

**Agendum
Oakland University
Board of Trustees Formal Session
April 20, 2023**

**RESOLUTION OF THE BOARD OF TRUSTEES OF
OAKLAND UNIVERSITY
APPROVING A CONSTRUCTION AND COMPLETION
ASSURANCE AGREEMENT, A CONVEYANCE OF
PROPERTY, A LEASE AND AN EASEMENT AGREEMENT,
IF NECESSARY, FOR THE OAKLAND UNIVERSITY
SOUTH FOUNDATION HALL**

A Recommendation

- 1. Division and Department:** Finance and Administration Division, Facilities Management Department
- 2. Introduction:** Construction of the South Foundation Hall (SFH) Renovation and Expansion project (Project) is underway. The \$44,200,000 million project cost will be financed by \$29,999,800 from the Michigan State Building Authority (SBA), \$200 of State Appropriations, \$10,000,000 from the University's proceeds from the General Revenue Bonds, Series 2019, that were issued on September 12, 2019, and \$4,200,000 from University reserves.

The SBA will fund its portion of the Project cost by issuing commercial paper and bonds. The basic structure of the transaction with the SBA and State of Michigan (State) is identical to the transactions used for funding the construction of Pawley Hall, O'Dowd Hall, the Kresge Library Addition, the Science and Engineering Building, Elliott Hall, the Human Health Building, the Engineering Center and is used for all SBA funded construction projects throughout the State. The structure of the transaction represents the most practical means for the State and the University to carry out their necessary governmental functions and provide necessary services to the people of the State at the lowest cost.

The University will transfer title of South Foundation Hall and the land on which it is sited to the SBA, the University will complete construction of the Project on behalf of the SBA, the SBA will lease South Foundation Hall back to the University and the State will make the lease payments to the SBA on the University's behalf. The University will have the right to occupy and use South Foundation Hall and will assume all obligations for maintenance, repair and insurance. When the SBA's bonds are retired, the SBA will deed the property back to the University.

The operative legal documents necessary to complete the transaction include: (1) a Construction and Completion Assurance Agreement by which the Board of Trustees (Board) licenses the SBA to construct the Project and the SBA designates the University to manage and oversee the construction process; (2) a Warranty Deed conveying South Foundation Hall real property site to the SBA; (3) a Bill of Sale conveying personal property and fixtures integrated into South Foundation Hall to the

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University South Foundation Hall
Oakland University
Board of Trustees Formal Session
April 20, 2023
Page 2**

SBA; (4) a Lease from the SBA to the University for South Foundation Hall that provides for rental payments to be made by the State and transfer of South Foundation Hall and property back to the University when the SBA's bonds are retired; (5) and if necessary an easement agreement for parking, pedestrian, utility line, party wall and encroachment that allows ingress, egress, and utility line maintenance; and (6) various certificates from the University's Vice President for Finance and Administration; Vice President for Legal Affairs and General Counsel; Secretary to the Board of Trustees; Risk Manager; and Architect.

The form of all of the aforementioned legal documents have been reviewed and approved by the State Attorney General's office, which is acting as counsel to the SBA on this transaction, JPMorgan Chase Bank, N.A., the providers of the letter of credit for the SBA's Commercial Paper Note Program and their legal counsel.

3. Previous Board Action: In connection with South Foundation Hall Project, On October 8, 2018, The Board approved the submission of the Fiscal Year 2020 Capital Outlay Project Request to the State of Michigan for the renovation and expansion of South Foundation Hall. On April 8, 2019, The Board approved Stantec as the architectural firm for the Project. On August 12, 2019, the Board approved the hiring of the Construction Management firm, Frank Rewold and Sons, for the Project. At the same meeting, the Board approved the issuance of General Revenue Bonds, Series 2019. \$10,000,000 of the University's portion of the project funding is included in the Bond. On October 14, 2019, the Board approved the Schematic Design of the South Foundation Hall Renovations and Expansion. On February 7, 2022 the Board approved a budget increase of \$4,200,000 from University reserves.

4. Budget Implications: The University has spent nearly its entire share of the project cost to date, which is required to obtain release of the SBA's portion of the funds. The South Foundation Hall project is within budget.

5. Educational Implications: The Project is comprised of a renovation and expansion to South Foundation Hall, originally built as a general classroom building in 1959. The expansion will increase the number of right-sized classrooms from 37 to 47, which is crucial to addressing the current severe space shortages. The Project will completely renovate the existing building and construct an approximately 37,000 square-foot addition to house classrooms for freshman and sophomore foundational coursework. The primary purpose of this Project is to renovate and expand South

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University South Foundation Hall
Oakland University
Board of Trustees Formal Session
April 20, 2023
Page 3**

Foundation Hall into a modern general-purpose classroom building, serving the entire University and providing as many classrooms as possible.

As our main classroom building, South Foundation Hall serves students from all majors, including those in our growing healthcare, business and STEM disciplines. The foundation courses taught in this building to first and second-year students includes writing, languages and mathematics. Renovating SFH supports Goal 1: Student Success of the Oakland University Strategic Plan. This Project complies with the Oakland University Master Plan, reduces a portion of our deferred maintenance obligations, and addresses issues with building efficiency, while creating much needed student space and modern classrooms.

6. Personnel Implications: None

7. University Reviews/Approvals: All of the aforementioned legal documents have been reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel, and are in compliance with the SBA Act and other applicable laws and University policies and regulations, and conform to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.

8. Recommendation:

A RESOLUTION of the Board of Trustees of Oakland University (i) approving (a) a form of construction and completion assurance agreement (the "Construction Agreement"), by and among the State Building Authority (the "Authority"), the State of Michigan (the "State") and Oakland University, a Michigan constitutional body corporate (the "Educational Institution"), providing for the rights, duties and obligations of the Authority, the State and the Educational Institution with respect to the Educational Institution's South Foundation Hall Project and the site therefor (the "Facility") during the construction, renovation and/or equipping of the Facility and prior to the conveyance of the Facility to the Authority, (b) the conveyance of the Facility to the Authority, (c) a lease (the "Lease"), by and among the Authority, the Educational Institution and the State, for the purpose of leasing the Facility to the State and the Educational Institution and (d) an easement agreement (the "Easement Agreement") between the Authority and the Educational Institution, if necessary in connection with the entering into of the Lease, and (ii) providing for other matters related thereto.

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University South Foundation Hall
Oakland University
Board of Trustees Formal Session
April 20, 2023
Page 4**

WHEREAS, the Authority has been incorporated under and pursuant to the provisions of Act No. 183, Public Acts of Michigan, 1964, as amended ("Act 183"), for the purpose of acquiring, constructing, furnishing, equipping, owning, improving, enlarging, operating, mortgaging and maintaining buildings, necessary parking structures or lots and facilities, and sites therefor, for the use of the State, including institutions of higher education created pursuant to Section 4, 5, 6 or 7 of Article 8 of the Michigan Constitution of 1963 (the "State Constitution"), or any of its agencies; and

WHEREAS, the Educational Institution has been maintained and created pursuant to Sections 4 and 6 of Article 8 of the State Constitution; and

WHEREAS, the State and the Educational Institution desire that the Authority finance the acquisition, construction, renovation and/or equipping of the Facility in consideration of (i) the Educational Institution granting a license to the Authority to enter upon the site of the Facility (the "Site") in order to undertake such construction, renovation and/or equipping, (ii) the Educational Institution undertaking on behalf of the Authority the oversight of such construction, renovation and/or equipping and (iii) the Educational Institution conveying the Facility to the Authority on or prior to the date of its completion, and the Authority is willing to provide such financing in consideration of the items described above; and

WHEREAS, in accordance with the Construction Agreement, the State and the Educational Institution desire that the Authority acquire the Facility on or prior to the date of its completion, and lease the same to the State and the Educational Institution, and the Authority is willing to acquire the Facility and lease the same to the State and the Educational Institution; and

WHEREAS, the Site is presently owned by the Educational Institution, the Facility will be constructed by the Educational Institution on behalf of the Authority, and it is intended that the Site and the Facility be conveyed to the Authority by the Educational Institution; and

WHEREAS, the acquisition of the Facility by the Authority for use by and lease to the Educational Institution and the State is necessary in order for the State and the Educational Institution to carry out necessary governmental functions and to provide necessary services to the people of the State as mandated or permitted by constitution and law, and the use of Act 183 to accomplish such acquisition represents the most practical means to that end at the lowest cost to the State and the Educational Institution; and

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University South Foundation Hall
Oakland University
Board of Trustees Formal Session
April 20, 2023
Page 5**

WHEREAS, Section 7 of Act 183 provides that the Lease shall be approved by the Authority, by the State Administrative Board of the State and by concurrent resolution of the Legislature of the State concurred in by a majority of the members elected to and serving in each house and if the Lease is for an institution of higher education existing or created pursuant to Section 4, 5, 6 or 7 of Article 8 of the State Constitution, then in addition, the Lease shall be authorized by the institution of higher education and signed by its authorized officers and, accordingly, it is necessary that the Educational Institution authorize and approve the Lease; and

WHEREAS, if it is determined that (i) the Authority will require an easement from a public road to the Facility over real property owned by the Educational Institution so that the Authority has access to the Facility, (ii) the Educational Institution will require for future use certain easements through the Facility, (iii) the Authority and the Educational Institution will require an agreement to share a common structural wall or (iv) the Authority will require an easement over real property owned by the Educational Institution so that the Authority has sufficient parking available in connection with the reasonable use of the Facility, then in order to meet any such requirement, it may be necessary for authorized officers of the Educational Institution to approve an Easement Agreement to provide for such easements or the sharing of a common structural wall, as the case may be;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE EDUCATIONAL INSTITUTION THAT:

1. The plans for the Facility, as filed with the Educational Institution, are hereby approved.
2. The Educational Institution hereby authorizes and approves the Construction Agreement in substantially the form attached as Exhibit A, and the following then seated officers of the Educational Institution: the President and the Vice President for Finance and Administration are hereby authorized and directed to execute and deliver, at the appropriate time, the Construction Agreement in substantially the form attached as Exhibit A for and on behalf of the Educational Institution. Such officers are hereby authorized to approve such changes in and modifications to the Construction Agreement as do not materially adversely affect the Educational Institution.
3. The conveyance of the Site and the Facility to the Authority in accordance with the Construction Agreement is hereby approved, and the following then seated officers of the Educational Institution: the President and the Vice President for Finance

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University South Foundation Hall
Oakland University
Board of Trustees Formal Session
April 20, 2023
Page 6**

and Administration are hereby authorized and directed to execute and deliver a warranty deed in substantially the form attached as Exhibit B and bills of sale to accomplish such conveyance in such form as may be from time to time approved by such officers.

4. The Educational Institution hereby authorizes and approves the Lease in substantially the form attached as Exhibit C, and the following then seated officers of the Educational Institution: the President and the Vice President for Finance and Administration are hereby authorized and directed to execute and deliver the Lease in accordance with the Construction Agreement and in substantially the form attached as Exhibit C for and on behalf of the Educational Institution and such officers are hereby designated as authorized officers of the Educational Institution for purposes of Section 7 of Act 183. Such officers are hereby authorized to approve such changes in and modifications to the Lease as do not materially alter the substance and intent thereof as expressed in the Lease and the request for action submitted to the Board of Trustees in connection therewith; provided such officers are not hereby authorized to approve a change in the Lease with respect to the range of rental, the description of the Facility or the material financial obligations of the Educational Institution contained in the Lease approved herein. The Educational Institution hereby determines that the maximum rental in the amount described below is reasonable and the authorized officers are hereby authorized to approve in the Lease, as executed, rental in annual amounts determined by the final appraisal of "True Rental," but not exceeding \$2,453,000 in any 12-month period and a lease term of not exceeding 40 years.

5. If in connection with the entering into of the Lease, and if either of the following then seated officers of the Educational Institution: the President and the Vice President for Finance and Administration, determine that (i) the Authority will require an easement from a public road to the Facility over real property owned by the Educational Institution so that the Authority has access to the Facility, (ii) the Educational Institution will require for future use certain easements through the Facility, (iii) the Authority and the Educational Institution will require an agreement to share a common structural wall or (iv) the Authority will require an easement over real property owned by the Educational Institution so that the Authority has sufficient parking available in connection with the reasonable use of the Facility, then such officers are hereby authorized and directed to execute and deliver an Easement Agreement if necessary in order to meet any such requirement.

6. Any of the following then seated officers of the Educational Institution: the President, the Vice President for Finance and Administration, the Vice President for

**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University South Foundation Hall
Oakland University
Board of Trustees Formal Session
April 20, 2023
Page 7**

Legal Affairs and General Counsel, and the Secretary to the Board of Trustees are hereby severally authorized and directed to take or cause to be taken all other actions, including, without limitation, making requests of and approving requests from the Authority and the State and signing certificates, documents or other instruments, each on behalf of the Educational Institution, as they deem necessary or desirable under the circumstances to accomplish the purposes of the transactions authorized in this Resolution.

7. The Educational Institution further confirms its obligations to perform the duties and obligations specified in the Construction Agreement (only upon its execution by authorized officers of the Educational Institution) and the Lease (only upon its execution by authorized officers of the Educational Institution) and acknowledges that such obligations do not depend upon passage of title to the Facility to the Educational Institution without consideration upon termination of the Lease. The Educational Institution hereby recognizes that it would execute and deliver the Lease even if title to the Facility would not pass upon termination of the Lease.

8. The Educational Institution recognizes that the Authority shall pay for costs of the Facility in an amount not in excess of \$29,999,800.

9. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.


10. This Resolution shall be effective immediately upon its adoption.

9. Attachments:

- A. Construction and Completion Assurance Agreement
- B. Warranty Deed
- C. Lease


**Resolution of the Board of Trustees of
Oakland University Approving a Construction
and Completion Assurance Agreement,
a Conveyance of Property, a Lease and
an Easement Agreement, if Necessary, for
the Oakland University South Foundation Hall
Oakland University
Board of Trustees Formal Session
April 20, 2023
Page 8**

Submitted to the President
on 4/18, 2023 by



Stephen W. Mackey
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 4/18, 2023
to the Board of Trustees for Approval



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

Oakland University
South Foundation Hall

CONSTRUCTION AND COMPLETION
ASSURANCE AGREEMENT

Among

OAKLAND UNIVERSITY,

STATE OF MICHIGAN,

and

STATE BUILDING AUTHORITY
STATE OF MICHIGAN

Dated as of

TABLE OF CONTENTS

	<u>PAGE</u>
Definitions.....	1
Recitals.....	4
SECTION 1 Financing of Construction.....	5
SECTION 2 Grant of License and Designation of State to Construct on Behalf of the Authority.....	6
SECTION 3 Revisions to Plans.....	7
SECTION 4 Payment of Design and Construction Costs.....	8
SECTION 5 Requirements for Construction Contracts.....	9
SECTION 6 Additional Construction Commencement Requirements....	10
SECTION 7 Assignment of Contract and Architect Agreement.....	11
SECTION 8 Completion Account.....	13
SECTION 9 Insurance.....	15
SECTION 10 Inspecting Architect or Engineer.....	17
SECTION 11 Conveyance of Site to Authority.....	17
SECTION 12 Personal Property Components of the Facility.....	18
SECTION 13 Agreement to Lease.....	18
SECTION 14 Destruction of Facility.....	18
SECTION 15 Tax Covenant.....	20
SECTION 16 Assignment of Rights.....	20
SECTION 17 Indemnification.....	20
SECTION 18 Termination.....	21

EXHIBIT A Form of Lease

EXHIBIT B Legal Description of Site

EXHIBIT C Requisition Certificate

EXHIBIT D Inspecting Architect's Certificate

CONSTRUCTION AND COMPLETION ASSURANCE AGREEMENT

This CONSTRUCTION AND COMPLETION ASSURANCE AGREEMENT is made among the State of Michigan, Oakland University, a Michigan constitutional body corporate, acting through its Board of Trustees and the State Building Authority and is effective as of _____.

DEFINITIONS

In addition to the words and terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings unless the context or use indicates a different meaning.

“Acquisition Account” means the Acquisition Account established by the Trust Indenture.

“Act” means Act No. 183, Public Acts of Michigan, 1964, as amended, MCL 830.411 to 830.425.

“Agent” means JPMorgan Chase Bank, N.A., a national banking association, and its successors and assigns.

“Agreement” means this Construction and Completion Assurance Agreement among the Authority, the State, and the Educational Institution relating to the construction of the Facility.

“Architect” means Stantec, 2338 Coolidge, Berkley, MI 48072.

“Architect Agreement” means the Educational Institution’s agreement with the Architect regarding the construction of the Facility.

“Authority” means the State Building Authority created under the Act or any body succeeding to its rights and duties.

“Authority Debt” means the Notes and/or Bonds issued to provide funds for the Authority’s Facility Cost.

“Authority’s Facility Cost” means the share of the Total Facility Cost to be paid by the Authority out of the proceeds of Authority Debt.

“Bank” means the bank or banks which issue the Letter of Credit or any other credit facility providing notes, initially JPMorgan Chase Bank, N.A., a national banking association, and its successors and assigns.

“Board” means the State Administrative Board of the State.

“Bonds” means any bonds or other obligations issued by the Authority under the Resolution, which are secured in whole or in part by the Rental.

“Certificate of Tenantability” or “Certificate of Partial Tenantability” means the certificate of the Architect that the Facility or a portion thereof is available for tenantability given consistent with Section 18.

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

“Completion Account” means the separate subaccount or account established within the Acquisition Account for the Facility.

“Construction Company” means Frank Rewold & Sons, 303 E. Third Street, Suite 300, Rochester, MI 48307.

“Contract” means the construction contract entered into by the Educational Institution for construction of the Facility.

“Contract Completion Date” means May 30, 2024, the date construction on the Facility is to be completed.

“Draw Down Schedule” means the estimated monthly cash flow schedule of the payment of the Authority’s Facility Cost.

“Educational Institution” means Oakland University, created and maintained pursuant to Article 8, Sections 4 and 6 of the Michigan Constitution of 1963, or any body or entity succeeding to its rights and duties.

“Facility” means the Site, all real property interests appurtenant thereto and all buildings, structures, and improvements now or hereafter constructed thereon and all fixtures or personal property, now or hereafter located thereon or therein, all as described in the attached Exhibit B, but shall not include the State’s or the Educational Institution’s own equipment or other personal property to be installed or used thereon or in connection therewith.

“Inspecting Architect or Engineer” means an architect or engineer licensed and in good standing in the State of Michigan, who acts as the Authority’s agent in reviewing the progress of construction of the Facility and making certifications in connection with Requisition Certificates and performing the other tasks and duties considered appropriate by the Authority. A form of the Inspecting Architect or Engineer’s certificate is attached to this Agreement as Exhibit D.

“Lease” means the lease agreement among the Authority, the State, and the Educational Institution, as amended or supplemented, a form of which is attached to this Agreement as Exhibit A.

“Legislature Approval” means an appropriations act of the Legislature approving (i) the conveyance of the Site to the Authority, and (ii) the form of Lease pursuant to which the Educational Institution and the State will lease the Site and the Facility from the Authority.

“Letter of Credit” means the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement.

