

CITY OF YUBA CITY
STAFF REPORT

Date: October 17, 2017
To: Honorable Mayor & Members of the City Council
From: Finance/IT Department
Presentation by: Robin Bertagna, CPA, Finance/IT Director

Summary

Subject: Financing Police Department Solar Photovoltaic Facilities

Recommendation:

- A. Acting as the City Council and Yuba City Public Financing Authority authorize the issuance of \$1,652,857 New Clean and Renewable Energy Bonds (“CREBs”) to finance energy improvements at the City’s police station
- B. Adopt a Resolution of the Board of Directors of the Yuba City Public Financing Authority approving documents and actions relating to the financing of police solar energy facilities
- C. Adopt a Resolution of the City Council of the City of Yuba City approving documents and actions relating to the financing of police solar energy facilities
- D. Approve the Installment Sale Agreement and Assignment Agreement

Fiscal Impact: General fund net savings after payment of debt service are projected to be in excess of \$1,000,000 over the 30-year useful life of the solar project.

Purpose:

Reduce operating expenses for the City’s general fund through a reduction in annual expenses for electricity.

Background:

The production of electricity from solar photovoltaic panels continues to be profitable. The City entered into an energy services contract with OpTerra Energy Services to design, engineer and install a solar photovoltaic facility at the City’s police station (the “Project”). The attached resolutions would approve the issuance of a debt obligation to fund this Project. The City submitted a successful application for a CREB allocation in August 2017 for \$1,652,857. The CREB is a low-cost tax credit bond that will allow the City to finance the Project.

Analysis:

The Project is projected by OpTerra Energy Services to save the City’s general fund in excess of \$500,000 over its 30-year useful life. Actual energy cost savings will be a function of actual energy costs and the final CREB effective interest rate determined at the time of sale.

CREBs are taxable municipal bonds that carry a higher nominal interest rate than equivalent tax-exempt bonds. However, CREBs receive a reimbursement from the Internal Revenue Service (“IRS”) after each payment representing a portion of the interest paid. The subsidy payment from the IRS will vary depending on whether there is continued sequestration but is anticipated to be between 60% to 70% of the semi-annual interest payment due on the CREBs. The City’s finance team estimates a taxable rate on the CREB of 5-6%. With the IRS subsidy, the actual net interest rate is estimated to be 3-4%.

Note that there is no legal guarantee that the IRS will make the reimbursement payments for the full term of the debt. The reimbursement payments are subject to annual appropriation by Congress. The related bond documents will contain provisions that allow the City to call the bonds early (refinance them or pay them off using reserve funds) if the IRS subsidy isn’t approved by Congress or drops below expected levels for any reason.

The City’s finance team recommends that this debt obligation be financed through a private placement, due to its relatively small size and unique characteristics. The City has engaged Hilltop Securities to serve as a placement agent who will solicit bids from a number of interested banks. In an effort to provide the best possible outcome for the City, bids will be sought for final maturities ranging from 20 to 30 years.

Bond Issuance:

At this time, the Board of Directors for the Public Financing Authority and the City Council of the City of Yuba City will consider taking action to adopt the attached resolutions for the proposed CREBs to finance the Project.

This document has been thoroughly reviewed by City staff, the City’s municipal advisor (NHA Advisors), and bond counsel (Jones Hall). Should the City Council and the Public Financing Authority approve the attached resolutions, the financing is anticipated to close on approximately November 9, 2017. A private placement will not require a preliminary official statement or disclosure document as part of the approval process.

Fiscal Impact:

As noted above, OpTerra Energy Services projects that the Project will result in net savings to the General Fund of in excess of \$500,000 over the 30-year useful life of the Project.

Alternatives:

Do not proceed with the financing and discontinue the Project with OpTerra Energy Services. If this option is chosen, the General Fund will receive no net savings in operating expenses.

Recommendation:

Staff recommends authorizing the issuance of CREBs to finance the Project by adopting the attached resolution and approving the attached Installment Sale Agreement and Assignment Agreement.

Attachments:

- A. Authorizing Resolution for the Yuba City Public Financing Authority.** Since the CREBs are legally structured as an installment sale of the Project between the Yuba City Public Financing Authority (lessor) and the City of Yuba City (lessee), the Public Financing Authority must approve the transaction as well as the City Council.

- B. Authorizing Resolution for the City of Yuba City.** The authorizing resolution for the City approves the transaction in the amount of \$1,652,857, as well as the installment sale agreement and the assignment agreement. The resolution also names Hilltop Securities as placement agent for the purpose of securing bids from investors, NHA Advisors as municipal advisor to the City, and Jones Hall as bond counsel to the City.
- C. Lease Agreement.** This document sets forth the basic terms and conditions for the CREBs. The obligation to make lease payments is an obligation of the City's General Fund.
- D. Assignment Agreement.** This document transfers the right to receive lease payments from the City from the Public Financing Authority to the investor who purchases the CREBs.
- E. Proforma-Cash Flow Analysis.** Yuba City Police Department Solar Energy Project Cash Flow analysis.

Prepared By:

/s/ Robin Bertagna
Robin Bertagna, CPA
Finance/IT Director

Reviewed By:

City Attorney

Submitted By:

/s/ Steven C. Kroeger
Steven C. Kroeger
City Manager

TH by email

ATTACHMENT A

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING A LEASE FINANCING IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$1,652,857
TO FINANCE ENERGY EFFICIENCY EQUIPMENT, AND
APPROVING RELATED DOCUMENTS AND ACTIONS**

WHEREAS, the City of Yuba City (the "City") has received an allocation from the Internal Revenue Service to finance an Energy Efficiency Equipment Project consisting generally of the acquisition and installation of a solar photovoltaic energy system and an energy storage system at the Police Department (the "Energy Efficiency Equipment Project"), through the issuance of new clean renewable energy bonds under Section 54C of the Internal Revenue Code of 1986, as amended, in the aggregate principal amount of not to exceed \$1,652,857; and

WHEREAS, the City Council has been presented with a financing plan for the lease financing of the Energy Efficiency Equipment Project on a private placement basis, pursuant to a Lease Agreement between the City and the Yuba City Public Financing Authority (the "Authority"), under which the City will lease certain property (the "Leased Property") to the Authority in consideration of an upfront payment which is sufficient to provide financing for the Energy Efficiency Equipment Project, and the Authority will lease the Leased Property back to the City in consideration of the payment of periodic lease payments (the "Lease Payments") for the use and occupancy of the Leased Property; and

WHEREAS, the form of the legal documentation relating to the financing has been prepared by bond counsel, and the City Council wishes at this time to approve such legal documentation;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yuba City as follows:

SECTION 1. Approval of Lease Agreement. The City Council hereby approves the Lease Agreement relating to the financing of the Energy Efficiency Equipment Project, between the City and the Authority, in substantially the form thereof on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager or the Finance Director (each, an "Authorized Officer"); provided that the execution thereof by the Mayor or the City Manager shall be conclusive evidence of the approval of any such changes or additions. The Mayor and the City Manager are each hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Lease Agreement.

SECTION 2. Identification of Leased Property. It is intended that the Leased Property which is leased pursuant to the Lease Agreement will consist of the equipment and other facilities which constitute the Energy Efficiency Equipment Project. However, in the event that an Authorized Officer determines, upon consultation with NHA Advisors as financial advisor to the City and the Authority (the "Financial Advisor"), that it will result in lower overall borrowing costs for the City to lease real property instead of the Energy Efficiency Equipment Project, the City Council hereby authorizes and approves of the lease of the land and improvements which constitute the existing fire station of the City, which shall constitute the Leased Property for all purposes of the Lease Agreement.

SECTION 3. Assignment by the Authority. The City Council hereby approves the assignment by the Authority of its rights under the Lease Agreement, including the right to receive the Lease Payments, to a bank, investment banking firm or other financial institution which is designated to serve as lender for the financing by an Authorized Officer, based on consultation with the Financial Advisor. Such assignment shall be made pursuant to the terms and provisions of the Assignment Agreement between the Authority and the lender in the form thereof on file with the City Clerk, which is hereby approved.

