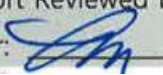


Agenda Report Reviewed by:

City Manager: 

**CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM**

Meeting Date: December 7, 2021
 To: Honorable Mayor and City Councilmembers
 From: Ana Kwong – Administrative Services Director
 Dante Del Prete – Public Works Superintendent
 Subject: Adopt Resolution Authorizing the City Manager to execute a Tax-Exempt Lease Purchase Agreement (TELPA) and Related Documents for Energy Savings Contract with Signature Public Funding Corp.
 Recommendation: That the City Council adopt resolution authorizing the City Manager to execute a Tax Exempt Lease Purchase Agreement (TELPA) and Related Documents for Energy Savings Contract with Signature Public Funding Corp.
 Funding: Currently Budgeted: ____ Yes X No ____ N/A
 General Fund Cost: 25% of Shared of Project Cost \$94,000 annually
 Enterprise Fund Cost: 75% of Shared of Project Cost \$280,796 annually

Account Code/Costs authorized in City Approved Budget AK (verified by Administrative Services Department)

INTRODUCTION/PURPOSE:

The item tonight is for City Council adopt resolution authorizing the City Manager to execute a Tax Exempt Lease Purchase Agreement (TELPA) and Related Documents for Energy Savings Contract with Signature Public Funding Corp.

BACKGROUND:

On October 19, 2021, the City Council unanimously voted to approve:

1. Staff to move forward with the project as discussed at the meeting and authorize the City Manager to execute all necessary documents to enter into an Energy Services agreement with Syserco Energy Solutions (SES) for the design-build implementation of the project; and
2. Approval of financing of the project for the energy efficiency and water conservation measures under a tax-exempt municipal lease; and
3. Approval of Power Purchase Agreement for the new roof and solar PV measures at the Library.

DISCUSSION:

City staff and Syserco Energy Solutions (SES) prepared an RFP document (attached) to source offers for Tax-Exempt Lease Purchase and distributed on October 28, 2021 with a deadline for any interested lender(s) to submit proposal by November 10, 2021. As of the deadline, the City received four (4) proposals for a 15-year term and they are as follows:

Lender	Interest Rate	Cost of Issuance
Signature Public Funding Corp.	1.77%	
Brandis Tallman / Oppenheimer & Co., Inc. Banc of America Public Capital Corp	1.86%	\$ 17,500.00
Holman Capital Corporation	2.44%	
Municipal Finance Corporation	2.80%	\$ 50,000.00

In the presentation to the City Council on October 19, 2021, the Project had been modeled with a pro-forma interest rate of 2.85%. With a continued low interest rate environment and after careful consideration of all proposals, City staff is recommending Signature Public Funding Corp. for the City Council consideration. This funding represents the vast majority of the project cost and allows the City to lock in pricing on long-lead time materials. Signature Public Funding Corp. is to be repaid with an interest rate of 1.77% over a period of 15 years. The payment schedule is identified as follows. Additionally, the funding for the Project Scope related to the roof and solar for the Library is still being worked on and will be brought forward in the future.

Interest Rate		1.770%				
Date	Funding Amount	Annual Payment	Interest	Principal	Unamortized Balance	Prepayment Amount
12/15/2021	4,938,891.00	-	-	-	4,938,891.00	4,988,279.91
7/1/2022	-	374,795.77	47,594.45	327,201.32	4,611,689.68	4,657,806.58
7/1/2023	-	374,795.76	81,626.91	293,168.85	4,318,520.83	4,361,706.04
7/1/2024	-	374,795.76	76,437.82	298,357.94	4,020,162.89	4,060,364.52
7/1/2025	-	374,795.76	71,156.89	303,638.87	3,716,524.02	3,753,689.26
7/1/2026	-	374,795.76	65,782.48	309,013.28	3,407,510.74	3,441,585.85
7/1/2027	-	374,795.76	60,312.95	314,482.81	3,093,027.93	3,123,958.21
7/1/2028	-	374,795.76	54,746.60	320,049.16	2,772,978.77	2,800,708.56
7/1/2029	-	374,795.76	49,081.72	325,714.04	2,447,264.73	2,471,737.38
7/1/2030	-	374,795.76	43,316.59	331,479.17	2,115,785.56	2,136,943.42
7/1/2031	-	374,795.76	37,449.41	337,346.35	1,778,439.21	1,796,223.60
7/1/2032	-	374,795.76	31,478.38	343,317.38	1,435,121.83	1,449,473.05
7/1/2033	-	374,795.76	25,401.66	349,394.10	1,085,727.73	1,096,585.01
7/1/2034	-	374,795.76	19,217.39	355,578.37	730,149.36	737,450.85
7/1/2035	-	374,795.76	12,923.65	361,872.11	368,277.25	371,960.02
7/1/2036	-	374,795.76	6,518.51	368,277.25	-	-
Total	4,938,891.00	5,621,936.41	683,045.41	4,938,891.00		

GOALS:

This action supports the following City Council Goals and General Plan Actions:

Operate City government in a fiscally responsible and responsive manner.

Goal EV 7: Maintain a Stable and Self-Sustaining Fiscal Base in Order to Generate the Resources Necessary to Provide Desired City Services and Support New Growth that is Consistent with the City’s Values and Goals

Goal CSF 1: Provide High Quality Community Services, Facilities, and Infrastructure to All Residents, Businesses, and Visitors in Sebastopol

Goal CSF 3: Provide an Adequate, Clean, Safe, and Environmentally Sound Water Supply to All Existing and Future

Water Users in Sebastopol.

Goal CSF 4: Provide Adequate Sewer Service Capacity to Serve Existing and Future Demands.

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received public comment. If staff receives additional public comment from interested parties following the publication and distribution of this staff report, such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of this item.

PUBLIC NOTICE:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date.

FISCAL IMPACT

TELP Leases are a common way for public entities to fund energy efficiency programs in California. This favorable interest rate will assist the City in completing a project that will generate positive cash-flow where the realized energy savings will be greater than the TELPA debt obligation over a 15-year period. This funding represents the vast majority of the project cost and allows the City to lock in pricing on long-lead time materials. The funding for the Project Scope related to the roof and solar for the Library is still in progress and will be brought forward in the future as a separate item. As shown in the presentation on October 19, 2021, the Energy and Operational Savings and Recovered Revenue that result from the Project will support the repayment of the lease.

RECOMMENDATION:

That the City Council adopt resolution authorizing the City Manager to execute a Tax-Exempt Lease Purchase Agreement (TELPA) and Related Documents for Energy Savings Contract with Signature Public Funding Corp.

ATTACHMENTS:

- Resolution
- October 28, 2021 RFP Document
- Signature Bank Tax Exempt Lease/Purchase Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO INCURRING AND ENTERING INTO A TAX EXEMPT LEASE OBLIGATIONS IN ANY AMOUNT NOT TO EXCEED \$4,938,891.00 TO BE EVIDENCED BY THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT, AN ESCROW AGREEMENT AND AN EQUIPMENT SCHEDULE WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING, AND LEASING OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the City of Sebastopol (the “*Lessee*”), a body politic and corporate duly organized and existing as a political subdivision of the State of California, is authorized by the laws of the State of California to purchase, acquire, and lease personal property for the benefit of the Lessee and those it provides services to and to enter into contracts with respect thereto; and

WHEREAS, the Lessee desires to purchase, acquire and lease certain equipment constituting personal property necessary for the Lessee to perform essential governmental functions; including without limitation various energy and water conservation measures, facility/infrastructure improvements, and energy efficiency equipment as more fully described in that certain Energy Services Proposal dated as of October 6, 2021 (the “*Vendor Agreement*”) between Syserco Energy Solutions, Inc. (the “*Vendor*”) and the Lessee and all other equipment Lessee or its Designated Officers may deem necessary and/or desirable (the “*Equipment*”) in an amount not more than \$4,938,891.00, and the Lessee hereby finds and determines that the realistic estimated useful life of the Equipment is at least fifteen (15) years; and