“Notes” means the obligations issued by the Authority under the Trust Indenture or any subsequent trust indenture providing funds, among other purposes, to pay the Authority’s Facility Cost.

“Plans” means the plans and specifications for the construction of the Facility prepared by the Architect, filed by the Educational Institution with the Authority, and approved by the Authority in accordance with this Agreement.

“Reimbursement Agreement” means the Reimbursement Agreement, between the Authority and the Bank relating to the Letter of Credit, as amended or supplemented, or any other reimbursement agreement entered into by the Authority in connection with the issuance of Notes.

“Requisition Certificate” means the certificate signed by an authorized official of the State or Educational Institution authorizing the Authority and the Trustee to make payments to the extent available from the Acquisition Account to pay the Authority’s Facility Cost subject to this Agreement and the Trust Indenture. A form of the Requisition Certificate is attached to this Agreement as Exhibit C.

“Resolution” means the resolution(s) adopted by the Board of Trustees of the Authority authorizing the issuance and sale of the Bonds. The term also includes any master indenture, indenture, or supplemental indenture, as amended from time to time, entered into by the Authority in connection with the Bonds.

“Site” means the real property described in Exhibit B attached to this Agreement.

“State” means the State of Michigan.

“Total Facility Cost” means (a) the obligations of the State, the Educational Institution or the Authority incurred for labor and to contractors, builders and

materialmen in connection with the Facility; (b) the cost of acquiring necessary land or rights in land and any costs incidental thereto, including costs of assuring title of the Facility to the Authority, and recording fees; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the Construction Period which are not paid by the contractor or contractors or otherwise provided for; (d) the expenses of the State, the Educational Institution or the Authority for appraisals, surveys, estimates and supervising construction, as well as for the performance of all other duties required for the proper construction of the Facility; (e) all other fees and costs which the State, the Educational Institution or the Authority may incur or be required to pay for the acquisition, construction, installation and operation of the Facility; and (f) any sums required to reimburse the State, the Educational Institution and the Authority for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them (including overhead charges) which are (i) properly chargeable to the Facility and (ii) authorized pursuant to the resolution adopted by the Authority on March 4, 1992, and the certificate of the Executive Director of the Authority dated January 12, 2021, authorizing the reimbursement of such advances or otherwise permitted under the Code.

“Trustee” means a bank having trust powers or a trust company currently designated as trustee for the Notes in the Trust Indenture. Upon issuance of the Bonds, all funds held by the Trustee related to the Project shall be transferred to the trustee for the Bonds and, thereafter, all references in this Agreement to the Trustee shall be to the trustee for the Bonds.

“Trust Indenture” means the Trust Indenture, between the Authority and the Trustee, as amended or supplemented, entered into in connection with the issuance of Notes.

RECITALS

A. The Educational Institution has determined that it is necessary and desirable to acquire, renovate, equip and/or construct the Facility on the Site, which is owned by the Educational Institution, to carry out governmental functions and to provide necessary services to the people of the State, as mandated or permitted by Constitution and law. Use of the Act to accomplish those purposes is the most practical means to that end at the lowest cost to the State and the Educational Institution.

B. The State and the Educational Institution have requested that the Authority finance the acquisition, renovation, construction and/or equipping of the Facility on the Site and the Authority has agreed to issue the Notes, a portion of the proceeds of which will be used to acquire, renovate, equip, and/or construct the Facility in consideration of the Educational Institution and the State granting a

license to the Authority to enter upon the Site and undertake the acquisition, renovation, equipping and construction, the Educational Institution's agreement to undertake, on behalf of the Authority, the oversight of the acquisition, renovation, equipping and construction, and the Educational Institution's agreement to convey, upon or prior to completion of the Facility, the Site and the Facility, to the Authority and to lease, together with the State, the Site and the Facility from the Authority at a true rental determined in accordance with the Act.

C. The Authority proposes to issue its Notes under the Trust Indenture, which shall establish the Acquisition Account and the procedures for disbursements from the Acquisition Account.

D. The Notes shall be secured by the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement.

E. The Legislature, the Board, the Authority, and the Educational Institution have each approved the conveyance of the Site to the Authority and the form of Lease; and the Board, the Authority and the Educational Institution have each approved a range of true rental based upon an appraisal letter. The execution and delivery of this Agreement has been approved by the Board, the Educational Institution, and the Authority.

NOW, THEREFORE, in consideration of the mutual rights and obligations set forth in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is acknowledged by the parties, the Educational Institution, the State, and the Authority agree as follows:

SECTION 1. Financing of Construction. The Authority shall acquire, renovate, equip, and/or construct the Facility in accordance with the Plans with the revisions as may be properly approved pursuant to Section 3 of this Agreement. The Educational Institution and the State represent that the acquisition, renovation, equipping and construction can be completed in accordance with the Plans at a Total Facility Cost of \$44,200,000. The Authority agrees to use its best efforts to issue the Notes, over time, in an aggregate amount sufficient to produce available proceeds designated for the Authority's Facility Cost of \$29,999,800. The Educational Institution represents that it has or will have available, including any amounts which have been set forth in an appropriation act, an amount equal to the difference between the Authority's Facility Cost and the Total Facility Cost.

The amount of proceeds of the Notes to be issued on any date which will be used to pay the Authority's Facility Cost, shall be based upon the aggregate amount required and the times at which amounts are required as certified by the Educational Institution in the Draw Down Schedule. The Executive Director may rely on the accuracy of the Draw Down Schedule in determining the amount of Note

proceeds to be allocated to the Authority's Facility Cost at any given time. The Educational Institution may revise the Draw Down Schedule by written notice to the Executive Director and the revised Draw Down Schedule shall be effective with respect to any Notes issued more than 10 days after the Executive Director's receipt thereof.

SECTION 2. Grant of License and Designation of Educational Institution to Construct on Behalf of the Authority. The State and the Educational Institution grant a license to the Authority to construct the Facility on the Site and agree that the Authority shall have such rights of ingress and egress on and across the Site as are necessary to construct and use the Facility in connection with its construction. Neither the State nor the Educational Institution shall revoke this grant while this Agreement is in effect.

The Educational Institution shall act on behalf of the Authority to oversee the acquisition, renovation, equipping and/or construction of the Facility. The Educational Institution shall undertake all responsibility for and, except as expressly set forth below with respect to payment, all liability in connection with bidding for and selecting contractors and managing and overseeing the construction process. The Educational Institution shall have the Facility acquired, renovated, equipped, and/or constructed in accordance with the Plans on or before the Contract Completion Date and within the Total Facility Cost.

The Authority's sole liability in connection with any contracts for construction entered into with respect to the Facility shall be payment for acquisition, renovation, design, equipping, and/or construction costs to the extent set forth in Section 4 of this Agreement and shall in no event exceed the Authority's Facility Cost. Construction contracts shall meet the requirements of Section 5 of this Agreement.

If the Educational Institution, prior to completing the Facility as provided in this Agreement, ceases work on the Facility and fails to resume the work within 10 days after written notice from the Authority or the Trustee to the State and the Educational Institution identifying the cessation of work (except where such cessation in work is caused by causes beyond the Educational Institution's reasonable control, including, but not limited to, labor disputes, fire, unusual delay in transportation or unavoidable casualties) and requesting the work on the Facility be resumed, fails to complete the Facility in substantial accordance with the Plans, or makes changes in the Plans without first securing written approval when required by Section 3 of this Agreement, or if the Authority determines the Educational Institution is not using its best efforts to complete the Facility in accordance with the Plans on or before the Contract Completion Date and within the Total Facility Cost, then the Authority may revoke its designation of the Educational Institution to construct the Facility and may have the Facility

completed substantially according to the Plans and may proceed in so doing with the Trustee or an assignee. In completing the Facility, the Authority shall have all necessary powers, including but not limited to the following:

(a) to use any available funds in the Acquisition Account in the manner called for by the Plans and to present draw requests to provide for the deposit of additional funds in the Acquisition Account for such purposes,

(b) to make changes and corrections in the Plans as shall be necessary or desirable to complete the Facility in the manner contemplated by the Plans, or as provided in Section 3 of this Agreement if the amount available for completion of the Facility is not sufficient to complete the construction and acquisition of the Facility in accordance with the Plans,

(c) to employ such contractors, subcontractors, agents, architects, and inspectors as shall be required for such purposes,

(d) to pay, settle or compromise all existing bills and claims which may be liens against the Site, or as may be necessary or desirable for the completion of the Facility, or for clearance of title,

(e) to execute all applications and certificates in the name of the State or the Educational Institution which may be required by this Agreement or any construction contract,

(f) to prosecute and defend in the name of the State or the Educational Institution all actions or proceedings in connection with the construction of the Facility and to take such action and require such performance and payment bonds and the builders' risk insurance specified in Section 5 of this Agreement, and

(g) to take any actions as the Authority considers necessary in the exercise of its sole discretion to complete the Facility in the manner contemplated by the Plans and this Agreement.

The foregoing rights and remedies shall be supplemental to, and shall not preclude, the exercise by the Authority or the Trustee of any rights or remedies otherwise provided by law.

SECTION 3. Revisions to Plans. The Educational Institution and the State may make any modifications of the Plans and modifications to the Facility, so long as the modifications in the Plans or to the Facility do not, in the written opinion of the Architect, materially alter the size, scope or function of the Facility, together with any previous modifications in the Plans or to the Facility, extend the completion date beyond the Contract Completion Date, cause the estimated cost of

design and construction of the Facility to exceed the amount of the Total Facility Cost approved by this Agreement, materially affect the structural integrity and utility of the structures, impair the usefulness or character of the Facility, or violate the requirements of any licensing authority and do not, in the written opinion of an authorized officer of the State or the Educational Institution, decrease the rental value of the Facility. Any other modifications in the Plans or to the Facility shall not be made without the prior approval of the Authority, the Agent, and the contractors' sureties (if required by any surety bond).

No modifications to the Plans or the Facility shall be made unless (i) there shall be on deposit with the Authority adequate moneys available therefor, (ii) the Educational Institution shall have deposited in the Acquisition Account adequate moneys to pay any additional costs resulting therefrom, or (iii) if authorized by the Legislature, the Board, and the Authority, this Agreement shall have been amended to evidence the Authority's agreement to increase the Authority's Facility Cost to an amount which, together with moneys, if any, described in (i) and (ii), are adequate therefor. All revisions of the Plans, all change orders with respect thereto and the opinion of the Architect and the authorized officer of the State or the Educational Institution referred to above shall be filed with the Agent and the Executive Director of the Authority.

SECTION 4. Payment of Design and Construction Costs. The Authority shall authorize the Trustee to make payments to the extent available from the Acquisition Account to pay the Authority's Facility Cost subject to the provisions of this Agreement and the Trust Indenture, upon receipt of a Requisition Certificate signed by an authorized official of the State or Educational Institution, as applicable, approved by the Authority, stating with respect to each payment to be made: (i) the Requisition Certificate number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) a description of the Authority's Facility Cost covered by such Requisition Certificate and a statement that the payment is being made for a cost or expense properly chargeable to the Acquisition Account, (iv) the amount to be paid, (v) that each obligation mentioned therein is a proper charge against the Acquisition Account and has not been the basis of any previous payment, (vi) that the cost of the portion of the Facility covered by such Requisition Certificate is not less than the amount to be paid thereunder, (vii) that neither the State nor the Educational Institution is in default under this Agreement and that nothing has occurred to the knowledge of the Educational Institution or the State which prevents the performance of the State's or the Educational Institution's obligations under this Agreement, and (viii) that after the payment of the requisition the amount on deposit in the Acquisition Account together with other moneys to be available through the anticipated issuance of additional Notes and funds to be provided by the Educational Institution, together with any moneys appropriated by an appropriation act for

construction of the Facility, will be sufficient to complete the Facility by the Contract Completion Date.

The State or the Educational Institution, as applicable, shall also provide the Authority, the Bank, and the Trustee with (i) sworn statements and, if appropriate, waivers of lien (satisfactory in form and substance to the Authority) by contractors, subcontractors and for materialmen on the Facility and endorsements to the title insurance policy, if any has been provided pursuant to this Agreement, showing coverage by an amount not less than the moneys which have been expended by the Authority for the Facility, including the disbursement being requested and (ii) an itemization of the Authority's Facility Cost in sufficient detail to evidence incurring of such cost for the payment of which application has been or is then being made. The State and the Educational Institution shall permit the Authority, the Bank and the Trustee, upon request, to inspect the records of the State and the Educational Institution relating to the Total Facility Cost and the Authority's Facility Cost.

SECTION 5. Requirements for Construction Contracts. The Educational Institution shall enter into construction contracts for the Facility, executed copies of which shall be filed with the Authority. The Educational Institution represents and covenants that the Facility can be completed within the Total Facility Cost and that there is or will be available an amount of funds, which together with the Authority's Facility Cost, is sufficient to pay the Total Facility Cost. As evidence of the sufficiency of the construction contracts, the Educational Institution shall furnish the Authority, the State, the Agent, and Trustee, at the time of execution of this Agreement with the following:

(a) a detailed breakdown, certified by the Architect, itemizing by major category, of all costs necessary and sufficient for the completion of the Facility as a tenantable space,

(b) copies of performance and payment bonds written by a surety company satisfactory to the Executive Director of the Authority, payable to the Educational Institution, the State, the Authority, and the Trustee as their interests may appear, assuring completion of the Facility and payment of all contracts and claims for acquisition, construction, installation, renovation and equipping of the Facility or a certificate in form and substance satisfactory to the Executive Director of the Authority evidencing the existence of the performance and payment bonds, as the Executive Director of the Authority shall direct,

(c) the Draw Down Schedule,

(d) a copy of a builder's risk insurance policy or policies issued by a financially responsible insurer fully qualified under the laws of the State to provide such insurance, insuring all contractors, the State and its departments, boards,

commissions, officers and employees, the Authority, the Bank, and the Trustee in form and amount satisfactory to the Architect and the Executive Director of the Authority or a certificate in form and substance satisfactory to the Executive Director of the Authority evidencing such insurance, as the Executive Director of the Authority shall direct, and

(e) a certificate of the Educational Institution certifying that funds, other than the proceeds of the Notes or other Authority funds, equal to the difference between the Total Facility Cost and the Authority's Facility Cost (i) are currently available and being held for the purpose of acquiring, renovating, equipping and/or constructing the Facility in accordance with the Plans, or if not currently available, identifying the sources of funds and the times at which such funds are expected to be available or (ii) have previously been expended for the purpose of acquiring, renovating, equipping and/or constructing the Facility in accordance with the Plans.

The Educational Institution shall not consent to any amendments to any of the construction contracts, whether by change order or otherwise, or take any action or fail to take any action which increases the Authority's Facility Cost or the Total Facility Cost or materially alters the scope, character, or function of the Facility, decreases the rental value of the Facility, or extends the Contract Completion Date without the prior written approval of the Authority and the Agent.

The Educational Institution will supply, as reasonably requested by the Authority, the State, or the Agent, copies of any monthly progress reports as are received by the Educational Institution from the Architect or any contractor with respect to construction of the Facility.

SECTION 6. Additional Construction Commencement Requirements. Prior to the commencement of construction, the Educational Institution shall supply to the Authority and the State:

(a) a title insurance commitment in favor of the Authority and the State issued by a generally recognized title insurance company in the principal amount of not less than the Authority's Facility Cost which shall be subject only to the encumbrances and reservations acceptable to the Authority which do not materially impair the use of the Facility for its intended purposes or materially detract from its value,

(b) a survey of the site, certified to the Authority and the State, consistent with the title commitment and showing, at a minimum, the location of all proposed improvements and the status of the property in terms of the 100 year flood plain as designated by the Army Corps of Engineers or Michigan Department of Natural Resources,

(c) evidence satisfactory to the Authority and the State of no unacceptable environmental contamination at the Site,

(d) evidence satisfactory to the Authority and the State of all governmental permits, if any, necessary for the construction of the Facility,

(e) executed copies of the Contract and Architect Agreement, and

(f) an opinion of counsel to the Educational Institution that this Agreement, the Contract, and the Architect Agreement are the valid and binding obligations of the Educational Institution.

SECTION 7. Assignment of Contract and Architect Agreement.

(a) The Educational Institution represents and warrants to the Authority that:

(1) it has not assigned, transferred, or delivered and covenants that it will not assign, transfer, or deliver, so long as this Agreement shall remain in effect, any of the Educational Institution's right, title or interest to the Contract and the Architect Agreement to anyone other than the Authority, its successors or assigns,

(2) its right, title and interest under the Contract and the Architect Agreement are not currently subject to any liens, encumbrances, or security interests,

(3) the Contract and the Architect Agreement are in all respects in full force and effect and enforceable in accordance with their respective terms except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally, and

(4) it is not in default under the Contract or the Architect Agreement and is not aware of any other default under the Contract or the Architect Agreement as of the date of this Agreement.

(b) The Educational Institution assigns, transfers, and delivers to the Authority, as collateral security for the performance of its obligations under this Agreement or the Lease, all of the Educational Institution's right, title and interest under the Contract and the Architect Agreement.

(c) Upon default by the Educational Institution in the performance of any obligation under this Agreement or the Lease to file any claim, take any action or institute any proceeding which the Authority considers necessary or advisable in connection with the Contract or the Architect Agreement, the Educational

Institution appoints the Authority as its true and lawful attorney, coupled with an interest, to act in the name and stead of the Educational Institution. Such appointment shall not be effective until after 30 days prior written notice to the Educational Institution during which time the Educational Institution shall have the opportunity to cure any such default unless the default shall be the result of the Educational Institution abandoning construction or ceasing work on the Facility in which case notice thereof shall be given in accordance with Section 2 of this Agreement.

(d) Notwithstanding anything to the contrary in this Agreement, until the Authority elects to exercise its right, title and interest under the Contract and/or the Architect Agreement:

(1) the Authority shall not be obligated to give any directions, make any demands, give any notices of nonperformance, protest or notices of protest in connection with any obligation that constitutes an obligation of the Educational Institution secured hereunder and the Educational Institution shall remain solely liable, except as specifically provided in Section 2 with respect to payment by the Authority, under the Contract and the Architect Agreement and the Educational Institution shall perform all of the Educational Institution's obligations thereunder in accordance with their terms and provisions, and

(2) except as specifically provided in Section 2 with respect to payment by the Authority, the Authority shall have no obligation or liability under the Contract or the Architect Agreement by reason of, or arising out of, this Agreement, nor shall the Authority be obligated in any manner to fulfill any obligations of the Educational Institution under the Contract or the Architect Agreement.

(e) The obligations of the Educational Institution under the Contract and the Architect Agreement may be performed by the Authority or its nominee after 30 days from the date of written notice to the Educational Institution except after the abandonment of construction or cessation of work on the Facility by the Educational Institution in which case the notice period shall be 10 days without releasing the Educational Institution therefrom and without resulting in any assumption of the Contract or the Architect Agreement by the Authority.

(f) The Educational Institution authorizes and directs the Construction Company and the Architect to perform the terms and conditions of the Contract and the Architect Agreement, respectively, and to complete the performance thereunder for the benefit of the Authority in the event of the Educational Institution's default under this Agreement or under the Lease or upon the Authority's election to exercise the Educational Institution's obligations under the Contract or the Architect Agreement.

