



City of San Leandro

Meeting Date: July 18, 2016

Staff Report

File Number: 16-368

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.I

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for a Resolution Authorizing the Execution and Delivery of an Equipment Lease/Purchase Agreement with Respect to the Acquisition, Purchase, Financing and Leasing of Certain Equipment for the Public Benefit; Authorizing the Execution and Delivery of Documents Required in Connection Therewith; and Authorizing the Taking of All Other Actions Necessary to the Consummation of the Transactions Contemplated by this Resolution

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council approve the resolution and documents required to execute and deliver an equipment lease/purchase agreement (Agreement) with Bank of America, National Association (Bank), as lessor, to finance energy and water conservation equipment (Equipment) to be installed at City facilities pursuant to the Energy Services Agreement to be entered into with Climatec plus costs related to the installation and financing of the Equipment, up to an amount of \$5,500,000. Annual lease payments on the 16 year Agreement are not expected to exceed \$450,000. The Agreement is an appropriation lease, which means that the City will need to budget and appropriate lease payments in each year. In the event the City elects not to so budget and appropriate lease payments in a given year, Bank of America, as lessor, will have the right to remove the leased equipment.

DISCUSSION

On May 16, 2016, the City Council approved an Installation Agreement and other contracts to be financed with a tax-exempt lease selected through a competitive bid process. Climatec, chosen through a competitive bid process, will install upon, onto, or within City facilities up to \$5,270,455 of energy and water saving equipment. Climatec has further guaranteed sufficient annual savings to pay the financing costs related to the equipment acquisition and installation. Total energy and water savings are projected to be \$8.0 million over 16 years. Whereas, total debt costs are projected to equal \$6.5 million over 16 years. This results in a net present value savings of \$1.5 million over 16 years.

On June 1, 2016, staff received six proposals from financial institutions offering to finance the

equipment installation. Proposals were received from Bank of America, Holman Capital, Municipal Finance Corp., Pinnacle Public Finance, PNC Equipment Finance and Signature Public Funding Corp. Proposals were evaluated based on interest rate, business terms and experience. Bank of America provided the most favorable bid. The bid allows for a one year construction period and 15 years amortization of the principal amount financed. Semi-annual lease payments are expected to average \$212,707 based on the lease rate in effect on the bid date. The effective interest rate on June 1 was 2.19%. The interest rate is based on the 10 year Interest Rate Swap, which is published on daily financial media sites.

Financing Structure

Over the years, the City had used certificates of participation and lease revenue bonds to finance the construction and retrofitting of its public facilities. Certificates of participation are a variation of the general lease-purchase financing method that had been commonly used in California. Due to a perceived preference for private placement, tax-exempt leases in today's market, the financing will be structured as a tax-exempt lease. For the proposed lease, the Bank will lease the equipment to the City. The City will make these payments to the Bank from its General Fund. Leased equipment is the collateral for the Agreement payments during the intended 16 year lease period.

The Financing Team

Staff worked with the firms listed below to bring this financing transaction to the Council for approval. Therefore, the resolution of issuance to be adopted by the Council directs staff to enter into agreements for services with the following firms in the following capacities:

<u>Name of Firm</u>	<u>Capacity</u>
Bank of America, N.A.	Lessor
Jones Hall, APLC	Lease Counsel
Bank of America, N.A.	Escrow Agent

The Bank was chosen via a request for proposals. The Bank was deemed to be the strongest lessor from a group of six proposals received by the City. The primary reasons for the Bank's selection are its pricing, experience, and structuring creativity.

Jones Hall, APLC (JH), has been the City's bond counsel dating back to 1979. JH ranks among the top three bond counsel in the number of state and local bond issues in California during each of the past ten years. Similarly, during the past ten years, JH has been among the top two as disclosure counsel. A bid was solicited from another Lease Counsel firm but was more expensive and therefore was not selected.

Bank of America, NA will serve as the lease escrow agent. The Bank is one of the top municipal lease trustees in the country. The Bank also serves the City with three local branches.

All fees associated with issuing the Equipment Lease/Purchase Agreement will be paid from financing proceeds.

Sources and Uses of Funds

Staff proposes the following sources and uses of funds for the Lease financing transaction.

Sources of Funds	
Par Amount of Lease.....	<u>\$ 5,414,455</u>
Total Sources of Funds	<u>\$ 5,414,455</u>
Uses of Funds	
Lease Escrow Deposit	\$ 5,270,455
Capitalized Interest (12 months).....	119,000
Costs of Issuance.....	<u>25,000</u>
Total Uses of Funds	<u>\$ 5,414,455</u>

Sources of funds include the par amount of the Lease. The Lease proceeds will be deposited with the Escrow Agent. The capitalized interest represents the first 12 months interest expense to allow the City to pay the debt service while the Project is under construction. The Costs of Issuance pay for legal and other issuance costs.

Lease Documents

The City Council must approve the following documents to complete the 2016 Equipment Lease/Purchase transaction.

Equipment Lease/Purchase Agreement - This agreement establishes the lease between the City and the Bank. This agreement specifies the term of the agreement (16 years) and the amount of payments.

Escrow and Account Control Agreement - The trust agreement is between the City and the Escrow Agent. The Escrow and Account Control Agreement sets forth the guidelines for the administration, investment and treatment of the proceeds of the issue.

Current City Council Policy

The City Council must approve municipal debt issues that impact their financial position.

Previous City Council Action(s)

On May 16, 2016, the city council approved resolution 2016-054 to approve an installation agreement and measurement and verification agreement with Climatec, LLC for implementation/construction of citywide energy/water-efficiency projects for a total cost of \$5,270,455 and \$206,986 over 15 years, respectively.

Summary of Public Outreach Efforts

The meeting was properly noticed in accordance with California law.

Fiscal Impact

The par value of the Lease will not exceed \$5.5 million and will mature in 2032. The Lease will have an interest cost of less than 3% and annual debt service on the Lease will not exceed \$450,000. Total energy and water savings are projected to be \$8.0 million over 16 years. Total debt costs are projected to equal \$6.5 million over 16 years. This results in a net present value savings of \$1.5 million over 16 years.

Budget Authority

City of San Leandro Charter

Attachments:

- City of San Leandro Resolution Authorizing the Execution and Delivery of Not to Exceed \$5,500,000 Equipment Lease/Purchase Agreement, Authorizing and Directing Execution of Related Lease Financing Documents and Escrow and Account Control Agreement

- The following financing documents (in substantially final form):
 - Equipment Lease/Purchase Agreement
 - Escrow and Account Control Agreement

CONCLUSION

Staff recommends that City Council approve the resolutions and documents required to issue the City of San Leandro Lease.

PREPARED BY: David Baum, Finance Director, Finance Department

**EQUIPMENT LEASE/PURCHASE AGREEMENT
(ESCROW ACCOUNT)**

This Equipment Lease/Purchase Agreement (the “*Agreement*”) dated as of July 21, 2016, is entered into between Bank of America, National Association, a national banking association (“*Lessor*”), and the City of San Leandro, a charter city existing under the laws of the State of California (“*Lessee*”).

WITNESSETH:

WHEREAS, Lessee desires to lease and acquire from Lessor certain Equipment (as such term is defined herein), subject to the terms and conditions hereof;

WHEREAS, Lessee is authorized under the constitution and laws of the State to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“*Acquisition Amount*” means \$[5,295,455]. The Acquisition Amount is the amount represented by Lessee to be sufficient, together with other funds of the Lessee (if any) that are legally available for that purpose, to acquire and install the Equipment.

“*Acquisition Period*” means the period ending five (5) business days prior to _____.

“*Agreement*” means this Equipment Lease/Purchase Agreement, including the exhibits hereto, together with any amendments and modifications to the Agreement pursuant to Section 13.04.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the applicable United States Treasury Regulations proposed or in effect thereunder.

“*Commencement Date*” means the date when Lessee’s obligation to pay rent commences hereunder, which shall be the date on which the Acquisition Amount is deposited with the Escrow Agent.

“*Contract Rate*” means the rate identified as such in the Payment Schedule.

“*Equipment*” means the property listed in the Equipment Schedule and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article V. Whenever reference is made in this Agreement to Equipment, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Equipment.

“*Equipment Costs*” means the total cost of the Equipment, including related costs such as freight, installation and sales and other taxes, capitalizable costs, and costs of issuance incurred in connection with the acquisition and/or financing of the Equipment.

“*Equipment Schedule*” means the equipment schedule attached hereto as *Exhibit A* and made a part hereof (including any duly authorized and executed amendments thereto).

“*Escrow Account*” means the fund established and held by the Escrow Agent pursuant to the Escrow Agreement.

“*Escrow Agent*” means the Escrow Agent identified in the Escrow Agreement, and its successors and assigns.

“*Escrow Agreement*” means the Escrow and Account Control Agreement in form and substance acceptable to and executed by Lessee, Lessor and the Escrow Agent, pursuant to which an Escrow Account is established and administered.

“*Event of Default*” means an Event of Default described in Section 12.01.

“*Lease Term*” means the Scheduled Term upon its expiration or as terminated as provided in Section 3.03.

“*Lessee*” means the entity referred to as Lessee in the first paragraph of this Agreement.

“*Lessor*” means (a) the entity referred to as Lessor in the first paragraph of this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to this Agreement, including the Equipment, the Rental Payments and other amounts due hereunder, pursuant to Section 11.01, or the Escrow Account, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Lessor to perform hereunder.

“*Material Adverse Change*” means any change in Lessee’s creditworthiness that could have a material adverse effect on (a) the financial condition or operations of Lessee relating to the General Fund of Lessee, or (b) Lessee’s ability to perform its obligations under this Agreement.

“*Original Term*” means the period from the Commencement Date until the end of the fiscal year of Lessee in effect at such Commencement Date.

“*Payment Schedule*” means the payment schedule attached hereto as *Exhibit B* and made a part hereof.

“*Prepayment Price*” means the amount provided under the column titled “Prepayment Price” in the Payment Schedule *minus* the amount of any partial prepayment pursuant to Section 10.01(c) paid prior to the date of prepayment pursuant to Section 10.01(a).

“*Prior Capital Projects Financing Agreements*” means, collectively, (a) with respect to the 2007 COPs, (i) that certain Indenture of Trust, dated as of May 1, 2007, between U.S. Bank National Association, as trustee (the “*Trustee*”), and the San Leandro Public Financing Authority (the “*Authority*”), (ii) the Site and Facility Lease, dated as of May 1, 2007, between Lessee and the Authority, (iii) the Lease Agreement, dated as of May 1, 2007, between Lessee and the Authority and (iv) the Assignment Agreement, dated as of May 1, 2007, between the Authority and the Trustee and (b) with respect to the 2013 LRBs, (i) that certain Indenture of Trust, dated as of March 1, 2013, between the Trustee and the Authority, (ii) the Site and Facility Lease, dated as of March 1, 2013, between Lessee and the Authority, (iii) the Lease Agreement, dated as of March 1, 2013, between Lessee and the Authority and (iv) the Assignment Agreement, dated as of March 1, 2013, between the Authority and the Trustee, and, in each case, other agreements and documents related to the foregoing, all with respect to the financing or refinancing of certain projects as described therein on all or a portion of the real estate comprising Lessee’s City Hall and Main Library (as described on *Exhibit A* hereto), on which a portion of the Equipment is to be located.

“*Renewal Terms*” means the consecutive renewal terms of this Agreement, the first of which commences immediately after the end of the Original Term and each having a duration and term coextensive with each successive fiscal year of Lessee; *provided* that the final such renewal term shall commence on the first day of the last such fiscal year and end on the first business day after the last scheduled Rental Payment Date.

“*Rental Payment Date*” means each date on which Lessee is required to make a Rental Payment under this Agreement as specified in the Payment Schedule.

“*Rental Payments*” means the basic rental payments payable by Lessee hereunder pursuant to Section 4.01, consisting of a principal component and an interest component.

“*Scheduled Term*” means the Original Term and all Renewal Terms, with a final Renewal Term ending on [July 1, 2032].

“*State*” means the State of California.

“*Taxable Rate*” means an interest rate equal to the Contract Rate plus a rate sufficient such that the total interest to be paid on any payment date would, after such interest was reduced by the amount of any Federal, state or local income tax (including any interest, penalties or additions to tax) actually imposed thereon, equal the amount of interest otherwise due to Lessor.