SECTION 4. Professional Services. The firm of Hilltop Securities Inc. is hereby designated to serve as placement agent, the firm of NHA Advisors is hereby designated to serve as financial advisor, and the firm of Jones Hall, A Professional Law Corporation, is hereby designated to serve as bond counsel to the City and the Authority in connection with the financing transactions described in this Resolution. An Authorized Officer is hereby authorized and directed to execute an agreement with each of such firms in the forms on file with the City Clerk.

SECTION 5. Official Actions. The Mayor, the City Manager, the Finance Director, the City Clerk, the City Attorney and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, 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 if such officer is absent or unavailable.

SECTION 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

* * * * *

The foregoing resolution was adopted at a regular meeting of the City Council of the City of Yuba City held on October 17, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Stanley Cleveland, Jr., Mayor

ATTEST:

Patricia Buckland, City Clerk

ATTACHMENT B

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE YUBA CITY PUBLIC FINANCING AUTHORITY APPROVING A LEASE FINANCING IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,652,857 TO FINANCE ENERGY EFFICIENCY EQUIPMENT, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City of Yuba City (the “City”) has received an allocation from the Internal Revenue Service to finance an Energy Efficiency Equipment Project consisting generally of the acquisition and installation of a solar photovoltaic energy system and an energy storage system at the Police Department (the “Energy Efficiency Equipment Project”), through the issuance of new clean renewable energy bonds under Section 54C of the Internal Revenue Code of 1986, as amended, in the aggregate principal amount of not to exceed \$1,652,857; and

WHEREAS, the City Council has been presented with a financing plan for the lease financing of the Energy Efficiency Equipment Project on a private placement basis, pursuant to a Lease Agreement between the City and the Yuba City Public Financing Authority (the “Authority”), under which the City will lease certain property (the “Leased Property”) to the Authority in consideration of an upfront payment which is sufficient to provide financing for the Energy Efficiency Equipment Project, and the Authority will lease the Leased Property back to the City in consideration of the payment of periodic lease payments (the “Lease Payments”) for the use and occupancy of the Leased Property; and

WHEREAS, the final form of the legal documentation relating to the financing has been prepared by bond counsel, and the Board of Directors of the Authority wishes at this time to approve such legal documentation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Yuba City Public Financing Authority as follows:

SECTION 1. Approval of Lease Agreement. The Board of Directors hereby approves the Lease Agreement relating to the financing of the Energy Efficiency Equipment Project, between the City and the Authority, in substantially the form thereof on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director or the Treasurer (each, an “Authorized Officer”), and the execution thereof by the Chair or the Executive Director shall be conclusive evidence of the approval of any such changes or additions. The Chair and the Executive Director are each hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Lease Agreement.

SECTION 2. Identification of Leased Property. It is intended that the Leased Property which is leased pursuant to the Lease Agreement will consist of the equipment and other facilities which constitute the Energy Efficiency Equipment Project. However, in the event that an Authorized Officer determines, upon consultation with NHA Advisors as financial advisor to the City and the Authority (the “Financial Advisor”), that it will result in lower overall borrowing costs for the City to lease real property instead of the Energy Efficiency Equipment Project, the Board of Directors hereby authorizes and approves of the lease of the land and improvements which constitute the existing fire station of the City, which shall constitute the Leased Property for all purposes of the Lease Agreement.

SECTION 3. Assignment by the Authority. The Board of Directors hereby approves the assignment by the Authority of its rights under the Lease Agreement, including the right to receive the Lease Payments, to a bank, investment banking firm or other financial institution which is designated to serve as lender for the financing by an Authorized Officer, based on consultation with the Financial Advisor. Such assignment shall be made pursuant to the terms and provisions of the Assignment Agreement between the Authority and the lender in the form thereof on file with the Secretary together with any changes therein or additions thereto deemed advisable by an Authorized Officer; provided that the execution thereof by the Chair or the Executive Director shall be conclusive evidence of the approval of any such changes or additions. The Chair and the Executive Director are each hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Assignment Agreement.

SECTION 4. Professional Services. The firm of Hilltop Securities Inc. is hereby designated to serve as placement agent, the firm of NHA Advisors is hereby designated to serve as financial advisor, and the firm of Jones Hall, A Professional Law Corporation, is hereby designated to serve as bond counsel to the City and the Authority in connection with the financing transactions described in this Resolution. An Authorized Officer is hereby authorized and directed to execute an agreement with each of such firms in the forms on file with the Secretary.

SECTION 5. Official Actions. The Chair, the Executive Director, the Treasurer, the Secretary, the Authority Attorney and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, 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 if such officer is absent or unavailable.

SECTION 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

* * * * *

The foregoing resolution was adopted at a regular meeting of the Board of Directors of the Yuba City Public Financing Authority held on October 17, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Stanley Cleveland, Jr., Chair
Yuba City Public Financing Authority

ATTEST:

Patricia Buckland, Secretary
Yuba City Public Financing Authority

ATTACHMENT C

TO BE RECORDED AND WHEN RECORDED

RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Charles F. Adams, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), dated November __, 2017, is between the YUBA CITY PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), as lessee and sublessor, and the CITY OF YUBA CITY, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), as lessor and sublessee.

BACKGROUND:

1. The City has received an allocation from the Internal Revenue Service to finance an energy efficiency project consisting generally of the acquisition and installation of a solar photovoltaic energy system and an energy storage system at the Police Department (the "Energy Projects"), through the issuance of new clean renewable energy bonds under Section 54C of the Internal Revenue Code of 1986, as amended, in the aggregate principal amount of not to exceed \$1,652,857.

2. In order to provide funds to finance the Energy Projects, the City has proposed to lease and lease back the real property which is more particularly described in Appendix B attached hereto and by this reference incorporated herein (the "Leased Property") under this Lease in consideration of the agreement by the Authority to provide funds necessary for that purpose and in consideration of the agreement by the City to pay semiannual lease payments (the "Lease Payments").

3. The Authority has assigned its right to receive the Lease Payments to _____ (the "Assignee"), under an Assignment Agreement dated as of November __, 2017 (the "Assignment Agreement"), which has been recorded concurrently herewith.

4. The City is authorized to enter into a lease-leaseback arrangement with the Authority for the purpose of providing funds to finance the Energy Projects, under the laws of the State of California.

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the City and the Authority formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* All terms defined in this Section have the meanings herein specified for all purposes of this Lease. All terms defined in the recitals of this Lease and not otherwise defined in this Section shall have the respective meanings given such terms in the recitals.

“Assignee” means _____, a _____ duly organized and existing under the laws of the State of _____.

“Assignment Agreement” means the Assignment Agreement dated as of the Closing Date, between the Authority, as assignor, and the Assignee, as assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

“Authority” means Yuba City Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California.

“Available Project Proceeds” means (a) the proceeds of this Lease, (b) less financing costs of this Lease which are paid from such proceeds (not exceeding 2% of the proceeds of this Lease), plus (iii) investment earnings on the difference between (a) - (b).

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations which constitute new clean renewable energy bonds under Section 54C the Tax Code.

“Closing Date” means the date of execution and delivery of this Lease by the parties hereto, being November __, 2017.

“City” means the City of Yuba City, a municipal corporation organized and existing under the laws of the State of California.

“City Council” means the City Council of the City.

“Energy Projects” means the energy efficiency and conservation projects which are described in Appendix A, including as such description may be changed from time to time by the City pursuant to Section 3.4.

“Event of Default” means any of the events of default as defined in Section 8.1.

“Expenditure Period” means the “expenditure period” defined in Section 54A(d)(2)(B)(ii) of the Tax Code and consists of the period beginning on the date of execution and delivery of this Lease and ending on the later of the date three years after the date of execution and delivery of this Lease or such later date, if any, as permitted by the Internal Revenue Service in response to a request to extend the Expenditure Period.

“Federal Securities” means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

“Fiscal Year” means each twelve-month period during the Term of this Lease commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the City as its fiscal year period.

“Lease” means this Lease Agreement dated the Closing Date, between the Authority and the City, as originally executed or as hereafter amended under any duly authorized and executed amendments hereto.

