

SUBLEASE AGREEMENT

Dated as of December 1, 2017

Between

CITY OF LAKELAND, TENNESSEE

Lessor,

and

BOARD OF EDUCATION FOR THE LAKELAND SCHOOL SYSTEM

Lessee.

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(This Table of Contents is not a part of this
Sublease Agreement, but is only for
convenience of reference)

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Exhibit A

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (the or this “Sublease”), dated as of December 1, 2017, by and between the CITY OF LAKELAND, TENNESSEE (the “Lessor” or “City”), and the BOARD OF EDUCATION FOR THE LAKELAND SCHOOL SYSTEM, Lakeland, Tennessee (the “Lessee” or “BOE”);

WITNESSETH:

WHEREAS, the BOE established by the City as authorized by the City’s charter (the “Charter”) and operating under the ordinances of the City and the laws of the State of Tennessee, is funded by the City, a political subdivision of the State of Tennessee; and

WHEREAS, by resolution adopted on December 4, 2017 (the “BOE Resolution”), the BOE determined that it was necessary and desirable to cooperate in the refinancing of the middle school and the parcel of land upon which it is located in Shelby County, City of Lakeland, State of Tennessee (the “Site”) (collectively, the “Middle School Project”) and to construct and equip additional school facilities for grades nine through twelve and improvements to the middle school (collectively, the “School Addition Project”), including all buildings, structures and facilities necessary in connection therewith (the Middle School Project and the School Addition Project being referred to collectively as the “Projects”); and

WHEREAS, by resolution adopted on December 5, 2017 (the “City Resolution”), the City Commission requested that The Industrial Development Board of the City of Lakeland, Tennessee (the “IDB”): (i) issue its bonds to acquire the Site and the Middle School Project and to construct and equip the School Addition Project on the Site, (ii) lease the Projects and the Site to the City to be subleased to the BOE, and (iii) enter into an interlocal cooperation agreement (the “Interlocal Agreement”) pursuant to Sections 12-9-101 et seq., Tennessee Code Annotated, as amended, among the BOE, the IDB, and the City to designate the BOE as the entity responsible for the management and oversight of the development, acquisition and construction of the Projects; and

WHEREAS, in order to obtain funds for the Projects, IDB has authorized and sold its Public Improvement Bonds, Series 2017 (City of Lakeland School Project) (the “Series 2017 Bonds”) pursuant to the provisions of Tennessee Code Annotated, Section 7-53-101 et seq. (the “Act”), to be secured by and contain such terms as are set forth in an Indenture of Trust (the “Indenture”) between the IDB and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, to facilitate the financing of the Projects the IDB acquired ownership of the Site and all improvements thereon from the BOE from a portion of the proceeds of the Series 2017 Bonds; and

WHEREAS, the City and the IDB have entered into a lease purchase agreement (the “Lease”) pursuant to which the City has leased the Projects and the Site (the “Leased Property”) from the IDB and pursuant to which the City will make rental payments under the Lease in an amount equal to the principal of, premium, if any, and interest on the Series 2017 Bonds, and all other costs associated with the Series 2017 Bonds and certain payments due under the Indenture from a direct annual tax levied and collected by the City pursuant to the authority of Section 7-53-311 of the Act and pledged to such payments; and

WHEREAS, the City, the IDB and the BOE have entered into the Interlocal Agreement for the purpose appointing the BOE to supervise and control the acquisition, construction and equipping of the Projects, the City the IDB and the BOE recognizing and affirming that the ultimate authority and

responsibility for the operation of the school system is in the BOE, including construction of school facilities; and

WHEREAS, the City and the BOE desire to enter into this Sublease Agreement (the “Sublease”) in which the City will sublease the Leased Property to the BOE, as the entity legally vested with responsibility for management, control and operation of schools for the City under the Charter and ordinances of the City and under the laws of the State, and at the conclusion of the Lease and the Sublease, title to the Leased Property will be vested in the BOE; and

WHEREAS, the BOE is authorized by applicable law to enter into this Sublease for the Leased Property in consideration of a nominal rental payment as described herein.