“*2007 COPs*” means the City of San Leandro 2007 Certificates of Participation (Library and Fire Stations Refunding Project), originally issued in the aggregate principal amount of \$23,425,000.

“2013 Bonds” means the San Leandro Public Finance Authority 2013 Refunding Lease Revenue Bonds, originally issued in the aggregate principal amount of \$11,995,000.

“Vendor” means the manufacturer, installer or supplier of the Equipment or any other person as well as the agents or dealers of the manufacturer, installer or supplier with whom Lessee arranged Lessee’s acquisition, installation, maintenance and/or servicing of the Equipment.

“Vendor Agreement” means any contract entered into by Lessee and any Vendor for the acquisition, installation, maintenance and/or servicing of the Equipment.

ARTICLE II

Section 2.01. Representations and Covenants of Lessee. Lessee represents, covenants and warrants for the benefit of Lessor on the date hereof as follows:

(a) Lessee is a political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the constitution and laws of the State, with full power and authority to enter into this Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.

(b) Lessee has duly authorized the execution and delivery of this Agreement and the Escrow Agreement by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and the Escrow Agreement.

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

(d) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic.

(e) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by Lessee of the Equipment.

(f) During the Lease Term, the Equipment will be used by Lessee only for the purpose of performing essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee’s authority. Lessee has no current intention to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment (including all Renewal Terms) scheduled to be paid hereunder.

(g) Lessee has kept, and throughout the Lease Term shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied, and shall deliver to Lessor (i) annual audited financial statements

(including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows, and (4) footnotes, schedules and attachments to the financial statements) within 270 days of its fiscal year end, (ii) such other financial statements and information as Lessor may reasonably request, and (iii) upon Lessor's request, its annual budget for any prior or current fiscal year or the following fiscal year. The financial statements described in subsection (g)(i) shall be accompanied by an unqualified opinion of Lessee's auditor. Credit information relating to Lessee may be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns.

(h) Lessee has an immediate need for the Equipment and expects to make immediate use of the Equipment. Lessee's need for the Equipment is not temporary and Lessee does not expect the need for any item of the Equipment to diminish during the Lease Term.

(i) The payment of the Rental Payments or any portion thereof is not directly or indirectly (x) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (y) on a present value basis, derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. Lessee shall not permit the Federal government to guarantee any Rental Payments. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Acquisition Amount will be used, directly or indirectly, to make or finance loans to any person other than Lessee. Lessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(j) There is no pending litigation, tax claim, proceeding or dispute that may adversely affect Lessee's financial condition or impairs its ability to perform its obligations under this Agreement or the Escrow Agreement. Lessee will, at its expense, maintain its legal existence in good standing and do any further act and execute, acknowledge, deliver, file, register and record any further documents Lessor may reasonably request in order to protect Lessor's first priority security interest in the Equipment and the Escrow Account and Lessor's rights and benefits under this Agreement and the Escrow Agreement.

(k) Lessee is the fee owner of the real estate where the Equipment is and will be located and has good and marketable title thereto. There exists no mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on or with respect to such real estate, except to the extent of the rights and interests created under the Prior Capital Projects Financing Agreements;

(l) No lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which Lessee has been a party at any time has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal year. No event

has occurred which would constitute an event of default under any debt, revenue bond or obligation which Lessee has issued during the past ten (10) years.

(m) The execution and delivery of this Agreement and the Escrow Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which Lessee is a party or by which it or its properties are otherwise subject or bound, 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 Lessee, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the Escrow Agreement or the financial condition, assets, properties or operations of Lessee.

(n) Lessee hereby covenants and agrees to cooperate in all respects with Lessor in facilitating the prompt and careful removal and return of the Equipment to Lessor from the real estate where the Equipment is and will be located if at any time Lessor is entitled to have the Equipment returned or delivered or it or entitled to repossession of the Equipment pursuant to Section 3.03 or Section 12.02 hereof.

(o) (i) Private Activity Bond Limitation. Lessee will assure that the proceeds of the Agreement are not so used as to cause the obligations of Lessee under the Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(ii) Federal Guarantee Prohibition. Lessee will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the obligations of Lessee under the Agreement to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(iii) Rebate Requirement. Lessee will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Agreement.

(iv) No Arbitrage. Lessee will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Agreement which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of delivery of the Agreement would have caused any of the obligations of Lessee under the Agreement to be "arbitrage bonds" within the meaning of section 148 of the Code.

(v) Maintenance of Tax-Exemption. Lessee will take all actions necessary to assure the exclusion of interest with respect to the Agreement from the gross income of the owner of the Agreement to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of delivery of the Agreement.

(vi) Record Retention. Lessee will retain its records of all accounting and monitoring it carries out with respect to the Agreement for at least 3 years after the Agreement matures or is prepaid (whichever is earlier); provided, that if Lessee's Rental Payments under the Agreement are prepaid and refunded, Lessee will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or prepayment of the obligations that refunded the Agreement.

(vii) Compliance with Tax Documents. The City will comply with the provisions of the tax certificate and use of proceeds certificate with respect to the Agreement, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full of the Agreement.

ARTICLE III

Section 3.01. Lease of Equipment. Subject to the terms and conditions of this Agreement, Lessor agrees to provide the Acquisition Amount to acquire the Equipment. Lessor hereby demises, leases, sells and transfers to Lessee, and Lessee hereby acquires, rents and leases from Lessor, the Equipment. The Lease Term may be continued, solely at the option of Lessee, at the end of the Original Term or any Renewal Term for the next succeeding Renewal Term up to the maximum Lease Term as set forth in the Payment Schedule. At the end of the Original Term and at the end of each Renewal Term until the maximum Lease Term has been completed, Lessee shall be deemed to have exercised its option to continue this Agreement for the next Renewal Term unless Lessee shall have terminated this Agreement pursuant to Section 3.03 or Section 10.01. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Rental Payments shall be as provided in the Payment Schedule.

Section 3.02. Continuation of Lease Term. Lessee intends, subject to Section 3.03, to continue the Lease Term through the Original Term and all Renewal Terms. Lessee affirms that sufficient funds are legally available for the current fiscal year, and Lessee reasonably believes that an amount sufficient to make all Rental Payments during the entire Scheduled Term can be obtained from legally available funds of Lessee. Lessee further intends to do all things lawfully within its power to obtain and maintain funds sufficient and available to discharge its obligation to make Rental Payments due hereunder, including making provision for such payments to the extent necessary in each budget or appropriation request submitted and adopted in accordance with applicable provisions of law. Notwithstanding the foregoing, the decision whether or not to budget and appropriate funds or to extend the Lease Term for any Renewal Term is within the sole discretion of the governing body of Lessee.

Section 3.03. Nonappropriation. Lessee is obligated only to pay such Rental Payments as may lawfully be made during Lessee's then current fiscal year from funds budgeted and appropriated for that purpose. Should Lessee fail to budget, appropriate or otherwise make available funds to pay Rental Payments following the then current Original Term or Renewal Term, this Agreement shall be deemed terminated at the end of the then current Original Term or Renewal Term. Lessee agrees to deliver notice to Lessor of such termination promptly after any decision to non-appropriate is made, but failure to give such notice shall not extend the Scheduled Term beyond such Original Term or Renewal Term. If this Agreement is terminated in accordance with this Section, Lessee agrees to cease use of the Equipment and peaceably remove and deliver at Lessee's sole expense the Equipment to Lessor at the location(s) to be specified by Lessor; *provided*, that Lessee shall pay month-to-month rent at the Contract Rate (or the Taxable Rate if then in effect) for each month or part thereof that Lessee fails to return the Equipment pursuant to this Section 3.03.

Section 3.04. Conditions to Lessor's Performance. (a) As a prerequisite to the performance by Lessor of any of its obligations under this Agreement, Lessee shall deliver to Lessor the following:

- (i) An Escrow Agreement in the form set forth in *Exhibit I* hereto, satisfactory to Lessor and executed by Lessee and the Escrow Agent;
- (ii) A certified copy of a resolution, ordinance or other official action of Lessee's governing body, substantially in the form attached hereto as *Exhibit C-1*, authorizing the execution and delivery of this Agreement and the Escrow Agreement and performance by Lessee of its obligations under this Agreement and the Escrow Agreement;
- (iii) A Certificate executed by the Clerk or Secretary or other comparable officer of Lessee, in substantially the form attached hereto as *Exhibit C-2*, completed to the satisfaction of Lessor;
- (iv) Opinions of counsel to Lessee in substantially the form attached hereto as *Exhibit D* and otherwise satisfactory to Lessor and addressed to Lessor or delivered with a reliance letter addressed to Lessor;
- (v) Evidence of insurance as required by Section 7.02 hereof;
- (vi) All documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate at that time pursuant to Section 6.02;
- (vii) A waiver or waivers of interest in the Equipment, satisfactory to Lessor, from any mortgagee or any other party having an interest in the real estate on which the Equipment will be located and/or landlord of the real estate on which the Equipment will be located;

(viii) If Lessee has designated this Agreement as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code, a certificate substantially in the form attached hereto as *Exhibit G* executed by an authorized official of Lessee;

(ix) A copy of a fully completed and executed Form 8038-G;

(x) A certified copy of any Surety Bond satisfying the conditions set forth in Section 7.04, or, at Lessor’s sole discretion, such Surety Bonds may be provided after the Commencement Date, *provided, however*, that no “Disbursement Request” pursuant to the Escrow Agreement shall be authorized by Lessor until such Surety Bonds satisfying the conditions set forth in Section 7.04 have been delivered to Lessor;

(xi) Original invoices (and proofs of payment of such invoices, if Lessee seeks reimbursement) and bills of sale or other evidence of title transfer and Vendor releases as required by Section 5.01(b); and

(xii) Such other items reasonably required by Lessor.

(b) In addition, the performance by Lessor of any of its obligations under this Agreement and the Escrow Agreement shall be subject to: (i) no Material Adverse Change shall have occurred since the date of this Agreement, (ii) no Event of Default shall have occurred and then be continuing and (iii) no event or circumstance shall have occurred or is then expected to occur that causes or threatens to cause non-appropriation of sufficient funds to pay Rental Payments.

(c) Subject to satisfaction of the foregoing, Lessor will deposit the Acquisition Amount with the Escrow Agent.

ARTICLE IV

Section 4.01. Rental Payments. Subject to Section 3.03, Lessee shall promptly pay Rental Payments, in lawful money of the United States of America, to Lessor on the dates and in such amounts as provided in the Payment Schedule. Interest on the Acquisition Amount shall begin to accrue as of the Commencement Date. If any Rental Payment or other amount payable hereunder is not paid within 10 days of its due date, Lessee shall pay an administrative late charge of 5% of the amount not timely paid or the maximum amount permitted by law, whichever is less.

Section 4.02. Interest and Principal Components. A portion of each Rental Payment is paid as, and represents payment of, interest, and the balance of each Rental Payment is paid as, and represents payment of, principal as more fully detailed on the Payment Schedule.

Section 4.03. Rental Payments to Constitute a Current Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments shall constitute a current expense of Lessee payable solely from its general fund or other funds that are

legally available for that purpose and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of Lessee.

Section 4.04. Rental Payments to be Unconditional. Except as provided in Section 3.03, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained in this Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances, disputes with the Vendor of any Equipment or Lessor, or failure of any Vendor to deliver any Equipment or otherwise perform any of its obligations for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to the Vendor.

Section 4.05. Tax Covenants. (a) Lessee agrees that it will not take any action that would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes.

(b) In the event that Lessee does not spend sufficient moneys in the Escrow Account within six (6) months after the date the deposit is made pursuant to Section 3.04(c), Lessee will, if required by Section 148(f) of the Code to pay rebate: (i) establish a Rebate Account and deposit the Rebate Amount (as defined in Section 1.148-3(b) of the Federal Income Tax Regulations) not less frequently than once per year after the Commencement Date; and (ii) rebate to the United States, not less frequently than once every five (5) years after the Commencement Date, an amount equal to at least 90% of the Rebate Amount and within 60 days after payment of all Rental Payments or the Prepayment Price as provided in Section 10.01(a) hereof, 100% of the Rebate Amount, as required by the Code and any regulations promulgated thereunder. Lessee shall determine the Rebate Amount, if any, at least every year and upon payment of all Rental Payments or the Prepayment Price and shall maintain such determination, together with any supporting documentation required to calculate the Rebate Amount, until six (6) years after the date of the final payment of the Rental Payments or the Prepayment Price.

