

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Michael More *mm* Agenda Item No. I-10Reviewed By: City Manager *JLP* City Attorney *MA* Finance *FC* Other (Specify) _____**DATE:** July 19, 2012**TO:** City Council
City of Oxnard Financing Authority**FROM:** James Cameron, Chief Financial Officer *James Cameron*
Finance Department**SUBJECT:** Refunding of Certificates of Participation, Series 1999**RECOMMENDATION**

That City Council adopt a resolution approving the forms of and authorizing the execution and delivery of a site lease and a lease/purchase agreement, and authorizing certain additional actions.

That the City of Oxnard Financing Authority adopt a resolution approving the form of and authorizing the execution and delivery of a site lease, a lease/purchase agreement and an assignment agreement, and authorizing certain additional actions.

DISCUSSION

On January 11, 1999, the City issued its \$8,980,000 in Certificates of Participation, Series 1999 ("the 1999 COPs"). The 1999 COPs were issued to finance various projects, including street rehabilitation, upgrades to parks restrooms and play structures, facilities rehabilitation, and acquisition of a ladder truck. The 1999 COPs were issued for a 30-year term at an all-in interest rate of 5.04%, and are callable at 100% of par after June 1, 2011.

Due to the current interest rate environment, the 1999 COPs can be refinanced at savings to the General Fund, with a lease purchase ("2012 Lease Purchase"). In conjunction with its financial advisor, First Southwest Company, staff has analyzed refinancing alternatives of: (a) issuance of refunding lease revenue bonds, or (b) private placement to a single institution. Staff is recommending a private placement to Capital One Bank, N.A. ("Capital One") at the all-in rate of 3.54% as the most cost-effective alternative. Under this scenario, the 1999 COPs would be refinanced at an estimated net present value (NPV) saving of \$565,000, or 9.24% of refunded par. The final maturity of the 2012 Lease Purchase will remain consistent with the 1999 COPs, which is June 1, 2028. Capital One has prepared the attached documents, which have been reviewed by City staff, its financial advisor, and bond counsel.

Under the 1999 COPs, the leased assets consisted of the South Oxnard Center, Del Sol Soccer Stadium,

and the City Yard. For the 2012 Lease Purchase, the Civic Center at 305 W. Third Street will be substituted as the leased asset in order to make the credit more attractive to the investor.

The attached resolutions accomplish the following:

- Approve the form of the Site Lease (Attachment No. 3), the Lease/Purchase Agreement (Attachment No. 4), the Assignment Agreement (Attachment No. 5), and the Placement Agreement (Attachment No. 6).
- For the Financing Authority, authorizes the Chairman, the Vice Chairman, the Controller, and the Secretary to execute and deliver all of the above documents, and such other documents and certifications that may be necessary to consummate the transaction
- For the City, authorizes the Mayor, the Mayor Pro Tem, the City Clerk, and the Interim City Manager to execute and deliver all of the above documents, and such other documents and certifications that may be necessary to consummate the transaction

FINANCIAL IMPACT

The approval of the attached documents will result in the refinancing of the 1999 COPs at an estimated net present value savings to the General Fund of \$565,000. For FY 12-13, debt service savings will be approximately \$65,000. Each full year thereafter through maturity in 2028, the 2012 Lease Purchase will reduce debt service cost by approximately \$80,000 annually.

MJM

- Attachment #1 - City Resolution
#2 - COFA Resolution
#3 - Site Lease
#4 - Lease Purchase Agreement
#5 - Assignment Agreement
#6 - Placement Agreement

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF OXNARD
APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND
DELIVERY OF A SITE LEASE, A LEASE/PURCHASE AGREEMENT,
AND A PLACEMENT AGENT AGREEMENT,
AND AUTHORIZING CERTAIN ADDITIONAL ACTIONS**

WHEREAS, the City of Oxnard (the "City"), a municipal corporation and general law city duly organized and existing under and pursuant to the Constitution and laws of the State of California, is authorized to purchase, lease, control, dispose of, and convey real property for the benefit of the City;

WHEREAS, the City wishes to refinance the acquisition and construction of certain public capital improvements by refunding the City's Certificates of Participation, Series 1999 (the "Prior Certificates");

WHEREAS, pursuant to the request of the City, the City of Oxnard Financing Authority (the "Authority") will assist the City in the refinancing;

WHEREAS, such refinancing will be accomplished by (i) the City's leasing property (the "Leased Property") to the Authority pursuant to a site lease (the "Site Lease") in exchange for an advance rental, (ii) the Authority's leasing the Leased Property back to the City pursuant to a leaseback agreement (the "Lease/Purchase Agreement"), under which the City will be obligated to make Rental Payments (as such term is defined in the Lease/Purchase Agreement) to the Authority; (iii) the Authority's assignment without recourse of all rights to receive such Rental Payments to Capital One Public Funding, LLC, in exchange for the amount of the advance rental payable by the Authority under the Site Lease; and (iv) the deposit of a portion of the advance rental into the Certificate Payment Fund established under the trust agreement relating to the Prior Certificates, for the purpose of refunding the Prior Certificates;

WHEREAS, the District desires to engage RBC Capital Markets, LLC as the exclusive placement agent for the Lease/Purchase Agreement pursuant to a placement agent agreement (the "Placement Agent Agreement");

WHEREAS, the City Council finds that the authorization, approval, execution, and delivery of the agreements described above or contemplated thereby or incidental thereto are desirable and in the best interests of the City;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

Section 1. Recitals. This City Council finds and determines that all of the above recitals are true and correct.

Section 2. Authorization of Officers to Execute and Deliver Documents. The City Council hereby approves the Site Lease, the Lease/Purchase Agreement and the Placement Agent Agreement in substantially the forms on file with the City Clerk and authorizes and directs the Mayor, the Mayor Pro Tem, the City Clerk, and the interim City Manager (the "Designated Officers"), and each of them individually, for and in the name of and on behalf of the City, to execute and deliver the Site Lease, the Lease/Purchase Agreement and the Placement Agent Agreement in such forms with such changes, insertions, revisions, corrections, or amendments as shall be approved by the Designated Officer or Officers executing them and the City Attorney; provided that the total principal components of the City's rental payments shall not exceed \$6,120,000 and that the rate at which the interest components of the rental payment are calculated shall not exceed 3.54% per annum. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the City Council's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of such agreements.

Section 3. General Authorization. The Designated Officers and other officers of the City Council and the City, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this resolution. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

Section 4. Effective Date. This resolution shall take effect immediately upon its adoption.

[Remainder of this page intentionally left blank]

APPROVED AND ADOPTED this 31st day of July 2012, by the following vote:

AYES:

NOES:

ABSENT:

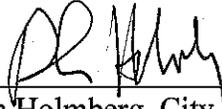
ABSTAIN:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

By: 
Alan Holmberg, City Attorney

APPROVED AS TO CONTENT:

By: 
James Cameron, Chief Financial Officer

RESOLUTION NO. _____

**RESOLUTION OF THE GOVERNING BOARD OF THE CITY OF OXNARD
FINANCING AUTHORITY APPROVING THE FORMS OF AND AUTHORIZING THE
EXECUTION AND DELIVERY OF A SITE LEASE, A LEASE/PURCHASE
AGREEMENT AND AN ASSIGNMENT AGREEMENT, AND AUTHORIZING
CERTAIN ADDITIONAL ACTIONS**

WHEREAS, the City of Oxnard Financing Authority (the "Authority"), a joint exercise of powers entity organized and existing under the laws of the State of California, is authorized under its joint exercise of powers agreement to assist in refinancing facilities for the City of Oxnard (the "City");

WHEREAS, the City intends to enter into a lease financing in order to refinance the acquisition and construction of certain public capital improvements by refunding the City's outstanding Certificates of Participation, Series 1999 (the "Prior Certificates");

WHEREAS, the City has requested the Authority to assist the City in the refinancing;

WHEREAS, such refinancing will be accomplished by (i) the City's leasing property (the "Leased Property") to the Authority pursuant to a site lease (the "Site Lease") in exchange for an advance rental, (ii) the Authority's leasing the Leased Property back to the City pursuant to a leaseback agreement (the "Lease/Purchase Agreement"), under which the City will be obligated to make Rental Payments (as such term is defined in the Lease/Purchase Agreement) to the Authority; (iii) the Authority's assignment without recourse of all rights to receive such Rental Payments to Capital One Public Funding, LLC, in exchange for the amount of the advance rental payable by the Authority under the Site Lease, pursuant to an assignment agreement (the "Assignment Agreement"); and (iv) the deposit of a portion of the advance rental into the Certificate Payment Fund established under the trust agreement relating to the Prior Certificates, for the purpose of refunding the Prior Certificates;

WHEREAS, the Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement, which are incorporated herein by reference, have been presented to the governing board of the Authority (the "Board") for its review and approval;

WHEREAS, the Board finds that the authorization, approval, execution, and delivery of the Site Lease, the Lease/Purchase Agreement, the Assignment Agreement, and other documents contemplated thereby or incidental thereto are desirable and in the best interests of the Authority;

NOW, THEREFORE, THE GOVERNING BOARD OF THE CITY OF OXNARD FINANCING AUTHORITY DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

Section 1. Recitals. This Board finds and determines that all of the above recitals are true and correct.