NOW THEREFORE, for and in consideration of the mutual promises and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. All words and phrases defined in Article I of the Indenture shall have the same meaning when used in this Sublease. In addition, the following words and phrases shall have the following meanings for all purposes of this Sublease:

“Act” means Section 7-53-101, et seq., Tennessee Code Annotated, as amended.

“Additional Bonds” means additional parity bonds issued by the IDB pursuant to the terms and conditions of Section 2.13 of the Indenture.

“Authorized BOE Representative” means the Superintendent of the Lakeland School System and the Chairman of the BOE, or either of them, or such other persons designated in a written certificate signed by the Chairman of the BOE and furnished to the City, the IDB and the Trustee.

“Authorized City Representative” means the Mayor, the City Manager and the City Recorder, or any of them, and such other persons designated by written certificate signed by the Mayor and furnished to the Trustee, the IDB and the BOE.

“BOE” means the Board of Education for the City of Lakeland School System, established by the City as authorized by the Charter of the City and operating under the City’s ordinances and as a local education agency under the laws of the State of Tennessee., and possessing the authority to acquire, construct, equip and operate schools.

“Bond Counsel” means an attorney at law or a firm of attorneys (which is acceptable to the City) of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Bonds” means the Series 2017 Bonds and any Additional Bonds issued pursuant to the Indenture.

“City” means the City of Lakeland, Tennessee, a political subdivision duly organized and existing under the laws of the State, in its capacity as lessee under the Lease, and any public body or public

corporation succeeding to its rights and obligations under the Lease. Any reference herein to the “governing body” of the City shall refer to the City Commission, and to any successor governing body as authorized by applicable law.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

“Event of Default” means one or more of the events described in Section 15.01 hereof.

“IDB” means The Industrial Development Board of the City of Lakeland, Tennessee.

“Indenture” means that certain Indenture of Trust, dated as of the date hereof, between the City and the Trustee, and any amendments and supplements thereto as therein provided pursuant to which the Bonds are issued.

“Interlocal Agreement” means the interlocal cooperation agreement, dated as of December __, 2017, entered into among the IDB, the City and the BOE designating the BOE as agent of the IDB for the purpose of overseeing and managing the development, acquisition, construction, and equipping of the Projects.

“Lease” means that certain Lease Agreement, dated as of December 1, 2017, between the City and the Issuer with respect to the lease purchase by the City of the Leased Property described therein from the Issuer, including the Exhibits and Schedules attached thereto and incorporated therein, and any amendments and supplements thereto as therein and herein provided.

“Leased Property” shall mean the Site and the Projects.

“Projects” means acquisition of a middle school and construction and equipping of a high school on the Site to be subleased to the BOE, including improvements and equipment (including, without limitation, equipment and other personal property currently owned, or hereinafter acquired, by the City or the BOE and installed or placed by the City or the BOE in or on the Leased Property) located on the Site and to be financed with the proceeds from the sale of the Bonds, and any improvements, enlargements, expansions, modifications, alterations or changes in, on or to the foregoing, or repairs, restorations or replacements thereto or thereof.

“Rent” means the total amount of the rent payable during the term of this Sublease.

“Series 2017 Bonds” shall mean the \$_____ Public Improvement Bonds, Series 2017 (City of Lakeland School Project) in book-entry form, issued by the IDB.

“Site” means that certain real property situated in the City, as more particularly described on Exhibit A attached hereto exclusive of any improvements thereon or that may be constructed thereon in the future.

“State” means the State of Tennessee.

“Sublease” means this Sublease Agreement, dated as of the date hereof, between the City and the BOE subleasing the Leased Property to the BOE.

“Sublease Payment Date” means the date hereof and each March 1 during the term hereof.

“Trustee” shall mean U.S. Bank National Association, Nashville, Tennessee, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

ARTICLE II

DEMISE

Section 2.01 Demise of the Leased Property. The City does hereby rent, lease and demise to the BOE and the BOE does hereby take, accept and lease from the City, the Leased Property on the terms and conditions and for the purposes herein set forth, together with all easements, rights and appurtenances in connection therewith or thereto belonging, to have and to hold for the term of this Sublease.