Section 4.06. Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component of Rental Payments and any charge on Rental Payments or other amounts payable based on the Contract Rate shall have accrued and be payable at the Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for federal income tax purposes, and Lessee will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate.

For purposes of this Section, “*Event of Taxability*” means the circumstance of the interest component of any Rental Payment becoming includable for federal income tax purposes in an

owner's gross income as a consequence of any act, omission or event whatsoever, including but not limited to the matters described in the immediately succeeding sentence, and regardless of whether the same was within or beyond the control of Lessee. An Event of Taxability shall be presumed to have occurred upon (a) the receipt by Lessor or Lessee of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency or other written correspondence which legally holds that the interest component of any Rental Payment is includable in the gross income of the owner thereof; (b) the issuance of any public or private ruling of the Internal Revenue Service that the interest component of any Rental Payment is includable in the gross income of the owner thereof; or (c) receipt by Lessor or Lessee of a written opinion of a nationally recognized firm of attorneys experienced in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, selected by Lessor and acceptable to Lessee, to the effect that the interest component of any Rental Payment has become includable in the gross income of the owner thereof for federal income tax purposes. For all purposes of this definition, an Event of Taxability shall be deemed to occur on the date as of which the interest component of any Rental Payment is deemed includable in the gross income of the owner thereof for federal income tax purposes.

Section 4.07. Mandatory Prepayment. Any funds not applied to Equipment Costs and remaining in the Escrow Account on the earlier of (a) the expiration of the Acquisition Period and (b) the date on which Lessee delivers to the Escrow Agent the executed Disbursement Request to effect the final disbursement to pay (or reimburse) Equipment Costs from the Escrow Account shall be applied by Lessor on each successive Rental Payment Date thereafter to all or a portion of the Rental Payment due and owing in the succeeding twelve (12) months. Any remaining amounts ("*Excess Proceeds*") shall be applied by Lessor as prepayment to the remaining principal balance owing hereunder in the inverse order of Rental Payment Dates on the following terms:

first, the portion of the Excess Proceeds that is 5% or less of the original aggregate principal component of all Rental Payments under this Agreement shall be applied to prepay principal components of Rental Payments at a price of 100% of such prepaid principal components and accrued interest thereon; and

second, remaining Excess Proceeds, if any, shall be applied to further prepay principal components of Rental Payments at a price of 102% of such prepaid principal components and accrued interest thereon to the prepayment date.

Lessee shall give Lessor notice of any such prepayment not less than 30 days in advance of the prepayment date.

In lieu of the foregoing prepayment, Lessee may apply Excess Proceeds to the acquisition of other capital equipment that Lessee identifies and with Lessor's prior written approval, given in Lessor's sole and absolute discretion, and subject to such conditions as Lessor may require, including but not limited to execution of an appropriate amendment to the Equipment Schedule, the filing of financing statements with respect to personal property and fixtures under Article 9 of the California Commercial Code and Lessee's delivery to Lessor of a written opinion of a nationally recognized firm of attorneys experienced in matters pertaining to the tax-exempt status

of interest on obligations issued by states and their political subdivisions, selected by Lessee and acceptable to Lessor, to the effect that Lessee's acquisition of such other capital equipment and the taking of other actions in connection therewith will not adversely affect the tax-exempt status of interest components of Rental Payments pursuant to this Agreement.

ARTICLE V

Section 5.01. Delivery, Installation and Acceptance of Equipment. (a) Lessee shall order the Equipment, cause the Equipment to be delivered and installed at the location specified in the Equipment Schedule and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. Lessee shall conduct such inspection and testing of the Equipment as it deems necessary and appropriate in order to determine the Equipment's capability and functionality in order to accept such Equipment. When the Equipment has been delivered and installed, Lessee shall promptly accept such Equipment and evidence said acceptance by executing and delivering Disbursement Requests to the Escrow Agent pursuant to the Escrow Agreement for the purpose of effecting disbursements from the Escrow Account to pay (or reimburse) Equipment Costs for the Equipment so acquired and installed. In connection with the execution and delivery by Lessee of the final Disbursement Request, Lessee shall deliver to Lessor an "Acceptance Certificate" in the form attached hereto as *Exhibit E*.

(b) Lessee shall deliver to Lessor together with each Disbursement Request copies of original invoices (and proof of payment of such invoices if Lessee seeks reimbursement for prior expenditures) and bills of sale or other certification from the Vendor certifying that title to the Equipment with respect to which disbursement is sought has transferred to Lessee and any security interest of Vendor therein has been released. Once approved, Lessor shall deliver such Disbursement Request to the Escrow Agent for disbursement from the Escrow Account in accordance with the Escrow Agreement.

Section 5.02. Quiet Enjoyment of Equipment. So long as Lessee is not in default hereunder, neither Lessor nor any entity claiming by, through or under Lessor, shall interfere with Lessee's quiet use and enjoyment of the Equipment during the Lease Term.

Section 5.03. Location; Inspection. Once installed, no item of the Equipment will be moved or relocated from the location specified for it in the Equipment Schedule without Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property where the Equipment is located for the purpose of inspecting the Equipment.

Section 5.04. Use and Maintenance of the Equipment. Lessee shall not install, use, operate or maintain the Equipment (or cause the Equipment to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body, including, without limitation, all anti-money laundering laws and regulations; *provided* that Lessee may contest in good faith the validity or application of any such law,

regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Equipment or its interest or rights hereunder.

Lessee agrees that it will (a) maintain, preserve, and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer; and (b) replace or rebuild any component of the Equipment that becomes permanently unfit for normal use or inoperable during the Lease Term (herein, the “*Inoperable Component*”) in order to keep the Equipment as a whole in good repair and working order during the Lease Term. Lessee shall promptly notify Lessor in writing when any component of the Equipment is reasonably expected within forty-five (45) days to become an Inoperable Component. Lessee shall promptly replace or rebuild the Inoperable Component with a similar component of comparable or improved make and model that has at least the equivalent value and utility of the Inoperable Component, a remaining useful life of no less than the remaining Scheduled Term and such replacement or rebuilt component shall be in good operating condition. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, Lessee agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer’s maintenance upon the return of the Equipment to Lessor as provided for in Section 3.03 or 12.02(b).

Lessee shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Lessor.

ARTICLE VI

Section 6.01. Title to the Equipment. During the Lease Term, and so long as Lessee is not in default under Article XII hereof, all right, title and interest in and to each item of the Equipment shall be vested in Lessee immediately upon its acceptance of each item of Equipment, subject to the terms and conditions hereof. Lessee shall at all times protect and defend, at its own cost and expense, its title in and to the Equipment from and against all claims, liens and legal processes of its creditors, and keep all Equipment free and clear of all such claims, liens and processes. Upon the occurrence of an Event of Default or upon termination of this Agreement pursuant to Section 3.03, full and unencumbered legal title to the Equipment shall, at Lessor’s option, pass to Lessor, and Lessee shall have no further interest therein. In addition, upon the occurrence of such an Event of Default or such termination, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of such legal title to Lessor and the termination of Lessee’s interest therein, and upon request by Lessor shall deliver possession of the Equipment to Lessor in accordance with Section 3.03 or Section 12.02, as applicable. Upon payment of all amounts due and owing hereunder by Lessee pursuant to Section 10.01, Lessor’s security interest or other interest in the Equipment shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may request to evidence the termination of Lessor’s security interest in the Equipment.

Section 6.02. Security Interest. As additional security for the payment and performance of all of Lessee's obligations hereunder, Lessee hereby grants to Lessor a first priority security interest constituting a first lien on (a) the Equipment, (b) moneys and investments held from time to time in the Escrow Account and (c) any and all proceeds of any of the foregoing. Lessee authorizes Lessor to file (and Lessee agrees to execute, if applicable) such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain Lessor's security interest in the Equipment, the Escrow Account and the proceeds thereof, including, without limitation, such financing statements with respect to personal property and fixtures under Article 9 of the California Commercial Code and treating such Article 9 as applicable to entities such as Lessee.

Section 6.03. Personal Property, No Encumbrances. Lessee agrees that, to the extent permitted by State law, the Equipment is deemed to be and will remain personal property, and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon.

Except for such encumbrances presently existing in connection with the 2013 Bonds and the 2007 COPs as described in the Prior Capital Projects Financing Agreements, Lessee shall not create, incur, assume or permit to exist any mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate where the Equipment is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of Lessor; *provided*, that if Lessor or its assigns is furnished with a waiver of interest in the Equipment acceptable to Lessor or its assigns in its discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

The Equipment does not constitute any part of the "Leased Property" or the "Leased Premises", as applicable, under and as defined in the Prior Capital Projects Financing Agreements and the security interest and lien on the Equipment and otherwise granted herein to Lessor does not create any security interest or lien of Lessor on such "Leased Property" or "Leased Premises".

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free of all levies, liens, and encumbrances except those created by this Agreement. Except as expressly limited by this Section, Lessee shall pay (a) all sales and other taxes, special assessments and other charges of any kind that are at any time lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part of either thereof, or which become due during the Lease Term, whether assessed against Lessee or Lessor; and (b) the fee charged by the California Debt and Investment Advisory Commission with respect to this Agreement pursuant to Section 8856 (or any successor provision) of the California Government Code. Lessee shall also pay all utility and other charges incurred in the operation, use and maintenance of the Equipment. Lessee shall pay such taxes, assessments or charges as the same may become due; *provided* that, with respect to any such taxes, assessments or charges

that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the Lease Term. Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or similar tax payable by Lessor, its successors or assigns, unless such tax is made in lieu of or as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section.

Section 7.02. Insurance. Lessee shall during the Lease Term maintain or cause to be maintained (a) casualty insurance naming Lessor and its assigns as loss payee and additional insured and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Lessor, in an amount at least equal to the greater of (i) the then applicable Prepayment Price of the Equipment or (ii) the replacement cost of the Equipment; (b) liability insurance naming Lessor and its assigns as additional insured that protects Lessor from liability with limits of at least \$1,000,000 per occurrence/\$3,000,000 in the aggregate for bodily injury and property damage coverage, and excess liability umbrella coverage of at least \$5,000,000, and in all events in form and amount satisfactory to Lessor; and (c) worker's compensation coverage as required by the laws of the State; *provided* that, with Lessor's prior written consent, Lessee may self-insure against the risks described in clauses (a) and/or (b). In the event Lessee is permitted, at Lessor's sole discretion, to self-insure as provided in this Section, Lessee shall provide to Lessor a self-insurance letter in substantially the form attached hereto as *Exhibit F*. Lessee shall furnish to Lessor evidence of such insurance or self-insurance coverage throughout the Lease Term. Lessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least 30 days in advance of such cancellation or modification.

Section 7.03. Risk of Loss. Whether or not covered by insurance or self-insurance, Lessee hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment shall relieve Lessee of the obligation to make the Rental Payments or to perform any other obligation under this Agreement. Whether or not covered by insurance or self-insurance, Lessee hereby agrees to reimburse Lessor (to the fullest extent permitted by applicable law, but only from legally available funds for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Lessor, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into of this Agreement or any of the transactions contemplated hereby (except to the extent caused by Lessor's own gross negligence or willful misconduct), (b) the ordering, acquisition, ownership use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of Lessee under or in connection with this Agreement or any material misrepresentation provided by Lessee under or in connection with this Agreement. The provisions of this paragraph shall continue in full force and effect notwithstanding the full

payment of all obligations under this Agreement or the termination of the Lease Term for any reason.

Section 7.04. Surety Bonds; Lessee to Pursue Remedies Against Contractors and Sub-Contractors and Their Sureties. Lessee shall secure from each Vendor directly employed by Lessee in connection with the acquisition, construction, installation, improvement or equipping of the Equipment, a payment and performance bond (“*Surety Bond*”) executed by a surety company authorized to do business in the State, having a financial strength rating by A.M. Best Company of “A-” or better, and otherwise satisfactory to Lessor and naming Lessor as a co-obligee in a sum equal to the entire amount to become payable under each Vendor Agreement. Each bond shall be conditioned on the completion of the work in accordance with the plans and specifications for the Equipment and upon payment of all claims of subcontractors and suppliers. Lessee shall cause the surety company to add Lessor as a co-obligee on each Surety Bond, and shall deliver a certified copy of each Surety Bond to Lessor promptly upon receipt thereof by Lessee. Any proceeds from a Surety Bond shall be applied in accordance with such Surety Bond to the payment and performance of the Vendor’s obligations in accordance with the related Vendor Agreement and, if for whatever reason such proceeds are not so applied, then first to amounts due Lessor under this Agreement, and any remaining amounts shall be payable to Lessee.

