS PRECEDENT

**Section 3.01 Closing Conditions.** The Bank has agreed to purchase the Bond in reliance upon the representations, warranties and agreements of the City contained herein, and in reliance upon the representations, warranties and agreements of the City and the Authority to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the City of its obligations hereunder as of the Closing Date. Accordingly, the Bank's obligations under this Supplemental Agreement to purchase the Bond shall be conditioned upon the performance by the City of its obligations to be performed hereunder and under such documents and instruments on or prior to the Closing Date, and shall also be subject to the following additional conditions, including the delivery by the City of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Bank and its counsel; *provided that*, unless set forth in a separate section of this Supplemental Agreement or in a Lease Document other than this Supplemental Agreement, the City's obligation to satisfy any condition under this Section 3.01 shall exist only until the Closing Date and shall cease thereafter:

- (a) The following Authority documents:

(i) A copy of the resolution of the Authority approving the execution and delivery of the Lease Documents to which the Authority is a party and the other matters contemplated hereby and thereby, certified by the Secretary of the Authority as being true and complete and in full force and effect on the Closing Date.

(ii) Certified copies of the Authority's joint exercise of powers agreement, notice of a joint powers agreement filed with the Secretary of State and roster of public agencies filing and acknowledgment from the Secretary of State.

(iii) A certificate by the Secretary of the Authority certifying the names and signatures of the persons authorized to sign, on behalf of the Authority, the Lease Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following City documents:

(i) A copy of the resolution of City Council of the City approving the execution and delivery of the Lease Documents to which the City is a party and the other matters contemplated hereby and thereby, certified by the City Clerk of the City as being true and complete and in full force and effect on the Closing Date.

(ii) A certificate by the City Clerk of the City certifying the names and signatures of the persons authorized to sign, on behalf of the City, the Lease Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(iii) The following financing documents:

(iv) The Indenture.

(v) An executed original of each of the Ground Lease, the Lease Agreement, and the Assignment Agreement. .

(vi) Recording instructions for the recordation of such of the Lease Documents as may be required by the Bank and prepared by the City and Bond Counsel.

(vii) Certificates signed by an authorized representative of the City and an authorized representative of the Authority, respectively, stating that on and as of the Closing Date, copies of each of the Lease Documents to which it is a party furnished to the Bank are true, correct and complete copies of such documents, such documents were duly issued, adopted or executed and delivered, have not been modified, amended or rescinded and are in full force and effect on and as of the Closing Date, and such other customary matters as the Bank may reasonably request.

(viii) A certificate signed by an authorized representative of the City, stating that on and as of the Closing Date: (i) all requirements and preconditions to the execution and delivery of the Lease Documents shall have been satisfied; (ii) the City has complied with all agreements and covenants and satisfied all conditions stated in this Supplemental Agreement on its part to be performed or satisfied at or prior to the Closing Date; (iii) each representation and warranty on the part of the City contained in this Supplemental Agreement and the other Lease Documents is true and correct as though made on and as of such date; (iv) no City Long-Term Borrowing General Fund Obligations are outstanding; (v) no Default or Event of Default

has occurred and is continuing or would result from the execution or performance of this Supplemental Agreement or the other Lease Documents to which the City is a party; and (vi) and such other customary matters as the Bank may reasonably request.

(ix) A certificate of the Authority, signed by an authorized representative of the Authority, stating that on and as of the Closing Date (i) the representations and warranties of the Authority contained in the Lease Documents to which the Authority is a party are true and correct on and as of the Closing Date as though made on and as of such date; (ii) no default or event of default under the Lease Documents to which the Authority is a party has occurred and is continuing, or would result from the Authority's execution and performance of any of the Lease Documents to which the Authority is a party; (iii) all conditions precedent to the execution and delivery of the Lease Documents to which the Authority is a party have been satisfied; and (iv) and such other customary matters as the Bank may reasonably request.

(x) Confirmation that no CUSIP number has been assigned to the Bond and Bond has been issued in a single denomination and shall not be transferable except to an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act or a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act, in each case that has delivered a Purchaser Letter (in the form attached as Exhibit C to the Indenture) to the Authority, the City, the Trustee and Bond Counsel.

(xi) Certificates of insurance evidencing the satisfaction of the insurance requirements as set forth in Article VI of the Lease Agreement in form and substance satisfactory to the Bank; each policy (other than for worker's compensation) shall name the Bank as additional insured and loss payee.

(xii) A commitment from a title insurance company acceptable to the Bank in respect of the Property meeting the requirements as set forth in Section 6.02 of the Lease Agreement. Without limiting the foregoing, the Title Policy shall: (i) be in the amount of not less than the initial principal amount of the Bond; (ii) shall insure the Bank's interests in the leasehold estate established under the Lease Agreement; (iii) be subject only to such liens and other exceptions as shall be approved by the Bank; (iv) name the Bank as an insured party thereunder; and (v) contain such endorsements and affirmative insurance as the Bank may request.