“Lease Payments” means all payments required to be paid by the City under Section 4.4, including any prepayment thereof under Sections 9.2 or 9.3.

“Lease Payment Date” means May 1 and November 1 in each year, commencing May 1, 2018, and continuing to and including the date on which the Lease Payments are paid in full.

“Leased Property” means the real property which is more particularly described in Appendix B, consisting generally of the land and improvements which constitute a fire station of the City. In the event of the release of any property under Section 4.7 or the substitution of property under Section 4.8, the description of the Leased Property shall be modified to reflect such release or substitution.

“Net Proceeds” means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or any eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article VI; (b) this Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title

insurance policy issued by Stewart Title Guaranty Company with respect to the Leased Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

“Project Costs” means all costs and expenses relating to the Energy Projects, including but not limited to the following:

- (a) obligations incurred or assumed for labor, materials and equipment in connection with the Energy Projects,
- (b) the costs of performance, labor and material bonds or insurance of all kinds that may be required or necessary during the course of constructing or equipping the Energy Projects, to the extent not purchased by contractors or subcontractors for the Energy Projects,
- (c) all costs of engineering services, including the costs incurred or assumed for preliminary design and development work, surveys, estimates, plans and specifications, and for supervising Improvements as well as for the performance of all of the duties required by or consequent upon the proper construction and installation of the Energy Projects, and all costs of architectural services in connection with the preparation of the plans and specification for the Energy Projects,
- (d) all expenses incurred in connection with the preparation and execution of this Lease and the performance of the duties hereunder and related hereto including, without limitation, overhead and administrative expenses and legal and accounting expenses and fees,
- (e) all costs incurred in preparing or obtaining permits or approval from regulatory agencies in connection with the Energy Projects and the constructing and equipping of the Energy Projects, and
- (f) all other costs which are considered to be a part of the costs of the Energy Projects in accordance with generally accepted accounting principles and which will not cause this Lease to be used for other than Qualified Purposes.

“Project Fund” means the fund or account by that name established and held by the City under Section 3.2.

“Qualified Purpose” means capital expenditures for one or more qualified renewable energy facilities as described in section 54C(a)(1) and 54C(d)(1) of the Tax Code.

“Refundable Credit Payments” means the amounts which are payable with respect to this Lease by the federal government under Section 6431 of the Tax Code.

“Rental Period” means each period during the Term of the Lease commencing on and including November 2 in each year and extending to and including the next succeeding November 1. The first Rental Period begins on the Closing Date and ends on November 1, 2018.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Term of this Lease” or “Term” means the time during which this Lease is in effect, as provided in Section 4.3.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the City.* The City makes the following covenants, representations and warranties to the Authority as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The City is a municipal corporation duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into this Lease and to carry out and consummate all transactions contemplated hereby, and by proper action the City has duly authorized the execution and delivery of this Lease.

- (b) Due Execution. The representatives of the City executing this Lease have been fully authorized to execute the same under a resolution duly adopted by the City Council.
- (c) Valid, Binding and Enforceable Obligations. This Lease has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with its terms.
- (d) No Conflicts. The execution and delivery of this Lease, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions 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 the City 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 the City, 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 Lease or the financial condition, assets, properties or operations of the City.
- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease or the financial condition, assets, properties or operations of the City.

- (g) No Defaults. At no time in the last ten years has the City failed to appropriate funds for or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease or under any of its bonds, notes, or other debt obligations.
- (h) Fee Title. The City is the owner in fee of title to the Leased Property, and title to the Leased Property shall remain in the City, subject to the rights of the Authority hereunder and subject to Permitted Encumbrances.
- (i) Encumbrances. No lien or encumbrance on the Leased Property materially impairs the City's use of the Leased Property for the purposes for which it is, or may reasonably be expected to be, held.
- (j) Compliance with Laws. The City's use of the Leased Property complies with all applicable restrictive covenants, zoning ordinances, building laws and other applicable laws (including without limitation, the Americans with Disabilities Act, as amended).
- (k) Use of the Leased Property. During the term of this Lease, the Leased Property will be used by the City only for the purpose of performing one or more governmental or proprietary functions of the City consistent with the permissible scope of the City's authority. The Leased Property is essential to the fulfillment of the City's governmental purposes.
- (l) Useful Life. The building located on the Leased Property has a remaining useful life that extends to at least November 1, 20__.
- (m) Value of Leased Property. The insured value of the Leased Property (real property replacement cost), not including the contents thereof, exceeds the aggregate original principal components of the Lease Payments.
- (n) Flooding Risk. The Leased Property is not located in a "Special Flood Hazard Area" shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map used in connection with the National Flood Insurance Program and has not been subject to material damage from flooding within the last ten years.
- (o) Hazardous Materials. To the best of the City's knowledge, the Leased Property is free of all hazardous materials that would impair the City's use of the Leased Property for the purposes for which it is, or may reasonably be expected to be, held or that will materially adversely affect the ability of the City to perform its obligations under this Lease.
- (p) Financial Condition. The financial statements of the City for the year ended June 30, 2016, supplied to the Assignee (i) were prepared in accordance with generally accepted accounting

principles, consistently applied, and (ii) fairly present the City's financial condition as of the date of the statements. Other than as described in such financial statements or otherwise disclosed to the Assignee, there has been no material adverse change in the City's financial condition subsequent to June 30, 2016.

SECTION 2.2. *Covenants, Representations and Warranties of the Authority.* The Authority makes the following covenants, representations and warranties to the City as of the date of the execution and delivery of this Lease:

- (a) Due Organization and Existence. The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Lease and the Assignment Agreement, and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Authority has duly authorized the execution and delivery of this Lease and the Assignment Agreement.
- (b) Due Execution. The representatives of the Authority executing this Lease and the Assignment Agreement are fully authorized to execute the same under official action taken by the governing board of the Authority.
- (c) Valid, Binding and Enforceable Obligations. This Lease and the Assignment Agreement has each been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.
- (d) No Conflicts. The execution and delivery of this Lease and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, 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 the Authority 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 the Authority, 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 Lease or the Assignment Agreement, or the financial condition, assets, properties or operations of the Authority.
- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent,

permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease or the Assignment Agreement, or the financial condition, assets, properties or operations of the Authority.
- (g) Authority Not Fiduciary. In connection with the execution of this Lease, the Authority is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City.

SECTION 2.3. *Role of Assignee*. The City acknowledges and agrees that:

- (a) Assignee Acting on Own Account. In providing funds pursuant to the Assignment Agreement, the Assignee is acting for its own loan account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor.
- (b) No Advice. Assignee has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the City (including to any financial advisor or placement agent engaged by the City) with respect to the structuring of the financing or the execution and delivery of this Lease or the Assignment Agreement.
- (c) No Fiduciary Duty. Assignee has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the City with respect to the transactions relating to the structuring of the financing or the execution and delivery of this Lease and the discussions, undertakings, and procedures leading thereto.

- (d) Reliance on Other Parties. Each of the City, its financial advisor and its placement agent has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the lease financing transaction from its financial, legal, and other advisors (and not Assignee or its affiliates) to the extent that the City, its financial advisor or its placement agent desires to, should, or needs to obtain such advice.
- (e) Disclaimer as to Legal Matters. The Assignee has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the City's financial advisor or placement agent, or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the City's financial advisor or placement agent, with respect to any such matters.
- (f) Arm's Length Transactions. The transactions between the City, the Authority and/or Assignee are arm's length, commercial transactions in which Assignee is acting and has acted solely as a principal and for its own interest, and Assignee has not made recommendations to the City or the Authority with respect to the transactions relating to this Lease or the Assignment Agreement.

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS

SECTION 3.1. *Deposit of Funds.* In consideration of the payment of the Lease Payments by the City to the Authority as provided herein, the Authority hereby agrees to provide the amount of \$_____ from the Assignee on the Closing Date, which shall be paid to the City and deposited into the Project Fund.