In the event of a material default of any Vendor under any Vendor Agreement in connection with the acquisition, construction, maintenance and/or servicing of the Equipment or in the event of a material breach of warranty with respect to any material workmanship or performance guaranty with respect to the Equipment, Lessee will promptly proceed to exhaust its remedies against the Vendor in default. Lessee shall advise Lessor of the steps it intends to take in connection with any such default. Any amounts received by Lessee in respect of damages, refunds and adjustments or otherwise in connection with the foregoing shall be paid to Lessor and applied against Lessee’s obligations hereunder.

Section 7.05. Advances. In the event Lessee shall fail to keep the Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02, Lessor may, but shall be under no obligation to, maintain and repair the Equipment or obtain and maintain such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the then current Original Term or Renewal Term and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date advanced until paid at a rate equal to the Contract Rate (or the Taxable Rate then in effect) plus 5% per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental

authority, (i) Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment and any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee or (ii) Lessee shall exercise its option to prepay the obligations hereunder in accordance with Section 10.01(b).

If Lessee elects to replace any item of the Equipment (the “*Replaced Equipment*”) pursuant to this Section, the replacement equipment (the “*Replacement Equipment*”) shall be new or of a quality, type, utility and condition at least as good as the Replaced Equipment, shall be of equal or greater value than the Replaced Equipment, shall provide at least the same level of energy and/or operational savings expected in the aggregate from the Replaced Equipment prior to such casualty, destruction or condemnation and shall have an expected remaining useful life at least through the final Renewal Term. Lessee shall grant to Lessor a first priority security interest in any such Replacement Equipment. Lessee shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor’s security interest in the Replacement Equipment. Lessor and Lessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute “Equipment” for purposes of this Agreement. Lessee shall complete the documentation of Replacement Equipment on or before the next Rental Payment Date after the occurrence of a casualty event, or be required to exercise its option to prepay the obligations hereunder with respect to the damaged equipment in accordance with Section 10.01(b).

For purposes of this Article, the term “*Net Proceeds*” shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys’ fees, incurred in the collection thereof.

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pay or cause to be paid to Lessor the amount of the then applicable Prepayment Price for the Equipment, and, upon such payment, the Lease Term shall terminate and Lessor’s security interest in the Equipment shall terminate as provided in Section 6.01 hereof. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after paying such Prepayment Price shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Lessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Equipment, or any other warranty or representation, express or implied, with respect thereto and, as to Lessor, Lessee's acquisition of the Equipment shall be on an "as is" basis. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, the Equipment or the existence, furnishing, functioning or Lessee's use of any item, product or service provided for in this Agreement.

Section 9.02. Vendor Agreements; Warranties. Lessee covenants that it shall not in any material respect amend, modify, rescind or alter any Vendor Agreement without the prior written consent of Lessor. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default under this Agreement, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Lessor may have against Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the applicable Vendor of the Equipment, and not against Lessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Lessor hereunder, including the right to receive full and timely Rental Payments. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to the Equipment.

ARTICLE X

Section 10.01. Prepayment Option. Lessee shall have the option to prepay or satisfy all its obligations hereunder (except as provided in subsection (c) of this Section 10.01), at the following times and upon the following terms:

(a) From and after the date specified in the Payment Schedule (the "*Prepayment Option Commencement Date*"), on the Rental Payment Dates specified in the Payment Schedule, upon not less than 30 days' prior written notice, and upon payment in full of the sum of (i) the Rental Payments then due and all other amounts then owing hereunder *plus* (ii) the then applicable Prepayment Price, which may include a prepayment premium on the unpaid balance as set forth in the Payment Schedule; or

(b) In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment, on the day specified in Lessee's notice to Lessor of its exercise of the prepayment option (which shall be the earlier of the next Rental Payment Date or 60 days after the casualty event) upon payment in full to Lessor of the sum of (i) any Rental Payment then due *plus* (ii) the then applicable Prepayment Price or if the prepayment date occurs prior to the first Rental Payment Date for which the Prepayment Price is shown, then the product obtained by multiplying the then aggregate unpaid principal component of Rental Payments on such prepayment date *times* 102% *plus* (iii)

in the event such prepayment occurs on a date other than a Rental Payment Date, accrued interest to such prepayment date *plus* (iv) all other amounts then owing hereunder; or

(c) Upon the expiration of the Lease Term, upon payment in full of all Rental Payments then due and all other amounts then owing hereunder.

After payment of the applicable Prepayment Price and all other amounts owing hereunder, Lessor's security interests in and to such Equipment will be terminated and Lessee will own the Equipment free and clear of Lessor's security interest in the Equipment.

ARTICLE XI

Section 11.01. Assignment by Lessor. (a) Lessor's right, title and interest in and to this Agreement, the Rental Payments and any other amounts payable by Lessee hereunder, the Escrow Agreement, its security interest in the Equipment and the Escrow Account, and all proceeds therefrom (collectively, the "*Assigned Rights*") may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor, without the necessity of obtaining the consent of Lessee; *provided*, that any such assignment, transfer or conveyance (i) shall be made only to investors each of whom Lessor reasonably believes is a "*qualified institutional buyer*" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an "*accredited investor*" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, and in either case is purchasing the Assigned Rights (or any interest therein) for its own account with no present intention to resell or distribute such Assigned Rights (or interest therein), subject to each investor's right at any time to dispose of the Assigned Rights or any interest therein as it determines to be in its best interests, (ii) shall not result in more than 35 owners of the Assigned Rights or the creation of any interest in the Assigned Rights in an aggregate principal component that is less than \$100,000 and (iii) shall not require Lessee to make Rental Payments, send notices or otherwise deal with respect to matters arising hereunder or under the Escrow Agreement with or to more than one Lease Servicer (as such term is defined below), and any trust agreement, participation agreement or custodial agreement under which multiple ownership interests in the Assigned Rights are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, trustee, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the "*Lease Servicer*") to act on their behalf with respect to the Assigned Rights, including with respect to the exercise of rights and remedies of Lessor on behalf of such owners upon the occurrence of an Event of Default or an event of non-appropriation under Section 3.03. Lessor and Lessee hereby acknowledge and agree that the restrictions and limitations on transfer as provided in this Section 11.01 shall apply to the first and subsequent assignees and sub-assignees of any of the Assigned Rights.

(b) Unless to an affiliate controlling, controlled by or under common control with Lessor, no assignment, transfer or conveyance permitted by this Section 11.01 shall be effective as against Lessee until Lessee shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation,

participation interests, trust certificates or partnership interests with respect to the Rental Payments payable under this Agreement, it shall thereafter be sufficient that Lessee receives notice of the name and address of the bank, trust company or other entity that acts as the Lease Servicer. Notices of assignment provided pursuant to this Section 11.01(b) shall contain a confirmation of compliance with the transfer requirements imposed by Section 11.01(a) hereof. During the Lease Term, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees or Lease Servicer last designated in such register. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Lessee may have against Lessor or the Vendor. Assignments in part may include without limitation assignment of all of Lessor's security interest in and to the Equipment and all rights in, to and under this Agreement related to such Equipment, and all of Lessor's security interest in and to the Escrow Account, or all rights in, to and under the Escrow Agreement.

(c) If Lessor notifies Lessee of its intent to assign this Agreement, Lessee agrees that it shall execute and deliver to Lessor a Notice and Acknowledgement of Assignment substantially in the form of *Exhibit H* attached hereto within five (5) business days after its receipt of such request.

Section 11.02. Assignment and Subleasing by Lessee. **None of Lessee's right, title, and interest in, to and under this Agreement or any portion of the Equipment or the Escrow Agreement or the Escrow Account may be assigned, encumbered or subleased by Lessee for any reason, and any purported assignment, encumbrance or sublease without Lessor's prior written consent shall be null and void.**

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an "Event of Default" under this Agreement:

(a) Failure by Lessee to (i) subject to Section 3.03, pay any Rental Payment or other payment required to be paid under this Agreement within 10 days of the date when due as specified herein or (ii) maintain insurance as required herein;

(b) Failure by Lessee to observe and perform any covenant, condition or agreement contained in this Agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; *provided that*, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by Lessee in or pursuant to this Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading, or breached in any material respect on the date when made;

(d) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which Lessee is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by Lessor or any affiliate of Lessor, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$100,000. Obligations referenced in the preceding sentence do not include bonds issued by Lessee solely as a conduit issuer and special tax or assessment bonds and other similar obligations for which Lessee is never ultimately responsible to pay from its own funds;

(e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization, moratorium or insolvency proceeding; or

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

(g) Any default occurs under any of the Prior Capital Projects Financing Agreements and remains uncured following any applicable cure period, if any.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to Lessee, Lessor may declare all Rental Payments payable by Lessee and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term to be due;

(b) With or without terminating the Lease Term, Lessor may enter the premises where the Equipment is located and retake possession of such Equipment or require Lessee at Lessee's expense to promptly return any or all of such Equipment to the possession of Lessor at such place within the United States as Lessor shall specify, and sell or lease such Equipment or, for the account of Lessee, sublease such Equipment,

continuing to hold Lessee liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by Lessee and other amounts hereunder or the Equipment that are payable by Lessee to the end of the then current Original Term or Renewal Term, as the case may be, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies hereunder, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees). The exercise of any such remedies respecting any such Event of Default shall not relieve Lessee of any other liabilities hereunder or with respect to the Equipment;

(c) Lessor may terminate the Escrow Agreement and apply any proceeds in the Escrow Account to the Rental Payments scheduled to be paid hereunder; and

(d) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement or the Escrow Agreement or as a secured party in any or all of the Equipment or the Escrow Account.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice other than such notice as may be required in this Article.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under this Agreement shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Lessee.

Section 13.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement may only be amended by Lessor and Lessee in writing.

Section 13.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 13.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

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

LESSOR:
Bank of America, National Association
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration
Fax No.: (443) 541-3057

LESSEE:
City of San Leandro, California
835 E. 14th Street
San Leandro, CA 94577
Attention: _____
Fax No.: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

(Seal)

Attest:

By: _____
Name: _____
Title: _____

Counterpart No. _____ of 3 manually executed and serially numbered counterparts. To the extent that this Agreement constitutes chattel paper (as defined in the Uniform Commercial Code), no security interest herein may be created through the transfer or possession of any Counterpart other than Counterpart No. 1.

LIST OF EXHIBITS

Exhibit A	—	Equipment Schedule
Exhibit B	—	Payment Schedule
Exhibit C-1	—	Form of Authorizing Resolution
Exhibit C-2	—	Form of Incumbency and Authorization Certificate
Exhibit D	—	Form of Opinion of Counsel Form
Exhibit E	—	Form of Acceptance Certificate
Exhibit F	—	Form of Self-Insurance Certificate
Exhibit G	—	Form of Bank Qualification Certificate
Exhibit H	—	Form of Notice and Acknowledgement of Assignment
Exhibit I	—	Form of Escrow and Account Control Agreement

EXHIBIT A

EQUIPMENT SCHEDULE

Location of Equipment: The Equipment is to be acquired and installed on City-owned facilities pursuant to that certain Installation Agreement for City of San Leandro, dated May 16, 2016 (the “*Installation Agreement*”), between Climatec LLC and the City of San Leandro, at the following locations in the City of San Leandro, California [**except for streetlights, City to provide addresses for following properties**]:

Streetlights within the City: [**City to provide general description of streetlights or provide identification numbers for attaching**]

City Hall (see also attached legal description):

Main Library (see also attached legal description):

Marina Community Center (see also attached legal description):

Downtown Parking Garage:

Fire stations #9, 10, 11, 12 & 13:

History Museum:

Manor Branch Library:

South Branch Library:

Public Safety/PD Motor Barn:

Public Works:

Family Aquatic Center:

Halcyon Park/Kiddie College:

Washington Manor Park/Kiddie College:

Water Pollution Control Plant/New Admin Building:

Bonaire Park:

Grover Cleveland Park:

Marina Park:

McCartney Park:

Memorial Park:

Root Park:

San Leandro Ball Park:

Stenzel Park:

Thrasher Park:

Toyon Park:

Victoria Park:

Warden Park:

Senior Center:

Equipment Description (Scope of Work):

The Equipment consists of equipment and other property to be acquired and installed pursuant to the Installation Agreement, including but not limited to new LED lighting on City streetlights and at City buildings and parking structures; streetlight control and monitoring systems; lighting panels, monitoring systems, controls, switches and sensors; new HVAC systems and equipment; new thermostats; new vending machine controllers; new irrigation controllers, cellular radios, flow sensors/valve assemblies.