(xiii) The most recent adopted budget of the City and the audited financial statements of the City for the fiscal years ended June 30, 2023, 2024 and 2025.

(xiv) True and correct copies of any and all governmental approvals necessary for the City to enter into this Supplemental Agreement and the City and the Authority to enter into the other Lease Documents to which it is a party and the transactions contemplated thereby and hereby and not otherwise covered by Section 3.01(a)(i) or Section 3.01(b)(i) hereof.

(xv) Certificates and opinions related to the Trustee to the satisfactory of the Bank.

(xvi) Such other certifications as to matters of fact, due authorization, execution and delivery by the parties thereto of the Lease Documents, evidence of corporate

authority, copies of governmental consents, permits, licenses and approvals, and other documents as shall be reasonably requested by the Bank, and the form and substance of any order or other official action granting any consent, permit, license or approval shall be satisfactory to the Bank.

(c) The following opinions, addressed to the Bank or on which the Bank is otherwise expressly authorized to rely:

(i) From general counsel to the Authority, as to the due authorization, execution and delivery of each of the Lease Documents to which it is a party, their validity, binding effect and enforceability, and such other customary matters as the Bank may reasonably request.

(ii) From the City Attorney of the City, as to the due authorization, execution and delivery of each of the Lease Documents to which it is a party, their validity, binding effect and enforceability, and such other customary matters as the Bank may reasonably request.

(iii) From Bond Counsel, in customary form, an approving opinion to the effect that the Lease Documents have been duly authorized and validly executed and delivered, that the interest components of Base Rental Payments are exempt from State personal income taxes, and as to such other customary matters as the Bank may reasonably request.

(iv) From counsel to the Trustee, standard opinions relating to the Trustee acceptable to the Bank.

(d) Other conditions:

(i) Each representation and warranty contained in this Supplemental Agreement and the other Lease Documents is true and correct.

(ii) No Default or Event of Default has occurred and is continuing or would result from the execution or performance of this Supplemental Agreement or the other Lease Documents.

(iii) Since the most current date of the information, financial or otherwise, supplied by the City to the Bank, there has been no change in the assets, liabilities, financial position or results of operations of the City which might reasonably be anticipated to cause a Material Adverse Effect and the City has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.

(iv) The Bank shall be reasonably satisfied that the fee of the California Debt and Investment Advisory Commission shall have been paid and that payment will be made promptly after demand therefor after the Closing Date of the Bank's upfront fees and expenses (consisting solely of the Bank's outside counsel legal fees and expenses) incurred in connection with the execution and delivery of this Supplemental Agreement, the Lease Agreement and the other Lease Documents.

(v) All other legal matters pertaining to the execution and delivery of each of the Lease Documents shall be reasonably satisfactory to the Bank and its counsel.

(vi) The Bank shall have completed all due diligence with respect to the City, the Property, the Authority and the Lease Documents (including any earthquake and flood zone determinations) in scope and determination satisfactory to the Bank.

(e) Such other instruments, documents and opinions as the Bank shall reasonably require to evidence and secure the obligations of the City under this Supplemental Agreement, the Lease Agreement and the other Lease Documents and to comply with the provisions of this Supplemental Agreement, the Lease Agreement and the other Lease Documents and the requirements of any governmental authority to which the Bank, the City or the Authority are subject.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

All representations and warranties made herein to the Bank or incorporated herein for the benefit of the Bank are made with the understanding that the Bank is relying upon the accuracy of such representations and warranties. Notwithstanding that the Bank may conduct its own investigation as to some or all of the matters covered by the representations and warranties in this Supplemental Agreement, the Lease Agreement and the other Lease Documents, and any certificates, information, opinions or documents delivered in connection herewith and therewith, the Bank is entitled to rely on all representations and warranties as a material inducement to the Bank's extension of the credit evidenced by this Supplemental Agreement, the Lease Agreement and the other Lease Documents. All representations and warranties made herein to the Bank or incorporated herein for the benefit of the Bank shall survive the making of and shall not be waived by the execution and delivery of this Supplemental Agreement, the Lease Agreement and the other Lease Documents.

**Section 4.01 Existence and Power.** The City is a municipal corporation and general law city duly organized, validly existing and in good standing under the Constitution and the laws of the State and has the corporate power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

#### **Section 4.02 Due Authorization.**

(a) The City has the corporate power, and has taken all necessary corporate action to authorize this Supplemental Agreement, the Lease Agreement and the other Lease Documents, to execute, deliver and perform its obligations under this Supplemental Agreement, the Lease Agreement and each of the other Lease Documents to which it is a party in accordance with their respective terms. The City has approved the form of the Indenture.

(b) The City is duly authorized and licensed to own the Property under the laws of all governmental authorities having the jurisdiction to license or regulate the Property, and the City has obtained all requisite approvals of all such governmental authorities required to be obtained for such purposes. All authorizations and approvals necessary for the City to enter into this Supplemental Agreement, the Lease Agreement and the other Lease Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own the Property have been obtained and remain in full force and effect and are subject to no further administrative or judicial

review. No other authorization or approval or other action by, and no notice to or filing with, any governmental authority is required for the due execution, delivery and performance by the City of this Supplemental Agreement, the Lease Agreement and the other Lease Documents.