WHEREAS, in order to acquire such Equipment, the Lessee proposes to enter into a Master Equipment Lease Purchase Agreement dated as of December 15, 2021 (together with the Equipment Schedule dated as of December 15, 2021 and all related exhibits, schedules, and certificates attached thereto, the “*Lease Agreement*”) with Signature Public Funding Corp. (the “*Lessor*”) and one Escrow Deposit Agreement (together with the Certificate of Acceptance and Payment Request Form, the “*Escrow Agreement*”, and together with the Lease Agreement, the “*Transaction Documents*”) with the Lessor and Signature Bank, as escrow agent, the forms of which have been presented to the City Council of the City of Sebastopol at this meeting; and

WHEREAS, the City Council of the City of Sebastopol deems it for the benefit of the Lessee and for the efficient and effective administration thereof to enter into the Transaction Documents for the purchase, acquisition, and leasing of the Equipment to be therein described on the terms and conditions therein provided;

NOW, THEREFORE, BE IT RESOLVED AND ENACTED by the City Council of the City of Sebastopol as follows:

Section 1. Approval of Documents. The City Council of the City of Sebastopol hereby approves the form, terms and provisions of the Transaction Documents in substantially the forms presented to this meeting and authorizes and directs Larry McLaughlin, the City Manager of the City of Sebastopol, and such other persons as he/she/they may delegate (the “*Designated Officers*”), and each of them individually, for and in the name of and on behalf of the Lessee, to execute, attested, seal, and deliver the Transaction Documents, and any related Certificate, Exhibits, or other documents attached thereto substantially in such forms as presented herewith, together with such changes, modification, negotiations, insertions, revisions, corrections, or amendments as shall be approved by the officer executing them. The execution of the foregoing by a Designated Officer shall constitute conclusive evidence of such officer’s and the City Council approval of any such changes, insertions, revisions, corrections, negotiations, or amendments to the respective forms of agreements presented to this meeting.

Section 2. Other Actions Authorized. The officers and employees of the City of Sebastopol shall take all action necessary or reasonably required by the parties to the Transaction Documents to carry out, give effect to, and consummate the transactions contemplated thereby (including the execution and delivery of Certificates of Acceptance

and Disbursement/Payment Requests, Notice and Acknowledgements of Assignments, and any tax certificate and agreement, each with respect to and as contemplated in the Agreement and/or Escrow Agreement) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Transaction Documents. The Designated Officers and all other officers and employees of the City of Sebastopol are hereby directed and authorized to take and shall take all action necessary or reasonably required in order to select, purchase, and take delivery of the Equipment. All actions heretofore taken by officers, employees, and agents of the Lessee that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

Section 3. No General Liability. Nothing contained in this Resolution, the Transaction Documents, nor any other instrument shall be construed with respect to the City of Sebastopol as incurring a pecuniary liability or charge upon the general credit of the City of Sebastopol or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Transaction Documents, or any other instrument or document executed in connection therewith impose any pecuniary liability upon the City of Sebastopol or any charge upon its general credit or against its taxing power, payable from the general and current revenues of the Lessee as provided therein.

Section 4. Appointment of Authorized Lessee Representatives. The Designated Officers are each hereby designated to act as authorized representatives of the City of Sebastopol for purposes of the Transaction Documents until such time as the City Council of the City of Sebastopol shall designate any other or different authorized representative for purposes of the Transaction Documents.

Section 5. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 6. Repealer. All bylaws, orders, and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution, or ordinance or part thereof.

Section 7. Qualified Tax Exempt Obligations. The City of Sebastopol, and its City Council, designate its obligations under the Lease Agreements as “qualified tax exempt obligations” as defined in and for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 8. Declaration of Official Intent. This Declaration of Official Intent is being entered into on or before the date on which the expenditure(s) to be reimbursed will be paid. This Declaration of Official Intent is intended to be a Declaration of Official Intent within the meaning of Treas. Reg. 1.150-2. This Declaration of Official Intent shall be made available for general public inspection at 7120 Bodega Avenue, Sebastopol, CA 95472, the main administrative office of the City of Sebastopol within thirty (30) days of the date hereof and shall remain available for general public inspection until the date of issue of the tax-exempt financing that provides the monies for reimbursement.

Section 9. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 7th day of December 2021 following a roll call vote:

VOTE:
Ayes:
Noes:
Absent:
Abstain:

APPROVED: _____

Mayor

ATTEST: _____
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____
Larry McLaughlin, City Attorney



CITY OF SEBASTOPOL, CALIFORNIA

7120 Bodega Ave, Sebastopol, CA 95472

Request for Proposal for Tax-Exempt Lease Financing City of Sebastopol 10/28/2021

Introduction: The City of Sebastopol (“City”) is soliciting terms and conditions from lenders on a \$5 million tax-exempt lease financing for energy efficiency project with Syserco Energy Solutions (“SES”).

Use of Proceeds: The City of Sebastopol selected Syserco Energy Solutions, Inc. (SES) to develop and implement a “Comprehensive Energy Efficiency, Water Conservation, and Solar PV Project” at City-owned facilities and water meter connections.

NOTE: The Project received unanimous approval from the City Council on October 19, 2021, authorizing the City Manager to complete the negotiation with Syserco Energy Solutions. The approval of the Tax-Exempt Lease Financing targeted for City Council approval at the 12/7/2021 Meeting.

A copy of the Agenda Item, including a description of the Energy Conservation Measures is available here:

<https://ci.sebastopol.ca.us/getattachment/Meeting-Event/City-Council/2021/City-Council-Meeting-October-19,-2021/Agenda-Item-Number-11-Energy-Efficiency-Water-Conservation-Solar-PV-Project.pdf.aspx>

Financed Amount: \$4,968,891

Structure/Security: This transaction will be structured as a tax-exempt lease financing. The obligations to make lease payments under the financing will be an annual appropriation obligation of the Issuer from any lawfully available funds. Lessor will have a first priority security interest in the subject equipment.

Financing Term: 15 years plus potentially 12 months installation period

Debt Service Structure: Open to Quarterly, Semi-Annual or Annual payments, with option of level or stepped payments

Date of First Lease Payment: 7/1/2022

Anticipated
Funding Date/Rate
Lock Required:

Targeted date for City Council approval of financing source is 11/16/2021. Please provide rate lock through 12/2021, if possible. If not possible, please provide alternate rate lock terms. Please provide indexing language in event funding occurs after expiration of the rate lock period.

If unable to meet this rate lock requirement, please list alternate terms.

Optional
Prepayment Terms:

Please list Lessor's optional prepayment terms

Closing Costs:

Please specify any Lessor closing costs or fees

RFP Response Date:

Please provide your proposal by Close of Business (5:00 PM Pacific) on 11/10/2021.