Legal Description - City Hall:

PARCEL 1

All of Lots 1, 2, 3, 4, 5, 6, 23, 24, 25, 27, 28 and the Northwesternly 103 88 feet of Plot L, as shown on Map of LA CHATEAUHURST, filed September 17, 1926, Map Book 9, Page 45, Alameda County Records

PARCEL 2.

BEGINNING at a point on the Southwestern line of East 14th Street, where it is intersected by the dividing line between the lands owned by Benjamin F. Mason and the lands described in a Deed from Noel C. Harlan, et al, to George Frederick Shepherd, dated August 8, 1914, and recorded in Liber 2280 of Deeds, Page 173, Alameda County Records, and running thence Northwesternly along the Southwestern line of East 14th Street, a distance of 100 feet; thence at right angles Southwesterly a distance of 200 feet; thence at right line of East 14th Street, a distance of 100 feet to the above mentioned dividing line between the lands of Benjamin F. Mason and George Frederick Shepherd; and thence at right angles Northeasterly along said boundary line, a distance of 200 feet to the point of beginning.

PARCEL 3

BEGINNING at the point of intersection of the Southwestern line of East 14th Street, as said street now exists, with the Northwestern boundary line of that certain piece or parcel of land conveyed by Noel C. Harlan and wife, to George Frederick Shepherd, by Deed dated August 8, 1914, and recorded in Book 2280 of Deeds, Page 173, Alameda County Records; running thence South 58° 55' West, 148. feet; thence South 31° 05' East, 95.52 feet, more or less, to the Southeastern boundary line of that certain piece or parcel of land conveyed by Joseph St. Mary and wife, to piece or parcel of land conveyed by Joseph St. Mary and wife, to George Frederick Shepherd, by Deed dated November 25, 1924, recorded December 3, 1924, in Book 819, Page 424 as Series No. T-171194, Alameda County Records; thence North 58° 55' East, 148 feet to said line of East 14th Street, thence North 31° 05' West along said last named line, 95.52 feet, more or less, to the point of beginning.

PARCEL 4:

Lots 1 and 2, as said Lots are shown on the "MAP OF DEL ORTA, SAN LEANDRO, CALIFORNIA", filed February 7, 1925, Map Book 4, Page 1, Alameda County Records

EXCEPTING THEREFROM all that portion lying within the lines of Lafayette Avenue

PARCEL 5:

BEGINNING at a point on the Southeastern line of Peralta Avenue, distant thereon, 127 feet Southwesterly from the intersection thereof, with the original Southwestern line of County Road from Oakland to San Leandro, now known as East 14th Street, said point on said line of Peralta Avenue being also distant 108 feet Southwesterly from the Southwestern line of East 14th Street, as now widened, and shown on the "Map of East 14th Street widening", filed September 5, 1917, in the Office of the County Recorder of Alameda County, running thence Southwesterly along said line of Peralta Avenue, 40 feet; thence Southeasterly parallel with said line of East 14" Street, 144 feet; thence Northeasterly parallel with said line of Peralta Avenue, 40 feet; thence Northwesternly parallel with said line of East 14th Street, 144 feet to the point of beginning

Being a portion of the premises conveyed by W P Toler and Wife, to Elizabeth Linfoot, recorded in Book "I" of Deeds, Page 759, Alameda County Records

EXCEPTING THEREFROM, the interest acquired by the City of San Leandro in the Northwestern 8 feet of said property, by Deed dated January 10, 1957, recorded April 4, 1957, in Book 8331 of Official Records of Alameda County, Page 81.

PARCEL 6

Beginning at a point on the Southwestern line of East 14th Street, as said line is shown on the Plat showing the opening and widening of said street, filed September 5, 1917, in Book 16 of Maps, Page 45, in the Office of the County Recorder of Alameda County, distant thereon Southeasterly 50 feet from the intersection thereof with the Southeastern line of Peralta Avenue, running thence Southeasterly along said line of East 14th Street, 49 feet to the Northwestern line of the parcel of land described in the Deed from Charles H Carleton and Minnette F. Carleton, his wife, to Earl Cooper, dated February 7, 1946, recorded April 6, 1946, in Book 4865 of Official Records of Alameda County, Page 175, thence along the last mentioned line Southwesterly 108 feet, more or less, to a point on a line drawn parallel with said line of East 14th Street, and distant 108 feet Southwesterly therefrom, measured along said line of Peralta Avenue; thence along said parallel line Northwesterly 48 feet, 6-1/2 inches; thence parallel with said line of Peralta Avenue Northeasterly 108 feet to the point of beginning

PARCEL 7

Lot 22 and the Southwesterly 10 feet of the Southeastern 50 feet right angle measurement of Plot iMi as said lot and plot are shown on the Map of iLa Chateauhurst, San Leandro, Alameda County, California, filed September 17, 1926, in Book 9 of Maps. Page 45, Alameda County Records.

PARCEL 8:

Lots 9 and 21 and all of Plot M, except the Northeastern 10 feet of the Southeastern 50 feet thereof, as said lots and plot are shown on the Map of iLa Chateauhurst, San Leandro, Alameda County, California, filed September 17, 1926, in Book 9 of Maps, Page 45, Alameda County Records.

PARCEL 9:

BEGINNING at a point on the Southwestern line of East 14th Street as said street now exists, distant along said line Southeasterly 99 feet from the Southeastern line of Peralta Avenue, and running thence along said line of East 14th Street, Southeasterly 45 feet thence parallel with said line of Peralta Avenue, Southwesterly 108 feet; thence parallel with said line of East 14th Street, Northwesterly 45.46 feet, more or less, to the Northwestern line of the strip of land described in the Deed by Charles H Charleton and wife, to Earl Cooper, dated February 7, 1946, recorded April 6, 1946 in Book 4865, Page 175, Official Records of Alameda County, thence along the last named line, Northeasterly 108 feet to the point of beginning.

PARCEL 10.

All of that certain Parcel of land shown as Lot 20 on the Map of "La Chateauhurst" filed September 17, 1926 in Book 9 of Maps at Page 45.

PARCEL 11:

Lots 7 and 8 of La Chateauhurst, according to the Map thereof, filed September 17, 1926, in Book 9 of Maps, Page 45, Alameda County Records.

PARCEL 12:

BEGINNING at the point of intersection of the Northwestern line of Lorraine Boulevard, as shown on the Map herein referred to, with the Northeastern line of a 20 ft drive, shown as plot iMi on said Map; running thence North 30° 55' 20" West along said line of plot iMi, a distance of 50 feet, thence South 58° 50' West, 10 feet, thence South 30° 55' 20" East, 50 feet to the direct extension Southwesterly of said line of Lorraine Boulevard; thence North 58° 50' East thereon, 10 feet to the point of beginning

BEING a portion of Plot iMi, as said plot is shown on the Map of "La Chateauhurst, San Leandro, Alameda County, California", filed September 17, 1926, in Book 9 of Maps, Page 45, Alameda County Records

PARCEL 13:

BEING a portion of that certain tract of land conveyed to James Linfoot by Deed dated September 22, 1899 and recorded in Book 741 of Deeds, Page 303, Alameda County Records, described as follows:

BEGINNING at a point on the Southeastern line of Peralta Avenue, distant thereon Southwesterly 167 feet from the intersection thereof with the original Southwestern line of East 14th Street, formerly County Road from Oakland to San Leandro, said point being also distant 148 feet Southwest from the Southwestern line of said East 14th Street, as the same exists since widening thereof, thence Southwesterly along said line of Peralta Avenue 40 feet; thence South 31° 05', East 144 feet, thence Northeasterly parallel with said line of Peralta Avenue 40 feet; thence North 31° 05' West 144 feet to the point of beginning

EXCEPTING THEREFROM that portion conveyed to the City of San Leandro, by Deed recorded April 4, 1957, Series No. AM/34391, Book 8331, OR, Page 84, Alameda County Records

PARCEL 14

BEING a portion of that certain tract of land conveyed by William P Toler, et ux., to Elizabeth Linfoot, by Deed dated December 22, 1859 and recorded in Book "I" of Deeds, Page 759, Alameda County Records.

BEGINNING at a point on the Southeastern line of Peralta Avenue, distant thereon Southwesterly 188 feet from the intersection thereof with the Southwestern line of East 14th Street, as said street now exists; thence Southwesterly along said line of Peralta Avenue, 12 feet; thence South 31° 05' East 144 feet; thence Northeasterly parallel with said line of Peralta Avenue, 12 feet; thence North 31° 05' West 144 feet to the point of beginning.

EXCEPTING THEREFROM that portion conveyed to the City of San Leandro, by Deed recorded April 4, 1957, Series No. AM/34391, Book 8331, OR, Page 84, Alameda County Records.

PARCEL 15

BEGINNING at the intersection of the Southwesterly line of East 14th Street with the Southeasterly line of Peralta Avenue, as said street and avenue are shown on that Map entitled "La Chateauhurst, San Leandro, Alameda County, California", filed September 17, 1926, in Book 9, Page 45, Alameda County Records; thence along said line of East 14th Street, Southeasterly 50 feet; thence Southwesterly parallel with said line of Peralta Avenue 108 feet; thence Northwesterly parallel with said line of East 14th Street 50 feet to said line of Peralta Avenue, and thence Northeasterly along said line of Peralta Avenue 108 feet to the point of beginning.

PARCEL 16:

Lot 19, as said lot is shown on the Map of "La Chateauhurst, San Leandro, Alameda County, California", filed September 17, 1926, in Book 9 of Maps, Page 45, Alameda County Records.

APN's 075-0165-059-1
075-0172-002-3
075-0172-003-2
075-0172-004
075-0172-005
075-0172-006-6
075-0172-006-4
075-0172-006-8
075-0172-006-7
075-0172-006-2
075-0172-008

(End of Legal Description)

Legal Description - Main Library:

All that certain real property situated in the City of San Leandro, County of Alameda, State of California, described as follows:

PARCEL ONE:

Beginning at a point on the northerly line of Estudillo or Ward Avenue, as originally laid out, distant thereon 98 feet 4 inches easterly from the southeastern corner of a parcel of land containing about one acre conveyed by John B. Ward et al to L.C. Morehouse by deed of date October 19, 1866, and recorded in the Recorder's office of Alameda County, California, in Book W of Deeds at Page 188; running thence northerly at right angles to said Estudillo Avenue 150 feet to a point; thence at right angles easterly 65 feet; thence at right angles southerly 150 feet to said line of Estudillo Avenue; and thence westerly 65 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying with Estudillo Avenue.

PARCEL TWO:

Commencing at the most eastern corner of a tract of land conveyed by R.S. Farrelly, et ux., to Chas. H. Hale, by deed dated January 24, 1905, recorded in Book 1034 of Deeds, Page 80, Alameda County Records, being also on the old northwest line of Estudillo Avenue; thence north 19° 25' west 3 feet along the east line of said Tract to the Actual Point of Beginning, being on the northwest line of Estudillo Avenue, 66 feet wide, as said avenue existed January 1, 1958; thence north 19° 25' west 147 feet along the east line of said tract; thence north 70° 35' east 34' 1 inch; thence south 19° 25' east 147 feet to the said northwest line of Estudillo Avenue, 66 feet wide, as said avenue existed January 1, 1958; thence south 70° 35' west 34 feet 1 inch along the last mentioned line to the point of beginning.