SECTION 3.2. *Project Fund.* The City shall establish and maintain a special fund or account designated as the "Project Fund" to be held by the City and which shall be accounted for as a separate fund or account. Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of the Project Costs. The City shall disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the City for payment of Project Costs). The City shall maintain accurate records showing all disbursements from the Project Fund. The City shall invest proceeds in the Project Fund in investments authorized by California law and the City's investment policy.

Payment of Project Costs shall be made by the City from amounts held in the Project Fund in accordance with the provisions of this Lease. If and to the extent the amounts on deposit in the Project Fund are insufficient to enable the City to complete the Energy Projects in full, the City has the sole responsibility for completing the Energy

Projects and the City will finance such completion from any source of legally available funds of the City.

Notwithstanding anything herein, any amounts remaining on deposit in the Project Fund at the end of the Expenditure Period shall be applied to the extraordinary mandatory prepayment of the Lease Payments under Section 9.4.

SECTION 3.3. *Construction of the Energy Projects.* The City hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the Energy Projects in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City under all applicable requirements of law. All contracts for, and all work relating to, the acquisition, construction and installation of the Energy Projects are subject to all applicable provisions of law relating to the acquisition and construction of public works by the City.

The failure to complete the Energy Projects by their respective estimated completion dates shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor will any such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Lease Payments in full when due. The sufficiency of amounts on deposit in the Project Fund for the payment of the Project Costs and the completion of the Energy Projects shall be the sole liability of the City, and neither the Authority nor the Assignee shall have any liability for the completion of the Energy Projects or the sufficiency of the amounts held on deposit in the Project Fund for the purpose of paying all of the Project Costs.

SECTION 3.4. *Plans and Specifications; Modification of Project Description.* The City has the right to specify the exact scope, nature and identification of the Energy Projects and the respective components thereof. Before any payment is made for the Energy Projects or any component thereof from amounts on deposit in the Project Fund, the City shall prepare detailed plans and specifications relating thereto. The City may from time to time amend any the plans and specifications, and thereby change or modify the description of the Energy Projects or any component thereof. Notwithstanding the foregoing, no changes to the description of the Energy Projects shall cause this Lease to cease to be used for a Qualified Purpose or otherwise cause the elimination or reduction of the Refundable Credit Payments.

SECTION 3.5. *Completion of Energy Projects.* Upon the completion of the Energy Projects, but in any event not later than 30 days following such completion, the City shall execute and deliver to the Assignee a written certificate which states that the acquisition, construction and installation of the Energy Projects has been completed.

ARTICLE IV

LEASE AND LEASEBACK OF LEASED PROPERTY; LEASE PAYMENTS

SECTION 4.1. *Lease of Leased Property by the City to the Authority.* The City hereby covenants that it has fee simple merchantable title to the Leased Property, free and clear of all recorded liens, encumbrances, easements, public rights-of-way, assessments, leases, taxes and any or all other interests, excepting only Permitted Encumbrances. For and in consideration of the application by the Authority of funds in accordance with Section 3.1, the City hereby leases the Leased Property to the Authority, and the Authority hereby leases the Leased Property from the City, for a term which is coterminous with the Term of this Lease. No merger shall be effected by the City's lease of the Leased Property to the Authority under this Section, and the Authority's sublease of the Leased Property back to the City under Section 4.2.

SECTION 4.2. *Sublease of Leased Property by the Authority Back to the City.* The Authority hereby subleases the Leased Property back to the City, and the City hereby subleases the Leased Property from the Authority. The Leased Property shall be subleased to the City under this Lease upon the terms and provisions hereof.

SECTION 4.3. *Term.* The Term of this Lease commences on the date of recordation of this Lease and ends on the earlier of (a) November 1, 20__, or (b) the date on which all of the Lease Payments have been paid in full. The provisions of this Section are subject to the provisions of Section 6.2 relating to the taking in eminent domain of the Leased Property or any portion thereof.

SECTION 4.4. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Section 6.2 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Appendix C attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Appendix C. The Lease Payments payable in any Rental Period with respect to the Leased Property shall be for the use of the Leased Property during such Rental Period. The interest components of the Lease Payments have been calculated based on an interest rate of ____% per annum, on the basis of a 360-day year of twelve 30-day months.

(b) Effect of Prepayment. If the City prepays all Lease Payments in full under Sections 9.2 or 9.3, the City's obligations under this Section will thereupon cease and terminate. If the City prepays the Lease Payments in part but not in whole under Sections 9.2 or 9.3, the principal components of the remaining Lease Payments will be reduced on a pro rata basis; and the interest component of each remaining Lease Payment will be reduced on a pro rata basis, and the Authority shall deliver to the City a new Appendix C hereto which shall supersede and replace the existing Appendix C without the need for further amendment and supplements to this Lease..

(c) Rate on Overdue Payments. If the City fails to make any of the payments required in this Section, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the rate of 8% per annum.

(d) Fair Rental Value. The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and will be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making this determination, consideration has been given to the estimated fair market value of the Leased Property, the costs of financing the deposits required to be made under Section 3.1, other obligations of the City and the Authority under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(e) Application of Refundable Credit Payments. The Lease Payments shall be payable from the Refundable Credit Payments, which shall not be used for any other purpose so long as the Lease Payments remain outstanding. Upon the receipt of any Refundable Credit Payments, the City shall deposit the amount thereof in a special fund which shall be held and maintained by the City. The Lease Payment coming due and payable on any Lease Payment Date shall be paid *first*, from the amount of Refundable Credit Payments then held by the City in such special fund and *second*, from available funds as provided in subsection (f) below. So long as the Lease Payments remain unpaid, the City shall not apply the Refundable Credit Payments for any purpose other than the payment of the Lease Payments.

(f) Source of Payments; Budget and Appropriation. The Lease Payments are payable from any source of legally available funds of the City, subject to the provisions of Sections 6.2 and 9.1. Without limiting the generality of the foregoing, the Lease Payments shall be payable from the Refundable Credit Payments as hereinafter provided. The City covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained constitute duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the City.

(g) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Authority to Assignee under the Assignment Agreement, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay to Assignee all payments payable by the City under this Section 4.4 and all amounts payable by the City under Article IX as and to the extent set forth in the Assignment Agreement.

SECTION 4.5. *Quiet Enjoyment.* Throughout the Term of this Lease, the Authority will provide the City with quiet use and enjoyment of the Leased Property and the City

will peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority has the right to inspect the Leased Property as provided in Section 7.2.

SECTION 4.6. *Title.* At all times during the Term of this Lease, the City shall hold title to the Leased Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Leased Property shall be transferred to and vested in the City. Upon the payment in full of all Lease Payments, or upon the deposit by the City of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Authority in and to the Leased Property shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

SECTION 4.7. *Release of Excess Property.* The City may any time and from time to time, release any portion the Leased Property (the "Released Property") from the Lease, with the prior written consent of the Authority (which shall not unreasonably be withheld) and upon satisfaction of all of the following requirements which are conditions precedent to such release:

- (a) The City shall certify to the Authority that no Event of Default has occurred and is continuing;
- (b) The City shall file with the Authority, and cause to be recorded in the office of the Sutter County Recorder an amendment to this Lease which deletes the Released Property from the description of the Leased Property; and
- (c) The City shall file with the Authority a written certificate of the City stating the City's determination that the estimated value of the real property which will remain leased under this Lease following such release is at least equal to the principal components of the Lease Payments remaining during the remainder of the Term.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The City shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City shall execute, deliver and cause to be recorded all documents required to discharge this Lease and the Assignment Agreement of record against the Released Property.

Section 4.8. *Substitution of Property.* With prior written consent of the Authority (which shall not be unreasonably withheld), the City has the option at any time and from time to time, to substitute other real property (the "Substitute Property") for the Leased

Property or any portion thereof (the "Former Property"), upon satisfaction of all of the following requirements which are hereby declared to be conditions precedent to such substitution:

- (a) The City shall certify to the Authority that no Event of Default has occurred and is continuing;
- (b) The City shall file with the Authority, and cause to be recorded in the office of the Sutter County Recorder an amendment to this Lease which adds the legal description of the Substitute Property to Appendix B hereto, and deletes therefrom the legal description of the Former Property;
- (c) The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate under this Lease in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated value of the principal components of the Lease Payments remaining during the remainder of the Term;
- (d) The City shall certify to the Authority that the Substitute Property (i) constitutes property which the City is permitted to lease under the laws of the State of California, and (ii) is essential to the fulfillment of the City's governmental purposes;
- (e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made herein; and
- (f) The City shall certify to the Authority that the estimated value of the Substitute Property is at least equal to the estimated value of the Former Property, and that the useful life of the Substitute Property at least extends to the end of the Term.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this Section. The Authority, the Assignee and the City shall execute, deliver and cause to be recorded all documents required to discharge this Lease and the Assignment Agreement of record against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of this Lease.