Submission
Instructions:

Please submit your proposal via email to the following contacts:

Ana Kwong - Administrative Services Director
akwong@cityofsebastopol.org

707-824-4879

City's Financial Documents can be found here:

<https://ci.sebastopol.ca.us/City-Government/Departments-Services/Administrative-Services-Department/City-Audits>

INDEX TO LEGAL DOCUMENTS
BANK-QUALIFIED, APPROPRIATION-BASED
TAX-EXEMPT EQUIPMENT LEASE-PURCHASE AGREEMENT
DATED DECEMBER 15, 2021 BY AND BETWEEN
SIGNATURE PUBLIC FUNDING CORP.
And
THE CITY OF SEBASTOPOL

Lease Documents:

- Tab 1: Equipment Lease-Purchase Agreement;
- Tab 2: Exhibit A - Equipment Schedule;
- Tab 3: Exhibit B – Reserved.;
- Tab 4: Exhibit C-1 – Insurance Coverage Request;
- Tab 5: Exhibit C-2 – Self-Insurance Rider (if applicable);
- Tab 6: Exhibit D - Essential Use Certificate;
- Tab 7: Exhibit E - Incumbency Certificate;
- Tab 8: Exhibit F - Opinion of Lessee’s Counsel;
- Tab 9: Exhibit G – Bank Qualified Designation;
- Tab 10: Exhibit H - Post Issuance Tax Compliance Procedures;
- Tab 11: Exhibit I- Escrow Agreement/Reserved;
- Tab 12: Resolution of Lessee;
- Tab 13: UCC-1 Financing Statement with attached Schedule A (prepared and filed by Lessor);
- Tab 14: Form 8038-G;
- Tab 15: Closing Memorandum/Payment Proceeds Direction; and
- Tab 16: Vendor Contract & Warranty



EQUIPMENT LEASE-PURCHASE AGREEMENT

1. **Agreement.** Subject to the terms and conditions contained in this Equipment Lease-Purchase Agreement dated December 15, 2021 (together with all Exhibits attached hereto and certificates delivered herewith, the “Lease Agreement”), SIGNATURE PUBLIC FUNDING CORP., as lessor (“Lessor”), whose mailing address is 600 Washington Avenue, Suite 305, Towson, MD 21204, hereby purchases from and agrees to sell, transfer and lease back to the CITY OF SEBASTOPOL, as lessee (“Lessee”), whose mailing address is 7120 Bodega Avenue, Sebastopol, CA 95472, and Lessee hereby sells to and agrees to acquire, purchase and lease back from Lessor, the items of personal property (together with any replacement parts, additions, substitutions, repairs or accessories now or hereafter incorporated in or affixed to it, hereinafter referred to collectively as the “Equipment”) described in Exhibit A attached hereto.

2. **Term.** The term of this Lease Agreement (the “Lease Term”) begins as of the Commencement Date stated in Exhibit A and shall continue so long as any amounts remain unpaid hereunder. The Lease Term will terminate upon the first to occur of: (a) the exercise by Lessee of the option to purchase the Equipment pursuant to Paragraph 10, (b) Lessor’s election to terminate this Lease Agreement pursuant to Paragraph 16, (c) Lessee’s option to terminate this Lease Agreement pursuant to the second paragraph of Section 3, and (d) the payment by Lessee of all sums required to be paid by Lessee hereunder.

2.5. **Funding and Acquisition of the Equipment; Escrow Agreement.** On the Commencement Date, Lessor and Lessee shall enter into an Escrow Deposit Agreement (the “Escrow Agreement”) dated the Commencement Date, between Lessor, Lessee, and Signature Bank, as escrow agent, relating to the escrow fund (“Escrow Fund”) created thereunder. On the Commencement Date, Lessor shall deposit: \$4,938,891.00 into the Escrow Fund to be held in escrow and applied upon the express terms and conditions of the Escrow Agreement. The monies and investments held in the Escrow Fund shall be used only for the acquisition of the Equipment (\$4,938,891.00) shall be disbursed as provided for in the Escrow Agreement of even date herewith.

3. **Rental Payments.** Lessee agrees to pay the rental payments hereunder for the Lease Term in the amounts and on the dates identified in Exhibit A. Payment of all rental payments and other amounts payable hereunder shall be made to Lessor at its above-stated address or as it shall otherwise designate in writing. As set forth in Exhibit A, a portion of each rental payment is paid as, and represents payment of, interest, and the balance of each rental payment is paid as, and represents payment of, principal.

Notwithstanding any provision to the contrary in this Lease Agreement, Lessee may terminate this Lease Agreement at the end of any fiscal year of Lessee as identified in Exhibit A (a “Fiscal Year”) if sufficient funds are not appropriated by Lessee’s Governing Body to pay rental payments and other amounts due hereunder during the next succeeding Fiscal Year (an “Event of Nonappropriation”). Lessee hereby agrees to notify Lessor at least 30 days prior to the last day of its then current Fiscal Year of the occurrence of an Event of Nonappropriation or, if nonappropriation has not occurred by that date, promptly upon the occurrence of an Event of Nonappropriation.

Lessee represents and warrants that: (a) it has made sufficient appropriations or has other legally available funds to pay all rental payments hereunder due (if any) during the current Fiscal Year hereunder ending on June 30, 2022; (b) the officer of Lessee responsible for budget preparation will do all things lawfully within his/her power to request, budget for and obtain appropriated funds for the payment of rental payments and other amounts required to be paid hereunder in each next succeeding Fiscal Year for the Lease Term with the understanding that any such appropriation is within the sole discretion of the Lessee’s Governing Body; and (c) Lessee acknowledges that Lessor has relied upon these representations as an inducement to enter into this Lease Agreement. If an Event of Nonappropriation hereunder shall occur, Lessee agrees to comply with the provisions of Section 16(c) and (d), if and as applicable, on or before the effective date of termination.

Lessee's obligation to pay rental payments and any additional amounts payable hereunder constitutes a current obligation payable exclusively from legally available funds and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement.

4. **Essentiality.** Subject to Paragraph 3 of this Lease Agreement, Lessee's present intention is to make rental payments for the Lease Term as long as it has sufficient appropriations or, if any/applicable, other legally available funds. Lessee represents that, with respect hereto, (a) the use and operation of the Equipment is essential to its proper, efficient, and economic governmental operation and (b) the functions performed by the Equipment could not be transferred to other equipment available for its use. Lessee does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last rental payment scheduled to be paid hereunder. On the Commencement Date, Lessee shall complete and provide Lessor a certificate in the form of Exhibit D.

5. **Disclaimer of Warranties.** LESSEE REPRESENTS THAT IT HAS SELECTED THE EQUIPMENT PRIOR TO HAVING REQUESTED LESSOR TO FINANCE THE SAME. LESSEE AGREES THAT LESSOR HAS NOT MADE ANY, AND MAKES NO, REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING (WITHOUT LIMITATION) THE SUITABILITY OF THE EQUIPMENT, ITS DURABILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, ITS MERCHANTABILITY, ITS CONDITION, ITS CAPACITY, ITS OPERATION, ITS PERFORMANCE, ITS DESIGN, ITS MATERIALS, ITS WORKMANSHIP AND/OR ITS QUALITY. AS BETWEEN LESSEE AND LESSOR, LESSEE LEASES, PURCHASES AND ACQUIRES THE EQUIPMENT "AS IS" "WHERE IS" AND "WITH ALL FAULTS." Lessor hereby assigns to Lessee, to the extent that it may lawfully do so, so long as no Event of Default and no Event of Nonappropriation shall have occurred and be continuing hereunder, all rights and benefits that Lessor may have under any warranty, guaranty or the like that may be made with respect to the Equipment by the Vendor thereof (as such term is defined in Exhibit A hereto). Lessor shall not be liable to Lessee or any third party for any loss, damage, injury or expense of any kind or nature caused directly or indirectly by any of the Equipment or the use or maintenance thereof or any defect therein, the failure of operation thereof or by any interruption of service or loss of use thereof or for any loss of business or damage whatsoever and howsoever caused. Lessor makes no warranty as to the treatment of this Lease Agreement for tax or accounting purposes or as to the compliance of the Equipment with applicable government regulations or requirements. Lessee agrees to look solely to the Vendor for any claim arising from any defect, breach of warranty, failure or delay in delivery, mis-delivery or inability to use the Equipment for any reason whatsoever and Lessee's obligations to Lessor hereunder shall not in any manner be affected thereby, including (without limitation) Lessee's obligations to pay Lessor all rental payments and other amounts payable hereunder. Lessee has selected both the Equipment and the Vendor and acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or the Vendor. Lessor has no obligation to install, erect, test, adjust, service or maintain the Equipment.

