

**LEASE AGREEMENT**

**DATED AS OF SEPTEMBER 1, 2013**

**BY AND BETWEEN THE  
CITY OF OVERLAND PARK, KANSAS**

**AND**

**CN ASSOCIATES, LLC**

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The interest of the City of Overland Park, Kansas (the “City”), in this Lease Agreement has been pledged and assigned to Security Bank of Kansas City, Kansas City, Kansas, as trustee (the “Trustee”), under the Trust Indenture dated as of September 1, 2013, by and between the City and the Trustee.

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## LEASE AGREEMENT

**THIS LEASE AGREEMENT** dated as of September 1, 2013 (the "Lease"), by and between the **CITY OF OVERLAND PARK, KANSAS** (the "City"), a first class city duly organized and validly existing under the laws of the State of Kansas, as lessor, and **CN ASSOCIATES, LLC**, a Kansas limited liability company (the "Lessee"), as lessee;

### WITNESSETH:

**WHEREAS**, the City is a first class city duly organized and validly existing under the laws of the State of Kansas with full and lawful power and authority to enter into this Lease; and

**WHEREAS**, the City is authorized by K.S.A. 12-1740 to 12-1749d, inclusive, as amended (the "Act"), to acquire, purchase, construct and equip certain facilities (as defined in the Act) for the stated statutory purposes, with any person; and

**WHEREAS**, said Act further authorizes the City to enter into leases and lease-purchase agreements with any person, firm or corporation with respect to said projects, and further authorizes the City to issue revenue bonds for the purposes aforesaid, and to secure the payment of such bonds as provided in the Act; and

**WHEREAS**, pursuant to the Act, the Governing Body of the City adopted Resolution No. 3938 (the "Resolution") on May 7, 2012, declaring the City's intent to issue private activity revenue bonds in one or more series in an aggregate principal amount not to exceed \$65,000,000, for the purpose of financing the acquisition, construction, furnishing and equipping of a corporate headquarters facility, including real estate as more fully described on **Exhibit A** attached hereto (the "Project Site"), buildings and improvements as more fully described on **Exhibit B** attached hereto (collectively, the "Project Improvements") and equipment as more fully described on **Exhibit C** attached hereto (the "Project Equipment") located at the southwest corner of College Boulevard and Nall Avenue, within the City (the Project Site, the Project Improvements and the Project Equipment, collectively, the "Project"), and authorizing the City to lease the Project to the Lessee; and

**WHEREAS**, the Lessee will sublease (the "Teva Sublease") the Project to Teva Neuroscience, Inc., a Delaware corporation (the "Sublessee"), duly authorized and qualified to do business in the State of Kansas and an indirectly owned subsidiary of Teva Pharmaceutical Industries Ltd., an Israeli limited liability company; and

**WHEREAS**, pursuant to the Resolution and Ordinance No. B-3012 passed by the City Council on August 19, 2013 (the "Ordinance"), the City is authorized to execute and deliver the Indenture for the purpose of issuing and securing \$44,293,250 aggregate principal amount of its Federally Taxable Private Activity Revenue Bonds, Series 2013 (Teva Neuroscience, Inc. Project) (the "Bonds") consisting of \$43,400,000 principal amount of Series 2013A Bonds (the "A Bonds") and \$893,250 principal amount of Subordinate Series 2013B Bonds (the "B Bonds"), and to enter into the Lease by and between the City and the Lessee, which, among other things, provides for Rental Payments in an amount sufficient to pay the principal of,

premium, if any, and interest on the Bonds, when due, and the fees and expenses of the Trustee and any paying agent for the Bonds; and

**WHEREAS**, pursuant to the Assignment of Lease, all right, title and interest in the Lease has been assigned by the City to the Trustee; and

**WHEREAS**, pursuant to the Assignment of Sublease, all right, title and interest in the Teva Sublease has been assigned by the Lessee to the Trustee; and

**WHEREAS**, proceeds of the Bonds will be applied to finance the cost of the Project and to pay Costs of Issuance of the Bonds; and

**WHEREAS**, pursuant to the foregoing, the City desires to lease the Project to the Lessee and the Lessee desires to lease the Project from the City, for the Rental Payments and upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the City and the Lessee do hereby represent, covenant and agree as follows:

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01. Definitions of Words and Terms.** In addition to the words and terms defined elsewhere in this Lease, the words and terms as used in this Lease shall have the meanings set forth in **Exhibit D** attached hereto.

**Section 1.02. Rules of Interpretation.**

(a) Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including governmental entities, as well as natural persons.

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

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

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

## ARTICLE II

### REPRESENTATIONS

**Section 2.01. Representations by the City.** The City makes the following representations as the basis for the undertakings on its part herein contained:

(a) The City is a first class city duly organized and validly existing under the laws of the State of Kansas. Under the provisions of the Act, the City has lawful power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder. By proper action of its Governing Body, the City has been duly authorized to execute and deliver this Lease, acting by and through its duly authorized officers.

(b) The City has acquired title to the Project Site subject to Permitted Encumbrances, and proposes to purchase and construct or cause to be purchased and constructed thereon the Project Improvements. The City proposes to lease the Project to the Lessee and sell the Project to the Lessee if the Lessee exercises its option to purchase the Project, all for the purpose of furthering the public purposes of the Act.

(c) The Bonds will bear interest and be scheduled to mature as set forth in the Indenture and will be subject to redemption prior to maturity in accordance with the provisions of **Article III** of the Indenture.

(d) The Bonds are to be issued under and secured by the Indenture, pursuant to which the Project and the net earnings therefrom including all rents, revenues and receipts to be derived by the City from the leasing or sale of the Project, and certain other funds will be pledged and assigned to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds.

(e) The City shall have no authority to operate the Project as a business or in any other manner except as the lessor thereof.

(f) No member of the Governing Body of the City or any other officer of the City has any significant or conflicting interest, financial, employment or otherwise, in the Lessee or in the transactions contemplated hereby.

**Section 2.02. Representations by the Lessee.** The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a Kansas limited liability company.

(b) The Lessee has lawful power and authority to enter into this Lease and to carry out its obligations hereunder.

(c) The execution and delivery of this Lease and the performance of or compliance with the terms and conditions of this Lease by the Lessee will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or other agreement or instrument to which any member of the

Lessee is a party or by which any member of the Lessee or any of their property is bound, or any order, rule or regulation applicable to the Lessee or any of their property of any court or governmental body, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of any member of the Lessee under the terms of any instrument or agreement to which any member of the Lessee is a party.

(d) The issuance of the Bonds and the leasing of the Project by the City to the Lessee will further the public purposes of the Act.

(e) The proceeds from the sale of the Bonds will be used only to provide funds to pay the costs of the Project, and will not be used to provide working capital for the Lessee or any subsidiary or affiliate thereof.

(f) The Lessee will fully and faithfully perform all the duties and obligations which the City has covenanted and agreed in the Indenture to cause the Lessee to perform and any duties and obligations which the Lessee is required in the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the City which by its nature cannot be delegated or assigned.

(g) The Project will comply in all material respects with all presently applicable building and zoning, health, environmental and safety regulations and laws and all other applicable laws, rules and regulations.

(h) There is not now pending or, to the knowledge of the Lessee, threatened, any suit, action or proceeding against or affecting the Lessee by or before any court, arbitrator, administrator, administrative agency or other governmental authority which, if decided adversely to the Lessee, would materially affect the validity of any of the transactions contemplated by this Lease or the Indenture, or materially impair the ability of the Lessee to perform its obligations under this Lease or the Indenture, or as contemplated hereby or thereby, nor to the best of its knowledge is there any basis therefor.

(i) The Project is located wholly within the corporate limits of the City.

(j) The Lessee represents and warrants that they have obtained (or will obtain as required) all required licenses, permits, franchise agreements and other necessary agreements to operate the Project and the Project Site as contemplated by and during the term of this Lease. The Lessee agrees to provide the Trustee and the City with written notice of any suspension, revocation, termination or default under any such agreements or any threatened suspension, revocation, termination or default thereunder.

(k) Lessee represents and warrants that each of Lessee, all persons and entities owning (directly or indirectly) an ownership interest in Lessee, all guarantors of all or any portion of the A Bond, and all persons and entities executing any separate indemnity agreement in favor of the A Bondowner in connection with the A Bond: (i) is not, and shall not become, a person or entity with whom the A Bondowner is restricted from doing business under regulations of the Office of Foreign Assets Control (“OFAC”) of the Department of the Treasury (including, but not limited to, those named on OFAC’s Specially Designated Nationals and Blocked Persons



list) or under any statute, executive order (including, but not limited to, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action; (ii) is not, and shall not become, a person or entity with whom the A Bondowner is restricted from doing business under the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder; and (iii) is not knowingly engaged in, and shall not knowingly engage in, any dealings or transaction or be otherwise associated with such persons or entities described in clause (i) or (ii).

## **ARTICLE III**

### **GRANTING PROVISIONS**

**Section 3.01. Granting of Leasehold Estate.** The City hereby rents, leases and lets the Project to the Lessee, and the Lessee hereby rents, leases and hires the Project from the City, subject to Permitted Encumbrances, for the rentals and upon and subject to the terms and conditions herein contained.

**Section 3.02. Lease Term.** This Lease shall become effective upon its delivery, and subject to sooner termination pursuant to the provisions of this Lease, shall have an initial term commencing as of the date of this Lease and terminating on the Maturity Date for the A Bonds.

**Section 3.03. Possession and Use of the Project.**

(a) The City covenants and agrees that as long as the Lessee shall not be in default under this Lease, the Lessee shall have sole and exclusive possession of the Project (subject to the City's and the Trustee's right of access pursuant to **Section 9.03** hereof) and shall and may peaceably and quietly have, hold and enjoy the Project during the Lease Term. The City covenants and agrees that it will not take any action, other than pursuant to **Article XII** of this Lease, to prevent the Lessee from having quiet and peaceable possession and enjoyment of the Project during the Lease Term and will, at the request and expense of the Lessee, defend the Lessee's enjoyment and possession thereof against all parties.

(b) Subject to the provisions of this Section, the Lessee shall have the right to use the Project for any lawful purpose allowed by law and contemplated by the Act. The Lessee shall comply with all statutes, laws, resolutions, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project or to any adjoining public ways, as to the manner of use or the condition of the Project or of adjoining public ways. The Lessee shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of **Article VI** hereof. The Lessee shall pay all costs, expenses, assessments, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the Lessee to comply with the provisions of this Section. Notwithstanding any provision contained in this Section, however, the Lessee shall have the right, at its own cost and expense, to contest or review, by legal or other appropriate procedures, the validity or legality of any such governmental statute, law, resolution, order, judgment,

decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer, and during such contest or review the Lessee may refrain from complying therewith.

## ARTICLE IV

### ISSUANCE OF THE BONDS; ACQUISITION, PURCHASE, CONSTRUCTION, INSTALLATION AND IMPROVEMENT OF THE PROJECT

**Section 4.01. Issuance of Bonds.** In order to provide funds for the payment of the Project Costs, the City agrees that it will issue, sell and cause to be delivered to the purchasers thereof the Bonds. The proceeds of the sale of the Bonds shall be paid over to the Trustee and the Trustee shall promptly deposit proceeds of the sale of the Bonds as provided in **Section 5.02** of the Indenture.