PARCEL THREE:

Beginning at a point on the northern line of Estudillo Avenue (formerly called Ward Avenue) as originally laid out, distant thereon northeasterly 34 feet 1 inch from the most easterly corner of a tract of land conveyed by R.S. Farrelly, et ux, to Chas. H. Hale, by deed dated January 24, 1905, recorded in Book 1034 of Deeds, Page 80, Alameda County Records; running thence north 19° 25' west, at right angles to said line of Estudillo Avenue, 150 feet; thence at right angles north 70° 35' east 34 feet 1 inch to the eastern line of the property conveyed by Alexander Edouart to Walter J. Stratton, by deed dated January 14, 1868, recorded in Book 27 of Deeds, Page 608, Alameda County Records; thence southeasterly, along said last mentioned line, 150 feet to said line of Estudillo Avenue; and thence southwesterly thereon 34 feet 1 inch to the point of beginning.

EXCEPTING THEREFROM that portion lying within Estudillo Avenue.

PARCEL FOUR:

Beginning at a point on the southern line of Callan Avenue, distant thereon, 158 feet, 9 inches westerly from the western line of Santa Rosa Street; running thence westerly along said line of Callan Avenue, 45 feet, 9 inches; thence at right angles southerly, 150 feet; thence at right angles easterly, 45 feet, 9 inches; and thence at right angles northerly, 150 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within Callan Avenue.

PARCEL FIVE:

Commencing at the point of intersection of the southwest line of Santa Rosa Street with the southeast line of Callan Avenue, as said street and avenue existed January 1, 1958; thence south $70^{\circ} 35'$ west 68 feet 2 inches along the last mentioned line to the Actual Point of Beginning; thence continuing south $70^{\circ} 35'$ west 42 feet 7 inches along said line of Callan Avenue; thence south $19^{\circ} 25'$ east 150 feet to the southwest corner of the parcel of land described in quitclaim deed from Fred C. Bauer and Mary S. Bauer, his wife, to M.S. DeSilva and Julia DeSilva, his wife, recorded May 12, 1942 in Book 4229 at Page 154, official Records of Alameda County, California; thence north $70^{\circ} 35'$ east 42 feet 7 inches along the southeast line of the last mentioned parcel to the southeast corner of the said parcel; thence north $19^{\circ} 25'$ west 150 feet to the point of beginning.

PARCEL SIX:

Commencing at the point on intersection of the southwest line of Santa Rosa Street with the southeast line of Callan Avenue, as said street and avenue existed January 1, 1958; thence south $70^{\circ} 35'$ west 37.50 feet along the last mentioned line to the Actual Point of Beginning; thence continuing south $70^{\circ} 35'$ west 30.67 feet along the last mentioned line; thence south $19^{\circ} 25'$ east 104.50 feet; thence north $70^{\circ} 35'$ east 30.67 feet; thence north $19^{\circ} 25'$ west 104.50 feet to the point of beginning.

PARCEL SEVEN:

Commencing at the point of intersection of the southeast line of Callan Avenue with the southwest line of Santa Rosa Street, as said avenue and street existed January 1, 1958; thence south $70^{\circ} 35'$ west 110.75 feet along the said line of Callan Avenue to the Actual Point of Beginning; thence continuing south $70^{\circ} 35'$ west 48 feet along the last mentioned line; thence south $19^{\circ} 25'$ east 140 feet; thence north $70^{\circ} 35'$ east 22.42 feet, more or less, to the northwest corner of the parcel of land described in quit-claim deed from Fred C. Bauer and Mary S. Bauer, his wife, to John C. Gabriel, recorded May 12, 1942 in Book 4229 of Official Records at Page 152, Official Records of Alameda County, California; thence south $19^{\circ} 25'$ east 10 feet along the southeast line of the last mentioned parcel of land to the southwest corner of said parcel; thence north $70^{\circ} 35'$ east 25.58 feet, more or less, along the southeast line of said parcel to the southeast corner of said parcel; thence north $19^{\circ} 25'$ west 150 feet to the point of beginning.

PARCEL EIGHT:

Beginning at a point on the western line of Santa Rosa Street, formerly Pelton Street, distant thereon south 19° 25' east, 104.50 feet from the point of intersection thereof, with the southern line of Callan Avenue, as said street and avenue now exist; running thence south 19° 25' east along said line of Santa Rosa Street, 45.50 feet; thence south 70° 35' west, 68.17 feet; thence north 19° 25' west 45.50 feet; thence north 70° 35' east, 68.17 feet to the point of beginning.

PARCEL NINE:

Beginning at the point of intersection of the southeast line of Callan Avenue with the southwest line of Santa Rosa Street, as said avenue and street existed January 1, 1958; thence south 19° 25' east 104.50 feet along the last mentioned line; thence south 70° 35' west 37.50 feet; thence north 19° 25' west 104.50 feet to the said southeast line of Callan Avenue, 56.75 feet wide; thence north 70° 35' east 37.50 feet along the last mentioned line to the point of beginning.

PARCEL TEN:

Beginning at a point on the original line of Estudillo Avenue, formerly called Ward Avenue, distant thereon south 70° 35' west 410.67 feet from the point of intersection thereof with the western line of Santa Rosa Street, formerly Pelton Street, said point of beginning being the point of intersection of the said northern line of Estudillo Avenue, with the western line of the parcel of land conveyed by Petra P. Castro, a widow, and Kathryn C. Castro, a single woman, to T.P. Cary, by deed dated March 7, 1905, and recorded in Book 1107 of Deeds, at Page 344, Alameda County Records; and running thence south 70° 35' west along said line of Estudillo Avenue 98.33 feet, more or less, to the eastern line of the 1 acre parcel of land conveyed by John B. Ward, et al, to Lewis C. Morehouse by deed dated October 19, 1866 and recorded in Book "W" of Deeds, Page 188, Alameda County Records; thence at right angles north 19° 25' west along the eastern line of said 1 acre parcel of land 150 feet; thence at right angles north 70° 35' east 98.33 feet, more or less, to the western line of the parcel of land conveyed to T.P. Cary above referred to; and thence at right angles south 19° 25' east along the western line of the parcel of land so conveyed to T.P. Cary, 150 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within Estudillo Avenue.

PARCEL ELEVEN:

Commencing at the northeastern corner of the parcel of land conveyed to H. Ravekes, by deed dated February 14, 1868 and recorded in Book 29 of Deeds, Page 475, Records of Alameda County, California, being on the old southeast line of Callan Avenue; thence south 19° 25' east, 10 feet along the northeast line of the above mentioned parcel of land to the actual point of beginning, being on the southeast line of Callan Avenue, 56.75 feet wide, as said avenue existed January 1, 1958; thence north 70° 35' east, 68 feet, 2 inches, along the last mentioned line; thence south 19° 25' east, 140 feet; thence south 70° 35' west, 68 feet, 2 inches; thence north 19° 25' west, 140 feet to the point of beginning.

PARCEL TWELVE:

Being a portion of the parcel of land described in the Deed from Alexander Edouart to H. Ravekes, dated February 14, 1868, recorded February 14, 1868 in Book 29 of Deeds, Page 475, Alameda County Records, more particularly described as follows:

Commencing at the point of intersection of the southwest line of Santa Rosa Street with the southeast line of Callan Avenue as said street and avenue existed January 1, 1958; thence south $70^{\circ} 35'$ west 272 feet 8 inches along the last mentioned line to the Actual Point of Beginning; thence continuing south $70^{\circ} 35'$ west 60 feet 11 inches along the last mentioned line; thence south $19^{\circ} 25'$ east 140 feet to the southeast line of the above mentioned parcel of land; thence north $70^{\circ} 35'$ east 60 feet 11 inches along the last mentioned line to the southeast corner of the said parcel of land; thence north $19^{\circ} 25'$ west 140 feet along the northeast line of the said parcel of land to the point of beginning.

PARCEL THIRTEEN:

Beginning at a point on the southeastern line of Callan Avenue, as said avenue now exists, distant thereon south $70^{\circ} 35'$ west 333 feet, 7 inches, from the southwestern line of Santa Rosa Street, formerly Pelton Street; and running thence along said line of Callan Avenue south $70^{\circ} 35'$ west 75 feet, 5 inches, to the southwestern line of the parcel of land described in the deed from John B. Ward, et al to Alexander Edouart, dated January , 1867, recorded January 30, 1867 in Book W of Deeds at Page 721, Alameda County Records; thence along the last named line south $19^{\circ} 25'$ east 140 feet, more or less, to the northwestern line of the parcel of land described in the deed from Alexander Edouart to Louis Castro, dated December 10, 1867, recorded December 13, 1867 in Book 28 of Deeds at Page 486, Alameda County Records; thence north $70^{\circ} 35'$ east 75 feet 5 inches, to the intersection with a line drawn south $19^{\circ} 25'$ east from the point of beginning; and thence north $19^{\circ} 25'$ west 140 feet, more or less, to the point of beginning.

PARCEL FOURTEEN:

Beginning at the most northern corner of the parcel of land described in the deed to Louis Castro and wife, and recorded in Book W of Deeds, at Page 456, Alameda County Records; thence at right angles to the northwestern line of said parcel, north $19^{\circ} 25'$ west 150 feet, more or less, to the southeastern line of Callan Avenue, as said avenue now exists; thence along said line of Callan Avenue, south $70^{\circ} 35'$ west 65 feet; thence south $70^{\circ} 35'$ east 150 feet more or less, to the said northwestern line of said parcel; thence along the last said line north east 65 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within Callan Avenue.

PARCEL FIFTEEN:

Beginning at the point of intersection of the southeastern line of Callan Avenue, with the southwestern boundary line of that certain parcel of land described in the deed from M.C. Grigsby to Luis Castro, dated June 19, 1872, and recorded June 19, 1872, in Book 84 of Deeds, Page 193, Alameda County Records; running thence south $70^{\circ} 35'$ west, along said line of Callan Avenue, 50 feet; thence south $19^{\circ} 25'$ east, 140 feet, more or less, to a point in a line drawn parallel with the

northwestern line of Estudillo formerly Ward Avenue, as said avenue now exists and distant measured at right angles, 147 feet northwesterly therefrom; thence north 70° 35' east, parallel with said line of Estudillo Avenue, 50 feet; thence north 19° 25' west, 140 feet, more or less, to the point of beginning.

PARCEL SIXTEEN:

Commencing at the northwestern corner of the parcel of land conveyed by H.C. Grigsby to G.H. Payne, by Deed dated June 19, 1872 and recorded in Book 84 of Deeds, Page 351, Alameda County Records, being on the old southeast line of Callan Avenue; thence south 19° 25' east, 10 feet along the southwest line of the said parcel of land to the actual point of beginning; being on the southeast line of Callan Avenue, as said avenue existed January 1, 1958, widened to 56.75 feet; thence south 70° 35' west, 60 feet along the last mentioned line; thence south 19° 25' east, 140 feet; thence north 70° 35' east, 60 feet to the said southwest line of the above mentioned parcel of land; thence north 19° 25' west, 140 feet along the last mentioned line to the point of beginning.

EXCEPTING THEREFROM that portion within Callan Avenue.

PARCEL SEVENTEEN:

Beginning at a point on the southeastern line of Callan Avenue, distant thereon northeasterly, 37.50 feet from the point of intersection thereof, with the southwestern boundary line of that certain piece or parcel of land conveyed by John Ward, trustee, et al., to Lewis C. Morehouse, by deed dated October 19, 1866 and recorded October 22, 1866, in Book "W" of Deeds, at Page 188, Alameda County Records; running thence southeasterly parallel with the said southwestern boundary line of the land conveyed to Lewis C. Morehouse, 150 feet; thence at right angles northeasterly, 37.50 feet; thence at right angles Northwesterly, 150 feet to the said southeastern line of Callan Avenue; thence southwesterly along the said line of Callan Avenue, 37.50 feet to the point of beginning.

Excepting therefrom that portion within Callan Avenue and Harrison Street.

PARCEL EIGHTEEN:

A portion of the western half of the parcel of land conveyed by Alexander Edouart to Walter J. Stratton by deed dated January 14, 1868, and recorded in Book 27 of Deeds, Page 608, Records of Alameda County, California; and conveyed by said Walter J. Stratton et al., to R.S. Farrelly by deed dated August 16, 1881, and recorded in Book 225 of Deeds, Page 390, Records of Alameda County, California, and more particularly described as follows:

Commencing at the most southeastern corner of a strip of land conveyed by Alexander Edouart to Louis Castro and wife, by deed dated December 19, 1867 and recorded August 15, 1883 in Book 257 of Deeds, Page 31, Records of Alameda County, California, being also on the old northwest line of Estudillo Avenue; thence north 19° 25' west 3 feet along the northeast line of said strip of land to the actual point of beginning, being on the northwest line of Estudillo Avenue, 66 feet wide, as said avenue existed January 1, 1958; thence north 19° 25' west 147 feet along the said northeast line; thence north 70° 35' east 68 feet 2 inches; thence south 19° 25' east 147 feet to the said northwest line of Estudillo Avenue as it existed January 1, 1958; thence south 70° 35' west 68 feet 2 inches along the last mentioned line to the point of beginning.