SECTION 8. Completion Account.

(a) The Authority in the Trust Indenture shall provide for the establishment of the Completion Account.

(b) In the event either (i) any Requisition Certificate specifies a contract completion date later than 90 days after the Contract Completion Date or (ii) the Inspecting Architect or Engineer or a nationally recognized construction consultant or firm of consultants certifies to the Authority, the Educational Institution and the Trustee that the Facility cannot be completed within the available funds and/or cannot be completed within 90 days after the Contract Completion Date, then effective as of the date of such Requisition Certificate or the date of the Inspecting Architect's or Engineer's or consultant's certificate:

(1) the Trustee shall disburse only the following amounts approved in any Requisition Certificate:

<u>Delay from</u> <u>Contract Completion Date</u>	<u>Amount to be</u> <u>Disbursed</u>
90 days to 180 days	90%
More than 180 days	80%

(2) the remaining amount due under such Requisition Certificate shall be deposited by the Trustee in the Completion Account; and

(3) money in the Completion Account shall be disbursed only as provided in the Trust Indenture or this Agreement.

(c) In the event that the Educational Institution disputes the certificate of the Inspecting Architect or Engineer or consultant, the Educational Institution shall notify the Authority of the dispute in writing. Upon receipt of the notice, the Authority and the Educational Institution shall in good faith seek to agree within 10 days upon an independent consultant, who shall be retained at the expense of the Educational Institution. The independent consultant shall, within 20 days after retention, certify to the Educational Institution and the Authority a completion date for the Facility. Upon receipt of such certification, the Educational Institution shall notify the Trustee of the new completion date. In the event that the Authority and the Educational Institution cannot agree on the independent consultant within 10 days or the consultant, if retained, does not provide a new completion date within 20 days, the completion date established by the Inspecting Architect or Engineer or the consultant shall be the Contract Completion Date for this Agreement.

(d) The Educational Institution shall pay, from its own funds, the Authority's Facility Cost equal to any amounts deposited in the Completion Account pursuant to this Section.

(e) If the construction and acquisition of the Facility is subsequently recertified to be on, or ahead of, the original schedule for completion, in the same form as the delay in completion was certified, then effective with such certificate no further payments shall be made to the Completion Account pursuant to this Section. Notwithstanding that recertification, the moneys in the Completion Account shall not be disbursed to the Educational Institution except as provided in this Agreement and the Trust Indenture.

(f) The Executive Director of the Authority and an authorized officer of the Educational Institution may agree, with the consent of the Agent, to reduce the amounts to be deposited in the Completion Account. The Authority shall give notice of such agreement to the Trustee. Nothing herein shall require the Authority to agree with the Educational Institution to reduce any such deposit.

(g) In the event the Facility is completed and a Certificate of Tenantability is issued prior to the issuance of Bonds, the Trustee shall, within 60 days of the issuance of the Certificate of Tenantability, disburse to the Educational Institution all of the moneys then in the Completion Account; provided, however, that such disbursement shall not exceed the amount of money the Educational Institution shall have paid pursuant to Section 8(d) of this Agreement. Any amount remaining in the Completion Account after making such disbursement shall be deposited as directed by the Authority.

(h) The Trustee shall make disbursements from the Completion Account to the Bank only if there has been an event of default under the Reimbursement Agreement and obligations are owing to the Bank under the Reimbursement Agreement and there is no other source of payment to the Bank authorized therefor under the Trust Indenture.

(i) In the event the Certificate of Tenantability is not issued before the Bonds are issued, the Trustee is directed, and the Educational Institution agrees, that the Trustee shall transfer on a monthly basis by the first of the following month, to the extent moneys are available therefor, moneys in the Completion Account to the account established for paying principal and interest on the Bonds equal to the aggregate of (1) a fraction of the outstanding principal amount of the Bonds related to the Authority's Facility Cost maturing on the first maturity date of the Bonds equal to one divided by the number of months from the Bonds' issuance date to the Bonds' first maturity date, and thereafter, if necessary, one-twelfth of the outstanding principal amount of the Bonds related to the Authority's Facility Cost maturing on the next succeeding maturity date thereof and (2) the interest that will

accrue during such month on the outstanding principal amount of Bonds related to the Authority's Facility Cost. The aggregate amount of such transfer shall be used to pay interest and principal on the Authority Debt and shall be reduced by the rental under the Lease, if any, paid for such month for Partial Tenantability of the Facility and by the amount of any capitalized interest available under the Resolution to pay interest on the amount of the Bonds related to Authority Facility Cost.

(j) Money transferred by the Trustee to pay interest on the Authority Debt shall no longer be available for payment to the Educational Institution for the Authority's Facility Cost, and the Authority and the State shall be under no obligation to pay such portions of the Authority's Facility Cost. When a Certificate of Tenantability is issued for the Facility, any remaining moneys in the Completion Account shall be transferred by the Trustee within 60 days to the Educational Institution; provided, however, that such transfer shall not exceed the amount of money the Educational Institution shall have paid pursuant to Section 8(d) of this Agreement. Any amount remaining in the Completion Account after making such transfer shall be deposited as directed by the Authority.

SECTION 9. Insurance. Upon execution of this Agreement and thereafter as the construction of the Facility permits, the Educational Institution shall keep the Facility insured against all of the following, provided that the Educational Institution shall not be required to carry a particular type of insurance as set forth below during any time period that such insurance is not available in the insurance market of the United States:

(a) "All risk" building insurance, including extended coverage, vandalism and malicious mischief, and sprinkler damage in an amount equal to 100% of the full replacement Total Facility Cost with a deductible not to exceed \$50,000.

(b) Loss or damage from explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in the Facility, in an amount customary to be carried in buildings of character and purpose similar to the Facility with a deductible not to exceed \$50,000.

(c) Commercial General Liability for combined property damage and bodily injury with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate per location with a deductible not to exceed \$50,000 per occurrence.

Except as hereinafter provided, all insurance policies required hereby shall be issued by insurers fully qualified under the laws of the State to provide that form of insurance in the State. Each policy issued for this Facility shall include as named insureds: the Agent, the Authority and its officers, agents and employees, the Educational Institution, the State and its officers, agents and employees, and

the Trustee, as their interests may appear. Inclusion of trustees, officers, agents and employees of the Authority as insured parties is not intended to and shall not constitute a consent to or an agreement that such trustees, officers, agents and employees shall in any way be liable for any matters arising out of the acquisition, leasing, ownership or financing of the Facility and such inclusion shall not constitute a waiver of immunity of such trustees, officers, agents and employees from any such liability. All casualty loss proceeds shall be payable to the Authority and used as provided in the Trust Indenture. All liability insurance proceeds shall be payable to the Authority, its officers, agents and employees, the State, the Educational Institution, the Agent, and the Trustee, as their interests appear. All policies shall contain a provision that they may not be canceled or nonrenewed or substantially reduced as to coverage without thirty days prior written notice to the Authority, the Agent, the Trustee, the Educational Institution and the State. The policies of insurance described in the above subparagraphs may contain additional deductible and coinsurance features, but only if the Educational Institution or the State has set aside in a separate fund an amount sufficient to pay the amount required under any such additional coinsurance or deductible feature in the full amount or has otherwise provided for the payment of such amounts in a manner satisfactory to the Authority. The insurance required by this Agreement in the amounts, with the coverage and other features herein required, may be supplied through blanket insurance policies covering other properties of the Educational Institution or the State; provided that such blanket insurance will provide the full coverage required herein for the Facility and at the same time provide full coverage for all other buildings and facilities covered by such blanket insurance policies unless such blanket insurance policy or policies provide for full coverage of the Facility prior to any coverage of the other properties of the Educational Institution. The insurance required by this Agreement in the amounts, with the coverage and other features herein required, may be supplied by a fully funded self-insurance program of the State or the Educational Institution or a self-insurance pool in which the State or the Educational Institution is a participant; provided that such self-insurance program or pool will provide the full coverage required for the Facility. The Educational Institution shall supply evidence of the acquisition and maintenance of the insurance and other funding in lieu thereof, if any, required by this Agreement by filing copies of the insurance policies or certificates evidencing such insurance on Acord Form 27 or other form acceptable to the Authority or evidence of other funding satisfactory to the Authority, the Trustee, and the Agent.

In the event the Educational Institution fails to secure or maintain the insurance as required in this Agreement, the Authority may, but shall not be obligated to, secure the insurance. Upon demand of the Authority, the Educational Institution shall pay the cost of that insurance.

The Authority waives any claim of liability against the State and the Educational Institution and their officers, agents or employees, for any loss or

damage to the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the State or the Educational Institution of their officers, agents or employees, to the extent that the amount of such loss or damage is covered by such insurance and in fact recovered by the Authority. The State and the Educational Institution waive any claim of liability against the Authority or its trustees, officers, agents or employees, for any loss or damage to property, fixtures and equipment owned, maintained, erected or installed by the State or the Educational Institution in and about the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the Authority, its trustees, officers, agents or employees, to the extent that the amount of such loss or damage is covered by insurance and in fact recovered. To the extent obtainable, any insurance policy carried by the Educational Institution, the State or the Authority under this Agreement or with respect to the Facility or any part thereof shall contain a provision that any right of subrogation which the insurance company may have against the State or its officers, agents or employees, or the Authority or its officers, trustee, agents or employees, or the Educational Institution is waived.

SECTION 10. Inspecting Architect or Engineer. The Authority may, at its option, obtain the services of an Inspecting Architect or Engineer. It is agreed that the Authority assumes no obligation to the Educational Institution or the State with respect to the acts or omissions of the Inspecting Architect or Engineer or with respect to any negligence or defect in the design or construction of the Project. All fees, costs and expenses of the Inspecting Architect or Engineer shall be a Total Facility Cost to the extent of budgeted costs and any costs in excess of that amount shall be paid by the Educational Institution.

SECTION 11. Conveyance of Site to Authority. Prior to the earlier of:

- (a) the date of delivery of the Bonds to provide long-term financing of the Authority's Facility Cost,
- (b) the date the Architect files a Certificate of Tenantability,
- (c) 15 days prior to the third anniversary of Legislative Approval of the Lease,
- (d) 30 days prior to the Stated Termination Date of the Letter of Credit, as defined in the Letter of Credit,
- (e) 15 Business Days (as defined in the Trust Indenture) prior to the date on which all outstanding principal of and interest on the Notes is expected to be paid in

full by a draw on the Letter of Credit and refunding Notes under the Trust Indenture are not to be issued, or

(f) 15 days following the date of receipt of notice by the Trustee from the Agent of an Event of Default under the Reimbursement Agreement instructing the Trustee to accelerate the Notes, the Educational Institution shall execute and deliver a warranty deed conveying the Educational Institution's interest in the Site to the Authority. The Educational Institution shall also at that time deliver a title insurance policy issued by a generally recognized title insurance company in the principal amount of not less than the Authority's Facility Cost, which shall be subject only to the encumbrances and reservations acceptable to the Authority which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof.

SECTION 12. Personal Property Components of the Facility. Upon the execution of this Agreement and from time to time during the construction period, the Educational Institution and the State, to the extent that it holds title to any portion of the Facility, shall execute and deliver to the Authority such bills of sale or other instruments of transfer as may be necessary to vest title to the Facility (but not to the Site) in the Authority, subject only to the encumbrances and reservations permitted in this Agreement, so that, upon completion of the Facility, the Authority shall be the owner of the Facility.

SECTION 13. Agreement to Lease. Upon the transfer of title to the Site from the Educational Institution to the Authority, the Authority shall lease the Facility to the State and the Educational Institution and the State and the Educational Institution shall lease the Facility from the Authority at a true rental determined in accordance with the Act pursuant to the Lease.

SECTION 14. Destruction of Facility. In the event of total or partial destruction of the Facility during the term of this Agreement:

(a) If the total or partial destruction occurs as a result of any act or omission on the part of the State or the Educational Institution or any of their agents or employees (whether negligent or otherwise), the Educational Institution in the case of its act or omission and the State in the case of its act or omission shall, at its sole expense (from insurance proceeds or other sources), replace or repair the Facility to the state of construction immediately prior to the destruction to the reasonable satisfaction of the Authority, and this Agreement shall remain in effect and the State or the Educational Institution shall be entitled to receive all insurance payments; provided, however, if there are at the time the insurance proceeds become available outstanding Obligations (as defined in the Reimbursement Agreement) related to the Facility or if an Event of Default has occurred and is continuing under the Reimbursement Agreement, the Agent may direct the use of

insurance proceeds to the payment of those Obligations and the State or the Educational Institution shall be relieved of its responsibility to replace or repair the Facility.

(b) If the total or partial destruction of the Facility occurs for causes not described in Section 14(a), and the Authority demonstrates within 180 days from the occurrence of such partial or total destruction to the reasonable satisfaction of the State and the Educational Institution that it has sufficient funds (from insurance proceeds or other sources including additional issuances of Notes) available to repair or replace the Facility to the state of construction immediately prior to the destruction, and, unless otherwise consented to by the Agent, that there are other funds legally available and deposited in the Note Fund which will be sufficient to pay any Obligations related to the Facility which are outstanding at the time of the demonstration of sufficient funds, the State or the Educational Institution may repair or replace the Facility if the estimated "true rental" after such repair or replacement shall not be less than the estimated "true rental" prior to the destruction. If the Facility is to be repaired or replaced, the Authority shall pay to the State or the Educational Institution the cost of repair or replacement of the Facility in the amount incurred by the State or the Educational Institution for the repair or replacement of the Facility and this Agreement shall remain in effect; provided, however, under no circumstances will the amount paid to the State or the Educational Institution for repair or replacement exceed the amount of the insurance proceeds together with additional issuances of Notes, if any. Notwithstanding the foregoing, the Authority shall not elect to repair or replace the Facility (i) if Notes are outstanding with respect to the Facility and if based upon an Architect's certificate, the Facility will not become tenantable on or prior to the Expiration Date (as defined in the Letter of Credit) unless the Agent is satisfied that the Authority nonetheless reasonably expects to have funds available to reimburse the Bank on or prior to the Expiration Date all as further provided in the Reimbursement Agreement or (ii) if an Event of Default has occurred and is continuing under the Reimbursement Agreement.

(c) If the Authority does not or cannot so demonstrate availability of funds to repair or replace the Facility and meet the prior obligation set forth in Section 14(b), then this Agreement may be terminated by either the State, the Educational Institution or the Authority upon thirty days written notice to the other parties, in which event all insurance proceeds shall be applied as provided in the Trust Indenture.

(d) Insurance proceeds paid to the Authority as provided in Section 14(b), are to be used for the repair or replacement of the Facility by the State or the Educational Institution. If the Facility is not repaired or replaced, or if the cost of repair or replacement does not exhaust the amount of insurance proceeds received, the balance of the proceeds shall be applied as provided in the Trust Indenture. If

surplus funds remain after application of insurance proceeds as provided in the Trust Indenture, that surplus shall be paid to the State to be credited to its General Fund or otherwise as agreed to by the State and the Educational Institution.

(e) If the Facility is to be replaced by new facilities which are substantially dissimilar in construction or use from the original facilities, then the Facility shall not be replaced unless the plans and specifications are approved by the Authority, the Agent and the State. (State approval shall be evidenced by the approval of the Board and by an appropriations act of the Legislature.

SECTION 15. Tax Covenant. If the Notes or the Bonds are issued as obligations the interest on which is excluded from gross income for federal income tax purposes under the Code, the State and the Educational Institution will, to the extent permitted by law, each shall take all actions within its control and shall not fail to take any action as may be necessary to maintain the exclusion of the interest on the Notes or Bonds from gross income for federal income tax purposes under the Code, and neither shall use the Facility in any manner which would cause the Notes or the Bonds to be Private Activity Bonds (as defined in the Code).

SECTION 16. Assignment of Rights. Upon the issuance of the Notes, the Authority shall, pursuant to the Trust Indenture, assign its rights in, including rights to enforce this Agreement, and pledge any money receivable under this Agreement (other than certain insurance payments to be paid to the Authority under Section 9 of this Agreement), if any, to the Trustee as security for the payment of certain obligations of the Authority under the Trust Indenture to the Noteholders and the Bank. The Authority also assigns its rights to enforce this Agreement directly against the State and/or the Educational Institution to the Bank in the event that there has been a final draw on the Letter of Credit to pay principal of and interest on the Notes allocable to the Facility and those Notes are not to be refunded and there remain Obligations relating to the Facility owing to the Bank to the extent of such remaining Obligations. The Educational Institution and the State consent to such assignments and to any further assignments to a trustee with respect to any obligations of the Authority issued to refund or refinance the Notes.

SECTION 17. Indemnification. The Educational Institution shall indemnify and hold the Authority and its officers, agents, or employees harmless from any and all liability, loss, damage or expense which they may incur under or by reason of this Agreement, the Contract, or the Architect Agreement, or for any action taken by the Authority under this Agreement, or by reason or in defense of any and all claims and demands whatsoever which may be asserted against the Authority arising out of this Agreement, the Contract, or the Architect Agreement to the extent permitted by law. Should the Authority or its officers, agents, or employees incur any such liability, loss, damage or expense, the amount thereof (including reasonable attorneys' fees) shall be paid by the Educational Institution immediately

upon demand. The Educational Institution shall not, however, be required to indemnify the Authority or its officers, agents, or employees for their acts of gross negligence or willful misconduct.

SECTION 18. Termination. Except as set forth below with respect to rights of the Bank, this Agreement shall terminate upon receipt by the State, the Educational Institution, and the Authority of the Certificate of Tenantability for the Facility pursuant to the Lease. This Agreement shall be effective as to rights of the Bank for such time as Obligations are owing to the Bank and so long as the Bank has not wrongfully dishonored its obligations under the Letter of Credit.

IN WITNESS WHEREOF, the State Building Authority, Oakland University, and the State of Michigan have each executed this Agreement by their duly authorized officers.