**Section 4.02. Acquisition, Purchase, Construction and Improvement of the Project.** The City and the Lessee agree that the City will (and the Lessee as the agent of the City shall), but solely from the Acquisition and Construction Fund, proceed with the acquisition, purchase, construction, installation and improvement of the Project. The City owns the Project at the execution hereof. Concurrently with the execution of this Lease (i) all necessary instruments of transfer, if any, will be delivered to the City and placed of record, and (ii) the title insurance policy required by **Article VI** hereof or commitment to issue such policy will be delivered to the Trustee.

**Section 4.03. Payment for Project Costs.** All Project Costs shall be paid by the Trustee from moneys available in the Acquisition and Construction Fund, and the City hereby authorizes and directs the Trustee to make disbursements from the Acquisition and Construction Fund, upon receipt by the Trustee of requisition certificates (in substantially the form attached to the Indenture as **Exhibit G**) signed by the Lessee and the Bondowners:

(a) requesting payment of a specified amount of such funds and stating the name and address of the person, firm or corporation to whom such amount shall be paid or has been paid in the event the Lessee is requesting reimbursement;

(b) describing in reasonable detail each item of Project Costs for which payment is being requested;

(c) stating that each item for which payment is requested is or was necessary and appropriate in connection with the acquisition, purchase, construction, installation and improvement of the Project, has been properly incurred and is a proper charge against the Acquisition and Construction Fund, that the amount requested either has been paid, or is justly due, and has not been the basis of any previous requisition certificate from the Acquisition and Construction Fund; and

(d) stating that, except for the amounts, if any, stated in said certificate, to the best of their knowledge there are no outstanding statements which are then due and payable for labor, wages, materials, supplies or services in connection with the acquisition, purchase, construction, installation and improvement of the Project which, if unpaid, might become the basis of a vendors', mechanics', laborers' or materialmen's statutory or other similar lien upon the Project

or any part thereof, or setting out (A) all disputed statements and the reason for such disputes, and (B) all statements in process but not yet presented to the Trustee for payment.

The Trustee may rely conclusively on any such requisition certificate as an irrevocable determination by the Lessee and the Bondowners that all conditions precedent to the payment of the amount specified therein have been completed and shall not be required to make any independent investigation in connection therewith.

**Section 4.04. Reserved.**

**Section 4.05. Machinery and Equipment Purchased by the Lessee.** Any item of machinery or equipment the entire purchase price of which is paid for by the Lessee with the Lessee's own funds, and no part of the purchase price of which is paid for from funds deposited pursuant to the terms of the Indenture or this Lease in the Acquisition and Construction Fund, or from funds provided by the City pursuant to **Section 4.03** of this Lease, shall be the property of the Lessee.

**Section 4.06. Reserved.**

**Section 4.07. Investment of Moneys in Funds.** Any moneys held as a part of the Bond Fund, the Acquisition and Construction Fund and the Costs of Issuance Fund shall, at the written direction of the Lessee, or if there exists an Event of Default at the direction of the Trustee, be invested or reinvested by the Trustee, to the extent permitted by law, in Investment Securities (as defined in the Indenture) in accordance with the provisions of **Section 7.02** of the Indenture.

**ARTICLE V**

**PAYMENT PROVISIONS**

**Section 5.01. Rental Payments.** The Lessee covenants and agrees to make Rental Payments to the Trustee at its principal office in immediately available funds, for the account of the City during the Lease Term, for deposit in the A Principal and Interest Account within the Bond Fund at least one (1) Business Day prior to the seventh (7<sup>th</sup>) day of each month A Bonds are Outstanding, beginning on \_\_\_\_\_, in amounts which, together with other moneys then on deposit in the A Principal and Interest Account within the Bond Fund and available for the payment of principal, premium, if any, and interest on the A Bonds on such Payment Dates, shall be equal to the amount payable on such Rental Payment Dates as principal, premium, if any, and interest on the A Bonds as provided in the Indenture. The Lessee further covenants and agrees to make Rental Payments to the Trustee at its principal office in immediately available funds, for the account of the City during the Lease Term, for deposit in the B Principal and Interest Account within the Bond Fund on October 7, 2014 and each October 7 thereafter as long as the B Bonds are Outstanding, in amounts which, together with other moneys then on deposit in the Bond Fund and available for the payment of principal, premium, if any, and interest on the B Bonds on such Payment Dates, shall be equal to the amount payable on such Rental Payment Dates as principal, premium, if any, and interest on the B Bonds as provided in the Indenture. All Rental Payments provided for in this Section shall be paid by the Lessee directly to the Trustee for the account of the City and shall be deposited in accordance with the provisions of

the Indenture into the appropriate accounts within the Bond Fund to be held by the Trustee in trust solely for the purposes set forth hereunder. The amounts deposited in the Bond Fund shall be used and applied by the Trustee in the manner and for the purposes set forth in **Section 6.02** of the Indenture.

**Section 5.02. Additional Payments.** The Lessee shall pay on demand to the City or the Trustee, as the case may be, as Additional Payments the following amounts:

(a) All fees (such fees to be the fees agreed to between Trustee and Lessee by separate agreement), charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee reasonably incurred under the Indenture, this Lease, the Bonds and any other document entered into in connection with the Bonds, as and when the same become due.

(b) All Costs of Issuance, except those funded from the Costs of Issuance Fund under the Indenture, and fees, charges and expenses, including agent and counsel fees, incurred in connection with the issuance of the Bonds, as and when the same become due; provided however, all fees, charges and expenses known by the parties at the closing of the issuance of the Bonds shall be paid at closing.

(c) All out-of-pocket expenses incident to the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, including all costs and expenses in connection with the call, redemption and payment of Bonds, including attorneys' fees and costs.

(d) All reasonable fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the City incurred by the City in connection with the performance of its or the Lessee's obligations under the Indenture and the Lease and the enforcement of any rights under the Lease or the Indenture by the City, the Trustee or the Bondowners.

(e) All other payments of whatever nature which the Lessee has agreed to pay or assume under the provisions of this Lease.

(f) A City fee for each series of the Bonds of \$1,500 per million dollars of each issue payable on \_\_\_\_\_, 2013, and \$1,500 each year thereafter in which the Bonds are Outstanding beginning \_\_\_\_\_, 2014, plus the fees set forth in the City's policy on such matters as set out in Resolution No. 2766 passed and approved by the City on May 1, 1995.

**Section 5.03. Obligations of the Lessee Absolute and Unconditional.**

(a) The obligations of the Lessee under this Lease to make Rental Payments and Additional Payments on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Project shall have been started or completed, or whether the City's title thereto or to any part thereof is defective or nonexistent, and notwithstanding any damage to, loss, theft or destruction

of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Lessee's use thereof, the eviction or constructive eviction of the Lessee, any change in the tax or other laws of the United States of America, the State of Kansas or any political subdivision thereof, any change in the City's legal organization or status, or any default of the City hereunder, and regardless of the invalidity of any action of the City, and regardless of the invalidity of any portion of this Lease, and the Lessee hereby waives the application to it of the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Lease or which releases or purports to release the Lessee therefrom.

(b) Nothing in this Lease shall be construed to release the City from the performance of any agreement on its part herein contained or as a waiver by the Lessee of any rights or claims the Lessee may have against the City under this Lease or otherwise, but any recovery upon such rights and claims shall be had from the City separately, it being the intent of this Lease that the Lessee shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease (including the obligation to pay Rental Payments and Additional Payments) for the benefit of the Bondowners. The Lessee may, however, at its own cost and expense and in its own name or in the name of the City, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the City hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the City in any such action or proceeding if the Lessee shall so request.

**Section 5.04. Redemption of Bonds.** If the Lessee is not in default in the payment of Rental Payments or Additional Payments hereunder, the City and the Trustee, at the written direction of the Lessee, at any time that the aggregate moneys in the Bond Fund are sufficient for such purposes, shall, if the same are then redeemable under the provisions of **Article III** of the Indenture, take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect the redemption of all or such part of the then Outstanding Bonds as may be specified by the Lessee, on such redemption date as may be specified by the Lessee.

## **ARTICLE VI**

### **MAINTENANCE, TAXES AND INSURANCE**

#### **Section 6.01. Maintenance, Repairs and Utilities.**

(a) The Lessee shall throughout the Lease Term at its own expense (i) keep and maintain the Project and all parts thereof in good repair and operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof, and (ii) keep the Project and all parts thereof in safe condition and free from contamination by filth, nuisance or conditions unreasonably increasing the danger of fire.

(b) All utilities and utility services used by the Lessee in, on or about the Project shall be paid for by the Lessee or the Sublessee and shall be contracted for by the Lessee in the

Lessee's own name or by the Sublessee in its own name, and the Lessee shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

**Section 6.02. Taxes, Assessments and Other Governmental Charges.**

(a) The Lessee shall promptly pay and discharge, as the same become due, all taxes and assessments, general and special, and other governmental charges of any kind whatsoever that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Project, or any part thereof or interest therein (including the leasehold estate of the Lessee therein) or any buildings, improvements, machinery and equipment at any time installed thereon by the Lessee, or the income therefrom or Rental Payments and other amounts payable under this Lease, including any new taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all utility charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Bonds or encumber the City's title to the Project; provided that with respect to any special assessments or other governmental charges that are lawfully levied and assessed which may be paid in installments, the Lessee shall be obligated to pay only such installments thereof as become due and payable during the Lease Term.

(b) The Lessee shall have the right, in its own name or in the City's name, to contest the validity or amount of any tax, assessment or other governmental charge which the Lessee is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least ten (10) days before the tax, assessment or other governmental charge complained of becomes delinquent if and provided that (i) the Lessee, before instituting any such contest, gives the City written notice of its intention so to do, (ii) the Lessee diligently prosecutes any such contest, at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise, (iii) the Lessee promptly pays any final judgment enforcing the tax, assessment or other governmental charge so contested and thereafter promptly procures record release or satisfaction thereof, and (iv) funds sufficient to satisfy the contested amount have been paid under protest in accordance with applicable laws or, if not paid under protest, then deposited with the A Bondowner to be held in escrow. The Lessee is currently contesting the 2013 assessed value of the Project. The City agrees to cooperate with the Lessee in connection with any and all administrative or judicial proceedings related to any tax, assessment or other governmental charge. The Lessee shall hold the City whole and harmless from any costs and expenses the City may incur related to any of the above.

**Section 6.03. Receipted Statements.** Within thirty (30) days after the last day for payment, without penalty or interest, of any tax which the Lessee is required to bear, pay and discharge pursuant to the terms hereof, the Lessee shall deliver to the Trustee a photostatic copy of the statement issued therefor duly receipted to show the payment thereof.

**Section 6.04. Title Insurance.** The Lessee will purchase, on behalf of the City, the Trustee and the A Bondowner, from a company chosen by the A Bondowner and duly qualified to issue such insurance in the State of Kansas (the "Owner's Title Policy"). A copy of the

Owner's Title Policy or a commitment therefor will be delivered to the Trustee and the A Bondowner by the Lessee on or before the Bond Closing Date. The Net Proceeds of such policy shall be applied in accordance with the provisions of **Article VIII** of this Lease.