ARTICLE V
MAINTENANCE; TAXES; INSURANCE; AND
OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the sole responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Property. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease.

The City will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Leased Property or the respective interests or estates therein; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City is obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Authority in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City will promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

SECTION 5.2. *Modification of Leased Property.* The City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

SECTION 5.3. *Public Liability Insurance.* The City shall maintain or cause to be maintained throughout the Term of this Lease a standard comprehensive general insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage of at least \$1,000,000 and may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of a program of self-insurance by the City, or in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

SECTION 5.4. *Casualty Insurance.* The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property and owned by the City, in an amount at least equal to the replacement value of the insured buildings. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed \$250,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the Net Proceeds of such insurance as provided in Section 6.1.

SECTION 5.5. *Rental Interruption Insurance.* The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Leased Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

SECTION 5.6. *Worker's Compensation Insurance.* If required by applicable California law, the City shall carry worker's compensation insurance covering all employees on, in, near or about the Leased Property and, upon request, shall furnish to the Authority certificates evidencing such coverage throughout the Term of this Lease.

SECTION 5.7. *Recordation Hereof; Title Insurance.* On or before the Closing Date, the City shall, at its expense, (a) cause this Lease, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Sutter County Recorder with respect to the Leased Property, and (b) obtain a CLTA title insurance policy from Stewart Title Guaranty Company insuring the City's leasehold estate established hereunder in the Leased Property, subject only to Permitted

Encumbrances, in an amount equal to the original principal components of the Lease Payments. The City will apply the Net Proceeds received under such title insurance policy to prepay the remaining Lease Payments under Section 9.3.

SECTION 5.8. *Insurance Net Proceeds; Form of Policies.* All insurance policies (or riders) required by this Article shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of California, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 shall name the City, the Authority and the Assignee as insured parties and the Authority and the Assignee as loss payees and shall include a lender's loss payable endorsement for the benefit of the Authority and the Assignee.

SECTION 5.9. *Installation of City's Personal Property.* The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the City, in which the Authority has no interest, and may be modified or removed by the City at any time. The City must repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Leased Property.

SECTION 5.10. *Liens.* The City will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Authority do not materially and adversely affect the leasehold estate in the Leased Property hereunder and for which the Authority and Assignee approves in writing, which approval may not be unreasonably withheld. Except as expressly provided in this Article, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City will reimburse the Authority and Assignee for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.11. *Records and Accounts.* The City shall keep proper records and accounts of its funds which, upon prior request, shall be subject to the reasonable inspection of the Authority. The City shall cause such records and accounts to be audited annually by an independent certified public accountant or firm of certified public accountants, not more than 270 days after the close of each Fiscal Year, and shall furnish a copy of each annual audit report to the Authority.

SECTION 5.12. *Advances.* If the City fails to perform any of its obligations under this Article, the Authority may take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such

advances as additional rental hereunder, with interest at the rate set forth in Section 4.4(c).

ARTICLE VI

EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Net Proceeds of any taking of the Leased Property, or any portion thereof, in eminent domain proceedings (or resulting from damage or destruction of the Leased Property) shall be paid to the Authority to be applied as hereinafter set forth in this Section.

If the Leased Property is taken in eminent domain proceedings at any time during the Term of this Lease (or if the Leased Property is damaged or destroyed), the City shall as soon as practicable after such event, with the prior written consent of the Authority, apply the Net Proceeds resulting therefrom either to:

- (a) repair the Leased Property to full use;
- (b) replace the Leased Property, at the City's sole cost and expense, with property of equal or greater value to the Leased Property immediately prior to the time of the such destruction or damage, such replacement Leased Property to be subject to the Authority's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement; or
- (c) prepay the Lease Payments in accordance with Section 9.3.

The City will notify the Authority of which course of action it desires to take within 15 days after the occurrence of such destruction or damage. The Authority may (but is not required to) in its own name or in the City's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy, and the City hereby grants to the Authority a power of attorney coupled with an interest to accomplish all or any of the foregoing. The Net Proceeds of all insurance payable with respect to the Leased Property shall be available to the City and shall be used to discharge the City's obligations under this Section.

SECTION 6.2. *Termination or Abatement.* If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease shall cease with respect thereto as of the day possession shall be so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

- (a) this Lease will continue in full force and effect with respect thereto and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and

- (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the City with the prior written consent of the Authority, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

The Lease Payments are also subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined jointly by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section to the extent that (a) the proceeds of rental interruption insurance or (b) amounts are available from insurance to pay Lease Payments which would otherwise be abated under this Section, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VII

OTHER COVENANTS OF THE CITY

SECTION 7.1. *Disclaimer of Warranties.* THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event is the Authority liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the City.

SECTION 7.2. *Access to the Leased Property.* The City agrees that the Authority shall have the right at all reasonable times, following at least 48 hours written notice provided to the City, to enter upon and to examine and inspect the Leased Property or any part thereof. The City further agrees that the Authority shall have such rights of access to the Leased Property or any component thereof, following at least 48 hours written notice provided to the City, as may be reasonably necessary to cause the proper

maintenance of the Leased Property if the City fails to perform its obligations hereunder. The Authority has no obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.*

(a) The City hereby indemnifies the Authority, the Assignee and their respective officers, agents, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (d) any intentional misconduct or negligence of any sublessee of the City with respect to the Leased Property, (e) the acquisition, construction, improvement and equipping of the Leased Property, or (f) the clean-up of any hazardous materials or toxic wastes from the Leased Property, or the authorization of payment of the costs thereof. No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or gross negligence under this Lease by the Authority, the Assignee or their respective officers, agents, employees, successors or assigns.

(b) The City hereby warrants and represents that (i) there has not been any "release" (as defined in 42 U.S.C. § 9601(22)) or threat of a "release" of any "hazardous substances" (as defined in 42 U.S.C. § 9601(14)) on or about the Leased Property, (ii) no part of the Leased Property is or may be a "facility" (within the meaning of 42 U.S.C. § 9607(a)), and (iii) the Leased Property and the use thereof are in compliance with all applicable laws, statutes, ordinances, rules and regulations of any governmental or quasi-governmental authority, specifically including without limitation the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act, both as amended, and all other environmental protection or toxic waste or hazardous substance handling, treatment, storage or disposal laws, statutes, ordinances, rules and regulations.

(c) The City agrees to provide the Assignee with copies of any notifications of releases of oil or hazardous materials or substances or of any environmental hazards or potential hazards which are given by or on behalf of the City to any federal, state or local agencies or authorities or which are received by the City from any federal, state or local agencies or authorities with respect to the Leased Property. Such copies shall be sent to the Assignee concurrently with their being mailed or delivered to the governmental agencies or authorities or within 10 days after they are received by the City.

(c) The City agrees to provide the Assignee with copies of all emergency and hazardous chemical inventory forms (hereinafter "Notices") with respect to the Leased Property previously given, as of the date hereof, to any federal, state or local governmental authority or agency as required pursuant to the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C.A. Section 1101 *et seq.*, and to provide the Assignee with copies of all such Notices subsequently sent to any such governmental authority or agency as required pursuant to the Emergency Planning and Community Right-to-Know Act of 1986. Such copies of subsequent Notices shall be sent to the Assignee concurrently with their being mailed to any such governmental authority or agency.