6. **Delivery and Acceptance; Quiet Enjoyment.** Lessee shall accept the Equipment for which disbursement is requested from the Escrow Fund upon its delivery and authorizes Lessor to insert on Exhibit A the serial numbers and any additional description of the items of Equipment so delivered. As evidence of that acceptance, Lessee shall execute and deliver to Lessor a Certificate of Acceptance in the form attached as Exhibit A to the Escrow Agreement. Regardless of whether Lessee has furnished a Certificate of Acceptance pursuant to this Paragraph 6, by making a rental payment after its receipt of the Equipment, Lessee shall be deemed to have accepted the Equipment on the date of such rental payment for purposes hereof. During the Lease Term, Lessee shall be entitled to quiet enjoyment of the Equipment, subject to the terms of this Lease Agreement.

7. **Use of Equipment; Maintenance and Repairs.** Lessee shall keep the Equipment within the State at the "Equipment Location" stated in Exhibit A and Lessee shall not remove any of the Equipment

therefrom (except as within the Equipment's normal and contemplated use) without Lessor's prior written consent. Lessee shall use the Equipment in a careful manner and shall at all times, at its sole expense, keep the Equipment in good operating condition, repair and appearance and comply with all laws, ordinances, regulations or requirements of any governmental authority, official, board or department relating to its installation, possession, use or maintenance. Lessee shall not make any alterations, additions, or improvements to the Equipment that are not readily removable without causing damage to or reducing the value of the Equipment. All alterations, additions, or improvements not readily removable shall become property of Lessor.

8. Security Interest; Title to Equipment. (a) With respect to all Equipment financed hereunder: To secure the performance of all of Lessee's obligations hereunder, Lessee hereby grants to Lessor, and Lessor shall have and retain, a security interest constituting a first priority and perfected lien and security interest on the Equipment delivered hereunder and on any attachments, proceeds, warranty rights or other payments from the Vendor, and other amounts related thereto. As further security therefor, Lessee hereby grants to Lessor a first priority security interest in the cash and negotiable instruments from time to time in the Escrow Fund and all proceeds (cash and non-cash) thereof. Lessee agrees to execute, provide and/or deliver such additional documents and such information (including, without limitation, opinions of counsel, financing statements, landlord-tenant or mortgagee waivers, information necessary for fixture filings), notices and similar instruments, in form satisfactory to Lessor, that Lessor deems necessary or appropriate to establish and maintain its first priority and perfected security interest in the Equipment or for the confirmation or perfection of Lessor's rights hereunder. To the extent possible, Lessee further agrees that Lessor shall have all the rights and remedies of a secured party under the applicable Uniform Commercial Code. Lessee, at its expense, will protect and defend Lessee's rights in the Equipment and Lessor's rights and interests therein and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes of Lessee's creditors and other persons. Lessor shall have the right during normal hours, upon reasonable prior notice to Lessee, to enter upon any premises owned by the Lessee and where the Equipment is located in order to inspect the Equipment and/or any books or records related thereto.

(b) Solely with respect to Equipment that is not comprised of vehicles and during the Lease Term, ownership and legal title of all of the Equipment and all substitutions, repairs, modifications, and replacements shall be in Lessee, and Lessee shall take all necessary action to vest such ownership and title in Lessee. Lessor does not own the Equipment, and, by this Lease Agreement, Lessor is merely financing the acquisition of the Equipment for the Lessee. Lessor has not been in the chain of title, does not operate, control or have possession or control over the Equipment, or Lessee's use, maintenance, operation, storage, or maintenance of the Equipment. Lessee is entitled to use and possession of the Equipment, subject to the rights of Lessor hereunder (including its interest in the Equipment as the lessor hereunder). If Lessor terminates this Lease Agreement pursuant to Paragraph 16(a) hereof or an Event of Nonappropriation occurs hereunder, all rights, title, and interests in the Equipment shall immediately vest in Lessor free and clear of any right, title or interest of Lessee and Lessor shall be entitled to all applicable remedies set forth in Section 16(b) and (c) hereunder. Lessee, at its expense, will protect and defend Lessee's rights in the Equipment and Lessor's rights and interests therein and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes of Lessee's creditors and other persons.

(c) Solely with respect to Equipment consisting of vehicles, the provisions of this Section 8(c) shall apply: Lessee agrees to either cause the original registration of Lessor or its assignee as legal owner of the Equipment or endorse the certificate of ownership showing Lessor or its assignee as legal owner (as required by Section 6301 of the California Vehicle Code). Lessee agrees to execute and deliver such additional documents, including, without limitation, opinions of counsel, MSOs/Certificates of Origin, Title Applications, notices and similar instruments, in form satisfactory to Lessor, that Lessor deems necessary or appropriate to establish and maintain its security interest in the Equipment or for the confirmation or perfection of Lessor's rights hereunder. During the Lease Term, Lessee shall be the owner (as defined in

Section 460 of the California Vehicle Code) of the Equipment entitled to use and possession of the Equipment, subject to the rights of Lessor hereunder, which is the legal owner (as defined in Section 370 of the California Vehicle Code) of the Equipment. If Lessor terminates this Lease pursuant to Paragraph 16 hereof or an Event of Nonappropriation occurs hereunder, all rights, title, and interests in the Equipment shall immediately vest in Lessor free and clear of any right, title or interest of Lessee and Lessor shall be entitled to all applicable remedies set forth in Section 16(b) and (c) hereunder.

(d) Solely with respect to Equipment consisting of software, programming or other materials subject to licensure, Lessor will not have the right to repossess, use and/or re-sell or re-let that portion of the Equipment consisting of licensed software or programming that the repossession, use and/or re-sale or re-leasing of which is expressly prohibited by law or applicable licensing agreement. In lieu of the foregoing, Lessee agrees to purge any software and programming from its operating systems and destroy any hard or electronic copies of such software and programming. Upon Lessor's request, Lessee will provide Lessor with reasonable certifications as to the foregoing.

9. Personal Property. The Equipment shall be and remain personal property notwithstanding the manner in which it may be attached or affixed to realty. Lessee covenants that, unless Lessee owns the premises in which the Equipment is to be located and such premises are not subject to any mortgage or lease. At Lessor's request, Lessee shall provide Lessor with a waiver from each landlord and/or mortgagee of the premises in which the Equipment is to be located of any rights that such landlord and/or mortgagee may have in respect of any of the Equipment. Lessee will also provide any information as may be reasonably requested by Lessor with respect to any fixture filings that Lessor may deem necessary.

10. Purchase of Equipment by Lessee; Prepayment. At the option of Lessee, and provided that no Event of Default has occurred and is continuing hereunder, Lessor's interest in all, but not less than all, of the Equipment will be transferred, conveyed and assigned to Lessee, and this Lease Agreement shall terminate: (a) upon payment in full of the rental payments and all other payments then due hereunder or (b) on any rental payment date hereunder, provided Lessee shall have delivered written notice at least 30 days prior to such date of Lessee's intention to purchase the Equipment pursuant to this provision, by paying to Lessor, in addition to the rental payment due and all other amounts due and owing on such date, an amount equal to the concluding payment (the "Concluding Payment") shown for such rental payment date in the rental payment schedule in Exhibit A.