**Section 6.05. Casualty and Liability Insurance.** Lessee agrees to keep the Project insured for the protection of the City and the Bondowner and Bondowner's wholly owned subsidiaries and agents in such manner, in such amounts (but in no event in amounts less than required of Lessee under the Teva Sublease) and in such companies as the City and Bondowner may from time to time approve, and to keep the policies therefor, properly endorsed, on deposit with Trustee, or at Trustee's option, to keep evidence of insurance acceptable to Trustee evidencing all insurance coverages required hereunder on deposit with Trustee. Such evidence shall list the City and Bondowner as the certificate holder or as a similar additional interest with the City's and Bondowner's correct mailing address and the assigned loan number (339694). Evidence of insurance shall include copies of corresponding policy endorsements providing the City and Bondowner with at least thirty (30) days' notice of cancellation, shall list Bondowner as Mortgagee and/or Lenders Loss Payee on property policies and as an Additional Insured on liability policies for Bondowner's interest in the property. Lessee shall furnish the City and Bondowner with renewals of all applicable insurance evidence no later than the actual insurance expiration date.

## **ARTICLE VII**

### **REMOVALS, ADDITIONS, MODIFICATIONS AND IMPROVEMENTS TO THE PROJECT**

#### **Section 7.01. Reserved.**

**Section 7.02. Additions, Modifications and Improvements of the Project.** The Lessee shall have and is hereby given the right, with the prior written consent of the A Bondowner, at its sole cost and expense, to make such additions, modifications and improvements in and to any part of the Project as the Lessee from time to time may deem necessary or desirable for its business purposes; provided, however, the Lessee shall not make any additions, modifications or improvements which will adversely affect the operation of the Project or substantially reduce its value. All additions, modifications and improvements made by the Lessee pursuant to the authority of this Section shall (a) be made in a workmanlike manner and in strict compliance with all laws and resolutions applicable thereto, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, be deemed a part of the Project; provided, however, that additions of machinery and equipment installed in the Project by the Lessee not purchased or acquired from funds deposited with the Trustee hereunder and not constituting repairs, renewals or replacements of machinery and equipment so purchased shall remain the property of the Lessee and may be removed by the Lessee. Notwithstanding anything to the contrary in **Sections 7.02** or **7.03**, alterations or improvements pursuant to the exercise by Sublessee of its right of expansion set forth in the Teva Sublease shall be subject only to the approval of A Bondowner's in-house architect (and no review shall be required by an outside consultant of A Bondowner) (and any request for said approval shall be governed by **Section 14.01** of the Indenture).

**Section 7.03. Additional Improvements on the Project Site.** The Lessee shall have and is hereby given the right, only with the prior written approval of the A Bondowner at Lessee's sole cost and expense, to construct on portions of the Project Site not theretofore occupied by buildings or improvements such additional buildings and improvements as the Lessee from time to time may deem necessary or desirable for its business purposes. All additional buildings and improvements constructed on the Project Site by the Lessee pursuant to the authority of this Section shall, during the life of this Lease, remain the property of the Lessee but may not be added to, altered or razed and removed by the Lessee without the prior written consent of the A Bondowner. The Lessee covenants and agrees (a) to make any repairs and restorations required to be made to the Project because of the construction of, addition to, alteration or removal of said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, and (c) to promptly and with due diligence repair, replace or restore any of said additional buildings and improvements as may from time to time be damaged by fire or other casualty which shall be conducted in a good and workmanlike manner unless the A Bondowner gives its prior written consent to the razing and removal of said additional buildings and improvements.

**Section 7.04. Permits and Authorizations.** The Lessee shall not do or permit others under its control to do any work on the Project related to any repair, rebuilding, restoration, replacement, modification or addition to the Project, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have been first procured and paid for. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, resolutions, governmental regulations and requirements and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of **Article VI** hereof.

**Section 7.05. Mechanics' Liens.**

(a) Neither the City nor the Lessee shall do or suffer anything to be done whereby the Project, or any part thereof, may be encumbered by any mechanics' or other similar lien. Whenever and as often as any mechanics' or other similar lien is filed against the Project, or any part thereof, purporting to be for or on account of any labor done or materials or services furnished in connection with any work in or about the Project, the Lessee shall discharge the same of record within thirty (30) days after the date of filing. Notice is hereby given that the City shall not be liable for any labor or materials furnished the Lessee or anyone claiming by, through or under the Lessee upon credit, and that no mechanics' or other similar lien for any such labor, services or materials shall attach to or affect the reversionary or other estate of the City in and to the Project or any part thereof.

(b) Notwithstanding **Paragraph (a)** above, the Lessee shall have the right to contest any such mechanics' or other similar lien if within said 30-day period stated above, it notifies the City and the Trustee in writing of its intention so to do, and provided funds sufficient to satisfy the contested lien have been deposited with the A Bondowner to be held in escrow, the Lessee diligently prosecutes such contest, at all times effectively stays or prevents any official or judicial sale of the Project, or any part thereof or interest therein, under execution or otherwise, and pays or otherwise satisfies any final judgment enforcing such contested lien claim and



thereafter promptly procures record release or satisfaction thereof. The Lessee shall hold the City and Trustee whole and harmless from any loss, costs or expenses (including, without limitation, attorneys' fees and expenses) the City or Trustee may incur related to any such contest. The City agrees to cooperate fully with the Lessee in any such contest.

**Section 7.06. Removal of Equipment.** The Lessee agrees not to sell, transfer, assign or remove any equipment without prior written consent of Bondowners unless (a) such action does not constitute a sale or removal of any building or improvements or the sale or transfer of water or water rights and (b) such action results in the substitution or replacement with similar items of equal value.

The Lessee's rights under this Section to remove machinery and equipment is intended only to permit the Lessee to maintain an efficient operation by the removal of machinery and equipment which is no longer suitable to the Lessee's use for any of the reasons set forth in this Section, and such right is not to be construed to permit a removal under any other circumstances and specifically is not to be construed to permit the Lessee to make a wholesale removal of machinery and equipment.

## ARTICLE VIII

### DAMAGE, DESTRUCTION AND CONDEMNATION

#### Section 8.01. Damage and Destruction.

(a) If during the Lease Term, the Project is damaged or destroyed, in whole or in part, by fire or other casualty, the Lessee shall promptly notify the City, the Trustee and the Bondowners in writing as to the nature and extent of such damage or loss.

(b) Following the occurrence of a casualty, Lessee, regardless of whether insurance proceeds are available, shall promptly proceed to restore, repair, replace or rebuild the Project to be of at least equal value and of substantially the same character as prior to such damage or destruction, all to be effected in accordance with applicable law.

Insurance loss proceeds from all property insurance policies, whether or not required by this Lease, shall, at A Bondowner's option, be applied to redemption of principal and interest on the A Bond Outstanding, whether or not due, or to the restoration of the Project. If the A Bondowner elects to apply the insurance loss proceeds to the prepayment of the redemption of principal and interest on the A Bond Outstanding, no Redemption Premium shall be due on such redemption.

Notwithstanding the foregoing, the A Bondowner agrees that, if the insurance loss proceeds are less than the A Bond outstanding and if the casualty occurs prior to the last 3 years of the term of the A Bond, the insurance loss proceeds (less expenses of collection) shall be applied to restoration of the Project to its condition prior to the casualty, subject to satisfaction of the following conditions:

- (i) There is no existing Event of Default at the time of the casualty.

(ii) The casualty insurer shall not have denied liability for payment of insurance loss proceeds to Lessee as a result of any act, neglect, use or occupancy of the Project by Lessee or any sublessee of the Project.

(iii) The A Bondowner shall be satisfied that all insurance loss proceeds, together with supplemental funds to be made available by Lessee, shall be sufficient to complete restoration of the Project. Any remaining insurance loss proceeds may, at the option of the A Bondowner, be applied to redemption of interest and principal on the A Bond Outstanding, whether or not due, or be released to Lessee.

(iv) If required by the A Bondowner, A Bondowner shall be furnished a satisfactory report addressed to the A Bondowner from an environmental engineer or other qualified professional satisfactory to the A Bondowner to the effect that no adverse environmental impact to the Project resulted from the casualty.

(v) The A Bondowner shall release casualty insurance proceeds as restoration of the Project progresses if the A Bondowner is furnished satisfactory evidence of the costs of restoration and if, at the time of such release, there shall exist no Monetary Default (as hereinafter defined) and no Non-Monetary Default (as hereinafter defined) with respect to which the A Bondowner shall have given Lessee notice pursuant to **Section 12.01** hereof. If a Monetary Default shall occur or the A Bondowner shall give Lessee notice of a Non-Monetary Default, the A Bondowner shall have no further obligation to release insurance loss proceeds hereunder unless such default is cured within the cure period set forth in **Section 12.01** hereof. If the estimated cost of restoration exceeds \$250,000, (i) the drawings and specifications for the restoration shall be approved by the A Bondowner in writing prior to commencement of the restoration and (ii) A Bondowner shall receive an administration fee equal to 0.5% of the cost of restoration, not to exceed \$100,000.

(vi) Prior to each release of funds, Lessee shall obtain for the benefit of the City, Trustee, and A Bondowner an endorsement to Owner's Title Policy insuring against any liens arising from the restoration.

(vii) Lessee shall pay all costs and expenses incurred by the A Bondowner, including, but not limited to, outside legal fees, title insurance costs, 3rd-party disbursement fees, 3rd-party engineering reports and inspections deemed necessary by the A Bondowner.

(viii) All reciprocal easement and operating agreements, if any, benefiting the Project shall remain in full force and effect between the parties thereto on and after restoration of the Project.

(ix) The Teva Sublease shall continue to be in effect without any amendments for which A Bondowner has not provided its prior written consent, if Sublessee has an option to terminate the Teva Sublease after a casualty, Sublessee shall not have exercised said termination option, and A Bondowner shall be satisfied that restoration can be completed within a timeframe such that Sublessee shall be obligated, or Sublessee shall have elected, to continue the term of the Teva Sublease at full rental (subject only to

abatement, if any, during any period in which the Project or portion thereof shall not be used and occupied by Sublessee as a result of the casualty).

**Section 8.02. Condemnation or Insured Deficiency of Title.**

(a) If during the Lease Term, (i) title to, or the temporary use of, all or any part of the Project shall be condemned by or sold under threat of condemnation to any authority possessing the power of eminent domain, or (ii) title to all or any part of the Project shall be found to be deficient or nonexistent, the Lessee shall, within ninety (90) days after the date of entry of a final order in any eminent domain proceedings granting condemnation, or the date of sale under threat of condemnation, or proceedings determining such loss of title, notify the City, the Bondowners and the Trustee in writing as to the nature and extent of such condemnation or loss of title and whether it is practicable and desirable to acquire or construct substitute improvements.

(b) The City and Lessee hereby assign to the Bondowners (i) any award and any other proceeds resulting from damage to, or the taking of, all or any portion of the Project in connection with condemnation proceedings or the exercise of any power of eminent domain and (ii) the proceeds from any sale or transfer in lieu thereof; and grant Bondowners the right, at its option, to apply such award and other proceeds (less expenses of collection) to redeem principal and interest on the Bonds (including the Redemption Price), whether due or not, or to the restoration of the Project, but such application shall not cure or waive any default under any of the Bond Documents.