**Section 4.03 Valid and Binding Obligations.** This Supplemental Agreement, the Lease Agreement and each of the other Lease Documents to which the City is a party has been duly executed and delivered by one or more duly authorized officers of the City and are legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (c) the exercise of judicial discretion in appropriate cases, or (d) the limitations on legal remedies against general law cities in the State.

**Section 4.04 Noncontravention; Compliance with Law.**

(a) The execution, delivery and performance of this Supplemental Agreement, the Lease Agreement and each of the other Lease Documents in accordance with their respective terms do not and will not (i) require any consent or approval of any creditor of the City, (ii) violate any applicable law, (iii) conflict in any material respect with, result in a material breach of or constitute a material default under any Contract to which the City is a party or by which it or any of its property may be bound or (iv) result in or require the creation or imposition of any lien upon or with respect to any property now owned or hereafter acquired by the City except such liens, if any, expressly created by any Lease Document.

(b) The City is in compliance with all applicable laws, except for noncompliance that, singly or in the aggregate, has not caused and could not reasonably be expected to cause a Material Adverse Effect or an adverse effect on the City's ability to perform its obligations hereunder and under the other Lease Documents.

**Section 4.05 Pending Litigation and Other Proceedings.** There are no actions, suits or proceedings pending, nor are there any actions, suits or proceedings threatened in writing, against the City or any property of the City in any court or before any arbitrator of any kind or before or by any governmental or nongovernmental body, which, in any case, (i) directly or indirectly relates to the Property or the enforceability of this Supplemental Agreement, the Lease Agreement or any of the other Lease Documents; or (ii) may have a Material Adverse Effect (any of the foregoing being herein referred to as "Material Litigation").

**Section 4.06 Financial Statements.** The balance sheet of the City as of June 30, 2025 and the related statement of revenues and expenses and changes in financial position for such Fiscal Year and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Bank pursuant to this Supplemental Agreement, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the City at such date and for such Fiscal Year, and were prepared in accordance with Generally Accepted Accounting Principles consistently applied. Since the period of such statements, there has been no change which would have a Material Adverse Effect.

**Section 4.07 Defaults.** No Event of Default and no Default has occurred and is continuing or exists.

**Section 4.08 Insurance.** The City currently maintains insurance as required by Article VI of the Lease Agreement.

**Section 4.09 Accuracy of Information.** All information, reports and other papers and data furnished by the City to the Bank were, at the time the same were so furnished, complete and correct in all material respects and insofar as necessary to give the Bank a true and accurate knowledge of the subject matter and were provided in expectation of the Bank's reliance thereon in providing funds to finance the Project. No fact is known to the City which has had or, so far as the City can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the budget and financial statements previously furnished to the Bank or in other such information, reports, papers and data or otherwise disclosed in writing to the Bank prior to the Closing Date. Any financial, budget and other projections furnished to the Bank by the City or its agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the Closing Date, represent the City's best estimate of its future financial performance. No document furnished by the City or its agents nor any representation, warranty or other written statement made by the City or its agents to the Bank in connection with the negotiation, preparation or execution of this Supplemental Agreement, the Lease Agreement or any of the other Lease Documents contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

**Section 4.10 Environmental Matters.**

(a) The City has, after due inquiry, no knowledge and has not given or received any written notice indicating that the Property or the past or present use thereof or any practice, procedure or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Property (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the City nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of the Property has, other than as set forth in paragraphs (a) and (b) of this Section or as may have been remediated in accordance with Laws and Regulations, (A) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the Authority or the City, the Property or the business operations conducted by the Authority or the City thereon (collectively, "Hazardous Materials") on, from or beneath the Property, (B) pumped, spilled, leaked, disposed of, emptied, discharged or released (collectively "Release") any material amount of Hazardous Materials on, from or beneath the Property, or (C) stored any material amount of petroleum products at the Property in underground storage tanks.

(b) Excluded from the representations and warranties in paragraph (a) of this subsection with respect to Hazardous Materials are those Hazardous Materials in those amounts ordinarily found in the inventory of, or used in the maintenance of public libraries, the use, treatment, storage, transportation and disposal of which has been and shall be in compliance with all Laws and Regulations.

(c) No portion of the Property located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to the Property, respectively.

(d) The City has not received any notice from any insurance company which has issued a policy with respect to the Property or from the applicable state or local government agency responsible for insurance standards (or any other body exercising similar functions) requiring the performance of any repairs, alterations or other work, which repairs, alterations or other work have not been completed at the Property, respectively. The City has not received any notice of default or breach which has not been cured under any covenant, condition, restriction, right-of-way, reciprocal easement, agreement or other easement affecting the Property which is to be performed or complied with by it.