STATE BUILDING AUTHORITY

By: _____

Its: Executive Director

STATE OF MICHIGAN

By: _____

Governor

By: _____

Secretary of State

OAKLAND UNIVERSITY

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT A

Oakland University
South Foundation Hall

LEASE

Among

OAKLAND UNIVERSITY,

STATE OF MICHIGAN

and

STATE BUILDING AUTHORITY
STATE OF MICHIGAN

Dated as of _____ 1, 20__

TABLE OF CONTENTS*

	<u>PAGE</u>
ARTICLE I	DEFINITIONS.....2
Section 1.1	Definitions.....2
ARTICLE II	ACQUISITION AND COMPLETION OF FACILITY5
Section 2.1	Plans and Authority's Facility Cost.....5
Section 2.2	Sale and Conveyance of Facility to Authority5
Section 2.3	Price and Manner of Payment by Authority for Facility.....6
Section 2.4	Disbursements From Acquisition Account6
Section 2.5	Certificate of Tenantability and Certificate of Partial Tenantability6
Section 2.6	Name of the Facility.....7
ARTICLE III	LEASE OF FACILITY7
Section 3.1	Term of This Lease7
Section 3.2	Lease of Facility.....7
Section 3.3	Rental7
ARTICLE IV	OPERATION, MAINTENANCE AND INSURANCE OF FACILITY9
Section 4.1	Operation of Facility9
Section 4.2	Maintenance and Repair of the Facility9
Section 4.3	Insurance10
Section 4.4	Destruction of Facility.....11
Section 4.5	Improvements to the Facility13
ARTICLE V	EVENTS OF DEFAULT AND REMEDIES14
Section 5.1	Events of Default.....14
Section 5.2	Remedies.....14
ARTICLE VI	MISCELLANEOUS14
Section 6.1	Assignment of Lease14
Section 6.2	Entry14
Section 6.3	Amendment to Lease.....15
Section 6.4	Personal Liability15
Section 6.5	Notices.....15
Section 6.6	Entire Agreement15
Section 6.7	Severability15
Section 6.8	Execution in Counterparts.....15
Section 6.9	Captions16
Section 6.10	Applicable Law16
Section 6.11	Quiet Enjoyment16
Section 6.12	Title16
Section 6.13	Binding Effect16
Section 6.14	Declaration of Governmental Function.....16
Section 6.15	Tax Covenant16
Section 6.16	[References to the Bank17
Section 6.17	Construction of Lease17

EXHIBIT A	Project Description.....	A-1
EXHIBIT B	Legal Description.....	B-1
EXHIBIT C	Annual Rental Amounts.....	C-1

* Bracketed language would be deleted if project was financed with commercial paper and long-term bonds are issued to take out commercial paper or if project was not financed with commercial paper.

LEASE

THIS LEASE is entered into as of _____ 1, 20__ among the STATE BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act 183, Public Acts of Michigan, 1964, as amended, the STATE OF MICHIGAN, and OAKLAND UNIVERSITY, acting by its Board of Trustees, a Michigan constitutional body corporate (hereinafter, the "Educational Institution").

P R E M I S E S:

WHEREAS, the Authority was established under Act 183 for the purpose of acquiring, constructing, furnishing, equipping, owning, improving, enlarging, operating, mortgaging and maintaining buildings, necessary parking structures or lots and facilities, and sites therefor, for the use of the State, including institutions of higher education created pursuant to Section 4, 5, 6 or 7 of Article 8 of the Michigan Constitution of 1963, or any of its agencies;

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963;

[WHEREAS, the Facility has been constructed and the Site and the Facility have been conveyed to the Authority by the Educational Institution as provided by Act 183;]

[WHEREAS, the Site is presently owned by the Educational Institution and the Facility is now under construction by the Educational Institution and it is the intent of the parties to have the Site conveyed to the Authority and the Facility conveyed to the Authority as acquired;]

WHEREAS, the acquisition of the Facility by the Authority for use by and lease to the State and the Educational Institution will permit the State to carry out necessary governmental functions and to provide necessary services to the people of the State as mandated or permitted by the Constitution and law, and the use of Act 183 to accomplish the acquisition represents the most practical means to that end at the lowest cost to the State and the Educational Institution; and

WHEREAS, the execution and delivery of this Lease has been validly authorized by the State Administrative Board of the State, as provided in an appropriations act, by the Board of Trustees of the Educational Institution, and by the Board of Trustees of the Authority;

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings of this Lease, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used in this Lease and the preambles hereto shall have the following meanings unless the context or use indicates another or different meaning.

"Acquisition Account" means the Acquisition Account established by the Trust Indenture.

"Act 183" means Act No. 183, Public Acts of Michigan, 1964, as amended, being Sections 830.411 to 830.425, inclusive, of Michigan Compiled Laws.

["Agent" means JPMorgan Chase Bank, N.A., as agent, or any successor agent for the Bank, or if there shall be no Agent, then Agent shall mean the Bank.]

["Alternate Credit Facility" means a Credit Facility issued as the successor to the Letter of Credit as provided in the Trust Indenture. Such Credit Facility may be an insurance policy.]

"Architect" means Stantec Architecture Inc., 2338 Coolidge, Berkley, Michigan 48072.

"Authority" means the State Building Authority created under Act 183 or any body succeeding to its rights and duties.

"Authority Debt" means the Notes and/or Bonds issued to provide funds for the Authority's Facility Cost.

"Authority's Address" means State Building Authority, Richard H. Austin State Office Building, 430 W. Allegan Street, 1st Floor, Lansing, Michigan 48922.

"Authority's Facility Cost" means the share of the Total Facility Cost to be paid by the Authority out of the proceeds of Authority Debt.

["Bank" means the bank or banks which issue the Credit Facility, initially JPMorgan Chase Bank, N.A., a national banking association, and its successors or assigns.]

["Bank's Address" means 1116 W. Long Lake Road, Bloomfield Hills, Michigan 48302, Attention: Angela J. Blackmer, the address for the Agent.]

"Bonds" means any bonds or other obligations issued by the Authority under the Resolution, which were secured in whole, or in part, by the Rental.

"Certificate of Tenantability" or "Certificate of Partial Tenantability" shall mean the certificate rendered pursuant to Section 2.5 hereof, which when filed, will trigger commencement of rental payments in accordance with Section 3.3 hereof.

"Construction Agreement" shall mean the Construction and Completion Assurance Agreement among the Authority, the State and the Educational Institution relating to the construction of the Facility.

["Credit Facility" means the Letter of Credit issued by the Bank or any Alternate Credit Facility.]

"Educational Institution" means Oakland University, created and maintained pursuant to Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963 or any body or entity succeeding to its rights and duties.

"Educational Institution's Address" means Oakland University, 371 Wilson Boulevard, Suite 4000, Rochester, Michigan 48309, Attention: President.

"Facility" means the Site, all real property interests appurtenant thereto, and all buildings, structures and improvements now or hereafter constructed thereon and all fixtures or personal property, now or hereafter located thereon or therein, all as described on page A-1 in Exhibit A attached hereto, but shall not include the State's or the Educational Institution's own equipment or other personal property to be installed or used thereon or in connection therewith.

"Improvements to the Facility" means such additions, improvements or replacements of or to the Facility as provided by Section 4.5.

"Lease" means this lease agreement among the Authority, the State, and the Educational Institution, as amended or supplemented as provided in Section 6.3.

["Letter of Credit" means the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement.]

"Notes" means the obligations issued by the Authority under the Trust Indenture to provide funds, among other purposes, to pay the Authority's Facility Cost.

"Plans" means the plans and specifications for the construction of the Facility prepared by the Architect, filed by the Educational Institution with the Authority and approved by the Authority, in accordance with the Construction Agreement.

["Reimbursement Agreement" means the Reimbursement Agreement dated as of August 1, 2022, between the Authority and the Bank, as amended or supplemented, relating to the Letter of Credit or any other reimbursement agreement entered into by the Authority in connection with the issuance of the Notes.]

"Rental" means the rental required to be paid to the Authority by the State pursuant to Section 3.3, which shall be not more than the "true rental" for the Facility as determined by the State Administrative Board pursuant to Act 183, the rental being not greater than the economic or market value to the State and the Educational Institution of the Facility over and above the

estimated expenses of operation, maintenance and repair of the Facility, not taking into account the right of the Educational Institution to acquire title to the Facility as provided in Section 6.12 upon termination of this Lease.

"Resolution" means the resolution(s) adopted by the Board of Trustees of the Authority authorizing the issuance and sale of Authority Debt. The term also includes the Trust Indenture or any master indenture, indenture and supplemental indenture, as amended from time to time, entered into by the Authority in connection with Authority Debt.

"Site" means the real property described in Exhibit B attached hereto.

"State" means the State of Michigan. The Department of Technology, Management and Budget shall be responsible for administering the terms of this Lease on behalf of the State.

"State's Address" means State of Michigan, Department of Technology, Management and Budget, Elliott-Larsen Building, 2nd Floor, Box 30026, Lansing, Michigan 48909, Attention: Director.

"Total Facility Cost" means (a) obligations of the State, the Educational Institution or the Authority incurred for labor and to contractors, builders and materialmen in connection with the Facility; (b) the cost of acquiring necessary land or rights in land and any costs incidental thereto, including costs of assuring title of the Facility to the Authority, and recording fees; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the construction period which are not paid by the contractor or contractors or otherwise provided for; (d) the expenses of the State, the Educational Institution or the Authority for appraisals, surveys, estimates and supervising construction, as well as for the performance of all other duties required for the proper construction of the Facility; (e) all other fees and costs which the State, the Educational Institution or the Authority may incur or be required to pay for the acquisition, construction, installation and operation of the Facility; and (f) any sums required to reimburse the State, the Educational Institution and the Authority for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them (including overhead charges) which are (i) properly chargeable to the Facility and (ii) authorized pursuant to the resolution adopted by the Authority on March 4, 1992 and the certificate of the Executive Director of the Authority dated January 12, 2021 authorizing the reimbursement of such advances or otherwise permitted under the Internal Revenue Code of 1986, as amended.

"Trustee" means a bank having trust powers or a trust company to be designated in the Resolution of the Authority, or any successor trustee at the time serving as such under the Resolution.

"Trustee's Address" means the address of the Trustee as indicated in the Trust Indenture.

"Trust Indenture" means the trust indenture, master indenture and supplemental indenture, as amended from time to time, entered into in connection with the issuance of Authority Debt.

ARTICLE II
ACQUISITION AND COMPLETION OF FACILITY

Section 2.1 Plans and Authority's Facility Cost. The Authority's Facility Cost in the amount set forth on page A-2 in Exhibit A and the Plans have been approved by the Authority, the Educational Institution and the State in accordance with applicable law. The Authority's acquisition of the Facility shall be financed by issuing Authority Debt. That portion of the proceeds of such Authority Debt which will be used to pay the Authority's Facility Cost shall be deposited in the Acquisition Account. The amount of such proceeds shall not exceed the amount of the Authority's Facility Cost except as otherwise provided for herein. If the proceeds from the initial issuance of Authority Debt to pay the Authority's Facility Cost are less than the corresponding amount set forth on page A-2 in Exhibit A, the Authority may issue additional Authority Debt at a later date or dates to pay the remaining portion of the Authority's Facility Cost so long as the aggregate amount of proceeds of all Authority Debt which then have been or will be used to pay the Authority's Facility Cost does not exceed the corresponding amount set forth on page A-2 in Exhibit A.

Section 2.2 Sale and Conveyance of Facility to Authority. The Educational Institution has executed and delivered to the Authority a warranty deed, which shall be subject only to the encumbrances and reservations acceptable to the Authority which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof, conveying and vesting in the Authority the Educational Institution's interest in the title to the Site, and the Educational Institution has executed and delivered to the Authority a bill of sale conveying and vesting in the Authority the Facility as acquired, constructed and installed by the Educational Institution.

Prior to or contemporaneously with the execution of this Lease, the Educational Institution shall deliver with the warranty deed a commitment for issuance of a title insurance policy acceptable to the Authority and as soon as practicable thereafter a title insurance policy issued by a generally recognized title insurance company in the principal amount of not less than the Authority's Facility Cost, each of which shall be subject only to the encumbrances and reservations which are acceptable to the Authority and which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof.

Contemporaneously with the delivery of this Lease, the Authority shall, pursuant to the Resolution, assign its rights in, and pledge any moneys receivable under this Lease other than indemnity and certain of the insurance payments to be paid to the Authority under Sections 4.2, 4.3 and 4.5 of this Lease, if any, to the Trustee [(and secondarily to the Agent and the Bank)] as security for the payment of certain obligations of the Authority. The State and the Educational Institution hereby consent to such assignment. The Authority shall reserve the right to enforce in its own name and for its own benefit, certain of the obligations of the State and the Educational Institution to the Authority under Sections 4.2, 4.3 and 4.5 of this Lease.

Section 2.3 Price and Manner of Payment by Authority for Facility. The Authority shall pay to the State or the Educational Institution, as the case may be, as the purchase price for the Facility the amount paid or incurred by the State or the Educational Institution, as the case may be, for the Authority's Facility Cost, but the total amount paid by the Authority for the Facility shall not exceed the amount approved by Section 2.1. The purchase price for the Facility shall be paid on behalf of the Authority by the Trustee to the Educational Institution or the State from time to time from moneys in the Acquisition Account upon presentation of the requisition certificates (which shall constitute covenants of the Educational Institution or the State to the Authority and the Trustee). The Educational Institution shall convey the Site to the Authority without cost to the Authority.

Section 2.4 Disbursements From Acquisition Account. The Authority in the Resolution has authorized the Trustee to make payments from the Acquisition Account to pay the Authority's Facility Cost subject to this Lease, upon receipt of a requisition certificate signed by an authorized official of the Educational Institution or the State and approved by the Authority stating with respect to each payment to be made: (i) the requisition certificate number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) a description of the Authority's Facility Cost covered by such requisition certificate and a statement that the payment is being made for a cost or expense properly chargeable to the Acquisition Account, (iv) the amount to be paid, (v) that each obligation mentioned therein is a proper charge against the Acquisition Account, and has not been the basis of any previous payment, (vi) that the cost to the Educational Institution or the State of the portion of the Facility covered by the requisition certificate is not less than the amount to be paid to the Educational Institution or the State thereunder, (vii) that all bills of sale necessary to vest title to the portion of the Facility covered by the requisition certificate in the Authority have been executed and delivered or assigned by the Educational Institution or the State to the Authority, (viii) that neither the Educational Institution nor the State is in default under this Lease and that nothing has occurred to the knowledge of the State or the Educational Institution which prevents the performance of the Educational Institution's or the State's obligations under this Lease, and (ix) that after the payment of such requisition the amount on deposit in the Acquisition Account together with other moneys to be available, including anticipated proceeds, if any, from the issuance of additional Authority Debt, will be sufficient to acquire the Facility.

The Educational Institution shall also provide the Authority and the Trustee with the information identified in the Construction Agreement. The State and the Educational Institution shall permit the Authority, [the Agent] and the Trustee, upon request, to inspect the records of the State and the Educational Institution relating to the Authority's Facility Cost.

Section 2.5 Certificate of Tenantability and Certificate of Partial Tenantability. The completion date of the entire Facility and the payment of the entire Total Facility Cost shall be evidenced to the Trustee, the Authority, [the Agent,] the State and the Educational Institution by the Certificate of Tenantability signed by the Architect or by an appropriate official of the Educational Institution to the effect that, except for any Total Facility Cost not then due and payable, or the liability for payment of which is being disputed by the Educational Institution, construction of the Facility has been completed in accordance with the Plans and the entire Total

Facility Cost has been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon filing of the Certificate of Tenantability, the Educational Institution shall occupy the entire Facility for the purpose specified.

If a portion of the Facility is completed prior to the completion date of the entire Facility, such partial completion shall be evidenced to the Trustee, the Authority, [the Agent,] the State and the Educational Institution by the Certificate of Partial Tenantability filed by the Architect or by an appropriate official of the Educational Institution setting forth that the portion of the Facility indicated is complete and tenantable, that said portion has been completed in accordance with the plans and the square footage of the Facility. If different portions of the Facility from time to time are completed, the Architect may execute and deliver from time to time several Certificates of Partial Tenantability conforming to the requirements set forth in this section. Upon filing of the Certificate of Partial Tenantability, the Educational Institution shall be deemed to have occupied the portion of the Facility described in such certificate.

Section 2.6 Name of the Facility. The name of the Facility shall be designated by the Educational Institution.

ARTICLE III LEASE OF FACILITY

Section 3.1 Term of This Lease. The term of this Lease shall commence on the date of its execution and shall continue for the period, not to exceed forty (40) years, corresponding to the time component contained in the Rental which shall be fixed within the range as set forth in Section 3.3 of this Lease which shall be certified by the appraiser and thereafter approved by the State Administrative Board and the Authority as authorized by Act 183.

Section 3.2 Lease of Facility. In consideration of the Rental and other terms of this Lease, the Authority leases the Facility to the State and the Educational Institution and the State and the Educational Institution lease the Facility from the Authority for the term of this Lease.

Section 3.3 Rental. The State shall pay to the Authority for and on behalf of the Educational Institution for the use of the Facility during the term of this Lease, Rental in the annual amounts set forth in Exhibit C hereto, which amounts shall be certified by the appraiser and approved by the State Administrative Board and the Authority as authorized by Act 183 payable monthly on an annualized basis (except as hereinafter provided) on or before the first day of each month prior to the termination of this Lease.

The full Rental shall commence on the first day of the first month following the date of the filing of the Certificate of Tenantability, but not earlier than the dated date of this Lease.

When a Certificate of Partial Tenantability is filed and until a Certificate of Tenantability is filed, the State shall pay to the Authority for and on behalf of the Educational Institution for the

use of a portion of the Facility monthly in equal amounts (except as hereinafter provided) a portion of the full Rental described above. The partial rental amount shall be computed by multiplying the percentage computed by dividing the gross square footage that is tenantable as described in all Certificates of Partial Tenantability then filed by the total gross square footage of the Facility times the full amount of the Rental.

The Executive Director of the Authority shall notify the State Administrative Board of failure to complete the Facility in the event that the Facility is not completed within six months of the Contract Completion Date, or prior thereto if the Authority, the Educational Institution and the State (acting through the Department of Technology, Management and Budget) shall so agree, and the State Administrative Board shall promptly thereafter designate an appraiser. The appraiser shall determine on a functional basis the percentage of completion of the Facility as of the date that such appraisal is made and shall report such percentage to the Authority, the State, the Educational Institution, the Trustee [and the Agent]. The State shall pay to the Authority, for and on behalf of the Educational Institution, for use of a portion of the Facility, monthly in equal amounts on an annualized basis (except as hereinafter provided) a portion of the full Rental computed by multiplying the percentage reported by the appraiser times the full amount of the Rental set forth above, the first of such partial Rentals to commence on the first day of the first month following the date of the filing of the appraiser's report. If after payment of a partial Rental under the circumstances above described, further Certificates of Partial Tenantability are filed, the appraiser shall recalculate the percentage of completion each time and shall file with the Authority, the State, the Educational Institution, the Trustee [and the Agent] a report setting forth the revised percentage and such revised percentage shall be the basis for computation from time to time of the partial Rental until the Certificate of Tenantability is filed.

The first monthly Rental payment or partial Rental payment in each case shall be paid on the last day of the month in which the Certificate of Tenantability or the Certificate of Partial Tenantability, as the case may be, is filed and shall be in an amount equal to the annual Rental calculated as above provided divided by 365 and multiplied by the number of days between the date of filing the Certificate of Tenantability or the Certificate of Partial Tenantability and the date on which the next Rental payment or partial Rental payment is due.

The Educational Institution consents to payment of the Rental or partial Rental on behalf of the Educational Institution by the State directly to the Trustee as provided in the Resolution.

If for any reason other than because of any act or omission of the State, the Educational Institution, or any of their agents or employees (whether negligent or otherwise) the Facility becomes untenable or partially untenable, no Rental, or partial Rental only, shall be paid for the period the Facility is untenable or partially untenable, and the Rental payments shall be adjusted accordingly by the mutual agreement of the parties hereto; provided, however, that if the Facility is totally or partially destroyed, the provisions of Section 4.4 hereof shall apply in lieu of the provision of this paragraph. For purposes of this Lease the Facility shall not be deemed wholly untenable if the Facility or any portion thereof can be used by the Educational Institution or the State for any lawful governmental purpose.