Section 2. Authorization of Officers to Execute and Deliver Documents. The Board hereby approves the forms of the Site Lease, the Lease/Purchase Agreement, and the Assignment

Agreement on file with the Secretary of the Authority. The Board hereby authorizes and directs the Chairman, the Vice Chairman, the Controller, and the Secretary of the Authority (the "Designated Officers"), and each of them individually, for and in the name of and on behalf of the Authority, to execute and deliver the Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement in such forms, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the Designated Officer or Officers executing the documents for the Authority. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the Board's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of such agreements.

Section 3. General Authorization. The Designated Officers and other officers of the Authority, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the delivery of the Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement and to effect the purposes of this resolution. All actions heretofore taken by officers, employees, and agents of this Authority that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

Section 4. Effective Date. This resolution shall take effect immediately upon adoption.

APPROVED AND ADOPTED this 31st day of July 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

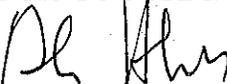
ABSENT:

Dr. Thomas E. Holden, Chairman

ATTEST:

Daniel Martinez, Secretary

APPROVED AS TO FORM:

By: 
Alan Holmberg, General Counsel

APPROVED AS TO CONTENT:

By: 
James Cameron, Controller

RECORDING REQUESTED BY:

Kronick, Moskovitz, Tiedemann & Girard
for the benefit of the City of Oxnard

WHEN RECORDED RETURN TO:

Kronick, Moskovitz, Tiedemann & Girard
A Professional Corporation
400 Capitol Mall, 27th Floor
Sacramento, California 95814
Attention: Deborah Fields, Bond Paralegal

SITE LEASE

between the

CITY OF OXNARD

and the

CITY OF OXNARD FINANCING AUTHORITY

Dated August 1, 2012

Refunding of Certificates of Participation, Series 1999

This document is recorded for the benefit of the City of Oxnard and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to Section 11928 of the California Revenue and Taxation Code.

SITE LEASE

This Site Lease, dated August 1, 2012 (this "Site Lease"), between the City of Oxnard, a municipal corporation and general law city duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "City"), as lessor, and the City of Oxnard Financing Authority, a joint exercise of powers entity duly organized and validly existing under and by virtue of the laws of the State of California (the "Authority"), as lessee;

WITNESSETH:

WHEREAS, pursuant to the request of the City, the Authority intends to assist the City in refinancing the acquisition and construction of certain public capital improvements by refunding the City's outstanding "Certificates of Participation, Series 1999" that mature in the years 2013 through 2028 (the "Prior Certificates");

WHEREAS, such financing will be accomplished by (i) the Authority's entering into this Site Lease with the City and then subleasing the property leased hereunder to the City pursuant to the Lease/Purchase Agreement dated August 1, 2012 (the "Lease/Purchase Agreement"), recorded concurrently herewith, under which the City will be obligated to make Rental Payments (as such term is defined in the Lease/Purchase Agreement) to the Authority; (ii) the Authority's assignment without recourse of all rights to receive such Rental Payments to Capital One Public Funding, LLC, pursuant to the Assignment Agreement dated August 1, 2012, recorded concurrently herewith, in exchange for the amount of the advance rental payable hereunder, and (iii) the application of the amount payable as advance rental hereunder and certain other funds to the prepayment of the Prior Certificates and the payment of transaction costs;

NOW THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

Section 1. Leased Property. The City hereby leases to the Authority, and the Authority hereby hires from the City, on the terms and conditions hereinafter set forth, the real property located in the County of Ventura, State of California, described in *Exhibit A* attached hereto and made a part hereof and the improvements located thereon (the "Leased Property").

Section 2. Term. The term of this Site Lease shall commence on the Funding Date, as that term is defined in the Lease/Purchase Agreement, and shall end on June 1, 2028, unless such term is extended or sooner terminated as hereinafter provided. If the term of the Lease/Purchase Agreement is extended, the term of this Site Lease shall be extended commensurately. If the City has paid and performed in full all of its obligations under the Lease/Purchase Agreement, the term of this Site Lease shall end.

Section 3. Rental. As and for advance rental hereunder for the entire term hereof, the Authority shall transfer to or for the account of the City the sum of five million six hundred nineteen thousand seventy-six dollars and fifteen cents (\$5,619,076.15), on or before the date of commencement of the term of this Site Lease. The Authority hereby waives any right that it may have under the laws of the State of California to a rebate of such rental in full or in part in the event there is substantial interference with the use and right to possession by the Authority of the Leased Property or portion thereof as a result of material damage, destruction, or condemnation.

Section 4. Application of Rental. The funds representing the advance rental hereunder shall be deposited and/or applied as follows:

(a) the amount of \$5,574,075.62 shall be deposited into the Certificate Payment Fund established under the Trust Agreement dated as of December 1, 1998 (the "Trust Agreement"), between the Authority, the City and Wells Fargo Bank, successor to BNY Western Trust Company as trustee thereunder, and applied to the prepayment of the Prior Certificates; and

(b) the amount of \$45,000.53 shall be used to pay transaction costs.

Section 5. Purpose. The Authority shall use the Leased Property solely for the purpose of leasing the Leased Property to the City pursuant to the Lease/Purchase Agreement and for such purposes as may be incidental thereto; provided that in the event of default by the City under the Lease/Purchase Agreement the Authority may exercise the remedies provided in the Lease/Purchase Agreement.

Section 6. Owner in Fee. The City covenants that it is the owner in fee of the Leased Property described on *Exhibit A*.

Section 7. Assignment and Subleases. The Authority may not assign its rights under this Site Lease, except pursuant to the Lease/Purchase Agreement, or sublet the Leased Property, without the written consent of the City for so long as the term of this Site Lease.

Section 8. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements, or changes necessary for the preservation thereof.

Section 9. Surrender of Possession. The Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property to the City, without warranty as to condition.

Section 10. Default. If the Authority defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease/Purchase Agreement shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Site Lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or sublease of all or any part of the Leased Property then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Lease/Purchase Agreement). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this Site Lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment.

Section 11. Quiet Enjoyment. The Authority at all times during the term of this Site Lease, subject to the provisions of Section 10 hereof, shall peaceably and quietly have, hold and enjoy all of the Leased Property.

Section 12. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Authority shall be solely liabilities of the Authority as a public agency, and the City hereby releases each and every member of the governing board and officer of the Authority of and from any personal or individual liability under this Site Lease unless such person acted outside of the scope of his or her duties. No member of the governing board or officer of the Authority shall at any time or under any circumstances be individually or personally liable under this Site Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

Section 13. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property (including both land and improvements).

Section 14. Eminent Domain. In the event the whole or any part of the improvements on the Leased Property is taken by eminent domain proceedings the effect of such taking hereunder shall be in accord with the provisions of the Lease/Purchase Agreement relating thereto.

Section 15. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provision, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 16. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City as follows:

City: City of Oxnard
305 W. Third Street
Oxnard, California 93030
Attention: Chief Financial Officer

or, if to the Authority, addressed to the Authority as follows:

Authority: City of Oxnard Financing Authority
c/o City of Oxnard
305 W. Third Street
Oxnard, California 93030
Attention: Controller

or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 17. Section Headings. All section headings contained herein are for convenience or reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 18. Execution in Counterparts. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this Site Lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.

Section 19. Governing Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California.