ARTICLE III

TERM OF THE SUBLEASE

Section 3.01 Commencement and Duration of the Term of the Sublease. The initial term of this Sublease shall commence as of the date of issuance of the Series 2017 Bonds, and shall expire or terminate, as the case may be, upon the expiration or earlier termination of the Lease and the conveyance to the BOE of the fee interest in the Leased Property.

ARTICLE IV

RENTALS PAYABLE

Section 4.01 Rent Payable. The BOE shall pay Rent in the amount of ten dollars (\$10) to the City on each Sublease Payment Date.

Section 4.02 Consideration. The payments of Rent hereunder during the term of this Sublease shall constitute the total Rent payable for the term of this Sublease and shall be paid by the BOE for and in consideration of the right of use and occupancy of the Leased Property and the continued quiet use and enjoyment of the Leased Property for and during the term of this Sublease.

Section 4.03 Payment. Each Rent payment shall be paid in lawful money of the United States of America, in funds which shall be immediately available on the Sublease Payment Date on which they are due at the office of the City Recorder of the City.

ARTICLE V

CONSTRUCTION AND FINANCING OF THE PROJECTS

Section 5.01 Construction of the Projects. Pursuant to the Interlocal Agreement, the IDB has appointed the BOE, as its agent, to construct or cause to be constructed the Projects on the Site.

Section 5.02 Financing of the Acquisition and Construction of the Projects.

(a) For the purpose of financing the cost of construction and acquisition of the Projects on the Site and all costs and expenses incidental thereto, the IDB has caused the Series 2017

Bonds to be issued pursuant to the Indenture and has caused the proceeds from the sale of the Series 2017 Bonds to be deposited with the Trustee under the Indenture and applied as provided in the Indenture.

(b) The IDB may from time to time authorize the issuance of Additional Bonds in any amount upon the terms and conditions provided in the Indenture. Additional Bonds may be issued to provide funds to pay one or more of the costs described in Section 5.02(b) of the Lease. Any such improvements shall become a part of the Leased Property and shall be included under this Sublease to the same extent as if originally included hereunder.

Section 5.03 Special Arbitrage Certifications. The City and the BOE jointly and severally certify and covenant to each other and to and for the benefit of the purchasers and owners of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, (a) the Leased Property will not be used in a manner which will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148(a) of the Code and any applicable regulations promulgated or proposed thereunder as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised, and (b) the City and the BOE will execute, and comply with the covenants and conditions of, the Tax Certificate (as defined in the Indenture).

ARTICLE VI

MAINTENANCE AND OPERATION

Section 6.01 Maintenance and Operation. The BOE shall, at its own expense, maintain, manage and operate the Leased Property and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The BOE shall provide, or cause to be provided, all security service, custodial service, janitor service, power, gas, telephone, light, heating and water, and all other public utility services. It is understood and agreed that in consideration of the payment by the BOE of the Rent herein provided for, the City is only obligated to provide the Leased Property in the manner and to the extent herein provided, and neither the City, the IDB, the Trustee nor any owner of any Bond shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Leased Property during the term of this Sublease.

Section 6.02 Care of the Leased Property.

(a) The BOE shall take good care of the Leased Property, including all fixtures and appurtenances, and suffer no waste or injury thereto, ordinary wear and tear excepted. To the extent determined by the BOE to be necessary, it shall pay for all damage to the Leased Property.

(b) The BOE's taking possession of the Leased Property or any portion thereof shall be conclusive evidence against the BOE that the Leased Property or such portion thereof were in good order and satisfactory condition when the BOE took possession thereof and that all work to be done on the Leased Property or such portion thereof pursuant to the terms hereof, if any, has been completed or will be completed pursuant to the Interlocal Agreement to the BOE's satisfaction. No representation has been made respecting the condition of the Leased Property by the City to the BOE.

Section 6.03 Loss and Damage. All of the BOE's personal property of any kind that may be on or about the Leased Property or placed in the custody of any of the BOE's employees or agents shall be held at the sole risk of the BOE, and neither the City, the IDB, the Trustee nor any Bondowner shall have any liability to the BOE for any theft or loss thereof or damage thereto from any cause whatsoever.