The Governor of the State shall, consistent with Act 183, include in the annual executive budget of the State for each year during the term of this Lease an amount sufficient to pay the Rental required to be paid in such year by the State on behalf of the Educational Institution, to the Authority or its assignee. The State is hereby contractually obligated to provide each year adequate appropriations in order to pay the Rental when due, the Rental being an ordinary annual expense and contract obligation of the State. This provision shall not be deemed a waiver of the State's governmental immunity or its right to invoke or waive governmental immunity.

ARTICLE IV OPERATION, MAINTENANCE AND INSURANCE OF FACILITY

Section 4.1 Operation of Facility. During the term of this Lease, the Educational Institution agrees to use the Facility for a lawful governmental purpose. The State and the Educational Institution may locate and use any of their own personal property in the furtherance of such purpose in or on the Facility and such personal property shall remain the property of the State or the Educational Institution and shall not become part of the Facility and shall not be subject to this Lease. If the personal property of the State or the Educational Institution so located in or on the Facility cannot be readily distinguished from the real and personal property comprising the Facility by reference to page A-1 in Exhibit A or other records of the Authority, then such personal property of the State or the Educational Institution shall remain identified as property of the State or the Educational Institution by tags or other symbols attached thereto or otherwise clearly associated therewith, and any such items of personal property not so identified shall be presumed to be part of the Facility, but such presumption shall not be conclusive.

The Educational Institution shall pay all costs and expenses incurred in the operation of the Facility, or arising in connection therewith, including, but not limited to all governmental charges or taxes (or payments in lieu of taxes), if any, levied on the Facility or the operation thereof, and all charges for utility services supplied to, or used in the operation of, the Facility and all charges for insurance required by this Lease. Insofar as it may be lawfully done, the Authority shall be free from all costs, expenses and obligations of operation and maintenance of the Facility, except as otherwise expressly provided herein, and free from all taxes, assessments and other governmental charges, and that this Lease shall be a "net lease," and the State on behalf of the Educational Institution shall pay the Rental throughout the term of this Lease.

Section 4.2 Maintenance and Repair of the Facility. The Educational Institution shall not cause or permit any waste, damage or injury to the Facility. During the term of this Lease, the Educational Institution shall, at its own expense, keep the Facility in good condition and repair (reasonable wear and tear and damage by act of God, fire, or other causes beyond the control of the Educational Institution excepted). The Educational Institution shall indemnify the Authority, its members, officers, agents or employees, against all costs, liabilities, losses, damages, suits, fines, penalties, claims and demands, including reasonable counsel fees, arising out of the Educational Institution's failure to comply with the foregoing covenant to the extent permitted by law.

Section 4.3 Insurance. From the date hereof, the Educational Institution shall, at its own expense, keep the Facility insured against all of the following provided that the Educational Institution shall not be required to carry a particular type of insurance as set forth during any time period that such insurance is not available in the insurance market of the United States:

(a) "All Risk" building insurance, including extended coverage, vandalism and malicious mischief, and sprinkler damage in an amount equal to 100% of the full replacement cost of the Facility with a deductible not to exceed \$50,000.

(b) Loss or damage from explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in the Facility, in an amount customary to be carried in buildings of character and purpose similar to the Facility with a deductible not to exceed \$50,000.

(c) Loss of rental, under a rental value insurance policy, resulting from any of the hazards described in subparagraphs (a) and (b) in an amount not less than 300% of the then full annual Rental fixed by this Lease, including all Rental agreed to be paid by the State hereunder, or, in the event of reconstruction of all or any portion of the Facility pursuant to Section 4.4, such greater or lesser amount as shall be necessary to assure Rental payments during the reconstruction period.

(d) Commercial General Liability for combined property damage and bodily injury with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate per location with a deductible not to exceed \$50,000 per occurrence.

Except as hereinafter provided, all insurance policies required hereby shall be issued by insurers fully qualified under the laws of the State to provide that form of insurance in the State. Each policy issued for this Facility shall include as named insureds or additional insureds and loss payees, the Authority and its trustees, officers, agents and employees, the Educational Institution, the State and its officers, agents or employees, [the Agent and the Bank (except with respect to the commercial general liability insurance policy described in subsection 4.3(d) above)] and the Trustee as their interests may appear. Inclusion of trustees, officers, agents and employees of the Authority as insured parties is not intended to and shall not constitute a consent to or an agreement that such trustees, officers, agents and employees shall in any way be liable for any matters arising out of the acquisition, leasing, ownership or financing of the Facility and such inclusion shall not constitute a waiver of immunity of such trustees, officers, agents and employees from any such liability. All casualty loss proceeds shall be payable to the Authority, and used as provided in Section 4.4 hereof or in the Resolution. All rental insurance proceeds shall be payable to the Authority and applied as provided in the Resolution. All liability insurance proceeds shall be payable to the Authority, its officers, agents and employees, the State, the Educational Institution and the Trustee, as their interests appear. All policies shall contain a provision that they may not be canceled or non-renewed or substantially reduced as to coverage without thirty days' prior written notice to the Authority, the Trustee, the Educational Institution, the State [and the Agent]. The policies of insurance described in the above subparagraphs (a), (b) and (d) may contain additional deductible and coinsurance features, but only if the State or the Educational Institution has set aside in a separate fund an amount sufficient to pay the amount required under any such additional coinsurance or deductible feature in the full amount or has otherwise provided for the

payment of such amounts in a manner satisfactory to the Authority. The insurance required by this Lease in the amounts, with the coverage and other features herein required, may be supplied through blanket insurance policies covering other properties of the Educational Institution or the State; provided that such blanket insurance will provide the full coverage required herein for the Facility and at the same time provide full coverage for all other buildings and facilities covered by such blanket insurance policies unless such blanket insurance policy or policies provide for full coverage of the Facility prior to any coverage of the other properties of the Educational Institution. The insurance required by this Lease in the amounts, with the coverage and other features herein required, may be supplied by a fully funded self-insurance program of the State or the Educational Institution or a self insurance pool in which the State or the Educational Institution is a participant; provided that such self-insurance program or pool will provide the full coverage required herein for the Facility. The Educational Institution shall supply evidence of the acquisition and maintenance of the insurance and other funding in lieu thereof, if any, required by this Lease by filing copies of the insurance policies or certificates evidencing such insurance on Acord Form 27 or other form acceptable to the Authority or other funding satisfactory to the Authority, the Trustee [and the Agent].

Upon the filing of a Certificate of Tenantability or a Certificate of Partial Tenantability and annually thereafter on January 1st of each year the Educational Institution will file with the Authority a certificate signed by an authorized officer which shall state that the insurance required by this Section 4.3 is in full force and effect.

In the event the Educational Institution fails to maintain the insurance as required herein, the Authority or the Trustee may secure such insurance. The Educational Institution agrees to reimburse the Authority or the Trustee for the cost of any such insurance.

The Authority hereby waives any claim of liability against the State and the Educational Institution, and their officers, agents or employees, for any loss or damage to the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the State or the Educational Institution or their officers, agents or employees, to the extent that the amount of such loss or damage is covered by such insurance and in fact recovered by the Authority. The State and the Educational Institution hereby waive any claim of liability against the Authority or its trustees, officers, agents or employees, for any loss or damage to property, fixtures and equipment owned, maintained, erected or installed by the State or the Educational Institution in and about the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the Authority, its officers, agents or employees, to the extent that the amount of such loss or damage is covered by insurance and in fact recovered. To the extent obtainable, any insurance policy carried by the Educational Institution, the State or the Authority under this Lease or with respect to the Facility or any part thereof shall contain a provision that any right of subrogation which the insurance company may have against either the State or its officers, agents or employees, the Authority or its officers, trustees, agents or employees, or the Educational Institution is waived.

Section 4.4 Destruction of Facility. In the event of total or partial destruction of the Facility during the term of this Lease:

(a) If such total or partial destruction occurs as a result of any act or omission on the part of the State or the Educational Institution or any of their agents or employees (whether negligent or otherwise), the Educational Institution in the case of its act or omission and the State in the case of its act or omission shall, at its sole expense (from insurance proceeds or other sources, including payment by the Educational Institution), replace or repair the Facility to the reasonable satisfaction of the Authority, and this Lease shall remain in effect and no reduction or abatement of the Rental shall be permitted the Educational Institution or the State acting on behalf of the Educational Institution, and the Educational Institution or the State shall be entitled to receive all insurance payments; [provided, however, if at the time the insurance proceeds become available, an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing under the Reimbursement Agreement, the Agent may direct the use of insurance proceeds to the payment of outstanding Obligations (as defined in the Reimbursement Agreement) related to the Facility and the State or the Educational Institution shall be relieved of its responsibility to replace or repair the Facility].

(b) If the total or partial destruction of the Facility occurs for causes not described in clause (a) of this Section 4.4, and the Authority demonstrates within 180 days from the occurrence of such partial or total destruction to the reasonable satisfaction of the Educational Institution [and the Agent] that it has sufficient funds (from insurance proceeds or other sources including payments by the Educational Institution) available to repair or replace the Facility within the period for which the rental value insurance described in Section 4.3(c) is actually then in force, the State or Educational Institution may repair or replace the Facility if the estimated "true rental" after such repair or replacement determined in the same manner that "true rental" was determined in the original instance shall not be less than the Rental prior to such destruction and if it is estimated that through the insurance described in Section 4.3(c), together with any other funds legally available therefor, [including, without limitation, amounts available to be drawn under or derived from the Letter of Credit,] there will be sufficient moneys available to the Authority during any period that the Rental may be suspended or reduced because of such destruction to fully offset the amount of the loss of Rental and to pay the principal and interest requirements on outstanding Authority Debt and any other obligations of the Authority secured by the Rental coming due. If the Facility is to be repaired or replaced the Authority shall pay to the State or the Educational Institution the cost of repair or replacement of the Facility in the amount incurred by the State or the Educational Institution for the repair or replacement of the Facility, and this Lease shall remain in effect, but the Rental shall be equitably adjusted by the mutual agreement of the parties according to the extent and time of the loss of the use of the Facility by the Educational Institution. [Notwithstanding the foregoing, the Authority shall not elect to repair or replace the Facility (i) if Authority Debt secured by the Letter of Credit are outstanding with respect to the Facility and if based upon an Architect's certificate, the Facility will not become tenantable on or prior to the Expiration Date (as defined in the Letter of Credit) unless the Agent is satisfied that the Authority nonetheless reasonably expects to have funds available to reimburse the Agent on or prior to the Expiration Date all as further provided in the Reimbursement Agreement or (ii) if an Event of Default has occurred and is continuing under the Reimbursement Agreement.]

(c) If the Authority does not or cannot so demonstrate availability of funds to repair or replace the Facility, then this Lease may be terminated by either the State, the Educational Institution or the Authority upon thirty days' written notice to the other parties, and all Rental of the State on behalf of the Educational Institution hereunder shall cease from the date of such termination, in which event all insurance proceeds shall be applied as provided in the Resolution. If the Facility is partially destroyed, but the remaining Facility is usable by the State or the Educational Institution, then the Rental shall be reduced, if necessary, to reflect the "true rental" of the remaining Facility, the annual amounts of such "true rental" of the remaining Facility to be determined in the same manner that "true rental" was determined in the original instance.

(d) Insurance proceeds shall be paid to the Authority and used as provided in Section 4.4(b), for the repair or replacement of the Facility by the State or the Educational Institution. If the Facility is not repaired or replaced, or if the cost of repair or replacement does not exhaust the amount of insurance proceeds received, the balance of the proceeds shall be applied as provided in the Resolution. In the event surplus funds remain after application of insurance proceeds as provided in the Resolution, then such surplus shall be paid to the State to be credited to its General Fund.

(e) If the Facility is to be replaced by new facilities which are substantially dissimilar in construction or use from the original facilities, then the Facility shall not be replaced unless the plans and specifications are approved by the Authority, the State [and the Agent] (State approval shall be evidenced by the approval of the State Administrative Board and as provided in an appropriations act).

Section 4.5 Improvements to the Facility. The Educational Institution may make any Improvements to the Facility as it deems necessary or desirable, provided that (a) all Improvements to the Facility constituting real property shall become the property of the Authority and subject to this Lease immediately upon the placement thereof in the Facility, and (b) the Educational Institution shall indemnify the Authority and its trustees, officers, agents and employees, from any and all losses, damages, liabilities or claims arising from or in connection with the making of such Improvements to the Facility by the Educational Institution to the extent permitted by law.

At the request of the State or the Educational Institution, the Authority may, but shall not be required to, acquire or construct Improvements to the Facility. In such event, this Lease shall be supplemented to increase the annual amounts of Rental payable hereunder so long as such amounts do not exceed the "true rental" value of the Facility after acquisition of the Improvements to the Facility as determined and approved pursuant to Sections 1(e) and 7 of Act 183.

If requested by the Educational Institution, the Authority shall grant an easement for construction purposes on the Site to the Educational Institution in form and substance satisfactory to the Attorney General of the State.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Events of Default. The term "Events of Default" shall mean, whenever used in this Lease, any one or more of the following events:

(a) Failure to pay the Rentals required to be paid under Section 3.3 at the times specified therein.

(b) Failure by the State or the Educational Institution to observe and perform any of their respective covenants, or obligations in this Lease for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied, given to the State and the Educational Institution by the Authority or the Trustee; provided, however, that if such Default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the State on behalf of the Educational Institution or the Educational Institution within such period and diligently pursued until the Default is corrected.

(c) An event of default under the Construction Agreement.

The term "Default" shall mean Default by the State or the Educational Institution in the performance or observance of any of their respective covenants or obligations in this Lease, exclusive of any period of grace required to constitute an Event of Default.

Section 5.2 Remedies. Upon the occurrence of an Event of Default, the Authority or its assignees, [the Bank acting through the Agent to the extent it is or is deemed to be a holder of Authority Debt] and the Trustee shall be entitled to use and exercise any and all remedies provided by law to correct such Default, including, but not limited to, the remedies provided in Act 183.

ARTICLE VI
MISCELLANEOUS

Section 6.1 Assignment of Lease. The Educational Institution (with the consent of the Authority and the State) and the State (with the consent of the Authority) may at any time make any assignment of their interest under this Lease for a use not prohibited by Act 183, provided, however, that (a) the State shall remain liable for all Rental and other obligations of the State under this Lease, (b) the Educational Institution shall remain primarily liable for its obligations under this Lease and (c) no assignment shall be made which would cause the interest on Authority Debt to become included in gross income for federal or State income tax purposes.

Section 6.2 Entry. The Authority, through its officers, agents, or employees, shall have the right at reasonable times of entering the Facility for the purpose of inspecting the Facility to determine compliance with this Lease.

Section 6.3 Amendment to Lease. No amendment to this Lease shall be effective unless the amendment is in writing and is executed by the duly authorized officers of the Authority, the State and the Educational Institution and all requirements of Act 183 are satisfied.

Section 6.4 Personal Liability. The covenants and obligations made, assumed by or imposed upon the State, the Authority or the Educational Institution in this Lease are those of the State, the Authority or the Educational Institution and not of any agent, officer or employee of the State or any trustee, agent, officer or employee of the Authority or the Educational Institution in his or her individual capacity and no recourse shall be had for the payment of the Rental or any other moneys required to be paid by this Lease or for the performance of any other obligation required of the State, the Educational Institution, or the Authority under this Lease against any agent, officer or employee of the State or any trustee, agent, officer or employee of the Authority or the Educational Institution or any person executing or attesting to this Lease or the Resolution.

Section 6.5 Notices. All notices, certificates or other communications under this Lease shall be sufficiently given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the Authority, the State, the Educational Institution, the Trustee [or the Agent], as the case may be, at the Authority's Address, the State's Address, the Educational Institution's Address, the Trustee's Address [or the Bank's Address], respectively. A duplicate copy of each such notice, certificate or other communication given hereunder to the Authority, the State, the Educational Institution, the Trustee [or the Agent] shall also be given to the others.

The Authority, the State, the Educational Institution, the Trustee [and the Agent] may by written notice designate any further or different addresses to which subsequent notices, certificates or communications shall be sent.

Any notice given to the Educational Institution under this Lease shall also be given to the State if the Educational Institution's interest in the construction contract is assigned in accordance with this Lease.

Section 6.6 Entire Agreement. This Lease contains all agreements between the parties with respect to the Facility, and there are no other representations, warranties, promises, agreements or understandings, oral, written or inferred, between the parties, unless reference is made thereto herein.

Section 6.7 Severability. If any clause, provision or section of this Lease shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 6.8 Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

Section 6.9 Captions. The captions or headings in this Lease are for convenience only and in no way define, limit the scope or intent of any provision of this Lease.

Section 6.10 Applicable Law. This Lease shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State.

Section 6.11 Quiet Enjoyment. The Authority covenants that the State and the Educational Institution, upon compliance with the terms of this Lease, shall peacefully and quietly have and hold and enjoy the Facility for the term herein provided, subject to any and all rights of the Authority or its assignees under this Lease.

Section 6.12 Title. After Authority Debt and any additional Authority Debt authorized as provided in the Resolution and any and all other obligations of the Authority which pledge for their payment the Rental, are paid in full or provision for the payment thereof is made as provided in the Resolution or proceedings authorizing any such other obligations of the Authority, and upon request by the Educational Institution, the Authority shall convey title of the Facility to the Educational Institution for consideration of \$1.00 and the Educational Institution's assumption of all monetary obligations and legal responsibilities for the operation and maintenance of the Facility. The Authority, the State and the Educational Institution hereby specifically agree that the obligations of the State to pay the Rental and perform the other duties and obligations of each specified in this Lease do not depend upon the conveyance of the title to the Facility to the Educational Institution as herein provided and each warrants and represents that this Lease would be executed and delivered by each of them even if title would not pass, it being understood that the passage of title is merely incidental to this Lease and that the Rental is not greater than the economic or market value to the State and the Educational Institution for the use of the Facility over and above estimated expenses of operation, maintenance and repair of the Facility, not taking into account passage of title to the Facility as provided in this Section.

Section 6.13 Binding Effect. This Lease shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

Section 6.14 Declaration of Governmental Function. The Authority, the State and the Educational Institution, in accordance with Act 183, hereby specifically declare the acquisition of the Facility is intended to serve an essential governmental function and nothing herein is to be construed to conclude a contrary intent.

Section 6.15 Tax Covenant. The State and the Educational Institution covenant and agree that to the extent permitted by law, they shall each take all actions within their control and that they shall not fail to take any action as may be necessary to provide for and maintain the exclusion of the interest on the Authority Debt from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and that they shall not use the Facility in any manner which would cause the Authority Debt to be Private Activity Bonds (as defined in the Code); provided, however, that this Section shall not be effective with respect to the Authority Debt, the interest on which is determined by the Authority as of the date of their issuance to be not excludable from gross income for federal income tax purposes under the Code.

Section 6.16 [References to the Bank]. Any reference to the Bank in this Lease shall be effective only if the Credit Facility is then in effect and the Bank has not wrongfully dishonored its obligations thereunder or if any of the Authority's obligations to the Bank under the Reimbursement Agreement then remain outstanding.]