[Remainder of page intentionally left blank]

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

CITY OF OXNARD,
as Lessor

By: _____
Dr. Thomas E. Holden, Mayor

ATTEST:

By: _____
Daniel Martinez, City Clerk

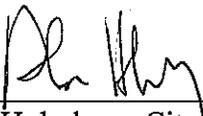
CITY OF OXNARD FINANCING AUTHORITY, as Lessee

By: _____
Dr. Thomas E. Holden, Chairman

ATTEST:

By: _____
Daniel Martinez, Secretary

APPROVED AS TO FORM:

By:  _____
Alan Holmberg, City Attorney and Authority General Counsel

APPROVED AS TO CONTENT:

By: _____
Karen Burnham, Interim City Manager

By: _____
James Cameron, City Chief Financial Officer and Authority Controller

[INSERT CALIFORNIA NOTARY FORMS]

EXHIBIT A

LEGAL DESCRIPTION OF LEASED PROPERTY

Real property in the City of Oxnard, County of Ventura, State of California, described as follows:

A portion of Blocks 8 and 9 of Map No. 4 of the Town of Oxnard and North Addition to the Town of Oxnard, per map thereof recorded in Book 5, Page 9 in the office of the County Recorder of Ventura County, California, and a portion of "B" Street, vacated by resolution recorded August 18, 1965 in Book 2846, Pages 367 through 369, inclusive, of Official Records in the office of said County Recorder, more particularly described as follows:

COMMENCING at the southwest corner of Lot 8 of said Block 8; thence north along the west line of said Lot 8, 12 feet to the **TRUE POINT OF BEGINNING**; thence

- 1) North, 48 feet; thence
- 2) East, 156 feet; thence
- 3) North, 78 feet; thence
- 4) East, 50 feet; thence
- 5) South, 78 feet; thence
- 6) East, 162 feet; thence
- 7) South, 48 feet; thence
- 8) West, 368 feet to the **TRUE POINT OF BEGINNING**.

Said property is commonly known as 305 West Third Street, Oxnard, California.

REQUESTED BY:

Kronick, Moskovitz, Tiedemann & Girard
for the benefit of the City of Oxnard

WHEN RECORDED RETURN TO:

Kronick, Moskovitz, Tiedemann & Girard,
A Professional Corporation
400 Capitol Mall, 27th Floor
Sacramento, CA 95814-4417
Attn: Deborah Fields

LEASE/PURCHASE AGREEMENT

between

CITY OF OXNARD FINANCING AUTHORITY

and the

CITY OF OXNARD

Dated August 1, 2012

The term of this lease is less than 35 years.

This document is recorded for the benefit of the City of Oxnard and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from California documentary transfer tax pursuant to Section 11922 of the California Revenue and Taxation Code.

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LEASE/PURCHASE AGREEMENT

This Lease/Purchase Agreement dated August 1, 2012 (this "Lease/Purchase Agreement"), and entered into between the City of Oxnard Financing Authority (the "Authority"), a joint exercise of powers authority duly organized and existing under the laws of the State of California, as lessor, and the City of Oxnard (the "City"), a municipal corporation and general law city duly organized and validly existing under and by virtue of the laws of the State of California, as lessee.

WITNESSETH:

WHEREAS, the Government Code of the State of California authorizes the City to provide for the refinancing of facilities for the use of the City;

WHEREAS, the City intends to refinance the construction of certain public capital improvements that were originally financed by the City's Certificates of Participation, Series 1999 (the "Certificates") by refunding the outstanding Certificates (the "Prior Certificates");

WHEREAS, such refinancing will be accomplished by (i) the Authority's entering into the Site Lease dated August 1, 2012 (the "Site Lease"), with the City, (ii) the Authority's leasing back to the City the property leased under the Site Lease pursuant to this Lease/Purchase Agreement, under which the City will be obligated to make Rental Payments (as such term is defined herein) to the Authority; (iii) the Authority's assignment without recourse of all rights to receive such Rental Payments to Capital One Public Funding, LLC (the "Lender"); and (iv) the application of the amount payable as advance rental under the Site Lease to the prepayment of the Prior Certificates and to the payment of transaction costs;

WHEREAS, the City is authorized to enter into this Lease/Purchase Agreement for the purposes and subject to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE 1

DEFINITIONS; OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. For all purposes of this Lease/Purchase Agreement and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires:

(A) The terms defined in this Section shall have the meanings herein specified and include the plural as well as the singular.

(B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(C) All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of applicability thereof.

(D) All references herein to "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Lease/Purchase Agreement as originally executed.

(E) The words "herein," "hereof," "hereby," "hereunder," and other words of similar import refer to this Lease/Purchase Agreement as a whole and not to any particular Article, Section, or other subdivision.

(F) Words of any gender shall mean and include words of all other genders.

Applicable Environmental Laws means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 et seq.; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (1) the existence, cleanup, and/or remedy of contamination on property;
- (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (3) the control of hazardous wastes; or
- (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

Assignment Agreement means the assignment agreement dated August 1, 2012, between the Authority and the Lender pursuant to which the Authority assigns certain of its rights under the Site Lease and the Lease/Purchase Agreement to the Lender.

Authority means the City of Oxnard Financing Authority, or its successors or assigns, as lessee under the Site Lease and as lessor hereunder.

Business Day means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed.

City means the City of Oxnard.

Code means the Internal Revenue Code of 1986 and the regulations applicable to or issued thereunder.

Effective Interest Rate means the rate of interest per annum specified on Exhibit B.

Event of Default means any of the events specified in Section 7.1 (Events of Default).

Fiscal Year means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City.

Funding Date means the date payment is made by the Authority to or for the account of the City under the Site Lease.

Hazardous Substance means any substance that shall, at any time, be listed as "hazardous" or "toxic" in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Leased Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.).

Insurance Consultant means any independent person having experience in consulting on the insurance requirements of governmental entities of the general size and character of the City, selected by the City.

Leased Property means the real property described in Exhibit A attached to this Lease/Purchase Agreement together with all present and future improvements located thereon and furniture installed or located therein.

Lease/Purchase Agreement means this Lease/Purchase Agreement by and between the Authority and the City, dated August 1, 2012, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof.

Lender means Capital One Public Funding, LLC, or its successors or assigns as assignee of the Authority under the Assignment Agreement.

Net Proceeds means the amount remaining from the gross proceeds of any insurance claim or condemnation award made in connection with the Leased Property, after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Payment Date means June 1 and December 1 in each year, commencing December 1, 2012.

Person means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Rental Payments means the Rental Payments payable by the City pursuant to the provisions of this Lease/Purchase Agreement.

Site Lease means the Site Lease by and between the City and the Authority, dated August 1, 2012, as originally executed and as it may from time to time be supplemented, modified, or amended.

Statement, Certificate, Request, Requisition, and Order of the City mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the City by the City Manager or the Chief Financial Officer of the City, their designees, or any other person authorized by the City to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Tax Certificate means the tax certificate delivered by the City at the time of the execution and delivery of this Lease/Purchase Agreement, as the same may be further amended or supplemented in accordance with its terms.

Section 1.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to:

City: City of Oxnard
305 W. Third Street
Oxnard, CA 93030
Attention: Chief Financial Officer

Authority: City of Oxnard Financing Authority
c/o City of Oxnard
305 W. Third Street
Oxnard, CA 93030
Attention: Controller

Lender: Capital One Public Funding, LLC
275 Broadhollow Road
Melville, NY 11747
Attention: Jonathan A. Lewis, Senior Vice President

The City, the Authority, and the Lender may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

Section 1.3. Successors and Assigns. Whenever in this Lease/Purchase Agreement either the City, the Authority, or the Lender is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Lease/Purchase Agreement contained by, on behalf of, or for the benefit of the City, the

Authority, or the Lender shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.4. Benefits of Agreement. Nothing in this Lease/Purchase Agreement expressed or implied is intended or shall be construed to give to any person other than the City and the Authority any legal or equitable right, remedy, or claim under or in respect of this Lease/Purchase Agreement or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Authority, and the Lender as the Authority's assignee.

Section 1.5. Amendments. This Lease/Purchase Agreement may be altered, amended, or modified in writing as may be mutually agreed by the Authority and the City, subject to the prior written approval of the Lender.

Section 1.6. Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Lease/Purchase Agreement.

Section 1.7. Validity and Severability. If any one or more of the provisions contained in this Lease/Purchase Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Lease/Purchase Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Lease/Purchase Agreement; and this Lease/Purchase Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City and the Authority hereby declare that they would have adopted this Lease/Purchase Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Lease/Purchase Agreement may be held illegal, invalid, or unenforceable.