11. Risk of Loss. Lessee shall bear the entire risk of loss, theft, destruction of or damage to the Equipment or any part thereof from any cause whatsoever during the Lease Term and thereafter until redelivery to a location designated by Lessor, and shall not be relieved of the obligation to pay rental payments or any other obligation hereunder because of any such occurrence. If (a) the Equipment or any portion thereof hereunder is destroyed (in whole or in part) or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof hereunder is taken under the exercise of the power of eminent domain, Lessee shall immediately notify Lessor. Lessee and Lessor shall cause the net proceeds of any insurance claim (including self-insurance) or condemnation award to be applied, at Lessor's option, to (i) the prompt repair, restoration, modification or replacement of the Equipment so affected or (ii) the payment in full of the then applicable Concluding Payment. Any balance of net proceeds remaining after completion of such work or payment of such Concluding Payment shall be paid promptly to Lessee. If the net proceeds are insufficient to pay the costs of such repair, restoration, modification or replacement or to pay such Concluding Payment in full, Lessee shall, at Lessor's direction, either complete the work or pay the then applicable Concluding Payment in full and in either case pay any cost in excess of the amount of net proceeds, but only from legally available funds.

12. Insurance. (a) Insurance Policies. If Lessee is not self-insured (as hereafter provided), Lessee shall, at its expense, keep the Equipment fully insured against loss, fire, theft, damage or destruction from any cause whatsoever in an amount not less than the greater of (a) the amount of the then applicable Concluding Payment, or (b) the full replacement cost of the Equipment without consideration for

depreciation. Lessee shall also provide such additional insurance against injury, loss or damage to persons or property arising out of the use or operation of the Equipment as is customarily maintained by the owners of like property, with companies satisfactory to Lessor. Each policy shall provide that, as to the interest or coverage of Lessor or Lessor's assignee, the insurance afforded thereby shall not be suspended, forfeited or in any manner prejudiced by any default or by any breach of warranty, condition or covenant on the part of Lessee. If Lessee shall fail to provide any such insurance required hereunder or, within ten (10) days after Lessor's request therefor, shall fail to deliver the policies or certificates thereof to Lessor, then Lessor, at its option, shall have the right to procure such insurance and to add the full cost thereof to the rental payment next becoming due, which Lessee agrees to pay as additional rent. All such insurance shall be in form, issued by such insurance companies and be in such amounts as shall be satisfactory to Lessor, and shall provide that losses, if any, shall be payable to Lessor as "loss payee," and all such liability insurance shall include Lessor as an "additional insured." Lessee shall pay the premiums for such insurance and deliver to Lessor a certification in the form of Exhibit C-1 and satisfactory evidence of the insurance coverage required hereunder. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payments of and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy.

(b) Self-Insurance. If Lessee is self-insured with respect to equipment such as the Equipment under an actuarially sound self-insurance program that is acceptable to and approved by Lessor, Lessee shall maintain during the Lease Term such actuarially sound self-insurance program and shall provide Lessor a certification in the form of Exhibit C-2 together with evidence of the self-insurance program in form and substance satisfactory to Lessor.

13. Fees; Taxes and Other Governmental Charges; Liens. Lessee covenants and agrees at all times to keep the Equipment free and clear of all levies, liens (other than those created hereunder) and encumbrances, and to pay all charges, taxes and fees (including any recording or stamp fees or taxes) that may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment and shall give Lessor immediate written notice of any of the foregoing. If any of same shall remain unpaid when due, Lessor may pay same and add such payment to the rental payment next becoming due, as additional rent. Lessee shall execute and deliver to Lessor upon Lessor's request such further instruments and documents containing such other assurances as Lessor deems necessary or advisable for the confirmation or perfection of Lessor's rights hereunder or to otherwise effectuate the intent of this Lease Agreement.

14. Release. To the extent not prohibited by law, Lessee shall release, defend and save Lessor, its officers, employees, agents, servants, successors and assigns, harmless from any and all liabilities (including, without limitation, negligence, tort and strict liability), damages, expenses, claims, actions, proceedings, judgments, settlements, losses, liens and obligations, including (without limitation) attorneys' fees and costs ("Claims"), arising out of the ordering, purchase, delivery, rejection, non-delivery, ownership, selection, possession, operation, control, use, condition, maintenance, transportation, storage, repair, return or other disposition of the Equipment, any claims arising under federal, state or local environmental protection and hazardous substance clean up laws and regulations and any claims of patent, trademark or copyright infringement or, if Lessee shall be in default hereunder, arising out of the condition of any item of Equipment sold or disposed of after use by Lessee, including (without limitation) claims for injury to or death of persons and for damage to property. The indemnities, assumption of liabilities and obligations herein provided shall be payable solely from funds legally available for such purpose and shall continue in full force and effect notwithstanding the expiration, termination or cancellation of this Lease Agreement for any reason whatsoever. However, Lessee shall not be obligated to indemnify Lessor from Claims arising from the actual, proven, direct and proximate gross negligence or willful misconduct of Lessor, nor shall Lessee be required to expend any sums that are not properly appropriated or otherwise legally available.

15. Assignment; Subleasing. LESSEE SHALL NOT ASSIGN, PLEDGE, MORTGAGE, SUBLET OR OTHERWISE TRANSFER OR ENCUMBER ANY OF ITS RIGHTS UNDER THIS LEASE AGREEMENT OR IN THE EQUIPMENT OR ANY PART THEREOF, NOR PERMIT ITS USE BY ANYONE OTHER THAN LESSEE AND ITS REGULAR EMPLOYEES, WITHOUT LESSOR'S PRIOR WRITTEN CONSENT. ANY SUCH PURPORTED TRANSFER, ASSIGNMENT OR OTHER ACTION WITHOUT LESSOR'S PRIOR WRITTEN CONSENT SHALL BE VOID.

Lessor may, at any time and from time to time, assign, transfer or otherwise convey all or any part of its interest in the Equipment and this Lease Agreement, including, but not limited to, Lessor's rights to receive the rental payments hereunder or any part thereof (in which event Lessee agrees to make all rental payments thereafter to the assignee designated by Lessor) without the necessity of obtaining Lessee's consent, *provided, however*, Lessor will deliver to Lessee prior written notice of an assignment. No such assignment, transfer or conveyance shall be effective until Lessee shall have received a written notice of assignment that discloses the name and address of each such assignee. During the term of this Lease Agreement, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments with respect hereto in form necessary to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "Code"). Lessee agrees (unless otherwise stated), if so requested, to acknowledge any such assignment in writing within 15 days after request therefor in the form attached as Exhibit B hereto. Lessee further agrees that any moneys or other property received by Lessor as a result of any such assignment, transfer or conveyance shall not inure to Lessee's benefit.

16. Events of Default; Remedies. (a) Each of the following events constitutes an "Event of Default" hereunder: (i) Lessee fails to pay in full the rental payment due hereunder on any date upon which such rental payment is due; (ii) Lessee fails to comply with any other agreement or covenant of Lessee hereunder for a period of 30 days following receipt of written notice of violation of such agreement or covenant and demand that such violation be remedied; (iii) Lessee institutes any proceedings under any bankruptcy, insolvency, reorganization or similar law or a receiver or similar officer is appointed for Lessee or any of its property; (iv) any warranty, representation or statement made in writing by or on behalf of Lessee in connection herewith is found to be incorrect or misleading in any material respect on the date made; (v) actual or attempted sale, lease or encumbrance of any of the Equipment or the making of any levy, seizure or attachment thereof or thereon; or (iv) Lessee defaults in its obligations under any other agreement for borrowing money, lease financing of property, or otherwise receiving credit and the obligee thereunder (or trustee on its behalf) is permitted to exercise any remedies under the agreement.