(d) The City hereby covenants and agrees, to the extent permitted by law, to indemnify, protect and hold harmless the Assignee from and against any and all claims, demands, liabilities and costs, including without limitation attorneys' fees, arising from (a) any "release" (as defined above) or threat of a "release," actual or alleged, of any "hazardous substances" (as defined above) upon or about the Leased Property or respecting any products or materials previously or now located upon, delivered to or in transit to or from the Leased Property regardless of whether such release or threat of a release or alleged release or threat of release has occurred prior to the date hereof and hereafter occurs and regardless of whether such release or threat of a release or alleged release or threat of a release occurs as the result of the negligence or misconduct of the City or any third party or otherwise, or (b) any violation, actual or alleged, of or any other liability under or in connection with any law, statute, ordinance, rule or regulation of any governmental or quasi-governmental authority, specifically including without limitation the Resource Conservation and Recovery Act and the Comprehensive Environmental Response Compensation and Liability Act, both as amended, or any other environmental protection or toxic waste or hazardous substance handling, treatment, storage or disposal laws, statutes, ordinances, rules or regulations upon or about the Leased Property or respecting any products or materials previously or now located upon, delivered to or in transit to or from the Leased Property, regardless of whether such violation or alleged violation has occurred prior to the date hereof or hereafter occurs and regardless of whether such violation or alleged violation occurs as a result of the negligence or misconduct of the City or any third party or otherwise. Notwithstanding the foregoing, the City shall not be obligated to indemnify and hold harmless the Assignee from and against any claims, demands, liabilities and costs, including without limitation attorneys' fees, which arise solely as a result of the negligence or misconduct of the Assignee.

SECTION 7.4. *Assignment by the Authority; Restrictions.* The Authority's rights under this Lease, including the right to receive and enforce payment of the Lease Payments to be made by the City hereunder, have been assigned to the Assignee under the Assignment Agreement. The City hereby consents to such assignment. Whenever in this Lease any reference is made to the Authority and such reference concerns rights which the Authority has assigned to the Assignee, such reference shall be deemed to refer to the Assignee. The Authority and Assignee shall have the right at any time to further assign, transfer or convey this Lease or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the City unless and until the Authority has delivered to the City written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the Assignee or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing herein shall limit the right of the Assignee or its assignees to sell or assign participation interests in this Lease to one or more entities listed in (i) or (ii), provided that any participation, custodial or similar agreement under which multiple ownership interests in this Lease are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees to act on their behalf with respect to the rights and interests of the Authority under this Lease, including with respect to the exercise of rights and remedies of the Authority on behalf of such owners upon the occurrence of an Event of Default under this Lease.

SECTION 7.5. *Assignment and Subleasing by the City.* This Lease may not be assigned by the City. With the prior written consent of the Authority the City may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

- (a) This Lease and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City.
- (b) The City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority a true and complete copy of such sublease.
- (c) No such sublease by the City may cause the Leased Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State of California.
- (d) The City shall furnish the Authority with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.

SECTION 7.6. *Amendment of Lease.*

(a) Amendment with the Authority's Consent. This Lease may be amended or modified by the City with the prior written consent of the Authority (which shall not be unreasonably withheld).

(b) Amendment without the Authority Consent. This Lease may be amended or modified by the City without the prior written consent of the Authority to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (i) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations, the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control, including, without limitation, the Energy Projects; and (ii) the City has obtained and filed with the Authority an appraisal (or other written evidence satisfactory to the Authority) showing that the value of the Leased Property is at least equal to the aggregate principal amount of (A) the Lease Payments remaining during the remainder of the Term under this Lease, *plus* (B) all such other bonds, notes, leases or other obligations.

(c) Effectiveness. Prior to the effective date of any amendment or modification pursuant to this Section, and as a condition precedent to the effectiveness thereof, the City at its expense shall obtain an opinion of Bond Counsel stating that such amendment or modification will not adversely affect the exclusion from gross income of the interest component of the Lease Payments.

SECTION 7.7. *Tax Covenants.*

- (a) Clean Renewable Energy Project. The City shall assure that all of the Available Project Proceeds will be used for a Qualified Purpose or Purposes in accordance with Section 54C(a)(1) of the Tax Code.
- (b) Qualified Issuer. The City shall maintain its status as a governmental body which constitutes a “Qualified Issuer” under and as required by Section 54C(a)(2) and as defined in Section 54C(d)(6) of the Tax Code.
- (c) Designation of Agreement as New Clean Renewable Energy Bond. The City hereby designates this Lease as a “new clean renewable energy bond” for purposes of Section 54C(a)(3) of the Tax Code. The City also hereby irrevocably elects to apply the provisions of Section 6431(f) of the Tax Code to this Lease and intends that this Lease be treated as specified tax credit bonds within the meaning of Section 6431(f)(2) of the Tax Code. It is the intent of the City that this Lease be eligible for direct payment from the United States Department of Treasury of an amount equal to 70% of the tax credit rate applicable to this Lease.
- (d) Three Year Expenditure of Proceeds on Project. The City reasonably expects to expend all of the Available Project Proceeds for a Qualified Purpose with respect to the Renewable Energy Projects within the Expenditure Period. To the extent that less than 100% of the Available Project Proceeds are expended for a Qualified Purpose by the end of the Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Tax Code) shall be redeemed within 90 days of the end of the Expenditure Period all in accordance with the requirements of Section 54A(d)(2)(B) of the Tax Code in the time and manner prescribed by the Tax Code.
- (e) Binding Commitment to Spend Available Project Proceeds. The City reasonably expects that, within six months of the date of execution and delivery of this Lease, it will enter into a binding commitment with a third party to spend at least 10% of the Available Project Proceeds for a Qualified Purpose with respect to the Project.
- (f) Financing Capital Expenditures, No Working Capital. All Available Project Proceeds of this Lease will be spent on capital expenditures with a reasonably expected economic life of one year or more.
- (g) Limitation on Issuance Costs. No proceeds of this Lease and investment earnings thereon, in an amount in excess of two percent (2%) of the proceeds of the sale of this Lease, will be used to pay costs of delivery of this Lease.

- (h) Allocation of New Clean Renewable Energy Bond Limitation. The City has received an allocation of a portion of the national new clean renewable energy bond limitation in the aggregate amount of \$2,124,216.
- (i) Arbitrage and Rebate Compliance. The City shall not take, or permit or suffer to be taken any action with respect to the proceeds of this Lease 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 this Lease would have caused this Lease to be "arbitrage bonds" within the meaning of Section 54A(d)(4) of the Tax Code, including the Treasury Regulations with respect thereto. The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to this Lease. For purposes of this paragraph, investments of Available Project Proceeds during the Expenditure Period are deemed to comply with the requirements and limitations of Section 148 of the Tax Code.
- (j) Limitation on Reserve Funds. No fund the proceeds of which are pledged to, or are reasonably expected to be used directly or indirectly to pay, principal or interest on this Lease or are reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay principal or interest on this Lease will be funded with respect to this Lease except as follows: (i) the fund is funded at a rate not more rapid than equal annual installments, (ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the issue, and (iii) the yield on the fund is not greater than the rate determined under 54A(d)(5)(B) of the Tax Code.
- (k) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in following sentence, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Lease or otherwise containing proceeds of this Lease shall be acquired, disposed of, and valued (as of the date that valuation is required by this Lease or the Tax Code) at b Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) and investments in a reserve fund shall be valued at their present value (within the meaning of section 148 of the Tax Code).
- (l) Prohibition on Financial Conflicts of Interest. The City hereby covenants and agrees to comply with all State and local law requirements governing conflicts of interest as such requirements may relate, directly or indirectly, to this Lease. The City hereby

covenants and agrees to comply with any conflict of interest rules prescribed by the IRS or United States Department of Treasury governing the appropriate Member of Congress, Federal, State, and local officials, and their spouses as such rules may apply to this Lease.

- (m) Davis-Bacon Act Requirements. The City hereby covenants and agrees to comply with the wage rate requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the proceeds of this Lease.
- (n) Filing of Forms To Receive Refundable Credit Payment. The City will, within the 45-day period beginning on the date that is 90 days before the next Lease Payment Date with respect to this Lease, file Form 8038-CP or any successor form designated by the federal government, requesting payment of the Refundable Credit Payment with respect to the next interest payment with respect to this Lease.
- (o) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the City covenants that all investments of amounts deposited in any fund or account created by or under this Lease, or otherwise containing gross proceeds of this Lease (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Lease or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at their present value (within the meaning of section 148 of the Tax Code).