If for any reason it is held that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Lease/Purchase Agreement is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy, and use the Leased Property, and all of the rental and other terms, provisions, and conditions of this Lease/Purchase Agreement, except to the extent that such terms, provisions, and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 1.8. Governing Law. This Lease/Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 1.9. Execution in Counterparts. This Lease/Purchase Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE 2
REPRESENTATIONS OF AUTHORITY AND CITY

Section 2.1. Representations of Authority. The Authority represents and covenants for the benefit of the City and its assignees as follows:

(A) Valid Existence. The Authority has been duly organized and is validly existing as a joint exercise of powers authority under the laws of the State of California.

(B) Power to Enter into Agreements. The Authority is authorized under the terms of its joint exercise of powers agreement to enter into the Site Lease, this Lease/Purchase Agreement, and the Assignment Agreement and perform all of its obligations thereunder and hereunder.

(C) Due Authorization. The Site Lease, this Lease/Purchase Agreement, and the Assignment Agreement have been duly authorized by all necessary action on the part of the Authority.

(D) Enforceability of Agreements. The Authority represents, covenants, and warrants that the Site Lease, this Lease/Purchase Agreement, and the Assignment Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and by the application of equitable principles.

Section 2.2. Representations of City. The City hereby represents to the Authority as follows:

(A) Valid Existence. The City has been duly organized and is validly existing as a municipal corporation under the laws of the State of California.

(B) Power to Enter into Agreements. The City is authorized under the California Government Code to enter into the Site Lease and this Lease/Purchase Agreement and perform all of its obligations thereunder and hereunder.

(C) Due Authorization. The Site Lease and this Lease/Purchase Agreement have been duly authorized by all necessary action on the part of the City.

(D) Enforceability of Agreements. The City represents, covenants, and warrants that the Site Lease and this Lease/Purchase Agreement are valid and binding obligations of the City, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles.

(E) No Violation of Law or Breach of Contract. The execution and delivery of the Site Lease and this Lease/Purchase Agreement and compliance with the provisions thereof and hereof will not (i) violate any applicable provision of statutory law or regulation, (ii) breach or otherwise violate any existing obligation of the City under any court order or administrative

decree to which the City is subject, or (iii) breach, or result in a default under, any loan agreement, note, resolution, indenture, contract, agreement, or other instrument to which the City is a party or is otherwise subject or bound.

(F) No Adverse Litigation. No litigation is pending before any court or administrative agency or, to the knowledge of the City, threatened in writing against the City (i) regarding the Leased Property or the City's use of the Leased Property for the purposes contemplated by the Site Lease or the Lease/Purchase Agreement or (ii) that will materially adversely affect the ability of the City to perform its obligations under the Site Lease and this Lease/Purchase Agreement.

(G) No Defaults. The City has never non-appropriated 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/Purchase Agreement, or under any of its bonds, notes, or other debt obligations.

(H) Fee Title; Encumbrances. The City is the owner in fee of title to the Leased Property. 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. The Site Lease and this Lease/Purchase Agreement are the only leases that encumber the Leased Property.

(I) Use of the Leased Property. During the term of this Lease/Purchase Agreement, 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.

(J) Current Compliance. The City is in all material respects in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to the Leased Property.

(K) Hazardous Substances. To the City's actual knowledge, the Leased Property is free of all Hazardous Substances.

(L) Flooding Risk. To the City's actual knowledge, the Leased Property is not located in a flood hazard area and has never been subject to material damage from flooding.

(M) Insured Value of Leased Property. The insured value of the Leased Property is \$8,100,000.

(N) Financial Condition. The financial statements of the City for the year ended June 30, 2011, supplied to the Lender (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. There has been no material adverse change in the City's financial condition subsequent to June 30, 2011.

(O) Role of the Lender. The City acknowledges that: (a) the Lender is acting solely as assignee of the Authority's interests in the Lease/Purchase Agreement for its own 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) the Lender has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the City with respect to its purchase of the Authority's interests in the Lease/Purchase Agreement; and (c) the City has sought and obtained financial, legal, 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 the Lender) to the extent that the City desired to obtain such advice.

ARTICLE 3 LEASE OF LEASED PROPERTY

Section 3.1. Lease of Leased Property. The Authority hereby demises and leases to the City, and the City hereby rents and hires from the Authority, the Leased Property in accordance with the provisions of this Lease/Purchase Agreement, to have and to hold for the term of this Lease/Purchase Agreement.

Section 3.2. No Merger of Estates. The leasing by the Authority to the City of the Leased Property pursuant to this Lease/Purchase Agreement shall not effect or result in a merger of the City's leasehold estate pursuant hereto and its fee estate. The Authority shall continue to have and hold a leasehold estate in the Leased Property pursuant to the Site Lease throughout the term thereof and the term of this Lease/Purchase Agreement. As to the Leased Property, this Lease/Purchase Agreement shall be deemed and constitute a sublease.

Section 3.3. Lease Term; Occupancy. (A) Term. The term of this Lease/Purchase Agreement shall commence on the Funding Date and shall end on June 1, 2028, unless such term is extended or sooner terminated as hereinafter provided (the "Lease Term"). If on June 1, 2028, the rental payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental abatement insurance or other sources, or the City shall have defaulted in its payment of rental hereunder or any Event of Default has occurred and continues without cure by the City, then the term of this Lease/Purchase Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, but not to exceed ten (10) years. When the aggregate rental paid under this Lease/Purchase Agreement equals the total rental originally scheduled herein, and the City has paid and performed in full all of its other obligations under this Lease/Purchase Agreement, the term of this Lease/Purchase Agreement shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

(B) Occupancy. The City will take possession of the Leased Property upon commencement of the term of this Lease/Purchase Agreement.

Section 3.4. Modifications to the Leased Property. Subject to Section 5.5 (Liens) hereof, the City shall, at its own expense, have the right to remodel, make alterations or improvements to, or attach fixtures, structures, or signs to the Leased Property if the alterations, improvements, fixtures, structures, or signs are necessary or beneficial for the use of the Leased Property by the City, provided, however, that such actions by the City shall not materially adversely affect the value of the Leased Property.

Section 3.5. Title to the Leased Property. Upon the termination or expiration of the term of this Lease/Purchase Agreement, title to the Leased Property shall vest in the City.

Section 3.6. Actions in the Event of Uninsured Casualty. (A) Substitution of Property. If the Leased Property is damaged or destroyed owing to a risk (such as earthquake) against which the City is not insured and for which rental abatement insurance is not available, the City shall substitute under the Site Lease and this Lease/Purchase Agreement one or more parcels of unimpaired and unencumbered real property the insured value of which is at least one hundred ten percent (110%) of the unpaid principal components of the Rental Payments.

(B) Refinancing. If the City is unable to substitute real property for the Leased Property in the amount required under subsection (A) above, the City shall use commercially reasonable efforts to prepay principal components of the Rental Payments such that the insured value of the undamaged Leased Property is at least one hundred ten percent (110%) of the remaining unpaid principal components of the Rental Payments.

(C) Subordination. If the City is unable to implement either (A) or (B) above, the City and the Authority hereby agree that the obligations evidenced by this Lease/Purchase Agreement shall be the senior encumbrance on the Leased Property and any future encumbrance, including without limitation any lease, mortgage, deed of trust or security interest, shall be subordinate to this Lease/Purchase Agreement and there shall be no payments during the Lease Term on the obligations evidenced or secured thereby until after each scheduled Rental Payment set forth on Exhibit B hereto has been paid in full.

ARTICLE 4 RENTAL PAYMENTS

Section 4.1. Rental Payments. The City agrees to pay to the Authority, its successor or assigns, as rental for the use of the Leased Property (subject to the provisions of Section 4.6 (Abatement of Rental) hereof) the following amounts, at the following times, in the manner hereinafter set forth:

(A) Amount and Timing. The City shall pay rental payments, comprising principal and interest components, in installments of the amounts and at the times set forth in the Schedule of Rental Payments attached as Exhibit B hereto. The interest components of the Rental Payments shall be paid by the City as and constitute interest paid on the principal components of the Rental Payments.