(c) The City agrees to cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or any part thereof, and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and on behalf of the City. In no event will the City voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the prior written consent of the Lessee.

**ARTICLE IX**

**SPECIAL COVENANTS**

**Section 9.01. No Warranty of Condition or Suitability by the City; Exculpation and Indemnification.** The City makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs. The Lessee releases the Trustee and the City from, agrees that the Trustee and the City shall not be liable for and agrees to hold the City and Trustee harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof.

**Section 9.02. Surrender of Possession.** Upon accrual of the City's right of reentry because of the occurrence of a default or Event of Default hereunder or upon the cancellation or termination of this Lease for any reason other than the Lessee's purchase of the Project pursuant to **Article XI** hereof, the Lessee shall peacefully surrender possession of the Project to the City in good condition and repair, ordinary wear and tear excepted. All repairs to and restorations of

the Project required to be made because of such removal shall be made by and at the sole cost and expense of the Lessee, and the Lessee shall bear the sole responsibility for and bear the sole risk of loss for said buildings, improvements, furniture, trade fixtures, machinery and equipment. All buildings, improvements, furniture, trade fixtures, machinery and equipment owned by the Lessee and which are not so removed from the Project shall be the separate and absolute property of the City.

**Section 9.03. City's Right of Access to the Project.** The Lessee agrees that the City, the Trustee and the Bondowners and their duly authorized agents shall have the right, to be reasonably exercised, to enter into the Project Site at reasonable times during business hours (a) to examine, test and inspect the Project without interference or prejudice to the Lessee's or the Sublessee's operations, with advance notice if the Lessee is not in default under the Lease, (b) to perform such work in and about the Project made necessary by reason of the Lessee's default under any of the provisions of this Lease, and (c) to exhibit the Project to prospective purchasers or lessees in the event the Lessee is then in default or to prospective trustees. The Lessee shall take such actions as required under the Teva Sublease to permit the City, the Trustee or the A Bondowner access to the Project. The City, the Trustee and the Bondowners agree to maintain the confidentiality of any trade secret information and proprietary information disclosed to the City pursuant to the City's, the Trustee's and the Bondowners' exercise of their rights under this **Section 9.03**.

**Section 9.04. Performance of Sublease.** Lessee hereby agrees to fully perform its obligations under the Teva Sublease.

**Section 9.05. Granting of Easements.** If no Event of Default under this Lease shall have happened and be continuing, the Lessee may at any time or times, with the prior written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding (a) grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, or (b) release existing easements, licenses, rights-of-way and other rights or privileges, all with or without consideration and upon such terms and conditions as the Lessee shall determine. The City agrees that it will execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other arrangement, upon receipt by the City and the Trustee of: (i) a copy of the instrument of grant or release or of the agreement or other arrangement, (ii) a written application signed by the Lessee requesting such instrument; (iii) a certificate executed by the Lessee stating that such grant or release is not detrimental to the proper conduct of the business of the Lessee, will not impair the effective use or interfere with the efficient and economical operation of the Project, and will not materially adversely affect the security intended to be given by or under the Indenture and (iv) written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the rights of the City and the Trustee under this Lease and the Indenture and shall not be affected by any termination of this Lease or default on the part of the Lessee hereunder. If no Event of Default shall have happened and be continuing, any payments or other consideration received by the Lessee for any such grant or with respect to or under any such agreement or other arrangement

shall be and remain the property of the Lessee, but in the event of the termination of this Lease or default of the Lessee, all rights then existing of the Lessee with respect to or under such grant shall inure to the benefit of and be exercisable by the City and the Trustee.

**Section 9.06. Indemnification of the City, the Trustee and the Bondowners.** The Lessee shall indemnify and save the City, the Trustee and the Bondowners and their respective officials, officers, members, directors, agents and employees harmless from and against all claims, demands, liabilities and losses by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done in, on or about, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project caused by the Lessee, (b) subject to **Section 15.05** hereof any breach or default on the part of the Lessee in the performance of any of its obligations under this Lease, (c) any contract entered into in connection with the acquisition, purchase, construction, installation and improvement of the Project, (d) any act of negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees, and (e) any act of negligence of any assignee or lessee of the Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Lessee. The Lessee shall indemnify and save the City, the Trustee and the Bondowners and their respective officials, officers, members, directors, agents and employees harmless from and against all costs, claims, demands, liabilities, losses and expenses including but not limited to, attorneys' fees and expenses and those items referenced in **Sections 6.02(b)** and **7.05(b)** of this Lease (except those which have arisen from the willful misconduct or negligence of the City, the Trustee or the Bondowners) incurred in or in connection with any action or proceeding brought thereon, to this Lease, the Indenture, and the Bonds, and any other document entered into in connection with the Bonds and upon notice from the City, the Trustee or the Bondowners, the Lessee agrees to defend them or any of them in any such action or proceeding (except those which have arisen from the respective willful misconduct or negligence of the City or the Trustee).

**Section 9.07. Depreciation and Investment Tax Credit.** The City agrees that any depreciation or investment tax credit with respect to the Project or any part thereof shall be made available to the Lessee, and the City will fully cooperate with the Lessee in any effort by the Lessee to avail itself of any such depreciation or investment tax credit.

**Section 9.08. Lessee's Financial Statements.** Lessee shall furnish to Trustee and the A Bondowner:

(a) The following financial statements for the Project within sixty (60) days after the close of each year of Lessee (the "Project Financial Statements Due Date"):

(i) An unaudited statement of operations for such fiscal year with a detailed line item break-down of all sources of income and expenses, including capital expenses broken down between subleasing commissions, sublessee improvements, capital maintenance, common area renovation, and expansion;

(ii) A current rent roll identifying location, subleased area, sublease begin and end dates, current contract rent, rent increases and increase dates, percentage rent, expense reimbursements, and any other recovery items;

- (iii) An operating budget for the current fiscal year; and
- (b) The following financial statements that A Bondowner may, in the A Bondowner's sole discretion, require from time to time within twenty (20) days after receipt of a written request from the A Bondowner (the "Requested Financial Statements Due Date"):
  - (i) An unaudited balance sheet for the Project as of the last day of Lessee's most recently closed fiscal year;
  - (ii) An unaudited balance sheet for Lessee as of the last day of Lessee's most recently closed fiscal year;
  - (iii) An unaudited balance sheet for Principal as of the last day of Principal's most recently closed fiscal year;
  - (iv) An unaudited statement of cash flows for the Project as of the last day of Lessee's most recently closed fiscal year;
  - (v) An unaudited statement of cash flows for Lessee as of the last day of Lessee's most recently closed fiscal year; and
  - (vi) An unaudited statement of cash flows for Principal as of the last day of Principal's most recently closed fiscal year; and
- (c) Any financial statements for the Sublessee and Teva Pharmaceutical Industries Ltd. that Sublessee is or may be in the future required to provide to Lessee pursuant to the Teva Sublease within the later of twenty (20) days after receipt of a written request from the A Bondowner or twenty (20) days after they are received by Lessee (the "Tenant Financial Statements Due Date"). If such financial statements are received by Lessee subject to confidentiality restrictions, then A Bondowner shall comply with such restrictions.

Furthermore, Lessee shall furnish to the Trustee and the A Bondowner within twenty (20) days after receipt of a written request from the A Bondowner (the "Additional Requested Financial Statements Due Date") such reasonable financial and management information in the possession of, or accessible to, Lessee which Bondowner determines to be useful in the A Bondowner's monitoring of the value and condition of the Project, Lessee, or Principal.

The Project Financial Statements Due Date, the Requested Financial Statements Due Date, the Additional Requested Financial Statements Due Date, and the Tenant Financial Statements Due Date are each sometimes hereinafter referred to as a "Financial Statements Due Date." Notwithstanding the foregoing, in no event shall a Financial Statements Due Date for a particular financial statement be prior to the 60th day following the close of the fiscal year covered by such financial statement.

All unaudited financial statements shall contain a certification by a senior officer of Lessee stating that they have been prepared in accordance with generally accepted accounting principles and that they are true and correct. The expense of preparing all of the financial

statements required in (a) and (b), above, shall be borne by Lessee. The A Bondowner requires the financial statements and information required herein to accurately record the value of the Project for financial and regulatory reporting.

In addition to all other remedies available to the A Bondowner hereunder, at law, and in equity, if any financial statement, additional information or proof of payment of property taxes and assessments is not furnished to the A Bondowner as required herein and in **Section 6.03** hereof within thirty (30) days after the A Bondowner shall have given written notice to Lessee that it has not been received as required:

(i) Interest on the unpaid principal balance of the A Bond shall, as of the applicable Financial Statements Due Date or the date such additional information or proof of payment of property taxes and assessments was due, accrue and be payable at the rate equal to the sum of the Interest Rate plus 1% per annum (the “Increased Rate”); and

(ii) The A Bondowner may elect to obtain an independent appraisal and audit of the Project at Lessee’s expense and Lessee will, upon request, promptly make Lessee’s books and records regarding the Project available to the A Bondowner and the person(s) performing the appraisal and audit (which obligation Lessee agrees can be specifically enforced by the A Bondowner).

The amount of the payments due under the A Bond during the time in which the Increased Rate shall be in effect shall be changed to an amount which is sufficient to amortize the then unpaid principal balance at the Increased Rate during the then remaining portion of the amortization period in effect at that point in time pursuant to **Exhibit E** of the A Bond commencing with \_\_\_\_\_ 7, 2013 [the date which is one month before the date on which the principal and interest payments begin] (the “Amortization Period Commencement Date”). Interest shall continue to accrue and be due and payable monthly at the Increased Rate until the date (the “Receipt Date”) on which all of the financial statements and proof of payment of property taxes and assessments (as requested by the A Bondowner) shall be furnished to or made available to the Trustee and the A Bondowner as required. Commencing on the Receipt Date, interest on the unpaid principal balance of the A Bonds shall again accrue at the Interest Rate and the payments due during the remainder of the term of the A Bond shall be changed to an amount which is sufficient to amortize the then unpaid principal balance at the Interest Rate during the then remaining portion of the amortization period in effect at that point in time pursuant to **Exhibit E** of the A Bond commencing with the Amortization Period Commencement Date. Notwithstanding the foregoing, the A Bondowner shall have the right to conduct an independent audit of the Project or Lessee at its own expense at any time.

**Section 9.09. Security Interests.** The City and the Lessee agree to enter into all instruments (including financing statements and statements of continuation) necessary for perfection of and continuance of the perfection of the security interests of the City and the Trustee in the Project. The Lessee shall file or cause to be filed all such instruments required to be so filed and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be Outstanding.

## ARTICLE X

### ASSIGNMENT AND SUBLEASING

#### Section 10.01. Assignment and Sublease.

(a) Notwithstanding anything herein to the contrary, the Lessee will not assign, mortgage, pledge, sell or in any other manner transfer, convey, sublease or dispose of any interest of the Lessee in the Project or this Lease or any interest therein or part thereof, whether voluntary, involuntary or by operation of law, without the prior written consent thereto of the City, except, with written notice to the City, the Lessee may sublease the Project to the Sublessee.