**Section 4.11 [Reserved].**

**Section 4.12 OFAC.** The City is not listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, and any successor thereto, the Secretary of the Treasury, or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the City or from otherwise conducting business with the City.

**Section 4.13 Sovereign Immunity.** The City does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under the Lease Documents. To the extent the City has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the City hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations under the Lease Documents.

**Section 4.14 Usury.** The terms of this Supplemental Agreement, the Lease Agreement and the other Lease Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

**Section 4.15 Fair Rental Value; Use and Occupancy.** Base Rental Payments and Additional Payments payable under the Lease Agreement do not exceed the fair rental value of the Property for each period for which said rental is to be paid. In making such determination of fair rental value, consideration has been given to the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public. The City currently has the use and occupancy of the Property and the City has the legal authority to pay Base Rental Payments and Additional Payments pursuant to the Lease Agreement for the use and occupancy of the Property.

**Section 4.16 Title to Property.** The City has a valid and enforceable subleasehold interest in the Property, subject only to Permitted Encumbrances. [The City is not in violation of any rights, reservations, covenants, conditions or restrictions on the Property contained in the documents or instruments listed as title exceptions on Schedule B of the Title Policy.]

## ARTICLE V

### COVENANTS OF THE CITY

So long as any Base Rental Payments or Additional Payments or other amounts required to be paid under the Lease Agreement or any obligation of the City hereunder or under the Lease Documents remains unpaid or unperformed, the City shall comply with the following covenants hereunder and as additional covenants under the Lease Agreement, unless waived in writing by the Bank:

**Section 5.01 Reporting Requirements.** The City shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the City in accordance with Generally Accepted Accounting Principles consistently applied, and will furnish to the Bank each of the following:

(a) As soon as available, and in any event within 270 days after the close of each Fiscal Year of the City, the financial statements of the City which shall be audited and reported on without qualification by independent certified public accountants reasonably acceptable to the Bank and shall be certified to the City by such accountants as (i) having been prepared in accordance with Generally Accepted Accounting Principles consistently applied, (ii) fairly presenting the financial condition of the City as at the end of such Fiscal Year and reflecting its operations during such Fiscal Year, and (iii) showing all material liabilities, direct or contingent, and disclosing the existence of any off-balance sheet transactions, and shall include, without limitation, balance sheets, profit and loss statements and statements of cash flows, together with notes and supporting schedules, all on a consolidated and consolidating basis and in reasonable detail and including a copy of any management letter or audit report provided to the City by such auditors;

(b) As soon as available and in any event within 60 days after adoption, the annual operating budget of the City for such Fiscal Year; and

(c) Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the City or the Property as the Bank may from time to time reasonably request.

**Section 5.02 Notices.** The City shall provide to the Bank:

(a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes a Default or an Event of Default;

(b) prompt written notice of any Material Litigation; and

(c) prompt written notice of any event which has or is reasonably anticipated to have a Material Adverse Effect.

**Section 5.03 Access to Property and Books, Records and Accounts; Communication with Accountant.** The City shall permit the duly authorized representatives of the Bank, during the City's normal administrative business hours, upon reasonable prior written notice to the City, to enter the Property or any parts thereof at reasonable hours and under reasonable conditions, to examine and copy the City's books, records and accounts and to discuss the affairs, finances, business and accounts of the City with the members of the City Council and the City's officers and employees. The City

authorizes the Bank, upon reasonable prior written notice to the City, to communicate directly with the City's accountants, and authorizes and shall instruct such accountants to communicate with, disclose and make available to the Bank, any and all financial statements and other supporting financial documents, schedules and information relating to the City with respect to the business, results of operations and financial condition and other affairs of the City.

**Section 5.04 Further Assurances.** The City shall, and shall cause the Authority to, upon the request of the Bank, from time to time, execute and deliver and, if necessary, file, register and record such further financing statements, amendments, confirmation statements and other documents and instruments and take such further action as may be reasonably necessary to effectuate the provisions of this Supplemental Agreement, the Lease Agreement and the other Lease Documents. Except to the extent it is exempt therefrom, the City will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Supplemental Agreement, the Lease Agreement, the other Lease Documents and such instruments of further assurance.

**Section 5.05 Environmental Compliance.**

(a) Neither the City nor the Authority shall use or permit the Property or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, in compliance with all Environmental Regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee or agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Property or onto any other property other than in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the Authority or the City shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Bank, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released on, from or beneath the Property or other property, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) of this Section and only to the extent necessary to maintain the improvements on the Property.