(B) Extension of Lease Term. If the term of this Lease/Purchase Agreement shall have been extended pursuant to Section 3.3 (Lease Term; Occupancy) hereof because of an abatement of rental, Rental Payments shall continue to be due as described herein. Rental Payment installments shall continue to be payable in installments on June 1 and December 1 in each year, continuing to and including the date of termination of this Lease/Purchase Agreement. Upon such extension of this Lease/Purchase Agreement, the principal and interest components of the Rental Payments shall be established so that the principal components will, in the aggregate, be sufficient to pay all

unpaid principal components and the interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at the Effective Interest Rate, computed on the basis of a 360-day year composed of twelve 30-day months.

(C) Rental Period. Each payment of Rental Payments shall be for the use of the Leased Property for the six-month period ending on the applicable Payment Date.

(D) Medium and Place of Payment. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Lender, as assignee of the Authority.

(E) Rate on Overdue Payments. Any Rental Payment installment that is not paid when due shall bear interest at the rate of twelve percent (12%), or such lesser rate allowed by law, from the date the installment was due hereunder until the same shall be paid.

Section 4.2. Allocation of Rental Payments. All Rental Payments received shall be applied first to the interest components of the Rental Payments due hereunder, then to the principal components of the Rental Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Section 4.3. No Offsets. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. If it is determined that the City was not liable for the Rental Payments or any portion thereof, the payments or excess payments, as the case may be, shall, at the option of the City, be credited against subsequent Rental Payments due hereunder or be refunded at the time of such determination.

Section 4.4. Net Lease. This Lease/Purchase Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges, or setoffs whatsoever.

Section 4.5. Covenant to Budget and Appropriate. The City covenants and agrees to take such action as may be necessary to include all Rental Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Rental Payments. Annually within thirty (30) days of the adoption of the budget, the City will furnish to the Lender a Certificate of the City certifying that such budget contains the necessary appropriation for all Rental Payments. If requested in writing by the Lender, the City will furnish a copy of such budget.

The agreements and covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be 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 agreements and covenants in this Lease/Purchase Agreement agreed to be carried out and performed by the City.

Section 4.6. Abatement of Rental. Rental Payments shall be abated proportionately during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to any portion of the Leased Property, there is substantial interference with the use and possession of the Leased Property or a portion thereof. The amount of abatement shall be such that the resulting Rental Payments represent fair consideration for the use and possession of the portion of the Leased Property not so interfered with. Such abatement shall commence with the date of such interference and shall end only with cure thereof.

Section 4.7. No Termination Upon Damage or Destruction. The City waives the benefits of Civil Code Sections 1932, subd. 2, and 1933, subd. 4, and any and all other rights to terminate this Lease/Purchase Agreement by virtue of any damage to or destruction of the Leased Property.

Section 4.8. Contributions/Advances. Nothing contained in this Lease/Purchase Agreement shall prevent the City from making contributions or advances to the Authority from time to time for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Leased Property in the event of damage to or the destruction of the Leased Property.

Section 4.9. Prepayment. On any date on and after June 1, 2022, the City may prepay its obligations hereunder in whole by paying to the Lender a prepayment price equal to 100% of the unpaid principal components of the Rental Payments, plus interest thereon from the last Payment Date to the date fixed for prepayment at the Effective Interest Rate, computed on the basis of a 360-day year composed of twelve 30-day months, plus the amount of any interest components of the Rental Payments then in default or that were abated and that have not been otherwise paid from rental abatement insurance or other sources or paid during an extension of the Lease Term. Upon such prepayment, the term of this Lease/Purchase Agreement shall terminate.

The City shall, at least thirty 30 days prior to such prepayment, notify the Lender of its intention to prepay its obligations hereunder. The City agrees that, if, following such prepayment, the Leased Property is damaged or destroyed or taken by eminent domain, the City is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments.

ARTICLE 5
COVENANTS

Section 5.1. Quiet Enjoyment. The Authority hereby covenants to provide the City during the term of this Lease/Purchase Agreement with quiet use and enjoyment of the Leased Property and the City shall during the term of this Lease/Purchase Agreement peaceably and quietly have, hold, and enjoy the Leased Property without suit, trouble, or hindrance from the Authority, so long as the City observes and performs its covenants and agreements and is not in default hereunder.

Section 5.2. Right of Entry. Upon reasonable notice and in accordance with City policies, the Authority and its assignees shall have the right (but not the duty) to enter the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the City's rights or obligations under this Lease/Purchase Agreement, and (c) for all other lawful purposes.

Section 5.3. Maintenance of the Leased Property by City. The City agrees that, at all times during the term of this Lease/Purchase Agreement, the City will, at the City's own cost and expense, maintain, preserve, and keep the Leased Property and every portion thereof in good repair, working order, and condition and that the City will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.

Section 5.4. Taxes and Other Governmental Charges; Utility Charges; Contest of Charges. (A) Taxes and Other Governmental Charges on the Leased Property. The parties to this Lease/Purchase Agreement contemplate that the Leased Property will be used for governmental purposes of the City and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to property. In the event that the use, possession, or acquisition by the City, the Authority, or the Lender of the Leased Property, or the assignment of the Authority's interests therein to the Lender, is found to be subject to taxation in any form, the City will pay during the term of this Lease/Purchase Agreement, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property, and any equipment or other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided that, with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as this Lease/Purchase Agreement is in effect.

(B) Utility Charges. The City shall pay or cause to be paid all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility, and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Leased Property.

(C) Contest of Charges. The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, or 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 Lender shall notify the City that, in

the opinion of independent counsel, by nonpayment of any such items, the interest of the Lender 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 shall promptly pay such taxes, assessments, or charges or provide the Lender with full security against any loss that may result from nonpayment, in form satisfactory to the Lender.

Section 5.5. Liens. If the City shall at any time during the term of this Lease/Purchase Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Leased Property and shall keep the Leased Property free of any and all mechanics' or materialmen's liens or other liens against the Leased Property or the Authority's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and the stay thereafter expires, the City shall forthwith pay (or cause to be paid) and discharge such judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority, the Lender, their directors, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Leased Property or the Authority's interest therein.

Section 5.6. Environmental Covenants. (A) Compliance with Laws; No Hazardous Substances. The City will comply with all Applicable Environmental Laws with respect to the Leased Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Leased Property. The City shall indemnify and hold the Authority and the Lender harmless from any liabilities, damages, or expenses incurred in connection with a violation by the City of this Section 5.6(A) Compliance with Laws; No Hazardous Substances.

(B) Remediation. The City shall conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances on, from, or affecting the Leased Property, in accordance with all Applicable Environmental Laws and in accordance with the orders and directives of all Federal, State and local governmental authorities.

(C) Notification of the Lender. The City will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Leased Property and any operations conducted thereon or any conditions existing thereon to the Lender, and the City will notify the Lender in writing immediately of any release, discharge, spill, or deposit of any Hazardous

Substance that has occurred or is occurring that in any way affects or threatens to affect the Leased Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Lender.

(D) Access for Inspection. The City will permit the Lender, its agents, or any experts designated by the Lender to have full access to the Leased Property during reasonable business hours and upon 48 hours' prior notice for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Lender has no obligation to do so, or any liability for any failure to do so, or any liability should it do so, except with respect to any liabilities caused or created due to the Lender's or its agents' activities on the Leased Property.

Section 5.7. Assignment and Subleasing by City. Neither this Lease/Purchase Agreement nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet, or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Lender, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest components of the Rental Payments payable by the City hereunder. No such mortgage, pledge, assignment, sublease, or transfer shall in any event affect or reduce the obligation of the City to make the Rental Payments required hereunder.

Section 5.8. City Consent to Assignments. Certain of the Authority's rights under the Site Lease and this Lease/Purchase Agreement, including the right to receive and enforce payment of the Rental Payments, are being assigned to the Lender pursuant to the Assignment Agreement. The City hereby consents to such assignment and to any additional assignment of such rights by the Lender or its assignees. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, that may be reasonably requested by the Lender or its assignees to protect their interests in the Leased Property and in this Lease/Purchase Agreement.

Section 5.9. Authority's Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY, OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY HAS NOT CONSTRUCTED THE LEASED PROPERTY AND IS NOT A REAL ESTATE BROKER, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, ITS BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Authority or the Lender be liable for any incidental, indirect, special, or consequential damage in connection with or arising out of this Lease/Purchase Agreement or the existence, furnishing, functioning, or the City's use of the Leased Property or any item or products or services provided for in this Lease/Purchase Agreement.