(b) Immediately upon the occurrence of an Event of Default hereunder: (i) Lessor may demand payment of the Concluding Payment, together with all rental payments and other amounts that may have been appropriated through the end of the then current Fiscal Year and terminate this Lease Agreement or Lessee's rights hereunder; and (ii) Upon return (if applicable as per Section 16(c) hereunder), if the Equipment is damaged or otherwise made less suitable for the purposes for which it was manufactured than when delivered to Lessee, Lessee agrees, at its option, to (x) repair and restore the Equipment to the same condition in which it was received by Lessee (reasonable wear and tear excepted) or (y) pay to Lessor the reasonable costs of such repair and restoration, or (z) pay for the transfer of any and all licenses, rights, or interest in any software or programming, to the extent the foregoing may be assigned.

(c) Following any Event of Default or Event of Nonappropriation hereunder, Lessee hereby agrees, at its expense, to surrender promptly to Lessor at such location in the continental United States as Lessor shall direct; provided, however, that Lessor will use reasonable efforts to require return to the closest point nearest the Lessor's then current location. If the Equipment is unable to be returned, Lessee has not delivered the Equipment as requested, or following Lessor's election in lieu of taking possession of the Equipment, either: (a) Lessee will permit Lessor or its agents to enter the premises where the Equipment is then located and take such Equipment and exercise all legally permitted rights of repossession, or (b) Lessee will agree to refrain from using such Equipment and purge any and all software, programming, operating systems, manuals, other information (hard or electronic copy) and/or destroy any

hard or electronic copies of such software and programming which may constitute the Equipment. Upon Lessor's request, Lessee will provide Lessor with reasonable certifications as to the foregoing. In the event that any such Equipment is returned to the Lessor, Lessee shall execute and deliver such documents as may reasonably be required to restore title to and possession of the Equipment to Lessor, free and clear of all liens and security interests arising by, through or under the Lessee to which the Equipment may have become subject. If Lessor is able to (i) recover any Equipment, (ii) sell or otherwise liquidate the Equipment (or any portion thereof) following an Event of Default or an Event of Nonappropriation, and (iii) realize net proceeds (after payment of costs) in excess of total rental payments that would have been paid during the Lease Term plus any other amounts then due hereunder, Lessor shall immediately pay the amount of any such excess to Lessee.

(d) If Lessor terminates this Lease Agreement under this Paragraph 16 or an Event of Nonappropriation occurs hereunder and in either case Lessee continues to use the Equipment or if Lessee otherwise refuses to pay rental payments hereunder due during a Fiscal Year for which Lessee's governing body has appropriated sufficient legally available funds to pay such rental payments due hereunder, Lessor (i) may declare the rental payments due and owing for the Fiscal Year for which such appropriations have been made to be immediately due and payable, (ii) shall be entitled to bring such action at law or in equity to recover money and other damages attributable to such holdover period for the Equipment, and (iii) will be entitled to recover interest on all such amounts at the Default Rate.

(e) Lessor shall also be entitled to exercise any or all remedies available to a secured party under the applicable Uniform Commercial Code and all other rights and remedies that Lessor may have at law or in equity. All rights and remedies of Lessor shall be cumulative and not alternative. Lessor's failure to exercise or delay in exercising any right or remedy shall not be construed as a waiver thereof, nor shall a waiver on one occasion be construed to bar the exercise of any right or remedy on a future occasion. Lessee agrees to reimburse Lessor for any expenses (including attorney's fees) reasonably incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor, but only from legally available funds.

17. Late Payments. Whenever any rental payment or other amount payable to Lessor by Lessee hereunder is not paid within ten (10) days after such due date, Lessee agrees to pay Lessor a late charge on the delinquent amount at the "Default Rate," which is one percent (1%) per month, or the maximum amount permitted under applicable law, whichever is less. Such amount(s) shall be payable solely from legally available funds in addition to all amounts payable by Lessee as a result of the exercise of any of the remedies herein provided.

18. Rental Payments to Be Unconditional. Except as expressly set forth to the contrary in this Lease Agreement (including Paragraph 3), Lessee agrees that as of the Commencement Date, Lessee's obligations hereunder are absolute and unconditional and shall continue without set-off, deduction, counterclaim, abatement, recoupment, or reduction and regardless of any disability of Lessee to use the Equipment or any part thereof because of any reason including, but not limited to, war, act of God, governmental regulations, strike, loss, damage, destruction, obsolescence, failure of or delay in delivery or failure of the Equipment to operate properly.

19. Tax Covenants. Lessee agrees that it will not take any action that would cause the interest component of rental payments hereunder to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action which omission would cause the interest component of rental payments hereunder to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes. Lessee agrees to (a) execute and deliver to Lessor, upon Lessor's request, a tax certificate and agreement (the terms and conditions of which are incorporated fully by reference herein) in form and content acceptable to Lessor and Lessee, relating to the establishment and maintenance of the excludability from gross income of the interest component of rental payments hereunder for federal

income tax purposes; (b) complete and file in a timely manner an information reporting return as required by the Code; and (c) rebate an amount equal to excess earnings on the Escrow Fund to the federal government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code.

Lessee represents that neither Lessee nor any agency or unit of Lessee has on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used directly or indirectly to purchase the Equipment. Lessee has not and will not establish any funds or accounts (no matter where held or the source thereof) the use of which is legally required or otherwise restricted to pay directly or indirectly rental payments hereunder. Lessor and Lessee certify that, so long as any rental payments hereunder remain unpaid, moneys on deposit in the Escrow Fund will not be used in a manner that will cause this Lease Agreement to be classified as an “arbitrage bond” within the meaning of Section 148(a) of the Code.

Should Lessor either (i) receive notice, in any form, from the Internal Revenue Service or (ii) reasonably determine, based on an opinion of a nationally recognized independent tax counsel, that Lessor may not exclude, for any reason, any interest (or portion thereof) paid under the Lease Agreement from its Federal gross income (an "Event of Taxability"), the Lessee shall pay to Lessor upon demand (x) an amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest due through the date of such event), will restore to Lessor its anticipated after-tax yield (assuming tax at the highest marginal tax rate and taking into account the time of receipt of Rental Payments and reinvestment at the after-tax yield rate) on the transaction evidenced by such Lease through the date of such event and (y) as additional Rental Payments to Lessor on each succeeding Payment Date such amount as will maintain such anticipated after-tax yield to Lessor.

It is Lessor’s and Lessee’s intention that this Lease Agreement not constitute a “true” lease for federal income tax purposes and, therefore, it is Lessor’s and Lessee’s intention that Lessee be considered the owner of the Equipment hereunder for federal income tax purposes.

20. Lessee Representations and Warranties. Lessee hereby represents and warrants to and agrees with Lessor that:

(a) Lessee is a political subdivision of the State of California, within the meaning of Section 103(c) of the Code, and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such.

(b) Lessee has the power and authority under applicable law to enter into the transactions contemplated by this Lease Agreement and the Escrow Agreement and has been duly authorized to execute and deliver this Lease Agreement and the Escrow Agreement and to carry out its obligations hereunder and thereunder. Lessee has provided to Lessor a full, true and correct copy of a resolution or other appropriate official action of Lessee’s governing body specifically authorizing Lessee to execute and deliver this Lease Agreement and the Escrow Agreement and all documents contemplated hereby and thereby. Lessee has provided to Lessor a full, true, and correct copy of an Incumbency Certificate in substantially the form attached as Exhibit F hereto relating to the authority of the officers who have executed and delivered this Lease Agreement and who will execute and deliver this Lease Agreement and the Escrow Agreement and all documents in connection herewith and therewith on behalf of Lessee.

(c) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease Agreement and the Escrow Agreement, and Lessee has complied with such public bidding requirements, if any, as may be applicable to the transactions contemplated by this Lease Agreement and the Escrow Agreement.