ARTICLE VII

INSURANCE PROVISIONS

Section 7.01 Insurance. The BOE shall maintain insurance on the Leased Property of a kind and in an amount which would normally be carried by the BOE on similar properties.

ARTICLE VIII

TAXES

Section 8.01 Taxes. The City and the BOE understand and agree that the Leased Property constitutes public property free and exempt from all taxation in accordance with applicable law; provided, however, that the BOE agrees to pay any proposed tax or assessment and the City agrees to cooperate with the BOE, upon written request by the BOE, to contest any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The BOE agrees to reimburse the City for any and all costs and expenses thus incurred by the City if the Leased Property shall be determined to be subject to such taxes, assessments or charges.

ARTICLE IX

ALTERATIONS, ADDITIONS AND IMPROVEMENTS

Section 9.01 Alterations, Additions and Improvements to the Leased Property. The BOE shall have the right during the term of this Sublease to make any alterations, additions or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; provided, however, that no such alteration, addition or improvement shall alter or change the character or use of the Leased Property or impair the excludability from gross income of interest on the Bonds for federal income tax purposes.

ARTICLE X

ASSIGNMENTS

Section 10.01 Assignments by BOE. Neither this Sublease nor any interest of the BOE or City herein shall, at any time after the date hereof, without the prior written consent of the Trustee and, as to any mortgage, pledge, assignment or transfer by the BOE, also by the City, be mortgaged, pledged, assigned or transferred by the BOE or the City by voluntary act or by operation of law, or otherwise, except as specifically provided herein. The BOE shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or subletting which may be made with such consent.

Section 10.02 Pledge and Attornment. This Sublease shall at all times be subject to the pledge of the lien of the Indenture and to all the terms, conditions and provisions thereof, whether now existing or hereafter created and without the need for any further act or agreement by the BOE; provided, however, that this Sublease shall remain in full force and effect notwithstanding such pledge or the City's default in connection with said lien, and the BOE shall not be disturbed by the City or the Trustee in its possession of the Leased Property during the term of this Sublease or in the enjoyment of its rights

hereunder or as long as no default by the BOE hereunder has occurred. The BOE shall not pledge its interests hereunder or in the Leased Property to any other lien or encumbrance.

ARTICLE XI

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 11.01 Representations, Covenants and Warranties of the BOE. The BOE hereby represents, covenants and warrants for the benefit of the City and the IDB as follows:

(a) The BOE has the power and authority to enter into the transactions contemplated by this Sublease and to carry out its obligations hereunder. The BOE has been duly authorized to execute and deliver this Sublease, and agrees that it will do or cause to be done all things necessary to preserve and keep this Sublease (to the extent herein provided and subject to the limitations expressed herein) in full force and effect.

(b) The BOE is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the BOE from entering into this Sublease or performing any of its respective obligations hereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the BOE, nor to the best knowledge of the BOE is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Sublease or any other agreement or instrument to which the BOE is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Sublease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the BOE of this Sublease or any such other agreement or instrument or in connection with the carrying out by the BOE of its respective obligations hereunder or thereunder have been obtained.

(d) No officer of the BOE, or any member of the BOE, has any direct or indirect pecuniary interest in, or will receive or has agreed to receive any compensation with respect to, any contract, lease, purchase, sale or employment made or to be made in connection with the proposed transactions contemplated by the performance of this Sublease or any other agreement contemplated in connection with any of the foregoing or in connection with the issuance of the Bonds.

(e) The payment of the Rent hereunder or any portion thereof is not directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business or (B) payments in respect of such property or (ii) to be derived from payments (whether or not to the City) in respect of property, or borrowed money, used for a private business use, all within the meaning of Section 141(b) of the Code.

(f) The entering into and performance of this Sublease or any other document or agreement contemplated hereby to which the BOE is or is to be a party will not violate any judgment, order, law or regulation applicable to the BOE or result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the BOE is a party or by which it or its assets may be bound, except as herein provided.

(g) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Sublease.

(h) The BOE shall comply with all applicable laws, rules, regulations, orders, directions and requirements of all governmental departments, bodies, bureaus and agencies pertaining to the Leased Property or the use and occupancy thereof.