Section 5.10. Authority and Lender Not Liable; Indemnification of the Authority and the Lender. The Authority and the Lender and their directors, officers, and employees shall not be

liable to the City or to any other party whomsoever for any death, injury, or damage that may result to any person or property by or from any cause whatsoever in, on or about the Leased Property, exclusive of any death, injury, or damage caused, in whole or in part, by the actions of the Authority or the Lender, as applicable.

The City shall to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Authority and its assignees (including the Lender) and their directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof (exclusive of any of the foregoing caused, in whole or in part, by the actions of the Authority or the Lender, as applicable), and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Lease/Purchase Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the Leased Property, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the Leased Property, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Leased Property resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Authority; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease/Purchase Agreement or the termination of the term of this Lease/Purchase Agreement for any reason. The City and the Authority mutually agree to promptly give notice to each other and the Lender of any claim or liability hereby indemnified against following either's learning thereof.

Section 5.11. Federal Income Tax Covenants. The City shall at all times do and perform all acts and things permitted by law and this Lease/Purchase Agreement that are necessary and desirable in order to assure that the interest component of the Rental Payments will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excludable. Without limiting the generality of the foregoing, the City agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the payment in full of the City's obligations hereunder.

Section 5.12. Further Assurances. The City and the Authority 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 be necessary or proper to carry out the intention or to facilitate the performance of this Lease/Purchase Agreement.

Section 5.13. Financial Statements. During the term of this Lease/Purchase Agreement, the City shall, at the request of the Lender, furnish or cause to be furnished to the Lender, at the City's expense, (i) the audited financial statements of the City within 270 days of the end of the Fiscal Year, or as soon as practicable thereafter, and (ii) any interim or unaudited financial statements that may be reasonably requested by the Lender as soon as available. Any audited financial statements furnished to the Lender shall be prepared in accordance with generally

accepted accounting principles, consistently applied, and shall fairly present the City's financial condition as of the date of the statements.

ARTICLE 6
INSURANCE; EMINENT DOMAIN

Section 6.1. Insurance Coverage. At its own expense, the City shall maintain at all times (i) "all risk" property insurance (which may exclude the risk of earthquake and may exclude the risk of flood, unless the Leased Property is mapped into a flood hazard zone) insuring the Leased Property against loss or damage, which insurance shall be provided by an insurer rated no less than "A" by A.M. Best, or as otherwise approved by the Lender, in an amount equal to 100% of the replacement cost without deduction for depreciation; (ii) liability insurance that protects the Lender from liability in all events in a reasonable amount satisfactory to the Lender; (iii) rental abatement insurance in an amount equal to at least two years' Rental Payments; and (iv) workers' compensation insurance covering all employees working on, in, near or about the Leased Property.

Section 6.2. Alternative Risk Management. The City may provide the insurance required by Section 6.1 through (1) a self-insurance method or plan of protection, (2) a program involving captive insurance companies, (3) participation in state or federal insurance programs, (4) participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint exercise of powers agencies, or (5) establishment or participation in other alternative risk management programs; provided that the City may not self-insure against the risk of rental abatement. The City may not increase any of its self-insurance retention amounts with respect to the insurance required by Section 6.1 without the Lender's prior written consent.

Section 6.3. General Provisions. All such insurance shall be with insurers that are authorized to issue such insurance in the State of California and shall contain a provision to the effect that such insurance shall not be cancelled or modified materially and adversely to the interest of the Lender without first giving written notice thereof to the Lender at least ten (10) days in advance of such modification or cancellation. Such changes shall not become effective without the Lender's prior consent, which consent shall not be unreasonably withheld. The liability insurance shall name the Lender as an additional insured. The City shall, at the Lender's request, furnish to the Lender certificates evidencing such coverage.

All such casualty insurance shall contain a provision making any losses payable to the Lender and the City as their respective interests may appear. All insurance proceeds from rental abatement insurance shall be paid to the Lender or its assigns and shall be credited toward the payment of Rental Payments in the order in which the Rental Payments come due and payable.

Section 6.4. Advances. In the event the City shall fail to maintain the full insurance coverage required by this Lease/Purchase Agreement or shall fail to keep the Leased Property in good repair and operating condition, the Lender may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and the City agrees to

reimburse the Lender all amounts so advanced within thirty (30) days of a written request therefor.

Section 6.5. Damage, Destruction, and Condemnation. If (a) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, or (b) title to, or the temporary use of, the Leased Property or any part thereof is taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the City and the Authority shall cause the proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt repair, reconstruction, or replacement of the Leased Property, unless the City has exercised its right to prepay this Lease/Purchase Agreement as provided herein. Any balance of the proceeds not required for such repair, reconstruction, or replacement shall be paid to the City.

ARTICLE 7 DEFAULT AND REMEDIES

Section 7.1. Events of Default. The following events shall be Events of Default:

(A) Payment Default. Failure of the City to pay any Rental Payments payable hereunder when the same become due and payable, time being expressly declared to be of the essence of this Lease/Purchase Agreement;

(B) Breach of Covenant. Failure of the City to keep, observe, or perform any other term, covenant or condition contained herein to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Lender; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Lender shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected, except that such grace period shall not exceed 60 days without the prior written consent of the Lender;

(C) Transfer of City's Interest. Assignment or transfer of the City's interest in this Lease/Purchase Agreement or any part hereof without the written consent of the Lender, either voluntarily or by operation of law or otherwise;

(D) Bankruptcy or Insolvency. Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the City or of all or substantially all of its assets, by or with the consent of the City, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the City with the City's creditors to effect a composition or extension of time to pay the City's debts, or request by the City for a reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or a general or any assignment by the City for the benefit of the City's creditors;

(E) Abandonment of the Leased Property. Abandonment by the City of any part of the Leased Property.

Section 7.2. Remedies on Default. Upon the occurrence and during the continuance of an Event of Default, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or the following remedies granted pursuant to this Lease/Purchase Agreement:

(A) Termination of Lease. (1) Notice of Termination; Re-entry. By written notice to the City, to terminate this Lease/Purchase Agreement and to re-enter the Leased Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place in the county in which the City is located. In the event of such termination, the City agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal or storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(2) No Termination Except by Notice. Neither (a) notice to pay rent or to deliver up possession of the Leased Property given pursuant to law, nor (b) any entry or re-entry by the Authority, nor (c) any proceeding brought by the Authority to recover possession of the Leased Property, nor (d) the appointment of a receiver upon initiative of the Authority to protect the Authority's interests under this Lease/Purchase Agreement shall of itself operate to terminate this Lease/Purchase Agreement. No termination of this Lease/Purchase Agreement on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, 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/Purchase Agreement. 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/Purchase Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(B) Continuation of Lease; Reletting. (1) Continuation Remedies. Without terminating this Lease/Purchase Agreement, (a) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Leased Property, and/or (b) to enter, retake possession of, and re-let the Leased Property. The term "re-let" or "re-letting" as used in this Article shall include, but not be limited to, re-letting by means of the operation by the Authority of the Leased Property.

(2) City to Remain Liable. If the Authority does not elect to terminate this Lease/Purchase Agreement in the manner provided for in subsection (A) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City. If the Leased Property is not re-let, the City agrees to pay the full amount of the rent to the end of the term of this Lease/Purchase

Agreement; if the Leased Property is re-let, the City agrees to pay any deficiency in rent that results therefrom. The City further agrees to pay the rent punctually at the same time and in the same manner as for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified and notwithstanding any entry or re-entry by the Authority or proceeding brought by the Authority to recover possession of the Leased Property.

(3) Agency. Should the Authority elect to enter or re-enter the Leased Property as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Leased Property, or any item or part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable. The City further appoints the Authority as its agent to remove all persons in possession of the Leased Property and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place in the county in which the City is located, for the account of and at the expense of the City. The City hereby exempts and agrees to save harmless the Authority from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such retaking of possession and re-letting of the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance herewith.

(4) Adequate Notice. The City agrees that the terms of this Lease/Purchase Agreement constitute full and sufficient notice of the right of the Authority to re-let the Leased Property and to do all other acts to maintain or preserve the Leased Property as the Authority deems necessary or desirable in the event of such retaking or re-entry without effecting a surrender of this Lease/Purchase Agreement, and further agrees that no acts of the Authority in attempting such re-letting shall constitute a surrender or termination of this Lease/Purchase Agreement, irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease/Purchase Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in subsection (A) hereof.