(d) Lessee is not subject to any legal or contractual limitation or provision of any nature whatsoever that in any way limits, restricts or prevents Lessee from entering into this Lease Agreement and

the Escrow Agreement, or performing any of its obligations hereunder or thereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

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

(f) The payment of the rental payments or any portion thereof hereunder is not (under the terms of this Lease Agreement) directly or indirectly (i) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (ii) on a present value basis, derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local government unit. No portion of the purchase price for the Equipment will be used, directly or indirectly, to make or finance loans to any person other than Lessee. Lessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(g) The entering into and performance of this Lease Agreement will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of Lessee or on the Equipment pursuant to an indenture, mortgage, deed of trust, bank loan or credit agreement, or other instrument to which Lessee is a party or by which it or its assets may be bound, except as herein provided.

(h) Lessee's name as indicated on the first page of this Lease Agreement is its true, correct, and complete legal name.

(i) The useful life of the Equipment will not be less than the Lease Term hereof.

(j) Lessee has entered into this Lease Agreement for the purpose of purchasing, acquiring, and leasing the Equipment and not for the purpose of refinancing any outstanding obligation of Lessee more than 90 days in advance of its payment or prepayment date. The purchase price for the Equipment has been or will be paid directly by Lessor to the Escrow Agent, and no portion of the purchase price for the Equipment has been or will be paid to Lessee as reimbursement for any expenditure paid by Lessee more than 60 days prior to the execution and delivery hereof, unless a proper reimbursement resolution has been passed and the Lessee has complied with all reimbursement requirements under the Code, including, without limitation, Treasury Reg. 1:150.

(k) The application, statements, and credit or financial information submitted by Lessee to Lessor are true and correct and made to induce Lessor to enter into this Lease Agreement.

(l) During the Lease Term of this Lease Agreement, Lessee shall (i) provide Lessor, at or prior to the end of each Fiscal Year (commencing with the current Fiscal Year), with current budgets or other proof of appropriation for the ensuing Fiscal Year and such other information relating to Lessee's ability to continue the Lease Term for the next succeeding Fiscal Year as may be reasonably requested by Lessor and (ii) furnish or cause to be furnished to Lessor, at Lessee's expense, as soon as available and in any event not later than 180 days after the close of each Fiscal Year, the audited financial statements of Lessee at the

close of and for such Fiscal Year, all in reasonable detail, audited by and with the report of Lessee's auditor.

(m) On the Commencement Date, Lessee shall cause to be executed and delivered to Lessor an Opinion of Lessee's Counsel in substantially the form attached as Exhibit G hereto.

(n) Lessee shall pay the excess (if any) of the actual costs of acquiring the Equipment hereunder over the amount paid by Lessor in the Escrow Fund and interest earnings thereon.

(o) Lessee has experienced no material change in its financial condition since June 30, 2021.

(p) Lessee acknowledges that: (a) Lessor is acting solely for its own account and not as a fiduciary for Lessee or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor; (b) Lessor has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of Lessee with respect to its acquisition of the Equipment; and (c) Lessee 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 this Lease Agreement from its financial, legal and other advisors (and not Lessor) to the extent that Lessee desired to obtain such advice.

21. Execution in Counterparts; Chattel Paper. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; *provided, however*, that only Counterpart No. 1 hereof shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

22. Applicable Law. This Lease Agreement shall be construed under the laws of the State of California.

23. Binding Effect; Severability; Survival. This Lease Agreement shall not become effective until accepted by Lessor at its herein-described office, and upon such acceptance shall inure to and bind the parties, their successors, legal representatives, and assigns. No provision of this Lease Agreement that may be construed as unenforceable shall in any way invalidate any other provision hereof, all of which shall remain in full force and effect.

24. Miscellaneous Provisions. Any notice to a party hereunder shall be deemed given when mailed to that party by certified mail, return receipt requested, at its address set forth herein or such other address as either may designate for itself in such notice to the other. This Lease Agreement, the Escrow Agreement and the Exhibits attached hereto and certificates delivered in connection herewith constitute the entire mutual understanding of the parties regarding the subject matter hereof and thereof and may not be modified except in writing, signed by the party against whom such modification is asserted. Upon the request of Lessor, Lessee shall at any time and from time to time execute and deliver such further documents and do such further acts as Lessor may reasonably request in order fully to effect the purposes hereof and any assignment hereof. If a court with competent jurisdiction rules that the interest rate charged hereunder exceeds the maximum rate of interest allowed by applicable law, then the effective rate of interest hereunder shall be automatically reduced to the maximum lawful rate allowable under the applicable laws.

[Remainder of page intentionally left blank]

THE UNDERSIGNED HEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS AS SET FORTH IN THIS EQUIPMENT LEASE-PURCHASE AGREEMENT.

SIGNATURE PUBLIC FUNDING CORP.,
Lessor

CITY OF SEBASTOPOL, Lessee

By: _____
Name: Donald S. Keough
Title: Senior Managing Director

By: _____
Name: Larry McLaughlin
Title: City Manager

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

EXHIBIT A
EQUIPMENT SCHEDULE TO EQUIPMENT LEASE-PURCHASE AGREEMENT
DATED DECEMBER 15, 2021

1. DESCRIPTION OF THE EQUIPMENT:

The “Equipment” consists of various energy and water conservation measures, facility/infrastructure improvements, and energy efficiency equipment as more fully described in that certain Energy Services Proposal dated as of October 6, 2021 (the “Vendor Agreement”) between Syserco Energy Solutions, Inc. (the “Vendor”) and the Lessee.

The Equipment consisting primarily of energy efficiency and conservation project, which includes equipment, design, build and installation work, and various implementation, measurement and verification services related to guaranteed energy savings (and all accessories, attachments, substitution, replacements, and accessories thereto) to be sold, delivered, installed, built, designed or performed under the above referenced Vendor Agreement will be financed by this Equipment Schedule dated December 15, 2021 to that Equipment Lease-Purchase Agreement dated December 15, 2021 by and between Signature Public Funding Corp. and the City of Sebastopol, and such Equipment shall, include, without limitation, the following:

Equipment	Amount	Location
Destratification Fans	\$ 24,708.00	Community Center Gym
E-Gen Heat Pump Heater	\$ 32,651.00	Morris Lift Station
HVAC Unit Replacement	\$ 707,125.00	City Library Building
Pool Chlorine Generator	\$ 101,944.00	Ives Pool City Hall, Community Center, Corporate Yard, Fire Dept, Ives Pool, Police Dept, Library, Senior Center, Youth Annex, Libby Park/Garzo Bldg, Streetlights throughout City
Building and Street Lighting Upgrades	\$ 256,469.00	City Wide
Water Meter Replacement	\$ 2,213,548.00	Morris Lift Station, Wells 6 & 8 City Hall, Community Center, Corporate Yard, Fire Dept, Ives Pool, Police Dept, Library, Senior Center, Youth Annex, Libby Park/Garzo Bldg, Other systems
Pump Repair and Replacement	\$ 1,528,812.00	TBD
Domestic Water Efficiency Upgrades	\$ 37,573.00	City Library Building City Hall, Corporate Yard, Library, Police Dept, Senior Ctr.
Solar Photovoltaic Array on Roof	\$ 00.00	City Hall, Corporate Yard, Youth Annex, Senior Ctr.
Building Envelope Improvements	\$ 12,154.00	City Library Building
Window Film	\$ 23,907.00	
Roof Replacement	\$ 00.00	
Total Equipment Cost:	\$4,938,891.00	

2. EQUIPMENT LOCATION: The Equipment will be generally located at various locations throughout the City of Sebastopol. Specific locations for each light unit will be as set forth on each Acceptance Certificate and Payment Request Form or as more specifically set forth in the Vendor Agreement. If locations for Equipment vary from those set forth herein, they will be set forth on the Final Certificate of Acceptance, but will not be located outside the Lessee’s jurisdictional boundaries.