(b) The City and the Authority shall comply with, and shall cause all tenants, subtenants, licensees, guests, invitees, contractors, employees and agents on the Property to comply with, all Environmental Regulations, and shall keep the Property free and clear of any liens imposed pursuant thereto (provided, however, that any such liens, if not discharged, may be bonded). The City and the Authority shall cause each tenant under any lease, and use their best efforts to cause all of such tenant's subtenants, agents, licensees, employees, contractors, guests and invitees and the guests and invitees of all of the foregoing to comply with all Environmental Regulations with respect to the Property; provided, however, that notwithstanding that a portion of this covenant is limited to the City's and Authority's use of its best efforts, the Authority and the City shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the Authority's or the City's obligations contained in subsection (c) of this Section. Upon receipt of any notice from any person with regard to the Release of Hazardous Materials on, from or beneath the Property, the City or the Authority, as appropriate, shall give prompt written notice thereof to the City or the

Authority, as appropriate, the Bank prior to the expiration of any period in which to respond to such notice under any Environmental Regulation.

(c) Irrespective of whether any representation or warranty contained in Section 4.10 hereof is not true or correct, the Authority and the City shall, to the extent permitted by law, defend, indemnify and hold harmless the Bank and each of its employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section), consultants' fees, investigation and laboratory fees, liabilities, settlements (five Business Days' prior notice of which the Authority or the Bank shall have delivered to the City), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Property, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five Business Days' prior notice of which the Authority or the Bank shall have delivered to the City), or governmental order relating to Hazardous Materials on, from or beneath the Property, (iv) any violation of Environmental Regulations or subsection (a) or (b) of this Section by either of them or any of their agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that either the Authority or the City is strictly liable under any Environmental Regulation, its obligation to the Bank and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. The obligations and liabilities under this subsection shall survive the payment in full of all Base Rental Payments and the termination of the Lease Documents.

(d) The City shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair and replace such tanks only in accordance with all Laws and Regulations, including but not limited to Environmental Regulations.

**Section 5.06 No Condemnation.** The City shall not condemn, nor consent to the condemnation of, the Property or any interest of the City, the Authority or the Bank therein.

**Section 5.07 Maintenance of Existence.** The City shall preserve and maintain its existence as a municipal corporation and general law city duly organized and validly existing under the Constitution and the laws of the State, and its rights, franchises and privileges material to the conduct of its business and shall not, without the prior written consent of the Bank, initiate proceedings to reorganize, merge or consolidate with or into any Person, wind up, liquidate or dissolve its affairs (or suffer any liquidation or dissolution) or convert, sell, assign, transfer, lease or otherwise dispose of (or agree to do any of the foregoing at any future time), whether in one transaction or a series of transactions, all or substantially all of its property or assets.

**Section 5.08 Substitute Property.** If, as a result of material damage to, or destruction of condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use or occupy any portion of the Property and Base Rental Payments shall be abated pursuant to Section 3.06 of the Lease Agreement, the City shall use its best efforts to substitute alternate real property and improvements for the Property from among the City's properties, if available, subject to this Lease Agreement and the Assignment Agreement and the Ground Lease

satisfactory to the Bank on the basis of essentiality, fair rental value and insurance coverage and the existence of any mortgage, pledge, lien, charge, encumbrance or claim thereon or with respect thereto.

**Section 5.09 Disposition of the Property; Uses.**

(a) The City shall not sell, lease or otherwise dispose of any portion of the Property, other than as permitted under the Lease Agreement.

(b) The City shall not abandon, vacate or close the Property, other than as permitted under the Lease Agreement.

(c) Without the prior written consent of the Bank, the City shall not (i) seek, make or consent to any change in the zoning, any entitlements or conditions of use of the Property, (ii) grant any easement, license or other right in the Property or any portion thereof that may in any way impair the value of the Property or the validity, priority or security of this Lease Agreement or the coverage of any title insurance policy insuring the City's leasehold interest under the Lease Agreement or that could cause a material adverse effect on the permissible uses of the Property, (iii) make any application for or record any tract map, parcel map, condominium plan, condominium declaration, or plat of subdivision with respect to the Property, or (iv) otherwise record or execute any documents or instruments affecting the Property that may in any material way impair the value of the Property or the validity, priority or security of the Lease Agreement or the coverage of any title insurance policy insuring the Bank's interests in the leasehold estate established under the Lease Agreement or that could cause a material adverse effect on the permissible uses of the Property.

(d) The City shall not use the Property or any portion thereof in violation of (i) any rights, reservations, covenants, conditions or restrictions on the Property contained in the documents or instruments listed as title exceptions in the Title Policy, or (ii) any other rights, reservations, covenants, conditions or restrictions on the Property contained in the documents or instruments listed as title exceptions in the Title Policy which use could in any way result in the loss of its fee simple interest in any portion of the Property. If the City receives notice that it is in violation of any of such rights, reservations, covenants, conditions or restrictions on the Property contained in the documents or instruments listed as title exceptions on Schedule B of the Title Policy, the City shall, prior to the loss of its fee simple interest in such portion of the Property, substitute alternate real property and improvements for such portion of the Property from among the City's properties, if available, subject to this Lease Agreement and the Assignment Agreement and the Ground Lease satisfactory to the Bank on the basis of essentiality, fair rental value and insurance coverage and the existence of any mortgage, pledge, lien, charge, encumbrance or claim thereon or with respect thereto.