(i) The BOE has obtained and examined, or will obtain and examine in a timely fashion as is necessary to diligently complete the acquisition, construction and equipping of the Projects, all conditions, covenants, restrictions, easements, reservations, rights, rights-of-way and all legal requirements, certificates of need, use permits, occupancy permits, building permits and other requirements affecting or relating to the Projects, and the Projects do not and will not violate any of the same.

(j) Until the expiration or termination of the BOE's rights hereunder, unless the City and the Trustee shall otherwise consent in writing, the BOE agrees not to enter into or consent to any amendment of any of the documents contemplated hereby, except as may be required in the opinion of Bond Counsel to preserve the excludability from gross income of interest on the Bonds for federal income tax purposes and except as may be otherwise permitted by the Indenture.

(k) The BOE hereby agrees to comply with and punctually perform all of its obligations under this Sublease, including all obligations imposed by law.

Section 11.02 Special Covenants of the BOE. The BOE hereby covenants and agrees for the benefit of the City as follows:

(a) Compliance with Orders, Ordinances, Etc. Subject to the provisions of subsection (b) of this Section 11.02 relating to permitted contests, the BOE will, at its sole cost and expense, promptly comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof of which it has notice.

(b) Permitted Contests. The BOE shall not be required to pay any tax, charge, assessment or imposition referred to in Section 8.01 hereof so long as the BOE shall contest, in good faith and at its cost and expense, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, assessment, levy, fee, rent, charge, lien or encumbrance so contested, and the sale, forfeiture or loss of the Leased Property or any part thereof, or of the revenues therefrom or any portion thereof, to satisfy the same; provided that no such contest shall subject the City to the risk of any liability. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the BOE to settle any such contest), and in any event the BOE will, to the extent permitted by applicable Tennessee law, save the City harmless against all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith). The City agrees to cooperate with the BOE, at the BOE's cost and expense, in any such contest.

(c) Use of the Leased Property. The BOE will use the Leased Property only in furtherance of the lawful purposes of the BOE and will not use the Leased Property or any part thereof in a manner which is prohibited by State or federal law.

(d) City's Right to Perform BOE's Covenants; Advances. In the event the BOE shall fail to (i) pay any tax, charge, assessment or imposition pursuant to Section 8.01 hereof, (ii) procure the insurance required by Section 7.01 hereof, or (iii) perform any other act required to be performed hereunder, then and in each such case the City may (but shall not be obligated to) remedy such default for

the account of the BOE and make advances for that purpose. No such performance or advance shall operate to release the BOE from any such default and any sums so advanced by the City shall be repayable by the BOE on demand and shall bear interest from the date of the advance until repaid at the lesser of the prime rate as reported in The Wall Street Journal or the highest rate then permitted by law. The City shall have the right of entry on the Leased Property or any portion thereof in order to effectuate the purposes of this subsection.

(e) Maintenance of Existence and Tax Status. The BOE agrees that, to the extent permitted by law, it will at all times maintain its existence as a board of education under the Charter of the City operating as a local education agency under the laws of the State and that the BOE will take no action or suffer any action to be taken by others within its control which will alter, change or destroy its status as such.

(f) Licensing. The BOE shall use its best efforts to maintain all permits, licenses and other governmental approvals necessary for the operation of the Leased Property.

Section 11.03 Representations, Covenants and Warranties of the City. The City hereby represents, covenants and warrants for the benefit of the BOE and the owners from time to time of the Bonds as follows:

(a) The City has the power and authority to enter into the transactions contemplated by this Sublease and to carry out its obligations hereunder.

(b) The City is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the City from entering into this Sublease or performing any of its obligations hereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the City, nor to the best knowledge of the City is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Sublease or any other agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Sublease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the City of this Sublease or any such other agreement or instrument or in connection with the carrying out by the City of its obligations under this Sublease or thereunder have been obtained.

(d) The City has a valid leasehold interest in the Site pursuant to the Lease. The City and the BOE understand and agree that the BOE shall have all right, title and interest in and to the Leased Property, subject to this Sublease, the Lease and the Indenture.