PARCEL NINETEEN:

Beginning at the intersection of the northwestern line of Estudillo Avenue, formerly Ward Avenue, as said avenue now exists, with the southwestern line of the parcel of land described in the deed to Robert S. Farrelly, dated August 16, 1881, recorded August 16, 1881 in Book 225 of Deeds, page 390, Alameda County Records; and running thence along the last named line north 19° 25' west 147 feet to the southeastern line of the parcel of land described in the deed by Alexander Edouart to H.J. Ravekes, dated February 4, 1868, recorded February 14, 1868 in Book 29 of Deeds, Page 475, Alameda County Records; thence along the last named line south 70° 35' west 73 feet; thence south 19° 25' east 147 feet to said line of Estudillo Avenue; and thence along the last named line north 70° 35' east 73 feet to the point of beginning.

PARCEL TWENTY:

Commencing at a point on the old northwest line of Estudillo Avenue, being south 70° 35' west 529 feet from the southwest corner of the 20 acre tract of land sold by John B. Ward and others, to S. Huff, thence north 19° 25' west 3 feet to the Actual Point of Beginning, being on the northwest line of Estudillo Avenue, as said avenue existed January 1, 1958, widened to 66 feet; thence south 70° 35' west 94 feet along the last mentioned line; thence north 19° 25' west 140 feet; thence north 70° 35' east 94 feet; thence south 19° 25' east 140 feet to the point of beginning.

PARCEL TWENTY-ONE:

Commencing at the point of intersection of the southeast line of Callan Avenue, as said avenue existed January 1, 1958, widened to 56.75 feet, with the southwest line of the parcel of land described in the deed from H.C. Grigsby to Louis Castro, dated June 19, 1872, and recorded June 19, 1872, in Book 84 of Deeds, Page 193, Alameda County Records; thence south 70° 35' west 50 feet along the said line of Callan Avenue; thence south 19° 25' east 140 feet to the Actual Point of Beginning; thence north 70° 35' east 15 feet; thence south 19° 25' east 7 feet; thence south 70° 35' west 15 feet; thence north 19° 25' west 7 feet to the point of beginning.

PARCEL TWENTY-TWO:

Commencing at a point on the old northwest line of Estudillo Avenue, being south 70° 35' west 604 feet from the southwestern corner of the twenty acre tract of land sold by John B. Ward and others, to S. Huff; thence south 70° 35' west 75 feet along the said line of Estudillo Avenue to the southwestern corner of the parcel of land described in the deed from Annexation Investment Co., a corporation, to Clara Herrscher, recorded June 20, 1917 in Book 2568 of Deeds at Page 250, Records of Alameda County; thence north 19° 25' west 150 feet along the southwest line of the last mentioned parcel of land to the northwestern corner of the said parcel belonging to Clara Herrscher; thence north 70° 35' east 56 feet along the northwest line of the last mentioned parcel of land to the Actual Point of Beginning; thence continuing north 70° 35' east 79 feet along the last mentioned line and along the northwest line of the parcel of land described in the deed from Joseph Herrscher to Clara Herrscher, recorded July 8, 1919, in Book 2796 of Deeds at Page 49, Records of Alameda County, to the northeastern corner of the last mentioned parcel of land; thence south 19° 25' east 7 feet along the northeast line of the last mentioned parcel of land to its intersection with the northwest line of Parcel 2 as described in the deed from Clara Herrscher, a widow, to Rose Enos, a single woman, recorded October 20, 1941 in Book 4100 of Official Records at Page 484, Official Records of Alameda County; thence south 70° 35' west 79 feet along the last mentioned line and along the northwest line of Parcel 3, as described in the last mentioned deed; thence north 19° 25' west 7 feet to the point of beginning.

Legal Description - Marina Community Center [to come]

EXHIBIT B

PAYMENT SCHEDULE

RENTAL PAYMENT DATE	RENTAL PAYMENT AMOUNT	INTEREST PORTION	PRINCIPAL PORTION	OUTSTANDING BALANCE	PREPAYMENT PRICE (including prepayment premium, if applicable)
---------------------------	-----------------------------	---------------------	----------------------	------------------------	---

Contract Rate. The Contract Rate is ____% per annum.

Prepayment Option Commencement Date. For purposes of Section 10.01 of the Agreement, the Prepayment Option Commencement Date is the first Rental Payment Date.

LESSOR:
BANK OF AMERICA, NATIONAL ASSOCIATION

LESSEE:
CITY OF SAN LEANDRO, CALIFORNIA

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT C-1

FORM OF AUTHORIZING RESOLUTION

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN EQUIPMENT LEASE/PURCHASE AGREEMENT WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING AND LEASING OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the City of San Leandro (the “City”), a charter city duly organized and existing under the Constitution and laws of the State of California, is authorized by the laws of the State of California to purchase, acquire and lease personal property for the benefit of the City and its inhabitants and to enter into contracts with respect thereto; and

WHEREAS, the City desires to purchase, acquire and lease certain equipment with a cost not to exceed \$5,400,000 constituting personal property necessary for the City to perform essential governmental functions and/or functions incidental thereto, such as LED lighting, HVAC and other energy and water efficiency equipment to be installed at various locations in the City (the “Equipment”); and

WHEREAS, in order to finance the acquisition and installation of the Equipment, the City proposes to enter into an Equipment Lease/Purchase Agreement (the “Agreement”) with the Bank of America, National Association, and an Escrow and Account Control Agreement (the “Escrow Agreement”) with the Bank of America, National Association, as escrow agent, the forms of which have been presented to this City Council at this meeting; and

WHEREAS, this City Council deems it for the benefit of the City and for the efficient and effective administration thereof to enter into the Agreement and the Escrow Agreement, and the other documentation related to the financing of the Equipment for the purchase, acquisition and leasing of the Equipment on the terms and conditions therein provided;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of San Leandro as follows:

Section 1. Approval of Documents. The form, terms and provisions of the Agreement and the Escrow Agreement are hereby approved in substantially the forms presented at this meeting, with such insertions, omissions and changes as shall be approved by the City Manager, Finance Director and City Clerk or any of them (each, an “Authorized Officer”), the execution of the Agreement and the Escrow Agreement being conclusive evidence of such approval; and each of the Authorized Officers is hereby authorized and directed to execute, and each of the Authorized Officers is hereby authorized and directed to attest, the Agreement and the Escrow

Agreement to the respective parties thereto, and City Clerk of the City is hereby authorized to affix the seal of the City to such documents.

Section 2. Other Actions Authorized. Each of the Authorized Officers and each of the other officers and employees of the City shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of certificates and disbursement requests and any other tax certificates and agreements, as contemplated in the Agreement) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Agreement and the Escrow Agreement. Whenever in this resolution any officer of the City is authorized to execute, attest or countersign any document or take any action, such execution, attestation, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 3. No General Liability. Nothing contained in this Resolution, the Agreement, the Escrow Agreement nor any other instrument shall be construed with respect to the City as incurring a pecuniary liability or charge upon the general credit of the City or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Agreement, the Escrow Agreement or any other instrument or document executed in connection therewith impose any pecuniary liability upon the City or any charge upon its general credit or against its taxing power, except to the extent that the Rental Payments payable under the Agreement are limited obligations of the City, subject to annual appropriation by this City Council, as provided in the Agreement.

Section 4. Appointment of Authorized City Representatives. Each of the Authorized Officers is hereby designated to act as authorized representatives of the City for purposes of the Agreement and the Escrow Agreement until such time as the City Council shall designate any other or different authorized representative for purposes of the Agreement and/or the Escrow Agreement.

Section 5. Professional Services. Jones Hall, A Professional Law Corporation, is hereby appointed as special counsel to the City in connection with the financing contemplated by this Resolution, and the City Attorney is authorized and directed to execute a legal services agreement with said firm.

Section 6. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Repealer. All bylaws, orders and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 8. *Effective Date.* This Resolution shall be effective immediately upon its approval and adoption.

I, the undersigned City Clerk of the City of San Leandro, hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the City Council of the City at a meeting thereof on the ___th day of _____, 2016, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

City Clerk

EXHIBIT C-2

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting [City Clerk] of the City of San Leandro, California (“*Lessee*”) certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of Lessee (the “*Officials*”) in the capacity set forth opposite their respective names below and the facsimile signatures below are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of Lessee, to negotiate, execute and deliver the Equipment Lease/Purchase Agreement dated as of July 21, 2016, by and between Lessee and Bank of America, National Association (“*Lessor*”), the Escrow and Account Control Agreement dated as of July 21, 2016 among Lessor, Lessee and Bank of America, National Association, as Escrow Agent, and all documents related thereto and delivered in connection therewith (collectively, the “*Agreements*”), and the Agreements each are the binding and authorized agreements of Lessee, enforceable in all respects in accordance with their respective terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dated: _____

By: _____

Name: _____

Title: _____

(The signer of this Certificate cannot be listed above as authorized to execute the Agreements.)

EXHIBIT D

FORMS OF OPINIONS OF COUNSEL TO LESSEE
(to be typed on letterhead of counsel)

FORM OF OPINION OF CITY ATTORNEY

[Closing Date]

City of San Leandro

Bank of America, National Association, and its successors and assigns
Hunt Valley, Maryland

OPINION: \$_____ aggregate principal amount of Rental Payment obligations of the City of San Leandro under that certain Equipment Lease/Purchase Agreement, dated as of July __, 2016, by and between City of San Leandro and Bank of America, National Association _____

Ladies and Gentlemen:

I am the City Attorney for the City of San Leandro, California (the “City”), and in that connection I have examined certain records reflecting the actions taken by the City pertaining to the authorization, execution and delivery by the City of the following agreements (collectively, the “City Documents”): (i) Equipment Lease/Purchase Agreement, dated as of _____, 2016 and exhibits thereto, by and between the City and Bank of America, National Association (the “Lessor”), and (iii) Escrow and Account Control Agreement, dated as of _____, 2016, by and between the City, Lessor and Bank of America, National Association, as escrow agent (the “Escrow Agent”). This opinion is being delivered in my capacity as the City Attorney to the City and not as counsel to the other addressee.

Based upon such examination, I am of the following opinions:

1. The City is duly established and validly existing as a charter city under the laws of the State of California, and has full power and authority to enter into the City Documents and to perform its duties and obligations thereunder.

2. Resolution No. _____ of the City Council of the City, entitled “_____,” was duly and validly adopted by the City Council on July 18, 2016, and such resolution has not been amended or repealed and remains in full force and effect.

3. The City Documents have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the City and are enforceable in accordance with their respective terms.

4. Compliance by the City with the City Documents will not conflict with, or constitute a breach or default under, any law, regulation, court decree, resolution, ordinance or other agreement to which the City is subject or by which it is bound.

5. To the best of my knowledge after due inquiry, there is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body, or threatened, that challenges the organization or existence of the City; the authority of the City or its officers or its employees to enter into the City Documents; the authorization, execution and delivery of the City Documents; or the ability of the City otherwise to perform its obligations under the City Documents.

Documents are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered in law or inequity.

This opinion is given as of the date hereof, and I assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to my attention, or any changes in law that may hereafter occur.

Respectfully submitted,

City Attorney for the City of San Leandro

FORM OF OPINION OF SPECIAL COUNSEL

[Closing Date]

City Council
City of San Leandro

Bank of America, National Association, and its successors and assigns
Hunt Valley, Maryland

OPINION: \$_____ aggregate principal amount of Rental Payment obligations of the City of San Leandro under that certain Equipment Lease/Purchase Agreement, dated as of July __, 2016, by and between City of San Leandro and Bank of America, National Association

Ladies and Gentlemen:

We have acted as special counsel to the City of San Leandro (the “City”) in connection with the delivery by the City of the Equipment Lease/Purchase Agreement, dated as of _____, 2016 (the “Agreement”), by and between the City and Bank of America, National Association (the “Lessor”). The City is obligated under the Agreement to pay certain rental payments thereunder (the “Rental Payments”) to Lessor. This opinion is being delivered in our capacity as special counsel to the City, and not as counsel to the other addressee.