Section 6.17 Construction of Lease. For all purposes this document and the transaction created hereby shall be construed as a true lease, and is not intended to create "state indebtedness" as that term is used in Section 12 of Article 9 of the Michigan Constitution of 1963. Any provisions contained herein which at any time shall be held by a court of competent jurisdiction to cause this Lease to constitute an "evidence of state indebtedness" pursuant to Section 12 of Article 9 of the Michigan Constitution of 1963, shall be deemed invalid subject to the right of the State, the Educational Institution or the Authority to timely appeal such holding. Nothing in this Lease shall be construed as a surrender by the Educational Institution of any of its rights, prerogatives or independence under Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963. Nothing in this Lease shall be construed as requiring or obligating the Authority to issue or sell Authority Debt.

[Signature Page Follows]

IN WITNESS WHEREOF, the STATE BUILDING AUTHORITY, the STATE OF MICHIGAN, and OAKLAND UNIVERSITY, by its Board of Trustees, have executed this Lease by its duly authorized officers the day and year first above written.

STATE BUILDING AUTHORITY

By _____

Chairperson
Board of Trustees

By _____

Executive Director

STATE OF MICHIGAN

By _____

Governor

By _____

Secretary of State

OAKLAND UNIVERSITY

By _____

President

By _____

Vice President for Finance and
Administration

EXHIBIT A

Project Description

Oakland University South Foundation Hall

The South Foundation Hall at the Educational Institution's main campus in Auburn Hills, Michigan, is a three-story 50,000 square foot building constructed in 1959. The project consists of a full renovation of 50,000 square feet and 37,000 square feet of new construction. This project will increase space in academic areas including STEM, health professions, education, humanities, and the arts.

The 50,000 square feet of renovation will renovate all three stories of the existing South Foundation Hall, including replacement of interior partitions, ceilings, flooring, HVAC system, electrical system, plumbing, doors, hardware, and exterior envelope (roof, brick, and windows). The 37,000 square feet of new construction will consist of two taller stories that align with the original building at grade and the top floor. The mechanical, plumbing, and electrical systems will be completely replaced, and the major equipment will be relocated into a mechanical penthouse on the addition. The renovation and addition will increase the number of classrooms, improving the efficiency and effectiveness of current pedagogical teaching methods and technology.

The Educational Institution is committed to LEED and sustainable design principles to enhance operational efficiencies.

Project Costs

Oakland University South Foundation Hall

<u>Categories of Costs</u>	<u>State Building Authority's Cost of Facility</u>	<u>State Appropriations</u>	<u>Other</u>	<u>Total Facility Cost</u>
1. The Structure, Services and Site Improvements (general, mechanical, electrical, and fixed equipment)	\$29,999,800	\$200	\$6,370,000	\$36,370,000
2. Furnishings and Equipment (furniture, movable equipment, etc., not considered a part of the structure nor requiring fixed mechanical and/or electrical services)	0	0	3,050,000	3,050,000
3. Professional Services and Supervision (architectural fees, engineering services, and construction inspection)	<u>0</u>	<u>0</u>	<u>4,780,000</u>	<u>4,780,000</u>
TOTAL ESTIMATED PROJECT COST	\$29,999,800	\$200	\$14,200,000	\$44,200,000

EXHIBIT B

Legal Description

Oakland University South Foundation Hall

Part of the Northeast $\frac{1}{4}$ of Section 13, Town 3 North, Range 10 East, City of Auburn Hills, Oakland County, Michigan and more particularly described as: Commencing at the North $\frac{1}{4}$ Corner of said Section 13; thence South $04^{\circ}53'41''$ East, along the North and South $\frac{1}{4}$ line of said Section 13, 1903.63 feet; thence North $85^{\circ}06'19''$ East 544.16 feet to the place of beginning; thence North $85^{\circ}06'19''$ East 34.48 feet; thence North $89^{\circ}25'36''$ East 280.37 feet; thence South $00^{\circ}34'24''$ East 233.80 feet; thence North $64^{\circ}25'36''$ East 40.12 feet; thence $S25^{\circ}34'24''$ East 72.13 feet; thence South $64^{\circ}25'36''$ West 210.51 feet; thence South $85^{\circ}06'19''$ West 189.56 feet; thence North $00^{\circ}50'22''$ West 382.87 feet to the place of beginning; which legal description may be modified to conform to the as built survey upon completion of the project and may also be modified to encompass walkways, driveways, loading docks, access easements, parking areas, and other similar appurtenances provided that the overall footprint of the facility building does not vary more than 300 feet in any direction from the legal description set out above.

EXHIBIT C

Annual Rental Amounts

Oakland University
South Foundation Hall

\$1,899,000 - \$2,453,000

4892-6989-2168 v3 [9694-5]

EXHIBIT B

Legal Description

Oakland University
South Foundation Hall

Part of the Northeast $\frac{1}{4}$ of Section 13, Town 3 North, Range 10 East, City of Auburn Hills, Oakland County, Michigan and more particularly described as: Commencing at the North $\frac{1}{4}$ Corner of said Section 13; thence South $04^{\circ}53'41''$ East, along the North and South $\frac{1}{4}$ line of said Section 13, 1903.63 feet; thence North $85^{\circ}06'19''$ East 544.16 feet to the place of beginning: thence North $85^{\circ}06'19''$ East 34.48 feet; thence North $89^{\circ}25'36''$ East 280.37 feet; thence South $00^{\circ}34'24''$ East 233.80 feet; thence North $64^{\circ}25'36''$ East 40.12 feet; thence $S25^{\circ}34'24''$ East 72.13 feet; thence South $64^{\circ}25'36''$ West 210.51 feet; thence South $85^{\circ}06'19''$ West 189.56 feet; thence North $00^{\circ}50'22''$ West 382.87 feet to the place of beginning.

EXHIBIT C

REQUISITION CERTIFICATE

TO: U.S. Bank Trust Company, National Association, as Trustee

FROM: Oakland University (the "Educational Institution")

SUBJECT: Construction and Completion Assurance Agreement
dated _____, 2023 (the "Construction Agreement")

This represents Requisition Certificate No. ____ in the total amount of \$_____ to pay the Cost of the Facility detailed in the schedule attached.

The undersigned certifies that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Acquisition Account have not been included in a previous requisition and have been properly recorded on the Educational Institution's books.
2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Obligor for its funds actually advanced for the Cost of the Facility.
3. The Educational Institution is not in default under the Construction Agreement and nothing has occurred to the knowledge of the Educational Institution that would prevent the performance of its obligations under the Construction Agreement.
4. After the payment of this requisition the amount on deposit in the Acquisition Account together with other moneys to be available through the anticipated issuance of additional Notes and funds to be provided by the Educational Institution, together with any moneys appropriated by an appropriation act for construction of the Facility, will be sufficient to complete the Facility by the Contract Completion Date.
5. Delivered herewith are the items required to be delivered under the Construction Agreement.

6. Please wire funds to _____
_____.

Capitalized terms used in this certificate have the meanings given them in the Construction Agreement.

Dated: _____

OAKLAND UNIVERSITY

By: _____

Its Authorized Representative

APPROVED BY:

STATE BUILDING AUTHORITY

By: _____

Its: _____

EXHIBIT D

ARCHITECT'S CERTIFICATE

The undersigned Architect certifies that it has reviewed this Requisition Certificate and that:

1. To the best knowledge of the undersigned, the Requisition Certificate is true, correct and complete in all material respects.

2. On the basis of an on-site inspection:

(a) The materials delivered to the site have been or are reasonably expected to be incorporated into the Project.

(b) The total amount of this Requisition Certificate and all prior Requisition Certificates is reasonable in relationship to the work performed and materials delivered to date.

(c) There have been no changes to the plans and specifications that have not been approved by the Authority except those identified in the Schedule attached to this Requisition Certificate, which individually and in the aggregate do not adversely affect the value of the Project; the last approved change order is No. ____ dated _____.

(d) The Budget continues to accurately represent the cost of each item set forth therein as well as the total cost of the Project.

Dated: _____

ARCHITECT:

STANTEC

By: _____

Its: _____

SCHEDULE TO ARCHITECT'S CERTIFICATE

Changes to Plans and Specifications

WARRANTY DEED

KNOW ALL PERSONS BY THESE PRESENTS: That the BOARD OF TRUSTEES OF OAKLAND UNIVERSITY, a Michigan constitutional body corporate, whose address is 371 Wilson Boulevard, Suite 4000, Rochester, Michigan 48309 ("Grantor"), successor in interest to Board of Trustees of Michigan State University of Agriculture and Applied Science, formerly known as State Board of Agriculture of the State of Michigan, CONVEYS AND WARRANTS to the STATE BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act No. 183, Public Acts of Michigan, 1964, as amended, whose address is Richard H. Austin State Office Building, 430 W. Allegan, 1st Floor, Lansing, Michigan 48922 ("Grantee"), the premises situated in the County of Oakland, State of Michigan, and described in attached Exhibit A and GRANTS to Grantee a perpetual nonexclusive easement appurtenant on, over, across, under and through the premises described in attached Exhibit B for ingress and egress and for the installation, maintenance and repair (including reconstruction) of utilities, between a public road (now, Squirrel Road) and the premises described in attached Exhibit A.

Grantor warrants title to the premises described in attached Exhibit B, and Grantor warrants and represents that there exist no liens, encumbrances or restrictions which would prohibit or interfere with the Grantee's use or enjoyment of the granted easement.

The warranties and conveyances in this deed are subject to any easements and building and use restrictions of record.

This property may be located within the vicinity of farmland or farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right To Farm Act.

Grantor grants to Grantee the right to make zero (0) divisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

This instrument is given for one dollar and other good and valuable consideration. This instrument is exempt from transfer taxes pursuant to MCLA §§207.505(h)(i) and 207.526(h)(i).

Dated as of the 1st day of _____, 20__.

BOARD OF TRUSTEES OF
OAKLAND UNIVERSITY,
a Michigan constitutional body corporate

By: _____

Its: President

By: _____

Its: Vice President for Finance and
Administration

STATE OF MICHIGAN)
)ss.
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me in Oakland County, Michigan, this _____ day of _____, 20__ by _____, as President of Oakland University, a Michigan constitutional body corporate, on behalf of Board of Trustees of Oakland University, the constitutional body corporate.

Notary Public

County, Michigan
Acting in Oakland County, Michigan
My Commission Expires: _____

STATE OF MICHIGAN)
)ss.
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me in Oakland County, Michigan, this _____ day of _____, 20__ by _____, as Vice President for Finance and Administration of Oakland University, a Michigan constitutional body corporate, on behalf of Board of Trustees of Oakland University, the constitutional body corporate.

Notary Public

County, Michigan
Acting in Oakland County, Michigan
My Commission Expires: _____

Part of Tax Parcel No.: 02-14-13-200-001
Recording Fee: \$_____ plus \$1.00 tax certification fee
Transfer Tax: Exempt
Send Subsequent Tax Bills To: Grantee

Drafted by and when recorded return to:

John T. Schuring
Dickinson Wright PLLC
200 Ottawa Ave., N.W.
Suite 1000
Grand Rapids, MI 49503

EXHIBIT A

Oakland University
South Foundation Hall

Legal Description

A parcel of land situated in the City of Auburn Hills, Oakland County, Michigan, and described as follows to-wit:

Part of the Northeast $\frac{1}{4}$ of Section 13, Town 3 North, Range 10 East, City of Auburn Hills, Oakland County, Michigan and more particularly described as: Commencing at the North $\frac{1}{4}$ Corner of said Section 13; thence South $04^{\circ}53'41''$ East, along the North and South $\frac{1}{4}$ line of said Section 13, 1903.63 feet; thence North $85^{\circ}06'19''$ East 544.16 feet to the place of beginning; thence North $85^{\circ}06'19''$ East 34.48 feet; thence North $89^{\circ}25'36''$ East 280.37 feet; thence South $00^{\circ}34'24''$ East 233.80 feet; thence North $64^{\circ}25'36''$ East 40.12 feet; thence $S25^{\circ}34'24''$ East 72.13 feet; thence South $64^{\circ}25'36''$ West 210.51 feet; thence South $85^{\circ}06'19''$ West 189.56 feet; thence North $00^{\circ}50'22''$ West 382.87 feet to the place of beginning.

EXHIBIT B

Oakland University
South Foundation Hall

Easement Description

A parcel of land situated in the City of Auburn Hills, Oakland County, Michigan, and described as follows to-wit:

Part of the Northeast $\frac{1}{4}$ of Section 13, Town 3 North, Range 10 East, City of Auburn Hills, Oakland County, Michigan and more particularly described as: Commencing at the North $\frac{1}{4}$ Corner of said Section 13; thence South $04^{\circ}53'41''$ East, along the North and South $\frac{1}{4}$ line of said Section 13, 1903.63 feet; thence North $85^{\circ}06'19''$ East 141.65 feet, more or less to the Easterly right of way line of Squirrel Road and the place of beginning; thence North $85^{\circ}06'19''$ East 402.51 feet; thence South $00^{\circ}50'22''$ East 33.08 feet; thence South $85^{\circ}06'19''$ West 400.23 feet, more or less to said easterly right of way line; thence North $04^{\circ}21'36''$ West, along said right of way line 33.00 feet to the place of beginning.

EXHIBIT A

Oakland University
South Foundation Hall

LEASE

Among

OAKLAND UNIVERSITY,

STATE OF MICHIGAN

and

STATE BUILDING AUTHORITY
STATE OF MICHIGAN

Dated as of _____ 1, 20__

TABLE OF CONTENTS*

	<u>PAGE</u>
ARTICLE I	DEFINITIONS2
Section 1.1	Definitions.....2
ARTICLE II	ACQUISITION AND COMPLETION OF FACILITY5
Section 2.1	Plans and Authority's Facility Cost.....5
Section 2.2	Sale and Conveyance of Facility to Authority5
Section 2.3	Price and Manner of Payment by Authority for Facility.....6
Section 2.4	Disbursements From Acquisition Account.....6
Section 2.5	Certificate of Tenantability and Certificate of Partial Tenantability6
Section 2.6	Name of the Facility.....7
ARTICLE III	LEASE OF FACILITY7
Section 3.1	Term of This Lease7
Section 3.2	Lease of Facility.....7
Section 3.3	Rental7
ARTICLE IV	OPERATION, MAINTENANCE AND INSURANCE OF FACILITY9
Section 4.1	Operation of Facility9
Section 4.2	Maintenance and Repair of the Facility9
Section 4.3	Insurance10
Section 4.4	Destruction of Facility.....11
Section 4.5	Improvements to the Facility13
ARTICLE V	EVENTS OF DEFAULT AND REMEDIES14
Section 5.1	Events of Default.....14
Section 5.2	Remedies14
ARTICLE VI	MISCELLANEOUS14
Section 6.1	Assignment of Lease14
Section 6.2	Entry14
Section 6.3	Amendment to Lease.....15
Section 6.4	Personal Liability15
Section 6.5	Notices.....15
Section 6.6	Entire Agreement15
Section 6.7	Severability15
Section 6.8	Execution in Counterparts.....15
Section 6.9	Captions16
Section 6.10	Applicable Law16
Section 6.11	Quiet Enjoyment16
Section 6.12	Title16
Section 6.13	Binding Effect16
Section 6.14	Declaration of Governmental Function.....16
Section 6.15	Tax Covenant16
Section 6.16	[References to the Bank17
Section 6.17	Construction of Lease17

EXHIBIT A	Project Description.....	A-1
EXHIBIT B	Legal Description.....	B-1
EXHIBIT C	Annual Rental Amounts.....	C-1

* Bracketed language would be deleted if project was financed with commercial paper and long-term bonds are issued to take out commercial paper or if project was not financed with commercial paper.

LEASE

THIS LEASE is entered into as of _____ 1, 20__ among the STATE BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act 183, Public Acts of Michigan, 1964, as amended, the STATE OF MICHIGAN, and OAKLAND UNIVERSITY, acting by its Board of Trustees, a Michigan constitutional body corporate (hereinafter, the "Educational Institution").

P R E M I S E S:

WHEREAS, the Authority was established under Act 183 for the purpose of acquiring, constructing, furnishing, equipping, owning, improving, enlarging, operating, mortgaging and maintaining buildings, necessary parking structures or lots and facilities, and sites therefor, for the use of the State, including institutions of higher education created pursuant to Section 4, 5, 6 or 7 of Article 8 of the Michigan Constitution of 1963, or any of its agencies;

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963;

[WHEREAS, the Facility has been constructed and the Site and the Facility have been conveyed to the Authority by the Educational Institution as provided by Act 183;]

[WHEREAS, the Site is presently owned by the Educational Institution and the Facility is now under construction by the Educational Institution and it is the intent of the parties to have the Site conveyed to the Authority and the Facility conveyed to the Authority as acquired;]

WHEREAS, the acquisition of the Facility by the Authority for use by and lease to the State and the Educational Institution will permit the State to carry out necessary governmental functions and to provide necessary services to the people of the State as mandated or permitted by the Constitution and law, and the use of Act 183 to accomplish the acquisition represents the most practical means to that end at the lowest cost to the State and the Educational Institution; and

WHEREAS, the execution and delivery of this Lease has been validly authorized by the State Administrative Board of the State, as provided in an appropriations act, by the Board of Trustees of the Educational Institution, and by the Board of Trustees of the Authority;

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings of this Lease, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used in this Lease and the preambles hereto shall have the following meanings unless the context or use indicates another or different meaning.

"Acquisition Account" means the Acquisition Account established by the Trust Indenture.

"Act 183" means Act No. 183, Public Acts of Michigan, 1964, as amended, being Sections 830.411 to 830.425, inclusive, of Michigan Compiled Laws.

["Agent" means JPMorgan Chase Bank, N.A., as agent, or any successor agent for the Bank, or if there shall be no Agent, then Agent shall mean the Bank.]

["Alternate Credit Facility" means a Credit Facility issued as the successor to the Letter of Credit as provided in the Trust Indenture. Such Credit Facility may be an insurance policy.]

"Architect" means Stantec Architecture Inc., 2338 Coolidge, Berkley, Michigan 48072.

"Authority" means the State Building Authority created under Act 183 or any body succeeding to its rights and duties.

"Authority Debt" means the Notes and/or Bonds issued to provide funds for the Authority's Facility Cost.

"Authority's Address" means State Building Authority, Richard H. Austin State Office Building, 430 W. Allegan Street, 1st Floor, Lansing, Michigan 48922.

"Authority's Facility Cost" means the share of the Total Facility Cost to be paid by the Authority out of the proceeds of Authority Debt.

["Bank" means the bank or banks which issue the Credit Facility, initially JPMorgan Chase Bank, N.A., a national banking association, and its successors or assigns.]

["Bank's Address" means 1116 W. Long Lake Road, Bloomfield Hills, Michigan 48302, Attention: Angela J. Blackmer, the address for the Agent.]

"Bonds" means any bonds or other obligations issued by the Authority under the Resolution, which were secured in whole, or in part, by the Rental.

"Certificate of Tenantability" or "Certificate of Partial Tenantability" shall mean the certificate rendered pursuant to Section 2.5 hereof, which when filed, will trigger commencement of rental payments in accordance with Section 3.3 hereof.