(e) The City will not mortgage or encumber the Leased Property except as provided herein and under the Lease.

ARTICLE XII

AMENDMENTS, CHANGES AND MODIFICATIONS

Section 12.01 Amendments, Changes and Modifications. The City and the BOE may make, from time to time, such modifications, alterations, amendments or additions to, or deletions from, the Site

as the City and the BOE mutually agree to be necessary and desirable to facilitate the use and development by the BOE, its successors and assigns, of the Site; provided, however, that the portion of the Site remaining subject to this Sublease after any such modification, alteration, amendment to, or deletion from, the Site shall include the Projects located on the Site financed with the proceeds of sale of the Bonds or the replacement of such Projects. The BOE may at any time or times 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 the Site, or the BOE may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration, and the City agrees that it shall execute and deliver any such instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege. The City and the BOE hereby further covenant not to agree to any modification, alteration, amendment or addition to or deletion from the Site or 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 the Site which would adversely affect the excludability from gross income of interest on the Bonds for federal income tax purposes and the City and the BOE will provide an opinion of Bond Counsel addressed to the Trustee to that affect. Upon such modification, alteration, amendment or addition to or deletion from the Site, the City and the BOE shall execute and cause to be recorded an amendment to this Sublease reflecting the release of such portion of the Site from the terms hereof.

Section 12.02 Amendments by City and BOE Only. This Sublease may be amended at any time by written agreement of the City and the BOE (regardless of any assignments of the City's interests), (a) whenever, in the opinion of counsel satisfactory to the BOE and the City, the contemplated amendment is necessary to cause this Sublease to comply with Tennessee law or to cause the interest on the Bonds to be or remain excludable from gross income of the owners thereof for federal income tax purposes as reflected in an opinion of Bond Counsel, (b) whenever the effect of such amendment is solely to add further, additional or improved security to the rights of the Trustee and the owners of the Bonds or (c) whenever the amendment shall not prejudice in any material respect the rights of the owners of the Bonds then outstanding. Otherwise, this Sublease may not be amended, changed or modified without the prior written consent of the Trustee in accordance with the Indenture.

ARTICLE XIII

VESTING OF TITLE

Section 13.01 Vesting of Title. The City shall convey to the BOE the fee interest in and to the Leased Property (free and clear of all liens except those that encumbered the Leased Property immediately prior to the commencement date) simultaneously with the expiration or earlier termination of the Lease, the expiration or earlier termination of the Sublease, and the conveyance by the IDB to the City of the fee interest in and to the Leased Property. The obligation of the City and the rights of the BOE hereunder shall survive the expiration or earlier termination of this Sublease.

ARTICLE XIV

RIGHT OF ENTRY; LIENS; QUIET ENJOYMENT

Section 14.01 Right of Entry. The City and its designated representatives shall have the right to enter upon the Leased Property during business hours (and in emergencies at all times) (a) to inspect the same, or (b) for any purpose connected with the City's rights or obligations under this Sublease.

Section 14.02 Liens. The BOE shall pay or cause to be paid, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment alleged

to have been furnished or to be furnished to or for, in, upon or about the Leased Property and which may be secured by any mechanics', materialmen's or other lien against the Leased Property, or the City's interest therein, and shall cause each such lien to be fully discharged and released; provided, however, that if the BOE desires to contest in good faith any such lien, this may be done, and if such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, then and in any such event the BOE shall forthwith pay and discharge said judgment, but in each instance only from funds legally available for such purpose.

Section 14.03 Covenant of Quiet Enjoyment. The parties hereto mutually covenant and agree that the BOE, by keeping and performing the covenants and agreements herein contained, shall at all times during the term hereof, peaceably and quietly, have, hold and enjoy the Leased Property.

ARTICLE XV

EVENTS OF DEFAULT; REMEDIES

Section 15.01 Events of Default Defined. An "Event of Default" under this Sublease shall be the failure by the BOE to observe and perform any covenant, condition or agreement herein on its part to be observed or performed for a period of ninety (90) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the BOE by the City, unless the City shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the City will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the BOE within the applicable period and diligently pursued until the default is corrected.