(b) Lessee shall not (i) assign its right, title, and interest in this Lease in part or in its entirety, (ii) enter into any contract to convey (land contract/installment sales contract/contract for deed) its right, title, and interest in this Lease which gives a purchaser possession of the leasehold estate in the Project, or income from, the Project prior to a transfer of its right, title, and interest in this Lease (“Contract to Convey”) or (iii) cause or permit a Change in the Proportionate Ownership (as defined below) of Lessee. Any such conveyance, entering into a Contract to Convey, or Change in the Proportionate Ownership of Lessee shall constitute a default under the terms of this Lease.

For purposes of this Condition, a “Change in the Proportionate Ownership of Lessee” means a change in, or the existence of a lien on, the direct or indirect ownership interests of Lessee.

(c) Notwithstanding the foregoing, transfers of direct or indirect ownership interests of Lessee shall be permitted provided that (i) the representation and warranty in **Section 2.02(k)** is true and correct and shall be deemed made by Lessee regarding each transferee, (ii) Kenneth G. Block continues to own more than 50% of the direct or indirect ownership interests of Lessee, and (iii) Kenneth G. Block continues to control Lessee.

As used herein, “control” means, with respect to a person or entity, the possession by another person or entity, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

(d) Notwithstanding the foregoing, provided there is no default under the Lease, the Trust Indenture, or the A Bonds, upon the prior written request from Lessee, the A Bondowner shall not withhold its consent to a one-time transfer of all but not less than all of the Lessee’s leasehold interest in the Project to a single entity or individual, provided:

(i) The Teva Sublease shall continue to be in effect without any amendments for which the A Bondowner has not provided its prior written consent;

(ii) The transferee or an owner of the transferee (the “Creditworthy Party”) has a net worth determined in accordance with generally accepted accounting principles of at least \$75 million; with cash and cash equivalents of at least \$5 million after funding



the equity needed to close the purchase and a minimum overall real estate portfolio debt service coverage ratio of 1.20 for the prior 12 month period;

(iii) The transferee or the Creditworthy Party is experienced in the ownership and management of at least 500,000 sq. ft. of suburban office buildings;

(iv) The transferee, the Creditworthy Party, and all persons and entities owning (directly or indirectly) an ownership interest in the transferee or the Creditworthy Party are not (and have never been) (i) subject to any bankruptcy, reorganization or insolvency proceedings or any criminal charges or proceedings, or (ii) a litigant, plaintiff or defendant in any suit brought against or by the A Bondowner;

(v) Pursuant to written documents prepared by and satisfactory to the A Bondowner, the transferee assumes all the obligations and liabilities of Lessee under the Lease and under the Assignment of Sublease, whether arising prior to or after the date of the transfer of the Project, and the A Bondowner receives a satisfactory enforceability opinion with respect thereto from counsel approved by the A Bondowner;

(vi) The Creditworthy Party executes the A Bondowner's then current form of Guarantee of Recourse Obligations, and the Creditworthy Party and the transferee execute the A Bondowner's then current form of Environmental Indemnity Agreement, and the A Bondowner receives a satisfactory enforceability opinion with respect to the foregoing from counsel approved by the A Bondowner;

(vii) An environmental report, which meets the A Bondowner's then current requirements and is updated to no earlier than ninety (90) days prior to the date of transfer, is provided to the A Bondowner at least thirty (30) days prior to the date of transfer and is satisfactory to the A Bondowner at the time of transfer;

(viii) Lessee and Principal (i) shall be released from liability under the Environmental Indemnity Agreement except for acts or occurrences existing prior to the date of the transfer of the Lessee's leasehold interest in the Project or continuing after the date of the transfer of the Lessee's leasehold interest in the Project (unless the transferee and the Creditworthy Party agree to be liable for said acts or occurrences, in which event Lessee and Principal shall be released from all liability under the Environmental Indemnity Agreement); and (ii) shall be released from all obligations and liabilities under the Lease and the Assignment of Sublease;

(ix) Pursuant to a written document prepared by and satisfactory to the A Bondowner, the transferee (i) acknowledges that, in furtherance and not in limitation of **clause (E)** above, it shall be bound by the representation and warranty contained in **Section 2.02(k)** hereof and (ii) certifies that such representation and warranty is true and correct as of the date of transfer and shall remain true and correct at all times during the term of the A Bond; and

(x) The balance of the A Bonds Outstanding at the time of the transfer is not more than 80% of the gross purchase price of the Project.

(e) If the transferee shall satisfy the financial requirements set forth in **subparagraph (d)(ii)** above, all references to the Creditworthy Party in **subparagraph (d)(iii), (d)(iv), (d)(vi) and (d)(viii)** above shall be deemed deleted.

(f) If Lessee shall make a one-time transfer pursuant to this **Section 10.01(d)**,

(i) The A Bondowner shall be paid a fee equal to one-half percent (0.5%) of the then balance of the A Bonds Outstanding;

(ii) No modification of the interest rate or repayment terms of the A Bond will be required; and

(iii) No subsequent transfers of the Lessee's leasehold interest in the Project shall be allowed, and no Change in the Proportionate Ownership of transferee shall be allowed without the A Bondowner's prior written consent. Notwithstanding the foregoing, Lessee and the A Bondowner agree that the underlying ownership structure of a particular transferee may cause the A Bondowner to determine that the definition of Change in the Proportionate Ownership of such transferee does not adequately address the A Bondowner's underlying ownership concerns for such transferee, and accordingly, A Bondowner reserves the right to amend the definition of Change in the Proportionate Ownership as it applies to a particular transferee.

**Section 10.02. Assignment of Revenues by City.** Concurrently with the execution of this Lease, the City has assigned and pledged any rents, revenues and receipts receivable under this Lease, to the Trustee pursuant to the Indenture as security for payment of the principal of, interest and premium, if any, on the Bonds and the Lessee hereby consents to such pledge and assignment.

**Section 10.03. Restrictions on Sale of Project by City.** The City agrees that, except as set forth in **Section 10.02** hereof or in other provisions of this Lease or the Indenture, the City may not sell, convey, encumber, grant any lien or otherwise dispose of any part of the Project during the Lease Term.

## ARTICLE XI

### OPTION AND OBLIGATION TO PURCHASE THE PROJECT

**Section 11.01. Option to Purchase the Project.** The Lessee shall have, and is hereby granted, the option to purchase the City's interest in the Project at any time, prior to the expiration of the Lease Term upon payment in full of all Bonds then Outstanding and any payments due pursuant to the Lease or the Indenture and satisfaction of the terms and conditions of this **Article XI**. The Lessee shall not be permitted to exercise, however, the option to purchase the Project if the Lessee is in default hereunder until all defaults hereunder are cured, and the Lessee shall not be permitted to exercise the option to purchase the Project after an Event of Default has occurred unless the A Bondowner, the City and the Trustee consent to such exercise. To exercise such option the Lessee shall give written notice to the City and to the Trustee, if any of the Bonds shall then be unpaid or provision for their payment shall not have been made in accordance with the provisions of the Indenture, and shall specify therein the date

of closing such purchase (the “Closing Date”), which date shall be not less than forty-five (45) nor more than ninety (90) days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture, the Lessee shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The Lessee shall further provide the Trustee and the City with such indemnification, assurances, insurances and documents as the Trustee or the City may require. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(a) an amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to redeem all the then outstanding Bonds on the earliest redemption date next succeeding the closing date, including, without limitation, principal, the Redemption Premium, if due and payable at such time, interest to accrue to said redemption date, and redemption expense; plus

(b) an amount of money equal to the Trustee’s fees, advances, charges, indemnities and expenses under the Indenture accrued and to accrue until such redemption of the Bonds; plus

(c) an amount of money equal to the City’s costs and expenses, including attorney fees, in connection with the redemption of the Bonds; plus

(d) any Additional Payments then due and payable; plus

(e) the sum of \$100.

**Section 11.02. Conveyance of the Project.** At the closing of the purchase of the Project pursuant to this Article, the City will, upon receipt of the purchase price and such documents and assurances as the City shall require of the Lessee deliver, to the Lessee the following:

(a) If the Indenture shall not at the time have been satisfied in full, a release from the Trustee of the Project.

(b) Documents conveying to the Lessee legal title to the Project, as it then exists, subject to the following: (i) those liens and encumbrances, if any, to which title to the Project was subject when conveyed to the City; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease; and (iv) if the Project is being condemned, the rights and title of any condemning authority.

**Section 11.03. Reserved.**

**Section 11.04. Obligation to Purchase the Project.** The Lessee hereby agrees to purchase, and the City hereby agrees to sell, the Project for the sum of \$100 at the expiration of the Lease Term following full payment of the Bonds and satisfaction of the terms and conditions of this **Article XI**, including payment of all fees, charges, advances, indemnities and expenses of the City and Trustee provided, however, said sale shall be subject to the prior written consent of the A Bondowner, the Trustee and the City in the event a default under this Lease has occurred.

## ARTICLE XII

### DEFAULT AND REMEDIES

**Section 12.01. Events of Default.** If any one or more of the following events shall occur and be continuing, it is hereby defined as and declared to be and to constitute an “Event of Default” under this Lease:

(a) Default in the due and punctual payment of Rental Payments or Additional Payments; or

(b) Any other default under this Lease (a “Non-Monetary Default”) of which the City or Trustee shall have given Lessee notice and Lessee shall not have cured such default within thirty (30) days thereafter (or, if the Non-Monetary Default is not curable within thirty (30) days, Lessee shall not have (i) diligently undertaken and continued to pursue the curing of such Non-Monetary Default and (ii) deposited an amount sufficient to cure such Non-Monetary Default with the A Bondowner to be held in escrow); or

(c) The Lessee shall: (i) admit in writing its inability to pay its debts as they become due; or (ii) file a petition in bankruptcy or for reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Bankruptcy Code as now or in the future amended or any other similar present or future federal or state statute or regulation, or file a pleading asking for such relief; or (iii) make an assignment for the benefit of creditors; or (iv) consent to the appointment of a trustee, receiver or liquidator for all or a major portion of its property or shall fail to have the appointment of any trustee, receiver or liquidator made without the Lessee’s consent or acquiescence, vacated or set aside; or (v) be finally adjudicated as bankrupt or insolvent under any federal or state law; or (vi) be subject to any proceeding, or suffer the entry of a final and nonappealable court order, under any federal or state law appointing a trustee, receiver or liquidator for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, as now or in the future amended, which order or proceeding, if not consented to by it, shall not be dismissed, vacated, denied, set aside or stayed within sixty (60) days after the day of entry or commencement; or (vii) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within sixty (60) days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside; or

(d) The Lessee shall vacate or abandon the Project, or shall have been ejected from the Project or any portion thereof by reason of a defect in title to the Project, and the same shall remain uncared for and unoccupied for a period of sixty (60) days; or

(e) The Lessee shall fail to make any tax or special assessment payment when due, unless the Lessee has followed the provisions of **Section 6.02(b)** of this Lease with respect to any contested tax or assessment payment, provided that no default shall have occurred if the Lessee pays a delinquent tax or special assessment payment, including any penalty or interest due, within five (5) days of receipt of a notice of delinquency.