(5) Waiver of Right to Excess Rent; Agreement to Pay Costs. The City further waives the right to rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Leased Property or any items or part thereof. The City further agrees to pay the Authority the cost of any alterations or repairs or additions to the Leased Property or any items or part thereof necessary to place the Leased Property or any items or part thereof in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or repairs or alterations.

The City hereby waives any and all claims for damages caused or that may be caused by the Authority in entering or re-entering and taking possession of the Leased Property as herein

provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Leased Property.

Section 7.3. No Acceleration. Notwithstanding anything herein to the contrary, there shall be no right under any circumstance to accelerate the Rental Payments or otherwise declare any Rental Payments not yet due to be immediately due and payable.

Section 7.4. No Remedy Exclusive. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

Section 7.5. Authority Defaults; City Remedies. (A) Authority Defaults. The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation.

(B) City Remedies. The Authority's failure to perform any of its obligations hereunder shall not be an event permitting the nonpayment of rent by the City. The parties hereto agree that the performance of the Authority is unique, that the remedies at law for the Authority's nonperformance would be inadequate, and that the City shall institute a suit for specific performance by the Authority upon any default by the Authority.

Section 7.6. Attorneys' Fees. If the Authority prevails in any action brought to enforce any of the terms and provisions of this Lease/Purchase Agreement, the City agrees to pay a reasonable amount as and for attorneys' fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Section 7.7. No Additional Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice that may grow up between the parties in the course of administering this Lease/Purchase Agreement be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Lease/Purchase Agreement.

Section 7.8. Application of Amounts Collected. All amounts collected by the Authority under this Article shall be credited towards the Rental Payments in order of Payment Dates.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Authority has executed this Lease/Purchase Agreement in its name and the City has caused this Lease/Purchase Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

CITY OF OXNARD FINANCING AUTHORITY, Lessor

By: _____
Dr. Thomas E. Holden, Chairman

ATTEST:

By: _____
Daniel Martinez, Secretary

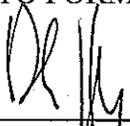
CITY OF OXNARD, Lessee

By: _____
Dr. Thomas E. Holden, Mayor

ATTEST:

By: _____
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

By:  _____
Alan Holmberg, City Attorney and Authority General Counsel

APPROVED AS TO CONTENT:

By: _____
Karen Burnham, Interim City Manager

By: _____
James Cameron, City Chief Financial Officer and Authority Controller

NOTARY ACKNOWLEDGMENT – CALIFORNIA

Insert CALIFORNIA All-Purpose Acknowledgment form for Authority

NOTARY ACKNOWLEDGMENT – CALIFORNIA

Insert CALIFORNIA All-Purpose Acknowledgment form for City

EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City of Oxnard, County of Ventura, State of California, described as follows:

A portion of Blocks 8 and 9 of Map No. 4 of the Town of Oxnard and North Addition to the Town of Oxnard, per map thereof recorded in Book 5, Page 9 in the office of the County Recorder of Ventura County, California, and a portion of "B" Street, vacated by resolution recorded August 18, 1965 in Book 2846, Pages 367 through 369, inclusive, of Official Records in the office of said County Recorder, more particularly described as follows:

COMMENCING at the southwest corner of Lot 8 of said Block 8; thence north along the west line of said Lot 8, 12 feet to the **TRUE POINT OF BEGINNING**; thence

- 1) North, 48 feet; thence
- 2) East, 156 feet; thence
- 3) North, 78 feet; thence
- 4) East, 50 feet; thence
- 5) South, 78 feet; thence
- 6) East, 162 feet; thence
- 7) South, 48 feet; thence
- 8) West, 368 feet to the **TRUE POINT OF BEGINNING**.

Said property is commonly known as 305 West Third Street, Oxnard, California.

EXHIBIT B**SCHEDULE OF RENTAL PAYMENTS**

<u>Due Date</u>	<u>Amount Attributable to Principal</u>	<u>Amount Attributable to Interest</u>	<u>Total Rental Payment</u>
December 1, 2012		\$ 61,901.29	\$ 61,901.29
June 1, 2013	\$ 341,338.00	98,603.83	439,941.83
December 1, 2013		92,562.15	92,562.15
June 1, 2014	295,693.00	92,562.15	388,255.15
December 1, 2014		87,328.38	87,328.38
June 1, 2015	307,210.00	87,328.38	394,538.38
December 1, 2015		81,890.77	81,890.77
June 1, 2016	318,123.00	81,890.77	400,013.77
December 1, 2016		76,259.99	76,259.99
June 1, 2017	328,710.00	76,259.99	404,969.99
December 1, 2017		70,441.82	70,441.82
June 1, 2018	343,958.00	70,441.82	414,399.82
December 1, 2018		64,353.77	64,353.77
June 1, 2019	353,797.00	64,353.77	418,150.77
December 1, 2019		58,091.56	58,091.56
June 1, 2020	313,272.00	58,091.56	371,363.56
December 1, 2020		52,546.64	52,546.64
June 1, 2021	327,974.00	52,546.64	380,520.64
December 1, 2021		46,741.51	46,741.51
June 1, 2022	337,247.00	46,741.51	383,988.51
December 1, 2022		40,772.23	40,772.23
June 1, 2023	351,135.00	40,772.23	391,907.23
December 1, 2023		34,557.14	34,557.14
June 1, 2024	364,565.00	34,557.14	399,122.14
December 1, 2024		28,104.34	28,104.34
June 1, 2025	377,521.00	28,104.34	405,625.34
December 1, 2025		21,422.22	21,422.22
June 1, 2026	389,985.00	21,422.22	411,407.22

<u>Due Date</u>	<u>Amount Attributable to Principal</u>	<u>Amount Attributable to Interest</u>	<u>Total Rental Payment</u>
December 1, 2026		14,519.49	14,519.49
June 1, 2027	401,941.00	14,519.49	416,460.49
December 1, 2027		7,405.13	7,405.13
June 1, 2028	418,369.00	7,405.13	425,774.13

Effective Interest Rate: 3.540%

RECORDING REQUESTED BY:

Kronick, Moskovitz, Tiedemann & Girard
for the benefit of the City of Oxnard

AND WHEN RECORDED RETURN TO:

Kronick, Moskovitz, Tiedemann & Girard
A Professional Corporation
400 Capitol Mall, 27th Floor
Sacramento, California 95814
Attn: Deborah Fields

ASSIGNMENT AGREEMENT

between the

CITY OF OXNARD FINANCING AUTHORITY

and

CAPITAL ONE PUBLIC FUNDING, LLC

Dated August 1, 2012

This document is recorded for the benefit of the City of Oxnard and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from California documentary transfer tax pursuant to Section 11921 of the California Revenue and Taxation Code.

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT, dated August 1, 2012 (the "Assignment Agreement"), made by the City of Oxnard Financing Authority, a joint exercise of powers entity duly organized and validly existing under the laws of the State of California (the "Authority"), and accepted by Capital One Public Funding, LLC (the "Lender");

WITNESSETH:

WHEREAS, the Authority and the City of Oxnard (the "City") have executed and entered into a Lease/Purchase Agreement (the "Lease/Purchase Agreement") dated the date hereof and recorded with the Ventura County Recorder concurrently herewith, whereby the Authority has agreed to lease to the City the real property described on Exhibit A hereto (the "Leased Property");

WHEREAS, under and pursuant to the Lease/Purchase Agreement, the City is obligated to make Rental Payments, as defined therein, to the Authority for the lease of the Leased Property;

WHEREAS, the Authority desires to assign without recourse all of its rights to receive the Rental Payments scheduled to be paid by the City under and pursuant to the Lease/Purchase Agreement to the Lender;

WHEREAS, in consideration of such assignment, the Lender has agreed to deliver \$5,619,076.15 to the City in satisfaction of the Authority's obligation under the Site Lease dated the date hereof, between the Authority and the City (the "Site Lease"), to make a payment for the account of the City; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law and the parties hereto are now duly authorized to execute and enter into the Assignment Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment. The Authority hereby transfers, assigns and sets over to the Lender all of the Authority's rights under the Site Lease and the Lease/Purchase Agreement (hereinafter, collectively, the "Assigned Property"), excluding the Authority's right to indemnification pursuant to Sections 5.5, 5.6, and 5.10 of the Lease/Purchase Agreement and its right to receive notices under Section 16 of the Site Lease and Section 1.2 of the Lease/Purchase Agreement, including, in particular:

(1) the right to receive and collect all of the Rental Payments from the City under the Lease/Purchase Agreement;

(2) the right to take all actions and give all consents under the Site Lease and the Lease/Purchase Agreement; and

(3) the right to exercise such rights and remedies conferred on the Authority pursuant to the Site Lease and the Lease/Purchase Agreement as may be necessary or convenient (i) to enforce payment of the Rental Payments, or (ii) otherwise to protect the interests of the Lender (as assignee of the Authority) in the event of default by the City under the Lease/Purchase Agreement.