We have examined the Agreement and such other documents and matters of law as we have deemed necessary in connection with the following opinions.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Agreement, and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly established and validly existing as a charter city under the laws of the State of California.
2. The City has the power to enter into the Agreement and perform the obligations on its part to be performed that are contained therein.

3. The Agreement has been duly authorized, executed and delivered by the City, and is a valid and binding obligation of the City, enforceable against the City in accordance with its terms.

4. The portion of the Rental Payments designated as and comprising interest and received by Lessor is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. The Agreement is a “qualified tax-exempt obligation” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction is allowed for 80% of that portion of each such financial institution’s interest expense allocable to the portion of the Rental Payments designated as and comprising interest and received by Lessor. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Tax Code that must be satisfied subsequent to the delivery of the Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes, and in order for the Agreement to be a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Tax Code. The City has covenanted to comply with each of such requirements. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Agreement, and may cause the Agreement to lose its status as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Tax Code. We express no opinion regarding other federal tax consequences arising with respect to the Agreement, the ownership, sale or disposition of any interests in the Agreement, or the amount, accrual or receipt of interest with respect to the Agreement.

5. The portion of the Rental Payments designated as and comprising interest and received by Lessor is exempt from personal income taxation imposed by the State of California.

The rights of Lessor and the enforceability of the Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

EXHIBIT E

FORM OF ACCEPTANCE CERTIFICATE

Bank of America, National Association
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Equipment Lease/Purchase Agreement, dated as of July 21, 2016 between Bank of America, National Association, as Lessor, and the City of San Leandro, California, as Lessee

Ladies and Gentlemen:

In accordance with the Equipment Lease/Purchase Agreement (the "*Agreement*"), the undersigned Lessee hereby certifies and represents to, and agrees with Lessor as follows:

1. All of the Equipment (as such term is defined in the Agreement) has been delivered, installed and accepted on the date hereof.
2. Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
3. Lessee is currently maintaining the insurance coverage required by Section 7.02 of the Agreement.
4. Lessee hereby reaffirms that the representations, warranties and covenants contained in the Agreement are true and correct as of the date hereof.
5. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Agreement) exists at the date hereof.

Date: _____

LESSEE:

CITY OF SAN LEANDRO, CALIFORNIA

By: _____

Name: _____

Title: _____

(Seal)

EXHIBIT F

FORM OF SELF INSURANCE CERTIFICATE

Bank of America, National Association
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Equipment Lease/Purchase Agreement, dated as of July 21, 2016 (the “*Agreement*”) between Bank of America, National Association, as Lessor, and the City of San Leandro, California, as Lessee

In connection with the above-referenced Agreement, the City of San Leandro, California (the “*Lessee*”), the Lessee warrants and represents to Bank of America, National Association the following information. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

1. The Lessee is self-insured for damage or destruction to the Equipment. The dollar amount limit for property damage to the Equipment under such self-insurance program is \$_____. [The Lessee maintains an umbrella insurance policy for claims in excess of Lessee’s self-insurance limits for property damage to the Equipment which policy has a dollar limit for property damage to the Equipment under such policy of \$_____.]

2. The Lessee is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment. The dollar limit for such liability claims under the Lessee’s self-insurance program is \$_____. [The Lessee maintains an umbrella insurance policy for claims in excess of Lessee’s self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment in the amount of \$_____.

[3]. The Lessee maintains a self-insurance fund. Monies in the self-insurance fund [are/are not] subject to annual appropriation. The total amount maintained in the self-insurance fund to cover Lessee’s self-insurance liabilities is \$_____. [Amounts paid from the Lessee’s self-insurance fund are subject to a dollar per claim of \$_____.]

[3]. The Lessee does not maintain a self-insurance fund. The Lessee obtains funds to pay claims for which it has self-insured from the following sources: _____. Amounts payable for claims from the such sources are limited as follows: _____.

4. Attached hereto are copies of certificates of insurance with respect to policies maintained by Lessee.

LESSEE:

CITY OF SAN LEANDRO, CALIFORNIA

By: _____

Name: _____

Title: _____

EXHIBIT G

FORM OF BANK QUALIFICATION CERTIFICATE

The undersigned, a duly authorized official of the City of San Leandro, California (the “*Lessee*”) certifies in connection with the Equipment Lease/Purchase Agreement dated as of July 21, 2016 (the “*Agreement*”) between Bank of America, National Association and Lessee as follows:

1. The obligations evidenced by the Agreement are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “*Code*”);

2. The Lessee hereby designates the principal components of the Rental Payments payable under the Agreement as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

3. The reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the Lessee (and all entities treated as one issuer with the Lessee, and all subordinate entities whose obligations are treated as issued by the Lessee) during the current calendar year will not exceed \$10,000,000; and

4. Not more than \$10,000,000 of obligations issued by the Lessee during the current calendar year has been designated for purposes of Section 265(b)(3) of the Code.

DATE: _____

LESSEE:

By: _____

Name: _____

Title: _____

EXHIBIT H

FORM OF NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

DATED _____

Bank of America, National Association (“*Assignor*”) hereby gives notice that it has assigned and sold to _____ (“*Assignee*”) all of Assignor’s right, title and interest in, to and under the Equipment Lease/Purchase Agreement (the “*Agreement*”) dated as of July 21, 2016 between Assignor and the City of San Leandro, California (“*Lessee*”), together with all exhibits, schedules, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, the Rental Payments and other amounts due under the Agreement, all of Assignor’s right, title and interest in the Equipment (as defined in the Agreement), and all of Assignor’s right, title and interest in, to and under the Escrow and Account Control Agreement dated July 21, 2016 (the “*Escrow Agreement*”) by and among Lessee, Assignor and Bank of America, National Association, as Escrow Agent, together with the Escrow Account related thereto (collectively, the “*Assigned Property*”).

1. Pursuant to the authority of Resolution _____ adopted on _____, Lessee hereby acknowledges the effect of the assignment of the Assigned Property and absolutely and unconditionally agrees to deliver to Assignee all Rental Payments and other amounts coming due under the Agreement in accordance with the terms thereof on and after the date of this Acknowledgment.

2. Lessee hereby agrees that: (i) Assignee shall have all the rights of Lessor under the Agreement and all related documents, including, but not limited to, the rights to issue or receive all notices and reports, to give all consents or agreements to modifications thereto, to receive title to the Equipment in accordance with the terms of the Agreement, to declare a default and to exercise all rights and remedies thereunder in connection with the occurrence of an Event of Default or an event of non-appropriation under Section 3.03 of the Agreement; and (ii) except as provided in Section 3.03 of the Agreement, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained in the Agreement shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense.

3. Lessee agrees that, as of the date of this Notice and Acknowledgment of Assignment (this “*Acknowledgement*”), the following information about the Agreement is true, accurate and complete:

Number of Rental Payments Remaining	-	_____
Amount of Each Rental Payment	-	\$ _____
Total Amount of Rents Remaining	-	\$ _____
Frequency of Rental Payments	-	_____
Next Rental Payment Due	-	_____
Funds Remaining in Escrow Account	-	\$ _____

Lessee makes no representation as to any other information (including financial information of Lessee) provided by Assignor to Assignee in connection with the assignment contemplated hereby which information was not provided by Lessee.

4. The Agreement remains in full force and effect, has not been amended and no Event of Default (or event which with the passage of time or the giving of notice or both would constitute an Event of Default) or threatened non-appropriation has occurred thereunder.

5. Assignor hereby acknowledges the transfer restrictions imposed by Section 11.01 of the Agreement and confirms that the assignment to Assignee has been made in accordance with the provisions of that Section.

6. Any inquiries of Lessee related to the Agreement and any requests for disbursements from the Escrow Account, if applicable, and all Rental Payments and other amounts coming due pursuant to the Agreement on and after the date of this Acknowledgment should be remitted to Assignee at the following address (or such other address as provided to Lessee in writing from time to time by Assignee):

ACKNOWLEDGED AND AGREED:

LESSEE:
 CITY OF SAN LEANDRO, CALIFORNIA

By: _____
 Name: _____
 Title: _____

ASSIGNOR:
 BANK OF AMERICA, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____



City of San Leandro

Meeting Date: July 18, 2016

Resolution - Council

File Number: 16-370

Agenda Section: CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: RESOLUTION Authorizing the Execution and Delivery of an Equipment Lease/Purchase Agreement with Respect to the Acquisition, Purchase, Financing and Leasing of Certain Equipment for the Public Benefit; Authorizing the Execution and Delivery of Documents Required in Connection Therewith; and Authorizing the Taking of All Other Actions Necessary to the Consummation of the Transactions Contemplated by this Resolution (Provides \$5.5m in financing to implement energy efficiency improvements under the Climatec project)

Whereas, the City of San Leandro (the "City"), a charter city duly organized and existing under the Constitution and laws of the State of California, is authorized by the laws of the State of California to purchase, acquire and lease personal property for the benefit of the City and its inhabitants and to enter into contracts with respect thereto; and

Whereas, the City desires to purchase, acquire and lease certain equipment with a cost not to exceed \$5,500,000 constituting personal property necessary for the City to perform essential governmental functions and/or functions incidental thereto, such as LED lighting, HVAC and other energy and water efficiency equipment to be installed at various locations in the City (the "Equipment"); and

Whereas, in order to finance the acquisition and installation of the Equipment, the City proposes to enter into an Equipment Lease/Purchase Agreement (the "Agreement") with Bank of America, National Association, and an Escrow and Account Control Agreement (the "Escrow Agreement") with Bank of America, National Association, as escrow agent, the forms of which have been presented to this City Council at this meeting; and

Whereas, this City Council deems it for the benefit of the City and for the efficient and effective administration thereof to enter into the Agreement and the Escrow Agreement, and the other documentation related to the financing of the Equipment for the purchase, acquisition and leasing of the Equipment on the terms and conditions therein provided.

Now, Therefore, Be It And It Is Hereby Resolved by the City Council of the City of San Leandro as follows:

Section 1. Approval of Documents. The form, terms and provisions of the Agreement and the Escrow Agreement are hereby approved in substantially the forms presented at this meeting, with such insertions, omissions and changes as shall be approved by the City Manager, Finance Director and City Clerk or any of them (each, an "Authorized Officer"), the execution of the Agreement and the Escrow Agreement being conclusive evidence of such approval; and each of the Authorized Officers is hereby authorized and directed to execute, and each of the Authorized Officers is hereby authorized and directed to attest, the Agreement and the Escrow Agreement to the respective parties thereto, and the City Clerk of the City is hereby authorized to affix the seal of the City to such documents.

Section 2. Other Actions Authorized. Each of the Authorized Officers and each of the other officers and employees of the City shall take all actions necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of certificates and disbursement requests and any other tax certificates and agreements, as contemplated in the Agreement) and to take all actions necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Agreement and the Escrow Agreement. Whenever in this resolution any officer of the City is authorized to execute, attest or countersign any document or take any action, such execution, attestation, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 3. No General Liability. Nothing contained in this Resolution, the Agreement, the Escrow Agreement nor any other instrument shall be construed with respect to the City as incurring a pecuniary liability or charge upon the general credit of the City or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Agreement, the Escrow Agreement or any other instrument or document executed in connection therewith impose any pecuniary liability upon the City or any charge upon its general credit or against its taxing power, except to the extent that the Rental Payments payable under the Agreement are limited obligations of the City, subject to annual appropriation by this City Council, as provided in the Agreement.

Section 4. Appointment of Authorized City Representatives. Each of the Authorized Officers is hereby designated to act as authorized representatives of the City for purposes of the Agreement and the Escrow Agreement until such time as the City Council shall designate any other or different authorized representative for purposes of the Agreement and/or the Escrow Agreement.

Section 5. Professional Services. Jones Hall, A Professional Law Corporation, is hereby appointed as special counsel to the City in connection with the financing contemplated by this Resolution, and the City Attorney is authorized and directed to execute a legal services agreement with said firm.

Section 6. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the

remaining provisions of this Resolution.

Section 7. Repealer. All bylaws, orders and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 8. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.