**Section 12.02. Remedies on Default.** If any Event of Default referred to in **Section 12.01** hereof shall have occurred and be continuing, then the City may at the City's election (subject, however, to any restrictions against acceleration of the maturity of the Bonds or termination of this Lease in the Indenture), then or at any time thereafter, and while such default shall continue, take any one or more of the following actions:

(a) cause all amounts payable with respect to the Bonds for the remainder of the term of the Lease to become due and payable, as provided in the Indenture; or

(b) give the Lessee written notice of intention to terminate this Lease on a date specified therein, and if all defaults have not then been cured, on the date so specified, the Lessee's rights to possession of the Project shall cease and this Lease shall thereupon be terminated, and the City may re-enter and take possession of the Project; or

(c) having terminated the Lease pursuant to **Section 12.02(b)** hereof, direct the Trustee to sell the Project; all proceeds from any such sale shall be applied in accordance with **Section 9.09** of the Indenture; or

(d) without terminating this Lease, re-enter the Project or take possession thereof pursuant to legal proceedings or pursuant to any notice provided for by law, and having elected to re-enter or take possession of the Project without terminating this Lease, the City shall use reasonable diligence to relet the Project, or parts thereof, for such term or terms and at such rental and upon such other terms and conditions as the City may deem advisable, with the right to make alterations and repairs to the Project, and no such re-entry or taking of possession of the Project by the City shall be construed as an election on the City's part to terminate this Lease, and no such re-entry or taking of possession by the City shall relieve the Lessee of its obligation to pay Rental Payments or Additional Payments (at the time or times provided herein), or of any of its other obligations under this Lease, all of which shall survive such re-entry or taking of possession, and the Lessee shall continue to pay the Rental Payments and Additional Payments provided for in this Lease until the end of the Lease Term, whether or not the Project shall have been relet, less the net proceeds, if any, of any reletting of the Project after deducting all of the City's and the Trustee's reasonable expenses, fees, costs and advances in or in connection with such reletting, including without limitation all repossession costs, brokerage commissions, legal expenses, expenses of employees, alteration costs and expenses of preparation for reletting. Said net proceeds of any reletting shall be deposited in the Bond Fund. The Lessee waives trial by jury in any such proceedings.

Having elected to re-enter or take possession of the Project without terminating this Lease under (d) above, the City may (subject, however, to any restrictions against termination of this Lease in the Indenture), by notice to the Lessee given at any time thereafter while the Lessee is in default in the payment of Rental Payments or Additional Payments or in the performance of any other obligation under this Lease, elect to terminate this Lease on a date to be specified in such notice, and if all defaults shall not have then been cured, on the date so specified this Lease shall thereupon be terminated. If in accordance with any of the foregoing provisions of this Article the City shall have the right to elect to re-enter and take possession of the Project, the City may enter and expel the Lessee and those claiming by, through or under the Lessee and remove the property and effects of both or either (forcibly if necessary) without being guilty of

any manner of trespass and without prejudice to any remedies for arrears of rent or preceding breach of covenant. The City may take whatever action at law or in equity which may appear necessary or desirable to collect rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease.

**Section 12.03. Survival of Obligations.** The Lessee covenants and agrees with the City, the Trustee and the Bondowners that its obligations under this Lease shall survive the cancellation and termination of this Lease, for any cause, and that, subject to **Section 15.05** hereof, the Lessee shall continue to pay the Rental Payments and Additional Payments and perform all other obligations provided for in this Lease, all at the time or times provided in this Lease; provided, however, that upon the payment of all Rental Payments and Additional Payments required under **Article V** hereof, and upon the satisfaction and discharge of the Indenture under **Section 13.01** thereof, the Lessee's obligation under this Lease shall thereupon cease and terminate in full except for any obligation that may arise pursuant to **Section 9.06** and **Article XIII** hereof.

**Section 12.04. Performance of the Lessee's Obligations by the City.** If the Lessee shall fail to keep or perform any of its obligations as provided in this Lease in the making of any payment or performance of any obligation, then the City, or the Trustee in the City's name, may (but shall not be obligated so to do) upon the continuance of such failure on the Lessee's part for thirty (30) days after notice of such failure is given the Lessee by the City, the Bondowners or the Trustee, and without waiving or releasing the Lessee from any obligation hereunder, make any such payment or perform any such obligation, and all sums so paid by the City or the Trustee and all necessary and incidental fees, advances, costs and expenses incurred by the City or the Trustee in performing such obligations, plus interest at the Default Rate, shall be deemed Additional Payments and shall be paid to the City or the Trustee on demand, and if not so paid by the Lessee, the City or the Trustee shall have the same rights and remedies provided for in **Section 12.02** hereof in the case of default by the Lessee in the payment of Rental Payments.

**Section 12.05. Performance of Lessee's Obligations by the Bondowners.** If Lessee fails to make any payment or do any act as required herein, Bondowners may, without obligation to do so, after such failure becomes an Event of Default (except that such failure need not become an Event of Default and no prior notice of the exercise of Bondowners' rights under this paragraph need be given to the Lessee if such failure would constitute an imminent threat to life, safety or property before the failure became an Event of Default), without releasing the Lessee from any obligation hereof:

- (a) make or do the same in such manner and to such extent as the Bondowners may deem necessary, the Bondowners being authorized to enter upon the Project for such purpose;
- (b) direct the Trustee to appear in and defend any action or proceeding purporting to affect the rights or powers of the Lessee, the City or the Trustee under the Lease;
- (c) pay, purchase, contest or compromise any encumbrance, charge or lien in connection with the Project unless the Lessee is, in the Bondowners' judgment, diligently

contesting such encumbrances, charges or liens and funds sufficient to satisfy the contested amount have been deposited with the A Bondowner to be held in escrow; and

(d) in exercising any such powers, pay necessary expenses, employ counsel and pay its reasonable fees.

Sums so expended in connection with the actions described in **subparagraphs (a)** through **(d)** above shall be payable by the Lessee immediately upon demand of the Bondowners with interest from the date of expenditure at the Default Rate.

**Section 12.06. Rights and Remedies Cumulative.** The rights and remedies reserved by the City and the Lessee hereunder and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The City and the Lessee shall each be entitled to specific performance and injunctive or other equitable relief, subject to **Section 15.05** hereof, for any breach or threatened breach of any of the provisions of this Lease, notwithstanding availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

**Section 12.07. Waiver of Breach.** No waiver of any breach of any covenant or agreement herein contained shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by the Lessee of any covenant, agreement or undertaking by the Lessee, the City may nevertheless accept from the Lessee any payment or payments hereunder without in any way waiving the City's right to exercise any of its rights and remedies provided for herein with respect to any such default or defaults which were in existence at the time such payment or payments were accepted by the City.

**Section 12.08. Trustee's Exercise of the City's Remedies.** Whenever any Event of Default shall have occurred and be continuing, the Trustee may, but except as otherwise provided in the Indenture shall not be obliged to, exercise any or all of the rights of the City under this Article, upon notice as required of the City unless the City has already given the required notice. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture.

## ARTICLE XIII

### ENVIRONMENTAL COMPLIANCE

**Section 13.01. Compliance with Law; Hazardous Materials.** The Lessee shall comply with all environmental laws, ordinances, regulations, covenants, conditions and restrictions affecting the Project and the Project Site and operation thereof, and shall pay all fees or charges of any kind in connection therewith. The Lessee will perform and comply promptly with, and cause the Project and the Project Site to be maintained, used and operated in accordance with, any and all (a) present and future laws, ordinances, rules, regulations and requirements of every duly constituted governmental or quasi-governmental authority or agency applicable to the Lessee or the Project and the Project Site, including without limitation, all applicable federal, state and local laws pertaining to air and water quality, hazardous waste,

waste disposal, air emissions and other environmental matters, all zoning and other land use matters, and rules, regulations and ordinances of the United States Environmental Protection Agency and all other applicable federal, state and local agencies and bureaus; (b) applicable orders, rules and regulations of any regulatory, licensing, accrediting, insurance underwriting or rating organization or other body exercising similar functions; (c) applicable duties or obligations of any kind imposed under any Permitted Encumbrance, or otherwise by law, covenant, condition, agreement or easement, public or private; and (d) policies of insurance at any time in force with respect to the Project and the Project Site. If the Lessee receives any notice that the Lessee is in default under or is not in compliance with any of the foregoing, or receives notice of any proceeding initiated under or with respect to any of the foregoing, the Lessee will promptly and in any event not more than ten (10) days following its receipt, furnish a copy of such notice to the Trustee and the City.

The Lessee represents and warrants that neither the Lessee nor, to the best of the Lessee's knowledge, any previous owner or user of the Project or the Project Site, used, generated, stored or disposed of, on or under the Project or the Project Site any hazardous waste, toxic substances or related materials and underground tanks (hereafter referred to as "Hazardous Materials", as defined in **Exhibit D**) except in accordance with applicable law or as remediated as required by applicable law. Further, the Lessee agrees that it will not permit the storage of toxic and/or Hazardous Materials except in compliance with all applicable federal, state and local laws relating to the storage of such materials in, on and/or under the Project or the Project Site now or at any time during the Lease Term. Notwithstanding the foregoing, in no event shall Lessee be permitted to use chlorinated solvents, and in no event shall the Lessee be permitted to sublease any of the Project, without the prior written consent of the A Bondholder to (i) dry cleaning operations that perform dry cleaning on site with chlorinated solvents, or (ii) any other sublessees that use chlorinated solvents in the operation of their businesses. The Lessee will indemnify and hold the Trustee and the City and their respective members, officials, employees, officers, directors, agents, successors and assigns harmless from and against any loss, liability, cost, fees, expense or action(s) which may result in connection with Hazardous Materials and/or toxic material(s) as they relate to the Project or the Project Site, except, any such loss, liability, cost, fees, expense or action(s) which the Lessee can prove by a preponderance of the evidence occurred after the Lessee had no interest in or control of the Project, or which occurred as the sole and direct consequence of the respective negligence or willful misconduct of either the City or the Trustee, as the case may be, with respect to the Project.

If at any time prior to termination of this Lease it is determined that there are any toxic and/or Hazardous Materials located on the Project or the Project Site, the Lessee shall diligently commence to take such action to comply with all environmental requirements pertaining to such materials, and as between the Trustee, the City and the Lessee, any expense to comply with such requirements will be borne by the Lessee. Failure of the Lessee to comply in any material respect with all applicable environmental requirements of federal, state or local law, statute, ordinance or regulation, rule, court or administrative order or decree, or private agreement, shall constitute and be, without requirement of any notice from the City or the Trustee, a default under **Article XII** of this Lease and the Trustee and the City shall have the option to require specific performance of the Lessee's obligations hereunder. During the Lease Term, the Lessee shall not initiate, join in or consent to any material change in any private restrictive covenant, zoning ordinance, easement or other public or private restrictions limiting or defining the uses which



may be made of the Project or the Project Site or any part thereof, without the Trustee's and the City's consent.