"Construction Agreement" shall mean the Construction and Completion Assurance Agreement among the Authority, the State and the Educational Institution relating to the construction of the Facility.

["Credit Facility" means the Letter of Credit issued by the Bank or any Alternate Credit Facility.]

"Educational Institution" means Oakland University, created and maintained pursuant to Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963 or any body or entity succeeding to its rights and duties.

"Educational Institution's Address" means Oakland University, 371 Wilson Boulevard, Suite 4000, Rochester, Michigan 48309, Attention: President.

"Facility" means the Site, all real property interests appurtenant thereto, and all buildings, structures and improvements now or hereafter constructed thereon and all fixtures or personal property, now or hereafter located thereon or therein, all as described on page A-1 in Exhibit A attached hereto, but shall not include the State's or the Educational Institution's own equipment or other personal property to be installed or used thereon or in connection therewith.

"Improvements to the Facility" means such additions, improvements or replacements of or to the Facility as provided by Section 4.5.

"Lease" means this lease agreement among the Authority, the State, and the Educational Institution, as amended or supplemented as provided in Section 6.3.

["Letter of Credit" means the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement.]

"Notes" means the obligations issued by the Authority under the Trust Indenture to provide funds, among other purposes, to pay the Authority's Facility Cost.

"Plans" means the plans and specifications for the construction of the Facility prepared by the Architect, filed by the Educational Institution with the Authority and approved by the Authority, in accordance with the Construction Agreement.

["Reimbursement Agreement" means the Reimbursement Agreement dated as of August 1, 2022, between the Authority and the Bank, as amended or supplemented, relating to the Letter of Credit or any other reimbursement agreement entered into by the Authority in connection with the issuance of the Notes.]

"Rental" means the rental required to be paid to the Authority by the State pursuant to Section 3.3, which shall be not more than the "true rental" for the Facility as determined by the State Administrative Board pursuant to Act 183, the rental being not greater than the economic or market value to the State and the Educational Institution of the Facility over and above the

estimated expenses of operation, maintenance and repair of the Facility, not taking into account the right of the Educational Institution to acquire title to the Facility as provided in Section 6.12 upon termination of this Lease.

"Resolution" means the resolution(s) adopted by the Board of Trustees of the Authority authorizing the issuance and sale of Authority Debt. The term also includes the Trust Indenture or any master indenture, indenture and supplemental indenture, as amended from time to time, entered into by the Authority in connection with Authority Debt.

"Site" means the real property described in Exhibit B attached hereto.

"State" means the State of Michigan. The Department of Technology, Management and Budget shall be responsible for administering the terms of this Lease on behalf of the State.

"State's Address" means State of Michigan, Department of Technology, Management and Budget, Elliott-Larsen Building, 2nd Floor, Box 30026, Lansing, Michigan 48909, Attention: Director.

"Total Facility Cost" means (a) obligations of the State, the Educational Institution or the Authority incurred for labor and to contractors, builders and materialmen in connection with the Facility; (b) the cost of acquiring necessary land or rights in land and any costs incidental thereto, including costs of assuring title of the Facility to the Authority, and recording fees; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the construction period which are not paid by the contractor or contractors or otherwise provided for; (d) the expenses of the State, the Educational Institution or the Authority for appraisals, surveys, estimates and supervising construction, as well as for the performance of all other duties required for the proper construction of the Facility; (e) all other fees and costs which the State, the Educational Institution or the Authority may incur or be required to pay for the acquisition, construction, installation and operation of the Facility; and (f) any sums required to reimburse the State, the Educational Institution and the Authority for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them (including overhead charges) which are (i) properly chargeable to the Facility and (ii) authorized pursuant to the resolution adopted by the Authority on March 4, 1992 and the certificate of the Executive Director of the Authority dated January 12, 2021 authorizing the reimbursement of such advances or otherwise permitted under the Internal Revenue Code of 1986, as amended.

"Trustee" means a bank having trust powers or a trust company to be designated in the Resolution of the Authority, or any successor trustee at the time serving as such under the Resolution.

"Trustee's Address" means the address of the Trustee as indicated in the Trust Indenture.

"Trust Indenture" means the trust indenture, master indenture and supplemental indenture, as amended from time to time, entered into in connection with the issuance of Authority Debt.

ARTICLE II
ACQUISITION AND COMPLETION OF FACILITY

Section 2.1 Plans and Authority's Facility Cost. The Authority's Facility Cost in the amount set forth on page A-2 in Exhibit A and the Plans have been approved by the Authority, the Educational Institution and the State in accordance with applicable law. The Authority's acquisition of the Facility shall be financed by issuing Authority Debt. That portion of the proceeds of such Authority Debt which will be used to pay the Authority's Facility Cost shall be deposited in the Acquisition Account. The amount of such proceeds shall not exceed the amount of the Authority's Facility Cost except as otherwise provided for herein. If the proceeds from the initial issuance of Authority Debt to pay the Authority's Facility Cost are less than the corresponding amount set forth on page A-2 in Exhibit A, the Authority may issue additional Authority Debt at a later date or dates to pay the remaining portion of the Authority's Facility Cost so long as the aggregate amount of proceeds of all Authority Debt which then have been or will be used to pay the Authority's Facility Cost does not exceed the corresponding amount set forth on page A-2 in Exhibit A.

Section 2.2 Sale and Conveyance of Facility to Authority. The Educational Institution has executed and delivered to the Authority a warranty deed, which shall be subject only to the encumbrances and reservations acceptable to the Authority which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof, conveying and vesting in the Authority the Educational Institution's interest in the title to the Site, and the Educational Institution has executed and delivered to the Authority a bill of sale conveying and vesting in the Authority the Facility as acquired, constructed and installed by the Educational Institution.

Prior to or contemporaneously with the execution of this Lease, the Educational Institution shall deliver with the warranty deed a commitment for issuance of a title insurance policy acceptable to the Authority and as soon as practicable thereafter a title insurance policy issued by a generally recognized title insurance company in the principal amount of not less than the Authority's Facility Cost, each of which shall be subject only to the encumbrances and reservations which are acceptable to the Authority and which do not materially impair the use of the Facility for the purpose intended or materially detract from the value thereof.

Contemporaneously with the delivery of this Lease, the Authority shall, pursuant to the Resolution, assign its rights in, and pledge any moneys receivable under this Lease other than indemnity and certain of the insurance payments to be paid to the Authority under Sections 4.2, 4.3 and 4.5 of this Lease, if any, to the Trustee [(and secondarily to the Agent and the Bank)] as security for the payment of certain obligations of the Authority. The State and the Educational Institution hereby consent to such assignment. The Authority shall reserve the right to enforce in its own name and for its own benefit, certain of the obligations of the State and the Educational Institution to the Authority under Sections 4.2, 4.3 and 4.5 of this Lease.

Section 2.3 Price and Manner of Payment by Authority for Facility. The Authority shall pay to the State or the Educational Institution, as the case may be, as the purchase price for the Facility the amount paid or incurred by the State or the Educational Institution, as the case may be, for the Authority's Facility Cost, but the total amount paid by the Authority for the Facility shall not exceed the amount approved by Section 2.1. The purchase price for the Facility shall be paid on behalf of the Authority by the Trustee to the Educational Institution or the State from time to time from moneys in the Acquisition Account upon presentation of the requisition certificates (which shall constitute covenants of the Educational Institution or the State to the Authority and the Trustee). The Educational Institution shall convey the Site to the Authority without cost to the Authority.

Section 2.4 Disbursements From Acquisition Account. The Authority in the Resolution has authorized the Trustee to make payments from the Acquisition Account to pay the Authority's Facility Cost subject to this Lease, upon receipt of a requisition certificate signed by an authorized official of the Educational Institution or the State and approved by the Authority stating with respect to each payment to be made: (i) the requisition certificate number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) a description of the Authority's Facility Cost covered by such requisition certificate and a statement that the payment is being made for a cost or expense properly chargeable to the Acquisition Account, (iv) the amount to be paid, (v) that each obligation mentioned therein is a proper charge against the Acquisition Account, and has not been the basis of any previous payment, (vi) that the cost to the Educational Institution or the State of the portion of the Facility covered by the requisition certificate is not less than the amount to be paid to the Educational Institution or the State thereunder, (vii) that all bills of sale necessary to vest title to the portion of the Facility covered by the requisition certificate in the Authority have been executed and delivered or assigned by the Educational Institution or the State to the Authority, (viii) that neither the Educational Institution nor the State is in default under this Lease and that nothing has occurred to the knowledge of the State or the Educational Institution which prevents the performance of the Educational Institution's or the State's obligations under this Lease, and (ix) that after the payment of such requisition the amount on deposit in the Acquisition Account together with other moneys to be available, including anticipated proceeds, if any, from the issuance of additional Authority Debt, will be sufficient to acquire the Facility.

The Educational Institution shall also provide the Authority and the Trustee with the information identified in the Construction Agreement. The State and the Educational Institution shall permit the Authority, [the Agent] and the Trustee, upon request, to inspect the records of the State and the Educational Institution relating to the Authority's Facility Cost.

Section 2.5 Certificate of Tenantability and Certificate of Partial Tenantability. The completion date of the entire Facility and the payment of the entire Total Facility Cost shall be evidenced to the Trustee, the Authority, [the Agent,] the State and the Educational Institution by the Certificate of Tenantability signed by the Architect or by an appropriate official of the Educational Institution to the effect that, except for any Total Facility Cost not then due and payable, or the liability for payment of which is being disputed by the Educational Institution, construction of the Facility has been completed in accordance with the Plans and the entire Total

Facility Cost has been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon filing of the Certificate of Tenantability, the Educational Institution shall occupy the entire Facility for the purpose specified.

If a portion of the Facility is completed prior to the completion date of the entire Facility, such partial completion shall be evidenced to the Trustee, the Authority, [the Agent,] the State and the Educational Institution by the Certificate of Partial Tenantability filed by the Architect or by an appropriate official of the Educational Institution setting forth that the portion of the Facility indicated is complete and tenantable, that said portion has been completed in accordance with the plans and the square footage of the Facility. If different portions of the Facility from time to time are completed, the Architect may execute and deliver from time to time several Certificates of Partial Tenantability conforming to the requirements set forth in this section. Upon filing of the Certificate of Partial Tenantability, the Educational Institution shall be deemed to have occupied the portion of the Facility described in such certificate.

Section 2.6 Name of the Facility. The name of the Facility shall be designated by the Educational Institution.

ARTICLE III LEASE OF FACILITY

Section 3.1 Term of This Lease. The term of this Lease shall commence on the date of its execution and shall continue for the period, not to exceed forty (40) years, corresponding to the time component contained in the Rental which shall be fixed within the range as set forth in Section 3.3 of this Lease which shall be certified by the appraiser and thereafter approved by the State Administrative Board and the Authority as authorized by Act 183.

Section 3.2 Lease of Facility. In consideration of the Rental and other terms of this Lease, the Authority leases the Facility to the State and the Educational Institution and the State and the Educational Institution lease the Facility from the Authority for the term of this Lease.

Section 3.3 Rental. The State shall pay to the Authority for and on behalf of the Educational Institution for the use of the Facility during the term of this Lease, Rental in the annual amounts set forth in Exhibit C hereto, which amounts shall be certified by the appraiser and approved by the State Administrative Board and the Authority as authorized by Act 183 payable monthly on an annualized basis (except as hereinafter provided) on or before the first day of each month prior to the termination of this Lease.

The full Rental shall commence on the first day of the first month following the date of the filing of the Certificate of Tenantability, but not earlier than the dated date of this Lease.

When a Certificate of Partial Tenantability is filed and until a Certificate of Tenantability is filed, the State shall pay to the Authority for and on behalf of the Educational Institution for the

use of a portion of the Facility monthly in equal amounts (except as hereinafter provided) a portion of the full Rental described above. The partial rental amount shall be computed by multiplying the percentage computed by dividing the gross square footage that is tenantable as described in all Certificates of Partial Tenantability then filed by the total gross square footage of the Facility times the full amount of the Rental.

The Executive Director of the Authority shall notify the State Administrative Board of failure to complete the Facility in the event that the Facility is not completed within six months of the Contract Completion Date, or prior thereto if the Authority, the Educational Institution and the State (acting through the Department of Technology, Management and Budget) shall so agree, and the State Administrative Board shall promptly thereafter designate an appraiser. The appraiser shall determine on a functional basis the percentage of completion of the Facility as of the date that such appraisal is made and shall report such percentage to the Authority, the State, the Educational Institution, the Trustee [and the Agent]. The State shall pay to the Authority, for and on behalf of the Educational Institution, for use of a portion of the Facility, monthly in equal amounts on an annualized basis (except as hereinafter provided) a portion of the full Rental computed by multiplying the percentage reported by the appraiser times the full amount of the Rental set forth above, the first of such partial Rentals to commence on the first day of the first month following the date of the filing of the appraiser's report. If after payment of a partial Rental under the circumstances above described, further Certificates of Partial Tenantability are filed, the appraiser shall recalculate the percentage of completion each time and shall file with the Authority, the State, the Educational Institution, the Trustee [and the Agent] a report setting forth the revised percentage and such revised percentage shall be the basis for computation from time to time of the partial Rental until the Certificate of Tenantability is filed.

The first monthly Rental payment or partial Rental payment in each case shall be paid on the last day of the month in which the Certificate of Tenantability or the Certificate of Partial Tenantability, as the case may be, is filed and shall be in an amount equal to the annual Rental calculated as above provided divided by 365 and multiplied by the number of days between the date of filing the Certificate of Tenantability or the Certificate of Partial Tenantability and the date on which the next Rental payment or partial Rental payment is due.

The Educational Institution consents to payment of the Rental or partial Rental on behalf of the Educational Institution by the State directly to the Trustee as provided in the Resolution.

If for any reason other than because of any act or omission of the State, the Educational Institution, or any of their agents or employees (whether negligent or otherwise) the Facility becomes untenable or partially untenable, no Rental, or partial Rental only, shall be paid for the period the Facility is untenable or partially untenable, and the Rental payments shall be adjusted accordingly by the mutual agreement of the parties hereto; provided, however, that if the Facility is totally or partially destroyed, the provisions of Section 4.4 hereof shall apply in lieu of the provision of this paragraph. For purposes of this Lease the Facility shall not be deemed wholly untenable if the Facility or any portion thereof can be used by the Educational Institution or the State for any lawful governmental purpose.

The Governor of the State shall, consistent with Act 183, include in the annual executive budget of the State for each year during the term of this Lease an amount sufficient to pay the Rental required to be paid in such year by the State on behalf of the Educational Institution, to the Authority or its assignee. The State is hereby contractually obligated to provide each year adequate appropriations in order to pay the Rental when due, the Rental being an ordinary annual expense and contract obligation of the State. This provision shall not be deemed a waiver of the State's governmental immunity or its right to invoke or waive governmental immunity.

ARTICLE IV OPERATION, MAINTENANCE AND INSURANCE OF FACILITY

Section 4.1 Operation of Facility. During the term of this Lease, the Educational Institution agrees to use the Facility for a lawful governmental purpose. The State and the Educational Institution may locate and use any of their own personal property in the furtherance of such purpose in or on the Facility and such personal property shall remain the property of the State or the Educational Institution and shall not become part of the Facility and shall not be subject to this Lease. If the personal property of the State or the Educational Institution so located in or on the Facility cannot be readily distinguished from the real and personal property comprising the Facility by reference to page A-1 in Exhibit A or other records of the Authority, then such personal property of the State or the Educational Institution shall remain identified as property of the State or the Educational Institution by tags or other symbols attached thereto or otherwise clearly associated therewith, and any such items of personal property not so identified shall be presumed to be part of the Facility, but such presumption shall not be conclusive.

The Educational Institution shall pay all costs and expenses incurred in the operation of the Facility, or arising in connection therewith, including, but not limited to all governmental charges or taxes (or payments in lieu of taxes), if any, levied on the Facility or the operation thereof, and all charges for utility services supplied to, or used in the operation of, the Facility and all charges for insurance required by this Lease. Insofar as it may be lawfully done, the Authority shall be free from all costs, expenses and obligations of operation and maintenance of the Facility, except as otherwise expressly provided herein, and free from all taxes, assessments and other governmental charges, and that this Lease shall be a "net lease," and the State on behalf of the Educational Institution shall pay the Rental throughout the term of this Lease.

Section 4.2 Maintenance and Repair of the Facility. The Educational Institution shall not cause or permit any waste, damage or injury to the Facility. During the term of this Lease, the Educational Institution shall, at its own expense, keep the Facility in good condition and repair (reasonable wear and tear and damage by act of God, fire, or other causes beyond the control of the Educational Institution excepted). The Educational Institution shall indemnify the Authority, its members, officers, agents or employees, against all costs, liabilities, losses, damages, suits, fines, penalties, claims and demands, including reasonable counsel fees, arising out of the Educational Institution's failure to comply with the foregoing covenant to the extent permitted by law.

Section 4.3 Insurance. From the date hereof, the Educational Institution shall, at its own expense, keep the Facility insured against all of the following provided that the Educational Institution shall not be required to carry a particular type of insurance as set forth during any time period that such insurance is not available in the insurance market of the United States:

(a) "All Risk" building insurance, including extended coverage, vandalism and malicious mischief, and sprinkler damage in an amount equal to 100% of the full replacement cost of the Facility with a deductible not to exceed \$50,000.

(b) Loss or damage from explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in the Facility, in an amount customary to be carried in buildings of character and purpose similar to the Facility with a deductible not to exceed \$50,000.

(c) Loss of rental, under a rental value insurance policy, resulting from any of the hazards described in subparagraphs (a) and (b) in an amount not less than 300% of the then full annual Rental fixed by this Lease, including all Rental agreed to be paid by the State hereunder, or, in the event of reconstruction of all or any portion of the Facility pursuant to Section 4.4, such greater or lesser amount as shall be necessary to assure Rental payments during the reconstruction period.

(d) Commercial General Liability for combined property damage and bodily injury with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate per location with a deductible not to exceed \$50,000 per occurrence.