**Section 5.10 Increase of Base Rental Payments.** Upon receipt of notice from the Bank pursuant to Section 6.02(b) hereof, as required by Section 6.02(b) hereof, the City shall amend the Lease Agreement to increase the Base Rental Payments payable by the City thereunder to an amount equal to the fair rental value of the Property for each period for which said rental is to be paid to the extent such fair rental value is greater than the Base Rental Payments which would otherwise be due under the Lease Agreement and amend Exhibit B to the Lease Agreement to increase the principal component of the Base Rental Payments in corresponding amounts, so as to cause the principal component of the Base Rental Payments remaining unpaid to be amortized over the shortest possible term supported by such fair rental value, such amendment of the Lease Agreement to be in form and substance satisfactory to the Bank.

**Section 5.11 Liens.** Without the prior written consent of the Bank, the City shall not directly or indirectly, create, incur, assume or suffer to exist any lien (including without limitation any mortgage, pledge, lien, charge, encumbrance or claim) on or with respect to any portion of the Property or otherwise record or execute any documents or instruments affecting the Property that may in any material way impair the coverage of any title insurance policy insuring the Bank's interests in the leasehold estate established under the Lease Agreement. The City shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. If the City is unable to promptly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim in a manner satisfactory to the Bank, the City shall substitute alternate real property and improvements for such portion of the Property from among the City's properties, if available, subject to this Lease Agreement and the Assignment Agreement and the Ground Lease satisfactory to the Bank on the basis of essentiality, fair rental value and insurance coverage and the existence of any mortgage, pledge, lien, charge, encumbrance or claim thereon or with respect thereto.

## ARTICLE VI

### EVENTS OF DEFAULT

**Section 6.01 Events of Default.** The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of law) shall be an "Event of Default" hereunder and an additional Event of Default under the Lease Agreement entitling the Bank to the rights and remedies available under the Lease Agreement, unless waived in writing by the Bank:

(a) (i) the City shall fail to observe or perform any of the covenants, agreements or conditions on the part of the City set forth in Section 5.07, 5.09, 5.10 or 5.11 hereof or Section 3.05 (Appropriations Covenant), Article VI (Insurance) or Section 9.05 (Assignment and Subleasing) of the Lease Agreement, or (ii) the City fails to observe or perform any other of the covenants, agreements or conditions on the part the City in the Lease Agreement or in this Supplemental Agreement not otherwise described in clause (i) of this Section 6.01(a), and, solely in the case of clause (ii) of this Section 6.01(a), the City fails to remedy the same within 30 days or such additional time as is reasonably required to correct any such default after the Bank has provided the City with written notice thereof;

(b) the City shall default in the payment of any amount when due in respect of any City Long-Term Borrowing General Fund Obligation, or default by the City under any City Long-Term Borrowing General Fund Obligation Issuing Document, and continuance of such default beyond the period of grace, if any, allowed with respect thereto; or the occurrence of any act or omission by the City under any such City Long-Term Borrowing General Fund Obligation Issuing Document which results in such City Long-Term Borrowing General Fund Obligation becoming, or being capable of becoming, immediately due and payable or being terminated early or being subject to early termination;

(c) this Supplemental Agreement, the Lease Agreement or any of the other Lease Documents or any material provision of this Supplemental Agreement, the Lease Agreement or any of the other Lease Documents shall at any time, for any reason, cease to be the legal, valid and binding obligation of the City or the Authority or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the City or the Authority, or the City or the Authority shall renounce the same or deny that it has any

further liability hereunder or thereunder, or any court of competent jurisdiction or other governmental authority with jurisdiction to rule on the validity of any provision of this Supplemental Agreement, the Lease Agreement or any of the other Lease Documents shall find or rule that this Supplemental Agreement, the Lease Agreement or any of the other Lease Documents are not valid or not binding on the City or the Authority;

(d) the City or the Authority is dissolved or its existence is terminated;

(e) any representation or warranty made by the City herein or by the Authority or the City in any Lease Document or in any certificate, financial or other statement furnished by it pursuant to this Supplemental Agreement, the Lease Agreement or any of the Lease Documents shall prove to have been untrue or incomplete in any material respect when made or deemed made;

(f) the long-term unenhanced ratings assigned to any City Long-Term Borrowing General Fund Obligation shall be withdrawn or suspended or otherwise unavailable for credit-related reasons or reduced below Baa3 by Moody's Investors Service, Inc., BBB- by Standard & Poor's Rating Service or BBB- by Fitch, Inc.; or

(g) an Event of Insolvency shall occur with respect to the City or the Authority;

**Section 6.02 Consequences of an Event of Default.** In the case of any Event of Default, including any Event of Default specified in Section 6.01(h), that has occurred and is continuing, the Bank may, in its sole discretion, but shall not be obligated to, exercise all, or any of, the following rights and remedies in addition to any other rights or remedies available to the Bank under any other Lease Documents or under applicable law:

(a) deliver a notice to the City that an Event of Default has occurred and is continuing and that, upon the occurrence of such Event of Default, the interest components of the Base Rental Payments began to accrue at the Default Rate; and/or

(b) by notice to the City, require the City to amend the Lease Agreement to increase the Base Rental Payments payable by the City thereunder to an amount equal to the fair rental value of the Property for each period for which said rental is to be paid to the extent such fair rental value is greater than the Base Rental Payments which would otherwise be due under the Lease Agreement and amend Exhibit B to the Lease Agreement to increase the principal component of the Base Rental Payments in corresponding amounts, so as to cause the principal component of the Base Rental Payments remaining unpaid to be amortized over the shortest possible term supported by such fair rental value, such amendment of the Lease Agreement to be in form and substance satisfactory to the Bank; and/or

(c) cure any Default, Event of Default or event of nonperformance hereunder or under any other Lease Document; provided, however, that the Bank shall have no obligation to effect such a cure; and/or

(d) exercise, or cause to be exercised, any and all remedies as it may have under the other Lease Documents and as otherwise available at law and at equity.

The City and the Bank hereby acknowledge that the City's obligations under the Lease Agreement are not subject to acceleration. Except as expressly provided in this Section 6.02, procurement, demand, protest and all other notices of every kind are hereby expressly waived.

**Section 6.03 Remedies Cumulative; Solely for the Benefit of Bank.** To the extent permitted by, and subject to the mandatory requirements of, applicable law, each and every right, power and remedy herein specifically given to the Bank in the Lease Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Bank, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Bank specified herein are for the sole and exclusive benefit, use and protection of the Bank, and the Bank is entitled, but shall have no duty or obligation to the City or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Bank hereunder or under any of the other Lease Documents.

**Section 6.04 Waivers or Omissions.** No delay or omission by the Bank in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Bank or to be acquiescence therein. No express or implied waiver by the Bank of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default. No delay or omission on the part of the Bank in exercising any right granted to the Bank hereunder in any one or more instances, or the acceptance by the Bank of any partial payment on account of the Obligations shall constitute a waiver of any such Event of Default and each such option shall remain continuously in full force and effect.

**Section 6.05 Discontinuance of Proceedings.** In case the Bank shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Lease Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Bank shall have the unqualified right so to do and, in such event, the City and the Bank shall be restored to their former positions with respect to the Obligations, the Lease Documents and otherwise, and the rights, remedies, recourse and powers of the Bank hereunder shall continue as if the same had never been invoked.

**Section 6.06 Injunctive Relief.** The City recognizes that in the event an Event of Default occurs, any remedy of law may prove to be inadequate relief to the Bank; therefore, the City agrees that the Bank, if the Bank so requests, shall be entitled to temporary and permanent relief in any such case.

## ARTICLE VII

### INDEMNIFICATION; COSTS, EXPENSES AND TAXES; INCREASED PAYMENTS

**Section 7.01 Indemnification.** In addition to any and all other rights of reimbursement, indemnification, subrogation and other similar rights pursuant to the Lease Agreement, the other Lease Documents or under law or equity, the City hereby covenants and agrees, to the fullest extent permitted by law, to defend, indemnify and hold harmless the Bank and its affiliates, officers, directors, employees, representatives and agents (each, an "Indemnitee") from and against any and all claims,

causes of action, judgments, fines, penalties, damages, losses, liabilities, and expenses whatsoever (including reasonable attorneys' fees) which may be incurred by an Indemnitee or which may be claimed against an Indemnitee by any Person whatsoever by reason of or directly or indirectly in connection with any of the Transactions; provided that the City shall not be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee as determined in a final, non-appealable judgment. Nothing under this Section 7.01 is intended to limit the City's payment of its obligations under this Supplemental Agreement, the Lease Agreement or other Lease Documents.

**Section 7.02 Costs, Expenses and Taxes.** The City shall pay, as Additional Payments under the Lease Agreement, within 30 days after demand: (a) if an Event of Default shall have occurred, all costs and expenses of the Bank in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Supplemental Agreement, the Lease Agreement, the other Lease Documents and such other documents which may be delivered in connection therewith; and (b) the reasonable fees and out of pocket expenses for counsel to the Bank in connection with the execution and delivery of this Supplemental Agreement, the Lease Agreement and the other Lease Documents; (c) the reasonable fees and out of pocket expenses for counsel or other reasonably required consultants to the Bank in connection with advising the Bank as to its rights and responsibilities under this Supplemental Agreement, the Lease Agreement and the other Lease Documents or in connection with responding to requests from the City for approvals, consents, amendments and waivers; and (d) any Excess Interest Fee payable pursuant to the Lease Agreement, any amounts payable pursuant to the Lease Agreement and any fee set forth in the definition of "Default Rate" herein. In addition, if at any time any governmental authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of this Supplemental Agreement, the Lease Agreement or the other Lease Documents, then, if the City lawfully may pay for such stamps, taxes or fees, the City shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the City agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay or omission of the City in paying, such stamps, taxes and fees hereunder.