Section 15.02 Remedies on Default. Upon the occurrence and continuance of any Event of Default hereunder, the City shall take any action at law or in equity (including an action for a writ of mandamus) deemed necessary or desirable to enforce its rights with respect to the Leased Property and the BOE's covenants under the Sublease.

Section 15.03 Waiver. The delay or failure of the City at any time to insist in any one or more instances upon a strict performance of any covenant of this Sublease or to exercise any right, remedy, power or option herein granted or established by law, shall not be construed as an impairment of or a waiver or a relinquishment for the future of such covenant, right, remedy, power or option, but the same shall continue and remain in full force and effect, and if any breach shall occur and afterwards be compromised, settled or adjusted, this Sublease shall continue in full force and effect as if no breach had occurred unless otherwise agreed.

ARTICLE XVI

MISCELLANEOUS

Section 16.01 Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party, if sent by United States registered mail, return receipt requested, postage prepaid and addressed as follows:

If to the City:

City of Lakeland, Tennessee

10001 Highway 70
Lakeland , Tennessee 38002
Attention: City Manager and City Recorder

If to the BOE:

Board of Education for the Lakeland School System
5020 Lions Crest Drive
Lakeland, Tennessee 38002
Attention: Superintendent and Chairman

A duplicate copy of any such notice shall also be served upon the Trustee as herein provided to its address at U.S. Bank National Association, 333 Commerce Street, Suite 800, Nashville, Tennessee 37201
Attention: Corporate Trust Services.

Section 16.02 Governing Law. This Sublease is made in the State of Tennessee under the Constitution and laws of such State and is to be so construed.

Section 16.03 BOE's Obligation to Operate. The BOE shall be obligated to use and operate the Leased Property so as to afford to the public the benefits contemplated by this Sublease and to permit the City to carry out its covenants under the Lease.

Section 16.04 Execution in Counterparts. This Sublease may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one and the same Sublease, and it is also understood and agreed that separate counterparts of this Sublease may be separately executed by the City and the BOE, all with the same full force and effect as though the same counterpart had been executed simultaneously by the City and the BOE.

Section 16.05 Severability. If any one or more of the terms, provisions, promises, covenants or conditions of this Sublease, or the application thereof to any person or circumstance, shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Sublease, and the application thereof to other persons or circumstances, shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 16.06 Successors and Assigns; Third Party Beneficiaries. This Sublease and the covenants, conditions and agreements herein contained shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

Section 16.07 Limitation of Warranty. The City makes no warranties except those warranties or representations expressly made by the City in this Sublease. The City makes no warranty, either express or implied, as to the Leased Property or that the Leased Property will be suitable for the purposes or needs of the BOE.

Section 16.08 Captions and Headings. The captions and headings used throughout this Sublease are or convenience of reference only, and the words contained therein shall not be deemed to affect the meaning of any provision or the scope or intent of this Sublease, nor in any way affect this Sublease.

Section 16.09 “Net Lease”. This Sublease shall be deemed and construed to be a “net lease,” and the BOE hereby agrees that the Rent provided for herein shall be an absolute net return to the City free and clear of any expenses, charges or setoffs whatsoever, except as otherwise specifically provided herein.

Section 16.10 No Merger. Neither this Sublease, the Lease, nor any provisions hereof or thereof shall be construed to effect a merger of the title of the BOE to the Site and the BOE’s leasehold interest therein under this Sublease.

Section 16.11 Memorandum of Lease. The parties shall file at the City’s expense a memorandum of sublease in the Register’s Office of Shelby County, Tennessee in a form reasonably satisfactory to both parties.

(signature page follows)

IN WITNESS WHEREOF, the Lessor and the Lessee have caused their respective names to be signed hereto by their respective officers hereunto duly authorized, all as of the day and year first above written.

CITY OF LAKELAND, TENNESSEE

ATTEST:

By: _____
Mayor

City Recorder

[SEAL]

BOARD OF EDUCATION FOR THE LAKELAND
SCHOOL SYSTEM

By: _____
Chairman

ATTEST:

Secretary

[SEAL]

EXHIBIT A

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