Except as hereinafter provided, all insurance policies required hereby shall be issued by insurers fully qualified under the laws of the State to provide that form of insurance in the State. Each policy issued for this Facility shall include as named insureds or additional insureds and loss payees, the Authority and its trustees, officers, agents and employees, the Educational Institution, the State and its officers, agents or employees, [the Agent and the Bank (except with respect to the commercial general liability insurance policy described in subsection 4.3(d) above)] and the Trustee as their interests may appear. Inclusion of trustees, officers, agents and employees of the Authority as insured parties is not intended to and shall not constitute a consent to or an agreement that such trustees, officers, agents and employees shall in any way be liable for any matters arising out of the acquisition, leasing, ownership or financing of the Facility and such inclusion shall not constitute a waiver of immunity of such trustees, officers, agents and employees from any such liability. All casualty loss proceeds shall be payable to the Authority, and used as provided in Section 4.4 hereof or in the Resolution. All rental insurance proceeds shall be payable to the Authority and applied as provided in the Resolution. All liability insurance proceeds shall be payable to the Authority, its officers, agents and employees, the State, the Educational Institution and the Trustee, as their interests appear. All policies shall contain a provision that they may not be canceled or non-renewed or substantially reduced as to coverage without thirty days' prior written notice to the Authority, the Trustee, the Educational Institution, the State [and the Agent]. The policies of insurance described in the above subparagraphs (a), (b) and (d) may contain additional deductible and coinsurance features, but only if the State or the Educational Institution has set aside in a separate fund an amount sufficient to pay the amount required under any such additional coinsurance or deductible feature in the full amount or has otherwise provided for the

payment of such amounts in a manner satisfactory to the Authority. The insurance required by this Lease in the amounts, with the coverage and other features herein required, may be supplied through blanket insurance policies covering other properties of the Educational Institution or the State; provided that such blanket insurance will provide the full coverage required herein for the Facility and at the same time provide full coverage for all other buildings and facilities covered by such blanket insurance policies unless such blanket insurance policy or policies provide for full coverage of the Facility prior to any coverage of the other properties of the Educational Institution. The insurance required by this Lease in the amounts, with the coverage and other features herein required, may be supplied by a fully funded self-insurance program of the State or the Educational Institution or a self insurance pool in which the State or the Educational Institution is a participant; provided that such self-insurance program or pool will provide the full coverage required herein for the Facility. The Educational Institution shall supply evidence of the acquisition and maintenance of the insurance and other funding in lieu thereof, if any, required by this Lease by filing copies of the insurance policies or certificates evidencing such insurance on Acord Form 27 or other form acceptable to the Authority or other funding satisfactory to the Authority, the Trustee [and the Agent].

Upon the filing of a Certificate of Tenantability or a Certificate of Partial Tenantability and annually thereafter on January 1st of each year the Educational Institution will file with the Authority a certificate signed by an authorized officer which shall state that the insurance required by this Section 4.3 is in full force and effect.

In the event the Educational Institution fails to maintain the insurance as required herein, the Authority or the Trustee may secure such insurance. The Educational Institution agrees to reimburse the Authority or the Trustee for the cost of any such insurance.

The Authority hereby waives any claim of liability against the State and the Educational Institution, and their officers, agents or employees, for any loss or damage to the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the State or the Educational Institution or their officers, agents or employees, to the extent that the amount of such loss or damage is covered by such insurance and in fact recovered by the Authority. The State and the Educational Institution hereby waive any claim of liability against the Authority or its trustees, officers, agents or employees, for any loss or damage to property, fixtures and equipment owned, maintained, erected or installed by the State or the Educational Institution in and about the Facility or any activities with respect thereto, whether or not such loss or damage may have been caused by or resulted from the negligence of the Authority, its officers, agents or employees, to the extent that the amount of such loss or damage is covered by insurance and in fact recovered. To the extent obtainable, any insurance policy carried by the Educational Institution, the State or the Authority under this Lease or with respect to the Facility or any part thereof shall contain a provision that any right of subrogation which the insurance company may have against either the State or its officers, agents or employees, the Authority or its officers, trustees, agents or employees, or the Educational Institution is waived.

Section 4.4 Destruction of Facility. In the event of total or partial destruction of the Facility during the term of this Lease:

(a) If such total or partial destruction occurs as a result of any act or omission on the part of the State or the Educational Institution or any of their agents or employees (whether negligent or otherwise), the Educational Institution in the case of its act or omission and the State in the case of its act or omission shall, at its sole expense (from insurance proceeds or other sources, including payment by the Educational Institution), replace or repair the Facility to the reasonable satisfaction of the Authority, and this Lease shall remain in effect and no reduction or abatement of the Rental shall be permitted the Educational Institution or the State acting on behalf of the Educational Institution, and the Educational Institution or the State shall be entitled to receive all insurance payments; [provided, however, if at the time the insurance proceeds become available, an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing under the Reimbursement Agreement, the Agent may direct the use of insurance proceeds to the payment of outstanding Obligations (as defined in the Reimbursement Agreement) related to the Facility and the State or the Educational Institution shall be relieved of its responsibility to replace or repair the Facility].

(b) If the total or partial destruction of the Facility occurs for causes not described in clause (a) of this Section 4.4, and the Authority demonstrates within 180 days from the occurrence of such partial or total destruction to the reasonable satisfaction of the Educational Institution [and the Agent] that it has sufficient funds (from insurance proceeds or other sources including payments by the Educational Institution) available to repair or replace the Facility within the period for which the rental value insurance described in Section 4.3(c) is actually then in force, the State or Educational Institution may repair or replace the Facility if the estimated "true rental" after such repair or replacement determined in the same manner that "true rental" was determined in the original instance shall not be less than the Rental prior to such destruction and if it is estimated that through the insurance described in Section 4.3(c), together with any other funds legally available therefor, [including, without limitation, amounts available to be drawn under or derived from the Letter of Credit,] there will be sufficient moneys available to the Authority during any period that the Rental may be suspended or reduced because of such destruction to fully offset the amount of the loss of Rental and to pay the principal and interest requirements on outstanding Authority Debt and any other obligations of the Authority secured by the Rental coming due. If the Facility is to be repaired or replaced the Authority shall pay to the State or the Educational Institution the cost of repair or replacement of the Facility in the amount incurred by the State or the Educational Institution for the repair or replacement of the Facility, and this Lease shall remain in effect, but the Rental shall be equitably adjusted by the mutual agreement of the parties according to the extent and time of the loss of the use of the Facility by the Educational Institution. [Notwithstanding the foregoing, the Authority shall not elect to repair or replace the Facility (i) if Authority Debt secured by the Letter of Credit are outstanding with respect to the Facility and if based upon an Architect's certificate, the Facility will not become tenantable on or prior to the Expiration Date (as defined in the Letter of Credit) unless the Agent is satisfied that the Authority nonetheless reasonably expects to have funds available to reimburse the Agent on or prior to the Expiration Date all as further provided in the Reimbursement Agreement or (ii) if an Event of Default has occurred and is continuing under the Reimbursement Agreement.]

(c) If the Authority does not or cannot so demonstrate availability of funds to repair or replace the Facility, then this Lease may be terminated by either the State, the Educational Institution or the Authority upon thirty days' written notice to the other parties, and all Rental of the State on behalf of the Educational Institution hereunder shall cease from the date of such termination, in which event all insurance proceeds shall be applied as provided in the Resolution. If the Facility is partially destroyed, but the remaining Facility is usable by the State or the Educational Institution, then the Rental shall be reduced, if necessary, to reflect the "true rental" of the remaining Facility, the annual amounts of such "true rental" of the remaining Facility to be determined in the same manner that "true rental" was determined in the original instance.

(d) Insurance proceeds shall be paid to the Authority and used as provided in Section 4.4(b), for the repair or replacement of the Facility by the State or the Educational Institution. If the Facility is not repaired or replaced, or if the cost of repair or replacement does not exhaust the amount of insurance proceeds received, the balance of the proceeds shall be applied as provided in the Resolution. In the event surplus funds remain after application of insurance proceeds as provided in the Resolution, then such surplus shall be paid to the State to be credited to its General Fund.

(e) If the Facility is to be replaced by new facilities which are substantially dissimilar in construction or use from the original facilities, then the Facility shall not be replaced unless the plans and specifications are approved by the Authority, the State [and the Agent] (State approval shall be evidenced by the approval of the State Administrative Board and as provided in an appropriations act).

Section 4.5 Improvements to the Facility. The Educational Institution may make any Improvements to the Facility as it deems necessary or desirable, provided that (a) all Improvements to the Facility constituting real property shall become the property of the Authority and subject to this Lease immediately upon the placement thereof in the Facility, and (b) the Educational Institution shall indemnify the Authority and its trustees, officers, agents and employees, from any and all losses, damages, liabilities or claims arising from or in connection with the making of such Improvements to the Facility by the Educational Institution to the extent permitted by law.

At the request of the State or the Educational Institution, the Authority may, but shall not be required to, acquire or construct Improvements to the Facility. In such event, this Lease shall be supplemented to increase the annual amounts of Rental payable hereunder so long as such amounts do not exceed the "true rental" value of the Facility after acquisition of the Improvements to the Facility as determined and approved pursuant to Sections 1(e) and 7 of Act 183.

If requested by the Educational Institution, the Authority shall grant an easement for construction purposes on the Site to the Educational Institution in form and substance satisfactory to the Attorney General of the State.

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Events of Default. The term "Events of Default" shall mean, whenever used in this Lease, any one or more of the following events:

(a) Failure to pay the Rentals required to be paid under Section 3.3 at the times specified therein.

(b) Failure by the State or the Educational Institution to observe and perform any of their respective covenants, or obligations in this Lease for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied, given to the State and the Educational Institution by the Authority or the Trustee; provided, however, that if such Default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the State on behalf of the Educational Institution or the Educational Institution within such period and diligently pursued until the Default is corrected.

(c) An event of default under the Construction Agreement.

The term "Default" shall mean Default by the State or the Educational Institution in the performance or observance of any of their respective covenants or obligations in this Lease, exclusive of any period of grace required to constitute an Event of Default.

Section 5.2 Remedies. Upon the occurrence of an Event of Default, the Authority or its assignees, [the Bank acting through the Agent to the extent it is or is deemed to be a holder of Authority Debt] and the Trustee shall be entitled to use and exercise any and all remedies provided by law to correct such Default, including, but not limited to, the remedies provided in Act 183.

ARTICLE VI
MISCELLANEOUS

Section 6.1 Assignment of Lease. The Educational Institution (with the consent of the Authority and the State) and the State (with the consent of the Authority) may at any time make any assignment of their interest under this Lease for a use not prohibited by Act 183, provided, however, that (a) the State shall remain liable for all Rental and other obligations of the State under this Lease, (b) the Educational Institution shall remain primarily liable for its obligations under this Lease and (c) no assignment shall be made which would cause the interest on Authority Debt to become included in gross income for federal or State income tax purposes.

Section 6.2 Entry. The Authority, through its officers, agents, or employees, shall have the right at reasonable times of entering the Facility for the purpose of inspecting the Facility to determine compliance with this Lease.

Section 6.3 Amendment to Lease. No amendment to this Lease shall be effective unless the amendment is in writing and is executed by the duly authorized officers of the Authority, the State and the Educational Institution and all requirements of Act 183 are satisfied.

Section 6.4 Personal Liability. The covenants and obligations made, assumed by or imposed upon the State, the Authority or the Educational Institution in this Lease are those of the State, the Authority or the Educational Institution and not of any agent, officer or employee of the State or any trustee, agent, officer or employee of the Authority or the Educational Institution in his or her individual capacity and no recourse shall be had for the payment of the Rental or any other moneys required to be paid by this Lease or for the performance of any other obligation required of the State, the Educational Institution, or the Authority under this Lease against any agent, officer or employee of the State or any trustee, agent, officer or employee of the Authority or the Educational Institution or any person executing or attesting to this Lease or the Resolution.

Section 6.5 Notices. All notices, certificates or other communications under this Lease shall be sufficiently given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the Authority, the State, the Educational Institution, the Trustee [or the Agent], as the case may be, at the Authority's Address, the State's Address, the Educational Institution's Address, the Trustee's Address [or the Bank's Address], respectively. A duplicate copy of each such notice, certificate or other communication given hereunder to the Authority, the State, the Educational Institution, the Trustee [or the Agent] shall also be given to the others.

The Authority, the State, the Educational Institution, the Trustee [and the Agent] may by written notice designate any further or different addresses to which subsequent notices, certificates or communications shall be sent.

Any notice given to the Educational Institution under this Lease shall also be given to the State if the Educational Institution's interest in the construction contract is assigned in accordance with this Lease.

Section 6.6 Entire Agreement. This Lease contains all agreements between the parties with respect to the Facility, and there are no other representations, warranties, promises, agreements or understandings, oral, written or inferred, between the parties, unless reference is made thereto herein.

Section 6.7 Severability. If any clause, provision or section of this Lease shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 6.8 Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

Section 6.9 Captions. The captions or headings in this Lease are for convenience only and in no way define, limit the scope or intent of any provision of this Lease.

Section 6.10 Applicable Law. This Lease shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State.

Section 6.11 Quiet Enjoyment. The Authority covenants that the State and the Educational Institution, upon compliance with the terms of this Lease, shall peacefully and quietly have and hold and enjoy the Facility for the term herein provided, subject to any and all rights of the Authority or its assignees under this Lease.

Section 6.12 Title. After Authority Debt and any additional Authority Debt authorized as provided in the Resolution and any and all other obligations of the Authority which pledge for their payment the Rental, are paid in full or provision for the payment thereof is made as provided in the Resolution or proceedings authorizing any such other obligations of the Authority, and upon request by the Educational Institution, the Authority shall convey title of the Facility to the Educational Institution for consideration of \$1.00 and the Educational Institution's assumption of all monetary obligations and legal responsibilities for the operation and maintenance of the Facility. The Authority, the State and the Educational Institution hereby specifically agree that the obligations of the State to pay the Rental and perform the other duties and obligations of each specified in this Lease do not depend upon the conveyance of the title to the Facility to the Educational Institution as herein provided and each warrants and represents that this Lease would be executed and delivered by each of them even if title would not pass, it being understood that the passage of title is merely incidental to this Lease and that the Rental is not greater than the economic or market value to the State and the Educational Institution for the use of the Facility over and above estimated expenses of operation, maintenance and repair of the Facility, not taking into account passage of title to the Facility as provided in this Section.

Section 6.13 Binding Effect. This Lease shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

Section 6.14 Declaration of Governmental Function. The Authority, the State and the Educational Institution, in accordance with Act 183, hereby specifically declare the acquisition of the Facility is intended to serve an essential governmental function and nothing herein is to be construed to conclude a contrary intent.

Section 6.15 Tax Covenant. The State and the Educational Institution covenant and agree that to the extent permitted by law, they shall each take all actions within their control and that they shall not fail to take any action as may be necessary to provide for and maintain the exclusion of the interest on the Authority Debt from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and that they shall not use the Facility in any manner which would cause the Authority Debt to be Private Activity Bonds (as defined in the Code); provided, however, that this Section shall not be effective with respect to the Authority Debt, the interest on which is determined by the Authority as of the date of their issuance to be not excludable from gross income for federal income tax purposes under the Code.

Section 6.16 [References to the Bank]. Any reference to the Bank in this Lease shall be effective only if the Credit Facility is then in effect and the Bank has not wrongfully dishonored its obligations thereunder or if any of the Authority's obligations to the Bank under the Reimbursement Agreement then remain outstanding.]

Section 6.17 Construction of Lease. For all purposes this document and the transaction created hereby shall be construed as a true lease, and is not intended to create "state indebtedness" as that term is used in Section 12 of Article 9 of the Michigan Constitution of 1963. Any provisions contained herein which at any time shall be held by a court of competent jurisdiction to cause this Lease to constitute an "evidence of state indebtedness" pursuant to Section 12 of Article 9 of the Michigan Constitution of 1963, shall be deemed invalid subject to the right of the State, the Educational Institution or the Authority to timely appeal such holding. Nothing in this Lease shall be construed as a surrender by the Educational Institution of any of its rights, prerogatives or independence under Sections 4 and 6 of Article 8 of the Michigan Constitution of 1963. Nothing in this Lease shall be construed as requiring or obligating the Authority to issue or sell Authority Debt.

[Signature Page Follows]

IN WITNESS WHEREOF, the STATE BUILDING AUTHORITY, the STATE OF MICHIGAN, and OAKLAND UNIVERSITY, by its Board of Trustees, have executed this Lease by its duly authorized officers the day and year first above written.

STATE BUILDING AUTHORITY

By _____

Chairperson
Board of Trustees

By _____

Executive Director

STATE OF MICHIGAN

By _____

Governor

By _____

Secretary of State

OAKLAND UNIVERSITY

By _____

President

By _____

Vice President for Finance and
Administration

EXHIBIT A

Project Description

Oakland University South Foundation Hall

The South Foundation Hall at the Educational Institution's main campus in Auburn Hills, Michigan, is a three-story 50,000 square foot building constructed in 1959. The project consists of a full renovation of 50,000 square feet and 37,000 square feet of new construction. This project will increase space in academic areas including STEM, health professions, education, humanities, and the arts.

The 50,000 square feet of renovation will renovate all three stories of the existing South Foundation Hall, including replacement of interior partitions, ceilings, flooring, HVAC system, electrical system, plumbing, doors, hardware, and exterior envelope (roof, brick, and windows). The 37,000 square feet of new construction will consist of two taller stories that align with the original building at grade and the top floor. The mechanical, plumbing, and electrical systems will be completely replaced, and the major equipment will be relocated into a mechanical penthouse on the addition. The renovation and addition will increase the number of classrooms, improving the efficiency and effectiveness of current pedagogical teaching methods and technology.

The Educational Institution is committed to LEED and sustainable design principles to enhance operational efficiencies.

Project Costs

Oakland University
South Foundation Hall

<u>Categories of Costs</u>	<u>State Building Authority's Cost of Facility</u>	<u>State Appropriations</u>	<u>Other</u>	<u>Total Facility Cost</u>
1. The Structure, Services and Site Improvements (general, mechanical, electrical, and fixed equipment)	\$29,999,800	\$200	\$6,370,000	\$36,370,000
2. Furnishings and Equipment (furniture, movable equipment, etc., not considered a part of the structure nor requiring fixed mechanical and/or electrical services)	0	0	3,050,000	3,050,000
3. Professional Services and Supervision (architectural fees, engineering services, and construction inspection)	<u>0</u>	<u>0</u>	<u>4,780,000</u>	<u>4,780,000</u>
TOTAL ESTIMATED PROJECT COST	\$29,999,800	\$200	\$14,200,000	\$44,200,000

EXHIBIT B

Legal Description

Oakland University South Foundation Hall

Part of the Northeast $\frac{1}{4}$ of Section 13, Town 3 North, Range 10 East, City of Auburn Hills, Oakland County, Michigan and more particularly described as: Commencing at the North $\frac{1}{4}$ Corner of said Section 13; thence South $04^{\circ}53'41''$ East, along the North and South $\frac{1}{4}$ line of said Section 13, 1903.63 feet; thence North $85^{\circ}06'19''$ East 544.16 feet to the place of beginning; thence North $85^{\circ}06'19''$ East 34.48 feet; thence North $89^{\circ}25'36''$ East 280.37 feet; thence South $00^{\circ}34'24''$ East 233.80 feet; thence North $64^{\circ}25'36''$ East 40.12 feet; thence $S25^{\circ}34'24''$ East 72.13 feet; thence South $64^{\circ}25'36''$ West 210.51 feet; thence South $85^{\circ}06'19''$ West 189.56 feet; thence North $00^{\circ}50'22''$ West 382.87 feet to the place of beginning; which legal description may be modified to conform to the as built survey upon completion of the project and may also be modified to encompass walkways, driveways, loading docks, access easements, parking areas, and other similar appurtenances provided that the overall footprint of the facility building does not vary more than 300 feet in any direction from the legal description set out above.

EXHIBIT C

Annual Rental Amounts

Oakland University
South Foundation Hall

\$1,899,000 - \$2,453,000

4892-6989-2168 v3 [9694-5]