For purposes of this subsection, the term “Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest

therein if the return paid by the fund is without regard to the source of the investment.

- (p) Maintenance of Qualification for Credit. The City shall take all actions necessary to assure that the Lease Payments remain eligible for the tax credit under Sections 54A(b) and 54C(b) of the Tax Code.
- (p) Election to Apply Section 6431(f) Permitting Direct Credit Payments. The City hereby irrevocably elects to apply the provisions of Section 6431(f) of the Tax Code to the Lease Payments and intends that the Lease Payments be treated as specified tax credit bonds within the meaning of Section 6431(f)(2) of the Tax Code. It is the intent of the City that the Lease Payments be eligible for direct payment from the United States Department of Treasury of an amount equal to 70% of the tax credit rate applicable to the Lease Payments.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Any one or more of the following events constitutes an Event of Default hereunder:

- (a) Payment Covenants. Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.
- (b) Other Covenants. Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority. However, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the Authority shall not unreasonably withhold its consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the City within such 30-day period and diligently pursued until the default is corrected.
- (c) Bankruptcy, etc. The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under

the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease; *provided, however,* that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; provided, that no termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise any one or more of the following remedies:

- (a) Enforcement of Payments Without Termination. If the Authority does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, if the Authority is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority.

The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place in the County of Sutter for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and

conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof.

The City agrees to surrender and quit possession of the Leased Property upon demand of the Authority for the purpose of enabling the Leased Property to be re-let under this subparagraph (a), and the City further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Property.

- (b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Authority terminates this Lease at its option and in the manner hereinafter provided due to a default by the City (and notwithstanding any re-entry upon the Leased Property by the Authority in any manner whatsoever or the re-leasing of the Leased Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Authority from such re-leasing shall be applied by the Authority to Lease Payments due under this Lease. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease. The City covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.
- (c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may

be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority 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 or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Lease defaults under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

SECTION 8.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Lease is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

SECTION 8.6. *Assignee to Exercise Rights.* The rights and remedies as are given to the Authority under this Article have been assigned by the Authority to Assignee under the Assignment Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised solely by Assignee as and to the extent set forth in the Assignment Agreement.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the City may on any date secure the payment of the Lease Payments in whole or in part by depositing with a fiduciary, in trust, an amount of cash which is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, when due under Section 4.4(a) or upon the prepayment thereof under Section 9.2, or (b) invested in whole in non-callable Federal Securities in an amount which is sufficient, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.4(a) or upon the prepayment thereof under Section 9.2, as the City instructs at the time of said deposit.

In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (a) the Term of this Lease shall continue, (b) all obligations of the City under this Lease, and all security provided by this Lease for said obligations, shall thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of the Lease Payments from such security deposit, and (c) under Section 4.6, title to the Leased Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. The City hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Authority. Said security deposit shall be deemed to be

and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

SECTION 9.2. *Optional Prepayment.* The City shall have the right, at its option, to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of \$1,000, on any date on or after November 1, 20__, by paying a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with a prepayment premium (expressed as a percentage of the principal amount to be prepaid) as set forth in the following table:

<u>Prepayment Period</u>	<u>Prepayment Premium</u>
March 1, 2023, through September 1, 2027	2.00%
March 1, 2028, through September 1, 2032	1.00
March 1, 2033, and thereafter	0.00

The City shall give the Authority written notice of its intention to exercise its option not less than 30 days in advance of the date of exercise.

SECTION 9.3. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain.* The City shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or condemnation award with respect to the Leased Property to be used for such purpose under Section 6.1. The City and the Authority hereby agree that such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the City’s obligations under this Section.

SECTION 9.4. *Extraordinary Prepayment from Unexpended Proceeds.* In the event and to the extent that the City fails to expend all of the proceeds of this Lease within the Expenditure Period, the Lease Payments shall be subject to extraordinary mandatory prepayment on any date which is not more than 90 days following the Expenditure Period, at a prepayment price equal to 100% of the unpaid principal components of the Lease Payments together with accrued interest thereon to the prepayment date, without premium. Such prepayment price shall derived from the amounts remaining on deposit in the Project Fund at the end of the Expenditure Period, which shall be applied to the extraordinary prepayment of the Lease Payments under Section 3.2.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon receipt of successful facsimile transmission, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the Assignee and the City may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

*If to the City
or the Authority*

City of Yuba City
1201 Civic Center Boulevard
Yuba City, California 95993
Attention: Finance Director

If to the Assignee:

SECTION 10.2. *Binding Effect.* This Lease inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns.

SECTION 10.3. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 10.4. *Net-net-net Lease.* This Lease is a “net-net-net lease” and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.5. *Further Assurances and Corrective Instruments.* The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 10.6. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

SECTION 10.7. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

SECTION 10.8. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

SECTION 10.9. *Third Party Beneficiary.* The Assignee is made a party beneficiary hereunder with all rights of a third party beneficiary.

IN WITNESS WHEREOF, the Authority and the City have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CITY OF YUBA CITY, as Lessor and Sublessee

By _____
City Manager

Attest:

City Clerk

YUBA CITY PUBLIC FINANCING AUTHORITY, as Lessee and Sublessor

By _____
Executive Director

ATTEST:

By _____
Secretary

APPENDIX A
DESCRIPTION OF THE ENERGY PROJECTS

APPENDIX B

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the following described land located in the County of Sutter, State of California, together with all buildings, facilities and other improvements which constitute real property and which are located thereon:

APPENDIX C

SCHEDULE OF LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component*</u>	<u>Aggregate Lease Payment</u>
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Totals

* Interest is calculated at the rate of _____% per annum as provided in this Lease.

ATTACHMENT D

TO BE RECORDED AND WHEN RECORDED

RETURN TO:

Jones Hall, A Professional Law Authority
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Charles F. Adams, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT (this "Agreement"), dated November __, 2017, is between the YUBA CITY PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and _____, a _____ duly organized and existing under the laws of _____ (the "Assignee").

BACKGROUND:

1. The City of Yuba City (the "City") has received an allocation from the Internal Revenue Service to finance an energy efficiency project consisting generally of the acquisition and installation of a solar photovoltaic energy system and an energy storage system at the Police Department (the "Energy Projects"), through the issuance of new clean renewable energy bonds under Section 54C of the Internal Revenue Code of 1986, as amended, in the aggregate principal amount of not to exceed \$1,652,857.

2. In order to provide funds to finance the Energy Projects, the City has proposed to enter into a Lease Agreement with the Authority, dated the date hereof (the "Lease"), whereby the City leases and leases back the real property which is more particularly described in Appendix B attached hereto and by this reference incorporated herein (the "Leased Property") under this Lease in consideration of the agreement by the Authority to provide funds necessary for that purpose and in consideration of the agreement by the City to pay semiannual lease payments (the "Lease Payments").

3. In order to raise the funds needed to finance the Energy Projects pursuant to the Lease, the Authority proposes to assign certain of its rights under the Lease, including the right to receive and enforce payment of the Lease Payments, to the Assignee pursuant to this Agreement.

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

SECTION 1. *Defined Terms.* All capitalized terms not otherwise defined herein have the respective meanings given those terms in the Lease.

SECTION 2. *Assignment.* The Authority hereby assigns to the Assignee all of the Authority's rights under the Lease (excepting only the Authority's rights under Sections 5.12, 7.3 and 8.4 of the Lease), including but not limited to:

- (a) the right to receive and collect all of the Lease Payments from the City under the Lease,
- (b) the right to receive and collect any proceeds of any insurance maintained thereunder with respect to the Leased Property, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property, and
- (c) the right to exercise such rights and remedies conferred on the Authority under the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments and any amounts required to be applied to the prepayment of the Lease Payments, or (ii) otherwise to protect the interests of the Assignee in the event of a default by the City under the Lease.

The assignment made under this Section 2 is absolute and irrevocable, and without recourse to the Authority.