Section 2. Acceptance. The Lender hereby accepts the foregoing assignment. The above assignment is intended to be an absolute and unconditional assignment to the Lender and is not intended as a loan by the Lender to the Authority. Accordingly, in the event of bankruptcy of the Authority, the Assigned Property shall not be part of the Authority's estate. However, if the above assignment is deemed to be a loan by the Lender to the Authority, then the Authority shall be deemed to have granted to the Lender, and hereby grants to the Lender, a continuing first priority security interest in the Assigned Property and all proceeds thereof as collateral security for all obligations of the Authority hereunder and all obligations of the City under the Lease/Purchase Agreement and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

Section 3. Representations. The Authority represents and warrants to the Lender that:

(A) Enforceability of Assignment Agreement. The Authority has the power, authority, and legal right to execute, deliver and perform this Assignment Agreement and this Assignment Agreement is a valid, binding, and enforceable obligation of the Authority, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles; and

(B) Marketable Title. Good and marketable title to the Assigned Property has been duly vested in the Lender free and clear of any liens, security interests, encumbrances or other claims other than the rights of the City under the Lease/Purchase Agreement, and the Authority has not assigned or transferred any of the Assigned Property or any interest in the Assigned Property to any party other than the Lender.

Section 4. Covenants. (A) Nonimpairment of Lease/Purchase Agreement. The Authority agrees that it (1) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment of the Lease/Purchase Agreement, and (2) shall not take any action that may impair the payment of Rental Payments or the validity or enforceability of the Lease/Purchase Agreement.

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

(C) Further Assurances. The Authority shall execute and deliver to the Lender such documents, in form and substance reasonably satisfactory to the Lender, and the Authority shall take such other actions, as the Lender may reasonably request from time to time to evidence, perfect, maintain, and enforce the Lender's rights in the Assigned Property and/or to enforce or exercise the Lender's rights or remedies under the Lease/Purchase Agreement.

Section 5. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this Assignment Agreement shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provision, covenants and conditions of this Assignment Agreement shall be affected thereby, and each provision of this Assignment Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 6. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute but one and the same instrument.

Section 7. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the Lease/Purchase Agreement.

Section 8. Applicable Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Dr. Thomas E. Holden, Chairman

CAPITAL ONE PUBLIC FUNDING, LLC

By: _____
Jonathan A. Lewis, Senior Vice President

NOTARY ACKNOWLEDGMENT – CALIFORNIA

Insert CALIFORNIA All-Purpose Acknowledgment form for Authority

NOTARY ACKNOWLEDGMENT – NEW YORK

Insert NEW YORK acknowledgment form for Lender

EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City of Oxnard, County of Ventura, State of California, described as follows:

A portion of Blocks 8 and 9 of Map No. 4 of the Town of Oxnard and North Addition to the Town of Oxnard, per map thereof recorded in Book 5, Page 9 in the office of the County Recorder of Ventura County, California, and a portion of "B" Street, vacated by resolution recorded August 18, 1965 in Book 2846, Pages 367 through 369, inclusive, of Official Records in the office of said County Recorder, more particularly described as follows:

COMMENCING at the southwest corner of Lot 8 of said Block 8; thence north along the west line of said Lot 8, 12 feet to the **TRUE POINT OF BEGINNING**; thence

- 1) North, 48 feet; thence
- 2) East, 156 feet; thence
- 3) North, 78 feet; thence
- 4) East, 50 feet; thence
- 5) South, 78 feet; thence
- 6) East, 162 feet; thence
- 7) South, 48 feet; thence
- 8) West, 368 feet to the **TRUE POINT OF BEGINNING**.

Said property is commonly known as 305 West Third Street, Oxnard, California.

Placement Agreement
for a
LEASE/PURCHASE AGREEMENT
between
CITY OF OXNARD FINANCING AUTHORITY
and the
CITY OF OXNARD

August __, 2012

City of Oxnard
300 West Third Street, Suite 302
Oxnard, CA 93030

Re: Lease/Purchase Agreement for the Series 1999 COP Refinancing

Ladies and Gentlemen:

RBC Capital Markets, LLC, (the "Placement Agent" or "RBC CM") hereby enters into this Placement Agreement with the City of Oxnard (the "City" or "You") to facilitate the refunding of the City's Certificates of Participation, Series 1999 (the "Series 1999 COP's"). The City will lease certain property to City of Oxnard Financing Authority (the "Authority") pursuant to a Site Lease, and the Authority will lease the property back to the City pursuant to a Lease/Purchase Agreement. The Authority will assign its Rental Payments to Capital One Public Funding, LLC (the "Lender") pursuant to an "Assignment Agreement" for the sum \$ _____ advanced to the City by the Lender to refund the Series 1999 COP's. RBC CM on behalf of the City has negotiated with the Lender an interest rate of _____% which includes RBC CM's fee of \$35,000 and other costs of issuance estimated at \$10,000. The City acknowledges and agrees that: (i) the transaction contemplated by this Placement Agreement is an arm's length, commercial transaction between the City and the Placement Agent in which the Placement Agent is not acting as a municipal advisor, financial advisor or fiduciary to the City; (ii) the Placement Agent has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Placement Agent has provided other services or is currently providing other services to the City on other matters); (iii) the only obligations the Placement Agent has to the City with respect to the transaction contemplated hereby expressly are set forth in this Placement Agreement; and (iv) the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

1. RBC CM has conducted discussions with the Lender and other potential lenders, and the City has determined to accept the offer by the Lender to advance rental payments to refund the Series 1999 COP's. The City, solely from funds provided by the Lender, will pay a placement fee equal to \$35,000 (the "Placement Fee") to the Placement Agent, which Placement Fee covers all of the Placement Agent's costs, fees, and expenses, as well as the fees and expenses of its counsel, on the date that the Lender pays such advance rental payment to the City (such date being the "Closing"),

ATTACHMENT NO. 6
PAGE 1 OF 3

subject to execution of the Lease/Purchase Agreement, the Site Lease, the Assignment Agreement (collectively, the "Agreements"), this Placement Agreement and Resolutions adopted by the City and the Authority.

2. You will deliver or cause to be delivered to the Placement Agent copies of the Resolutions, the Agreements, and the Placement Agreement duly approved and adopted and to be in full force and effect upon execution and delivery by the parties hereto. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the City shall be under further obligation hereunder.
3. The City's obligation to pay the Placement Fee to the Placement Agent on the date of Closing shall be subject to the following conditions:
 - (a) At the time of the Closing, the Resolutions, the Agreements, the Placement Agreement and all related documents of the City shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Lender and the City.
 - (b) The Lender shall have paid the advance rental to the City. You shall perform or have performed in all material respects at or prior to the Closing all of your obligations required under the Agreements, the Resolutions and this Placement Agreement.
4. The Placement Agent shall pay the fees and disbursements of any counsel to the Placement Agent and Placement Agent's own out-of-pocket expenses. The City shall be under no obligation to pay any expenses incurred by the Placement Agent. The Placement Fee constitutes the only amount payable to the Placement Agent.
5. This Placement Agreement may be terminated at any time by the City, upon five business days' prior notice to such effect to the Placement Agent, or by the Placement Agent upon five business days' prior notice to such effect to the City.
6. This Placement Agreement shall become effective upon the execution of the acceptance hereof by an authorized officer of the City and shall be valid and enforceable as of the time of such acceptance.

RBC CAPITAL MARKETS, LLC

By _____
Name _____
Title _____
Date _____

ACCEPTANCE

ACCEPTED this [] day of [], 20__

ATTACHMENT NO. 4
PAGE 2 OF 3

By _____
Name _____
Title _____
Date _____

ATTACHMENT NO. 6
PAGE 3 OF 3