**Section 7.03 [Reserved].**

**Section 7.04 Late Payment.** Any Lease Payment or Additional Payment or any other amount required to be paid under the Lease Agreement or hereunder which shall not be paid by the City when due and payable under the Lease Agreement or hereunder shall accrue interest until the same shall be paid at a rate equal to the Default Rate, and the City hereby agrees to pay such amounts to the Bank upon demand.

**Section 7.05 Survival.** The obligations of the City under this Article VII shall survive the payment in full of the Base Rental Payments and the Additional Payments and the termination of the Lease Documents.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01 Amendments.** No amendment or waiver of any provision of this Supplemental Agreement nor consent to any departure by the parties hereto shall in any event be effective unless the

same shall be in writing and signed by such parties, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

**Section 8.02 Severability.** The provisions of this Supplemental Agreement are intended to be severable. If any provision of this Supplemental Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

**Section 8.03 Governing Law; Consent to Jurisdiction; Waiver Of Jury Trial.**

(a) This Supplemental Agreement shall be governed by, and construed and interpreted in accordance with the laws of the State.

(b) The City and the Bank each consents to and submits to in personam jurisdiction and venue in a court of record in the State of California located in the City and County of San Bernardino or in the United States District Court for the Central District of California located in the County of San Bernardino. The City and the Bank each asserts that it has purposefully availed itself of the benefits of the laws of the State of California and waives any objection to in personam jurisdiction on the grounds of minimum contacts, waives any objection to venue, and waives any plea of forum non conveniens. This consent to and submission to jurisdiction is with regard to any action related to this Supplemental Agreement, the Lease Agreement and the other Lease Documents. Regardless of whether the party's actions took place in the State of California or elsewhere in the United States, this submission to jurisdiction is nonexclusive, and does not preclude either party from obtaining jurisdiction over the other in any court otherwise having jurisdiction.

(c) The City and the Bank each, to the fullest extent permitted by law, waives its respective right to a trial by jury in any legal proceeding arising out of or relating to this Supplemental Agreement or any other Lease Document or the transactions contemplated hereby or thereby. The City warrants and represents that such waiver has been intentionally, knowingly and voluntarily made, following consultation with its legal counsel. If the waiver of jury trial as set forth in this Section shall be declared void or unenforceable, the City and the Bank each agrees to refer the dispute to a judicial referee in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure.

**Section 8.04 No Advisory or Fiduciary Responsibility.** In connection with all aspects of the transactions contemplated by this Supplemental Agreement, the Lease Agreement or the other Lease Documents (including in connection with any amendment, waiver or other modification hereof or of any other Lease Document), the City acknowledges and agrees that: (a) (i) the arranging, structuring and other services regarding this Supplemental Agreement, the Lease Agreement and the other Lease Documents provided by the Bank are arm's length commercial transactions between the City on the one hand, and the Bank on the other hand, (ii) the City has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the City is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Supplemental Agreement, the Lease Agreement and the other Lease Documents; (b)(i) the Bank is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the City, or any other Person and (ii) the Bank does not have any obligation to the City with respect to the transactions contemplated by this Supplemental

Agreement, the Lease Agreement and the other Lease Documents, except those obligations expressly set forth herein and therein; and (c) the Bank may be engaged in a broad range of transactions that involve interests that differ from those of the City, and the Bank does not have any obligation to disclose any of such interests to the City. To the fullest extent permitted by applicable laws, the City hereby waives and releases any claims that it may have against the Bank with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated by this Supplemental Agreement, the Lease Agreement and the other Lease Documents.

**Section 8.05 Counterparts.** This Supplemental Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

**Section 8.06 Successors and Assigns.** This Supplemental Agreement is a continuing obligation and shall be binding upon the City, its permitted successors and assigns and shall inure to the benefit of the Bank and its permitted successors, transferees and assigns. The City may not assign or otherwise transfer or delegate any of its rights or obligations hereunder or under the other Lease Documents without the prior written consent of the Bank. The Bank may, in accordance with applicable law, from time to time and without the consent of the City or any other Person assign, sell or transfer in whole or in part, this Supplemental Agreement and any of its rights or interests hereunder and all or any part of its interest in the Lease Documents, subject to the limitations set forth in the Assignment Agreement. In addition, the Bank may at any time pledge or grant a security interest in all or any portion of its rights under the Lease Documents to secure obligations of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

**Section 8.07 Tax Identification Number.** The City's tax identification number is 95-0930239.

[Signatures begin on the following page.]

[Signature page of Supplemental Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be duly executed and delivered as of the date first above written.

**CITY OF CHINO**

By: \_\_\_\_\_  
Name: Dr. Linda Reich  
Title: City Manager

**BMO BANK N.A.**

By: \_\_\_\_\_  
Name: Edward C. Neu  
Title: Managing Director