In the event that the Trustee has reason to believe that or reasonable need to determine whether the storage or use of materials on the Project or the Project Site may create an environmental hazard with imminent threat of release or in violation of applicable laws and regulations, or that environmental contamination may have occurred, the Trustee shall have the right, but not the obligation, to require that the Lessee hire, or, if the Lessee fails to do so the City or the Trustee may hire, a firm to conduct, at the expense of the Lessee, an environmental audit. In the event that the Trustee hires a firm to conduct such an environmental audit, the Trustee and/or its agents may enter the Project at any time and perform such acts, and collect such samples (including borings of the Project Site) as the Trustee or its agents in their sole discretion shall determine are necessary.

The Lessee represents and warrants that it has obtained (or will obtain as required) all required licenses, permits, franchise agreements and other necessary agreements to operate the Project and the Project Site as contemplated by and during the term of this Lease. The Lessee agrees to provide the Trustee and the City with written notice of any suspension, revocation, termination or default under any such agreements or any threatened suspension, revocation, termination or default thereunder.

The Lessee shall use its best efforts to comply with and take no action that would create a default by the Lessee under the terms of the Lease.

**Section 13.02. Environmental Covenants With Respect to Furnishing Lawful Authorities With Information; Operations of Business and Clean-Up Procedures.** The Lessee covenants during the Lease Term as follows:

(a) The Lessee shall furnish to the United States Environmental Protection Agency, or any lawful authority all information lawfully required by them with respect to the operations of the Project or the Project Site.

(b) The Lessee shall not cause or permit to exist as a result of an intentional or unintentional act or omission on its part, or on the part of any person or entity under its control, or with which it has a contractual relationship, any "release," as defined in CERCLA Section 9601(22), of any Hazardous Material at the Project Site, or otherwise disposal of any waste or any Hazardous Material into any waters or onto any lands where damages may result to the lands, waters, fish, shellfish, wildlife, biota or air unless such release or disposal is pursuant to and in compliance with all applicable environmental regulations.

(c) In the event any local governmental authority, any state or the federal government, or any agency of either, including, but not limited to, the United States Environmental Protection Agency, notifies the Lessee that any "removal" or "remedial action" (as these terms are defined in 42 U.S.C.A. Sections 9602(23) and (24)) or any clean-up operations of any kind or nature are required to be performed on the Project or the Project Site or in the event any of said authorities commence, perform or complete any clean-up operation, then the Lessee shall promptly, and in any event within five (5) days of such notice or the

commencement, performance or completion, whichever is earlier, begin such clean-up operation and shall notify the Trustee thereof, and the Lessee shall promptly and in any event within thirty (30) days of such notice or the commencement, performance or completion of any clean-up operation, proceed with due diligence to complete the following as appropriate:

- (i) perform any clean-up operation if required by law to do so;
- (ii) complete the performance of any clean-up operation commenced by said authority and reimburse said authority for the cost thereof if required by law to do so; or
- (iii) fully reimburse said authority for any clean-up operation performed as required by law and obtain a release therefrom or furnish to Trustee an amount sufficient to perform, complete or reimburse for any clean-up operation which has been or may be required to be performed, which amount may be (A) a bond satisfactory to the Trustee; (B) a cash deposit; or (C) other security satisfactory to the Trustee.

If the Lessee fails to remove any Hazardous Material or otherwise comply with the requirements of the governmental agencies referenced in this **subparagraph (c)**, the Trustee may, after notice to the Lessee and the City and the expiration of the earlier of (A) the cure period, if any, for failure to perform a covenant of the Lease or (B) the cure period permitted under the requirements of the governmental agency referenced in this **subparagraph (c)**, declare a default as otherwise noted in **Section 12.01** hereof, or do whatever is necessary to either eliminate such Hazardous Material from the Project or the Project Site or otherwise cause compliance with the requirements of the governmental agencies referenced in this **subparagraph (c)**. All losses, costs, damages, claims, and expenses (including, without limitation, attorneys' fees and expenses) incurred by the City or the Trustee on account of the Lessee's failure to perform the obligations described in this **Section 13.02** shall be immediately due and payable with interest thereon at the Default Rate. The Lessee acknowledges that in the event any Hazardous Material is removed from the Project or the Project Site by either the Lessee or by Trustee, the Environmental Protection Agency Number assigned to such Hazardous Material shall be in the name of the Lessee and the Lessee shall assume, as between the Trustee, the City and the Lessee, all of the Trustee's potential and actual liability for the removal of such Hazardous Materials. The Lessee shall give and does hereby grant to Trustee and its agents and employees access to the Project and the Project Site and hereby specifically grants the Trustee a license, effective upon expiration of the applicable cure period, if any, to remove such materials in order to comply with the requirements of the governmental agencies referenced in this **subparagraph (c)**.

(d) Nothing in **subparagraph (c)** of this Section shall be construed to waive any right of the Lessee to raise legal defenses to any action or proposal by any government agency where the Lessee reasonably believes that the Hazardous Materials to be cleaned up are present due to circumstances that do not represent a violation of **subparagraph (b)** of this Section. It shall not be an Event of Default for the Lessee to contest any government action relating to the presence of Hazardous Material at or adjacent to the Project Site where the Lessee (i) reasonably believes it is not obligated to perform the action requested (ii) is diligently contesting such action in a court of law or by other appropriate proceeding and (iii) has deposited with the A Bondowner to be held in escrow an amount sufficient to perform the action requested, which amount may be

(A) a bond satisfactory to the Trustee and the Bondowners, (B) a cash deposit, or (C) other security satisfactory to the Trustee and the Bondowners.

## ARTICLE XIV

### AMENDMENTS, CHANGES AND MODIFICATIONS

**Section 14.01. Amendments, Changes and Modifications.** Except as otherwise provided in this Lease or in the Indenture, subsequent to the initial issuance of Bonds and prior to the payment thereof having been made in accordance with the provision of the Indenture, this Lease may not be amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture.

## ARTICLE XV

### MISCELLANEOUS PROVISIONS

**Section 15.01. Notices.** Any notice, request, complaint, demand or other communication required to be given or filed under this Lease shall be addressed as follows:

(a) To the City:

City of Overland Park, Kansas  
8500 Santa Fe Drive  
Overland Park, Kansas 66212  
Attention: City Manager

(b) To the Trustee:

Security Bank of Kansas City, as Trustee  
701 Minnesota Avenue, Suite 206  
Kansas City, KS 66101  
Attention: Corporate Trust Department

(c) To the Lessee:

CN Associates, LLC  
700 West 47<sup>th</sup> Street, Suite 200  
Kansas City, MO 64112  
Attention: Mr. Kenneth G. Block

with a copy to:

Polsinelli PC  
700 West 47<sup>th</sup> Street, Suite 1000\*  
Kansas City, MO 64112  
Attention: Mr. Irwin Blond

\*Street Address changed effective November 1, 2013 to:  
900 West 48<sup>th</sup> Place, Suite 900  
Kansas City, MO 64112  
Attention: Mr. Irwin Blond

(d) To the Bondowners, addressed to each of the Owners of Bonds at the time Outstanding as shown by the bond registration books kept at the principal corporate trust office of the Trustee:

The Northwestern Mutual Life Insurance Company  
720 Wisconsin Avenue  
Milwaukee, Wisconsin 53202  
Attention: Real Estate Investment Department

with a copy to:

Northwestern Mutual Real Estate Investments, LLC  
15455 Dallas Parkway, Suite 1080  
Addison, Texas 75001  
Attention: Regional Manager

Any notice, request, complaint, demand, communication, certificate, direction or other paper to the City, the Trustee or the Lessee shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, return receipt requested, sent by overnight registered delivery (*e.g.* Federal Express), addressed to the appropriate notice address; provided that any such item directed to the Trustee shall be effective only upon receipt. Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Copies of all notices sent to any other party shall be sent to the Lessee.

**Section 15.02. City Shall Not Unreasonably Withhold Consents and Approvals.**

Wherever in this Lease it is provided that the City shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the City (and the Trustee in acting for or as assignee of the City) shall not unreasonably, arbitrarily or unnecessarily withhold, delay or refuse to give such approvals or consents or delay or refuse to execute such supplemental agreements or schedules. If the Bondowners' consent or approval is required and such approval or consent is not given, then the City's withholding of consent or approval shall be deemed reasonable.

**Section 15.03. Net Lease.** The parties hereto agree (a) that this Lease shall be deemed and construed to be a “net lease,” (b) that the payments of Rental Payments are designed to provide the City and the Trustee funds adequate in amount to pay all principal of, premium, if any, and interest accruing on the Bonds as the same become due and payable, (c) that to the extent that the payments of Rental Payments are not sufficient to provide the City and the Trustee with funds sufficient for the purposes aforesaid, the Lessee shall be obligated to pay, and it does hereby covenant and agree to pay, upon demand therefor, as Additional Payments, such further sums of money, in cash, as may from time to time be required for such purposes, and (d) that if after the principal of, premium, if any, and interest on the Bonds and all costs incident to the payment of the Bonds have been paid in full the Trustee or the City holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, after payment therefrom of all sums then due and owing by the Lessee under the terms of this Lease, the Indenture, the Bonds and any other document entered into in connection with the Bonds and except as otherwise provided in this Lease and the Indenture, become the absolute property of and be paid over forthwith to the Lessee.

**Section 15.04. No Pecuniary Liability.** No provision, covenant or agreement contained in this Lease, the Indenture or the Bonds, or any obligation herein or therein imposed upon the City, or the breach thereof, shall constitute or give rise to or impose upon the City a pecuniary liability or a charge upon the general credit or taxing powers of the City or the State of Kansas.

**Section 15.05. Lessee’s Liability Limited.** Notwithstanding any provision contained herein or in any of the Bond Documents to the contrary, if the City, the Trustee or the Bondowners (each, for purposes of this Section, an “Enforcing Party” and together, the “Enforcing Parties”) shall take action to enforce the collection of any amounts coming due from Lessee hereunder, or under any of the Bond Documents, or the performance of any obligation of Lessee under any of the Bond Documents (collectively, the “Lessee Obligations”), the Enforcing Parties’ recourse shall be limited to the Project, the proceeds from the sale of the Project and the proceeds realized by the Enforcing Parties in exercising their rights and remedies (a) under the Assignment of Lease and Assignment of Sublease, (b) under the Guarantee of Recourse Obligations and under other separate guarantees, if any, given to any of the Enforcing Parties with respect to any Lessee Obligations, under the Environmental Indemnity Agreement, (c) under any of the other Bond Documents (but excluding any right thereunder to a judgment for payment of money) and (d) in any other collateral securing the Lessee Obligations. If such proceeds are insufficient to pay or perform the Lessee Obligations, the Enforcing Parties will not institute any action, suit, claim or demand in law or in equity against Lessee (or any person comprising Lessee or any permitted transferee of the interest of any Lessee in this Lease or in the Project) for or on account of such deficiency; provided, however, (a) that the provisions of this **Section 15.05** shall not in any way affect or impair the validity or enforceability of the Lessee Obligations, the Lease or the Indenture, (b) further, that any obligations to the City or the Trustee arising out of the Lessee’s fraud, material intentional misrepresentation or intentional criminal or tortious misconduct shall be general obligations of the Lessee, and (c) that Lessee shall be personally liable, and Lender may seek judgment against Lessee, for the following:

(a) rents and other income from the property received by Lessee or those acting on behalf of Lessee after any default remaining uncured prior to the conveyance date, which rents

and other income have not been applied to the payment of principal and interest on the A Bond or to reasonable operating expenses of the Project;

(b) amounts necessary to repair damage to property caused by intentional acts or omissions of Lessee or Lessee's agents which constitute waste;

(c) insurance loss proceeds and any award granted in a condemnation proceeding released to Lessee but not applied in accordance with any agreement between the A Bondowner and Lessee as to their application;

(d) the amount of insurance loss proceeds which would have been available with respect to a casualty on the Project, but were not available due to the default by Lessee in carrying all insurance required by the A Bondowner;

(e) damages suffered by Lessee as a result of fraud or misrepresentation in connection with the Bonds by Lessee or any other person or entity acting on behalf of Lessee;

(f) amounts in excess of any rents or other revenues collected by Lessee from operation of the Project from and after acceleration of the A Bonds until the Conveyance Date (as defined hereinafter), which amounts are necessary to pay real estate taxes, special assessments and insurance premiums (to the extent not previously deposited with Lessee pursuant to **Section 15.08** hereof), and amounts required to fulfill Lessee's obligations as lessor under any subleases of the property, in each case, either paid by the A Bondowner and not reimbursed prior to, or remaining due or delinquent on, the Conveyance Date;

(g) all security deposits under leases of the Project or any portion of the Project collected by Lessee, any agent of Lessee or any predecessor of Lessee, and not refunded to the sublessees thereunder in accordance with their respective subleases, applied in accordance with such subleases or law or delivered to the A Bondowner, and all advance rents collected by the Lessee, any agent of the Lessee, or any predecessor of the Lessee and not applied in accordance with the subleases of the Project or delivered to the A Bondowner;

(h) all outstanding amounts due under the A Bonds, including principal, interest, and other charges if there shall be a violation of **Section 10.01** hereof; and

(i) rental amounts under the Teva Sublease not received by the A Bondowner after the A Bondowner's revocation of Lessee's license to collect rent under the Assignment of Sublease as a result of a default by Lessee under the Teva Sublease resulting in a termination of the Teva Sublease by Sublessee;

(j) (i) in the event that a casualty results in the termination of the Teva Sublease such that the insurance proceeds are applied to prepayment of the A Bonds, the amount, if any, by which the outstanding balance of the A Bonds exceeds the amount of the insurance proceeds, and (ii) in the event that a taking results in the termination of the Teva Sublease such that the condemnation proceeds are applied to prepayment of the A Bonds the amount, if any, by which the outstanding balance of the A Bonds exceeds the amount of the condemnation proceeds; and

(k) reasonable attorneys' fees and expenses incurred to the extent suit is brought to collect any of the amounts described in subparagraphs (a) through (j) above.

"Conveyance Date" means (i) the later of (a) the date on which title vests in the purchaser at the foreclosure sale of the Project pursuant to the Indenture or (b) the date on which Lessee's statutory right of redemption shall expire or be waived or (ii) the date of the conveyance of the Project or Lessee's leasehold interest in the Project to the Trustee or the A Bondowner.

Notwithstanding anything herein to the contrary, Lessee shall not have any personal liability for item (f) above if a Valid Tender is made within the Tender Period.

As used herein, "Tender Period" means the 30-day period immediately following the earlier of (i) Lessee's receipt of written notice that the A Bonds have been accelerated by the A Bondowner or (ii) the maturity date of the A Bonds.

"Valid Tender" means (i) a Tender and (ii) the passage of the Review Period, during which period, Lessee shall not create any consensual liens on the Project and Lessee shall not be or become a debtor in any bankruptcy proceeding or the subject of any other insolvency proceeding (other than a bankruptcy or other insolvency proceeding commenced by the A Bondowner or any of its affiliates).

"Tender" means the tender by Lessee of (i) true, complete and accurate copies of all subleases of the Project with an instrument assigning them to the A Bondowner or the A Bondowner's designee and (ii) a special warranty or bargain and sale deed conveying good and marketable title to the Project to the A Bondowner or the A Bondowner's designee, subject to no liens or encumbrances not previously approved in writing by the A Bondowner.

"Review Period" means the period of time from the date of the Tender until the earlier of (i) sixty (60) days thereafter or (ii) the date of acceptance of the Tender by the A Bondowner or the A Bondowner's designee.

The A Bondowner or the Bondowner's designee shall have the Review Period to accept or reject a Tender to enable the A Bondowner or the A Bondowner's designee to review title to, and obtain an environmental assessment of, the Project, and, at the A Bondowner's or the A Bondowner's designee's option, the deed and lease assignment shall be deposited into an escrow during the review period.

If the A Bondowner or the A Bondowner's designee shall not accept such Tender within the Review Period, the Tender shall be deemed to be rejected. Even if the Tender is so deemed to be rejected or the A Bondowner or the A Bondowner's designee rejects the Tender during the Review Period, a Valid Tender shall remain a Valid Tender despite such rejection.

Notwithstanding anything herein to the contrary, neither the Issuer nor the Trustee shall have any obligation to pursue the enforcement and/or collection of any judgment against the Lessee for the actions and/or damages set forth above in **subparagraphs (a) through (k)** of this **Section 15.05**. The enforcement and/or collection of the judgment and/or damages set forth above in **subparagraphs (a) through (k)** shall be the sole obligation of the A Bondowner.

**Section 15.06. Management Company.** The management company shall be satisfactory to the A Bondowner during the term of this Lease. Any change in the management company without the prior written consent of A Bondowner shall constitute a default under the terms of this Lease. BRES is deemed an acceptable management company.

**Section 15.07. Punch List.** Lessee shall be required to complete any punch list items to the satisfaction of Sublessee and the A Bondowner within ninety (90) days of the date hereof (provided that if Lessee is prevented from completing any of said punch list items due to a force majeure event, and if Lessee is diligently pursuing the completion of said punch list items, Lessee shall be given such additional period of time as shall be reasonably necessary to complete said punch list items). As used herein, “force majeure event” means unavoidable casualty; strikes; riots; unexpected severe adverse weather conditions, acts of God; shortages of materials; war; terrorism, acts of a public enemy; or other events beyond the reasonable control of Lessee.

**Section 15.08. Taxes and Assessments.** To assure the timely payment of real estate taxes and special assessments (including personal property taxes, if appropriate), following an Event of Default as described in **Section 12.01(a)** hereof, to assure the timely payment of real estate taxes and special assessments, at the request of the A Bondowner, shall thence forth have the option to require Lessee to deposit funds with the A Bondowner, in monthly or other periodic installments in amounts estimated by the A Bondowner from time to time sufficient to pay real estate taxes and special assessments as they become due. If at any time the funds so held by the A Bondowner shall be insufficient to pay any of said expenses, Lessee shall, upon receipt of notice thereof from the A Bondowner or the Trustee, immediately deposit such additional funds with the A Bondowner as may be necessary to remove the deficiency. All funds so deposited with the A Bondowner shall be irrevocably appropriated to the A Bondowner to be applied to the payment of such real estate taxes and special assessments and, at the option of the A Bondowner after an Event of Default, if all real estate taxes and special assessments which are due and payable at such time have been paid, the principal of, premium if any, and interest on the A Bonds Outstanding.

**Section 15.09. Governing Law.** This Lease shall be governed by, construed and interpreted in accordance with the laws of the State of Kansas.

**Section 15.10. Binding Effect.** This Lease shall be binding upon and shall inure to the benefit of the City and the Lessee and their respective successors and assigns.

**Section 15.11. Severability.** If for any reason any provision of this Lease shall be determined to be invalid or unenforceable, the validity and enforceability of the other provisions hereof shall not be affected thereby.

**Section 15.12. Execution in Counterparts.** This Lease may be executed simultaneously in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.



**Section 15.13. Legal Enforceability.** No provision of this Lease or any other Bond Document shall require the payment of interest or other obligation in excess of a maximum permitted by law. If any such excess payment is provided for in the Bond Documents or shall be adjudicated to be so provided, the provisions of this Section shall govern, and Lessee shall not be obligated to pay the amount of such interest or other obligation to the extent that it is in excess of the amount permitted by law.

*[Remainder of the Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Lease to be executed in their respective names and a corporate seal to be hereunto affixed, as required, and attested by a duly authorized official, all as of the date first above written.

**CITY OF OVERLAND PARK, KANSAS**

By: \_\_\_\_\_  
Carl Gerlach  
Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
Marian Cook  
City Clerk

**IN WITNESS WHEREOF**, the parties hereto have caused this Lease to be executed in their respective names and a corporate seal to be hereunto affixed, as required, and attested by a duly authorized official, all as of the date first above written.

**CN ASSOCIATES, LLC**  
a Kansas limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGMENT**

**STATE OF KANSAS** )  
 ) **SS.**  
**COUNTY OF JOHNSON** )

BE IT REMEMBERED that on this \_\_\_\_\_ day of September, 2013, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Carl Gerlach, Mayor of the City of Overland Park, Kansas, a municipal corporation duly organized and existing under the laws of the State of Kansas, and Marian Cook, City Clerk of said City, who are personally known to me to be the same persons who executed the foregoing instrument of writing as such officials, and said Carl Gerlach, as Mayor duly acknowledged the execution of the same to be the act of the City; and Marian Cook, as City Clerk duly acknowledged the attestation of the same for and on behalf of said City and affixed thereto the seal of the City.

IN TESTIMONY WHEREOF, I have hereunto subscribed by name and affixed my official seal, the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_



## EXHIBIT A

### THE PROJECT SITE

The following property acquired by the City of Overland Park, Kansas (the “Issuer”) in connection with the issuance by the Issuer of its Federally Taxable Private Activity Revenue Bonds, Series 2013 (Teva Neuroscience, Inc. Project) (the “Series 2013 Bonds”):

- (a) The following described real estate in Johnson County, Kansas:

See **Exhibit 1** Attached Hereto.

said real property constituting the “Land” as referred to in the Indenture and the Lease entered into by the Issuer concurrently with the issuance of the Series 2013 Bonds (the “Indenture” and the “Lease”), subject to the encumbrances listed as exceptions in **Schedule B 2** of those certain commitments for title insurance \_\_\_\_\_ as issued by \_\_\_\_\_ Title Insurance Company (“Permitted Encumbrances”).

(b) All buildings, building additions, improvements, machinery and equipment now constructed, located or installed on the Land, all or any portion of the costs of which were paid from the proceeds of the Issuer’s Series 2013 Bonds, and which constitute Improvements as defined in the Indenture, together with any substitutions or replacements therefor, the property described in paragraphs (a) and (b) of this **Schedule** together constituting the “Project” as referred to in the Indenture and the Lease.

## **Exhibit 1**

## **EXHIBIT B**

### **THE PROJECT IMPROVEMENTS**

A 5 story class-A office building containing 154,268 gross square feet and 147,463 rentable square feet, including landscaping, paved walkways, driveways and parking for 690 cars including 600 garage spaces, furnishings, fixtures, machinery and equipment located or to be purchased, constructed, installed, and otherwise improved on the Project Site and paid for in whole or in part from the proceeds of the Bonds.



**EXHIBIT C**  
**THE PROJECT EQUIPMENT**

**EXHIBIT D**  
**DEFINITIONS**