SECTION 3. *Acceptance.* The Assignee hereby accepts the assignments made herein for the purpose of securing the payments due under the Lease to, and the rights under the Lease of, the Authority.

SECTION 4. *Consideration; Deposit of Funds.* In consideration of the assignment to the Assignee of the Lease Payments and certain other rights of the Authority under Section 2, the Assignee hereby agrees to deposit the amount of \$_____ with the City on the Closing Date. Amounts so deposited with the City shall be deposited and into the Project Fund which is established under the Lease, to be applied to finance the Energy Projects and pay related financing costs.

SECTION 5. *Representations and Warranties.* Each party represents and warrants to the other party hereto that:

- (a) Due Authorization. This Agreement has been duly authorized, executed and delivered by such party and constitutes the legal, valid and binding agreement of such party enforceable against such party in accordance with its terms.
- (b) No Conflict. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and the

fulfillment of or compliance with the terms and conditions 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 such party 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 such party, 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 financial condition, assets, properties or operations of such party.

- (c) Title. Good and marketable title to the rights assigned hereunder has been duly vested in the Assignee free and clear of any liens, security interests, encumbrances or other claims other than the rights of the City under the Lease, and the Authority has not assigned or transferred any of the rights assigned hereunder or any interest in the rights assigned hereunder to any party other than the Assignee.

SECTION 6. *Covenants*.

(a) Non-impairment of Lease. The Authority agrees that it (i) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment of the Lease, and (ii) shall not take any action that may impair the payment of Lease Payments or the validity or enforceability of the Lease.

(b) Lease Payments. If the Authority receives any Lease Payments, then the Authority shall receive such payments in trust for the Assignee and shall immediately deliver the same to the Assignee in the form received, duly endorsed by the Authority for deposit by the Assignee.

(c) Further Assurances. The Authority shall execute and deliver to the Assignee such notices of assignment, UCC financing statements, assignments of financing statements and other documents, in form and substance reasonably satisfactory to the Assignee, and the Authority shall take such other actions, as the Assignee may reasonably request from time to time to evidence, perfect, maintain, and enforce the Assignee's rights in the rights assigned hereunder and under the Assignment Agreement and/or to enforce or exercise the Assignee's rights or remedies under the Lease. The Assignee may, where permitted by law, file such UCC financing statements without the Authority's signature.

SECTION 7. *Binding Effect; Execution in Counterparts*. This Agreement inures to the benefit of and binds the Authority and the Assignee, and their respective successors and assigns, subject, however, to the limitations contained herein. This Agreement may be executed in any number of counterparts, each of which is an original and all together constitute one and the same agreement. Separate counterparts of this Agreement may

be separately executed by the Assignee and the Authority, both with the same force and effect as though the same counterpart had been executed by the Assignee and the Authority.

SECTION 8. *Governing Law.* This Agreement is governed by the laws of the State of California.

**YUBA CITY PUBLIC FINANCING
AUTHORITY**

By _____
President

ACCEPTANCE OF ASSIGNMENT:

_____, as Assignee

By _____
Authorized Officer

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the following described land located in the County of Sutter, State of California, together with all buildings, facilities and other improvements which constitute real property and which are located thereon:

ATTACHMENT E

Yuba City PD Solar Energy Project									
Project Cash Flow Analysis									
Project Cost									\$1,620,448
Grant/Cash Contribution from City									\$104,000
Estimated Financing Costs									\$88,000
Capitalized Interest									\$0
Amount to be Financed (CREB)									\$1,604,448
Finance Term									24
Estimated Annual Interest Rate (Pre-CREB Subsidy)									5.59%
Annual Escalation of Electricity Cost									4.50%
Annual Escalation of O&M Cost									3.00%
Annual Degradation of Solar Panels									0.50%
Year	Electricity Savings	Incentives	Total Program Savings	Lease Payments	Inverter Replacement Cost	Measurement & Verification Cost	Solar & Battery Maintenance Cost	Total Program Costs	Net Savings
Year 1	\$79,774	\$24,000	\$103,774	\$39,169	\$0	\$8,801	\$10,410	\$58,380	\$45,394
Year 2	\$83,059	\$8,000	\$91,059	\$72,181	\$0	\$9,065	\$10,722	\$91,968	-\$909
Year 3	\$86,480	\$8,000	\$94,480	\$67,334	\$0	\$9,337	\$11,044	\$87,715	\$6,765
Year 4	\$90,042	\$8,000	\$98,042	\$70,009	\$0	\$9,617	\$11,375	\$91,002	\$7,040
Year 5	\$93,751	\$0	\$93,751	\$69,098	\$0	\$9,906	\$11,716	\$90,720	\$3,031
Year 6	\$97,614	\$0	\$97,614	\$73,033	\$0	\$0	\$12,068	\$85,101	\$12,513
Year 7	\$101,636	\$0	\$101,636	\$80,943	\$0	\$0	\$12,430	\$93,372	\$8,263
Year 8	\$105,824	\$0	\$105,824	\$84,405	\$0	\$0	\$12,803	\$97,208	\$8,617
Year 9	\$110,186	\$0	\$110,186	\$88,015	\$0	\$0	\$13,187	\$101,202	\$8,984
Year 10	\$114,728	\$0	\$114,728	\$91,778	\$0	\$0	\$13,582	\$105,360	\$9,368
Year 11	\$119,457	\$0	\$119,457	\$95,700	\$0	\$0	\$13,990	\$109,690	\$9,768
Year 12	\$124,383	\$0	\$124,383	\$99,789	\$0	\$0	\$14,410	\$114,199	\$10,184
Year 13	\$129,512	\$0	\$129,512	\$104,051	\$0	\$0	\$14,842	\$118,893	\$10,619
Year 14	\$134,853	\$0	\$134,853	\$108,495	\$0	\$0	\$15,287	\$123,782	\$11,072
Year 15	\$140,416	\$0	\$140,416	\$113,127	\$0	\$0	\$15,746	\$128,873	\$11,543
Year 16	\$146,208	\$0	\$146,208	\$117,955	\$0	\$0	\$16,218	\$134,173	\$12,035
Year 17	\$152,240	\$0	\$152,240	\$122,988	\$0	\$0	\$16,705	\$139,692	\$12,548
Year 18	\$158,522	\$0	\$158,522	\$128,234	\$0	\$0	\$17,206	\$145,440	\$13,082
Year 19	\$165,064	\$0	\$165,064	\$133,703	\$0	\$0	\$17,722	\$151,425	\$13,639
Year 20	\$171,877	\$0	\$171,877	\$139,404	\$0	\$0	\$18,254	\$157,657	\$14,219
Year 21	\$127,269	\$0	\$127,269	\$99,510	\$47,253	\$0	\$18,801	\$165,564	-\$38,295
Year 22	\$132,332	\$0	\$132,332	\$80,679	\$0	\$0	\$19,365	\$100,044	\$32,287
Year 23	\$137,595	\$0	\$137,595	\$106,818	\$0	\$0	\$19,946	\$126,764	\$10,831
Year 24	\$143,068	\$0	\$143,068	\$111,244	\$0	\$0	\$20,545	\$131,789	\$11,279
Year 25	\$148,758	\$0	\$148,758	\$0	\$0	\$0	\$21,161	\$21,161	\$127,597
Year 26	\$154,675	\$0	\$154,675	\$0	\$0	\$0	\$21,796	\$21,796	\$132,879
Year 27	\$160,827	\$0	\$160,827	\$0	\$0	\$0	\$22,450	\$22,450	\$138,378
Year 28	\$167,224	\$0	\$167,224	\$0	\$0	\$0	\$23,123	\$23,123	\$144,101
Year 29	\$173,876	\$0	\$173,876	\$0	\$0	\$0	\$23,817	\$23,817	\$150,059
Year 30	\$180,792	\$0	\$180,792	\$0	\$0	\$0	\$24,531	\$24,531	\$156,260
Totals	\$3,932,042	\$48,000	\$3,980,042	\$2,297,660	\$47,253	\$46,726	\$495,250	\$2,886,889	\$1,093,153