3. RENTAL PAYMENT SCHEDULE: The rental payments shall be made for the Equipment as follows:

PAYMENT NUMBER	DATE DUE	TOTAL RENTAL PAYMENT DUE	INTEREST COMPONENT	PRINCIPAL COMPONENT	CONCLUDING PAYMENT ^o
0	12/15/2021				4,988,279.91
1	7/1/2022	374,795.77	47,594.45	327,201.32	4,657,806.58
2	7/1/2023	374,795.76	81,626.91	293,168.85	4,361,706.04
3	7/1/2024	374,795.76	76,437.82	298,357.94	4,060,364.52
4	7/1/2025	374,795.76	71,156.89	303,638.87	3,753,689.26
5	7/1/2026	374,795.76	65,782.48	309,013.28	3,441,585.85
6	7/1/2027	374,795.76	60,312.95	314,482.81	3,123,958.21
7	7/1/2028	374,795.76	54,746.60	320,049.16	2,800,708.56
8	7/1/2029	374,795.76	49,081.72	325,714.04	2,471,737.38
9	7/1/2030	374,795.76	43,316.59	331,479.17	2,136,943.42
10	7/1/2031	374,795.76	37,449.41	337,346.35	1,796,223.60
11	7/1/2032	374,795.76	31,478.38	343,317.38	1,449,473.05
12	7/1/2033	374,795.76	25,401.66	349,394.10	1,096,585.01
13	7/1/2034	374,795.76	19,217.39	355,578.37	737,450.85
14	7/1/2035	374,795.76	12,923.65	361,872.11	371,960.02
15	7/1/2036	374,795.76	6,518.51	368,277.25	-
Grand Totals		5,621,936.41	683,045.41	4,938,891.00	

^o Assumes that all rental payments and additional rentals due on and prior to that date have been paid.

4. INTEREST RATE: 1.770 %

5. COMMENCEMENT DATE: December 15, 2021

6. SCHEDULED LEASE TERM: 186.5 months

7. Lessee’s Current Fiscal Year extends from July 1, 2021 to June 30, 2022.

8. The terms and provisions of the Equipment Lease-Purchase Agreement described above (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof.

9. Lessee hereby represents, warrants, and covenants that (i) its representations, warranties, and covenants set forth in the Equipment Lease-Purchase Agreement (particularly Paragraph 20 thereof) are true and correct as though made on the date of execution of this Schedule, and (ii) sufficient funds have been appropriated by Lessee for the payment of all rental payments (if any) due under this Schedule during Lessee’s Current Fiscal Year, which ends on June 30, 2022.

10. Interest, if any, accruing from the Commencement Date to the actual date of funding shall be retained by Lessor as additional consideration for entering into this Equipment Schedule No. 001.

11. Notices and Invoices should be mailed to 7120 Bodega Avenue, Sebastopol, CA 95472 and e-mailed to akwong@cityofsebastopol.org. An additional contact for notices is: Larry McLaughlin, City Manager, 7120 Bodega Avenue, Sebastopol, CA 95472 (mail) and lmclaughlin@cityofsebastopol.org (e-mail) or 707-823-1153 (phone) & 707-823-1135 (fax)

[Remainder of page intentionally left blank]

CITY OF SEBASTOPOL
as Lessee

SIGNATURE PUBLIC FUNDING CORP.,
as Lessor

By: _____
Name: Larry McLaughlin
Title: City Manager

By: _____
Name: Donald S. Keough
Title: Senior Managing Director

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

[Signature Page to Exhibit A- Equipment Schedule]

EXHIBIT B

Reserved. Not applicable.

EXHIBIT C-1

INSURANCE CERTIFICATION

Signature Public Funding Corp.
600 Washington Ave, Suite 305
Towson, MD 21204

December 15, 2021

Re: Equipment Lease-Purchase Agreement and Equipment Schedule 001 both dated December 15, 2021

In connection with the above-referenced Lease Agreement, City of Sebastopol, as lessee (the "Lessee") certifies that it has instructed the insurance agent named below (please fill in name, address, and telephone number):

Name of Agent: California Intergovernmental Risk Authority (CIRA)
Address: 2330 E Bidwell Street, Folsom, CA 95630
Phone: 916-927-7727
E-mail: kong@cira-jpa.org
to issue:

X *Liability Insurance.* Lessee is required to maintain public liability insurance, personal injury and property damage with policy limits of \$1,000,000 per occurrence and \$3,000,000 aggregate. The policy should be endorsed to name Signature Public Funding Corp. (the assignee of SIGNATURE PUBLIC FUNDING CORP.) as an additional insured.

X *Casualty Insurance.* Lessee is required to maintain all risk extended coverage, malicious mischief and vandalism insurance for the Equipment described in the above-referenced Equipment Schedule in an amount not less than the greater of \$4,988,280.00 or the full replacement cost of the Equipment. Such insurance shall be endorsed to name Signature Public Funding Corp. as a lender loss payee with respect to such Equipment.

The required insurance should also be endorsed to give Signature Public Funding Corp. at least 30 days prior written notice of the effective date of any material alteration or cancellation of coverage, and an endorsement confirming that the interest of Signature Public Funding Corp. shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of Lessee.

Proof of insurance coverage will be provided to Signature Public Funding Corp. prior to and/or commensurate with the Commencement Date of the Lease.

Very truly yours,

CITY OF SEBASTOPOL, as Lessee

By: _____
Name: Larry McLaughlin
Title: City Manager

EXHIBIT C-2

Signature Public Funding Corp.
600 Washington Ave, Suite 305
Towson, MD 21204

December 15, 2021

Re: Equipment Lease-Purchase Agreement and Equipment Schedule 001 both dated
December 15, 2021

In connection with the above-referenced Lease Agreement, City of Sebastopol, as lessee (the "Lessee") certifies that it participates in an actuarially sound self-insurance program for property damage and public liability risks.

The following is attached (check all that apply):

- Letter from risk manager describing self-insurance program
- Other evidence of Lessee's participation in self-insurance program
- Lessee is not self-insured

Very truly yours,

CITY OF SEBASTOPOL, as Lessee

By: _____
Name: Larry McLaughlin
Title: City Manager

EXHIBIT D

ESSENTIAL USE CERTIFICATE

Signature Public Funding Corp.
600 Washington Ave, Suite 305
Towson, MD 21204

December 15, 2021

Re: Equipment Lease-Purchase Agreement and Equipment Schedule 001 both dated
December 15, 2021

I, Larry McLaughlin, the City Manager of the City of Sebastopol, as lessee (the “*Lessee*”), am qualified to answer the questions set forth below regarding the Equipment to be acquired by Lessee in connection with the above-referenced Lease Agreement:

1. *What is the specific use of the Equipment?*

Equipment will be used for the following applications:

- Destratification Fans: mix air to increase occupant comfort
- Generator heat pump heater: more energy efficient way to heat engine block with a longer useful life
- HVAC unit replacement: mitigate emergency failure replacements
- Pool chlorine generator: replace existing system with more effective equipment
- LED lighting upgrades: improve lighting quality, reduce lamp failures, and elongate useful life of lighting systems
- Water meters installation: provides real-time monitoring, improved accuracy, leak detection, reduces manpower utilization
- Water pump replacements: improves pumping efficiency and avoid emergency failures
- Upgrades in sinks, urinals, aerators: reduces water consumption, reduces need for thermal energy associated with water heating
- Door sweeps and seals; reduces air, water, and pest infiltration and increases occupant comfort
- New window film; reduces solar heat gain and glare to improve occupant visibility

2. *What increased capabilities will the Equipment provide?*

The equipment will:

- Increase equipment efficiencies
- Replace old equipment with new
- Improve lighting conditions
- Improve heating capabilities
- Improve pumping capabilities
- Allow monitoring of water usage
- Insulate facilities
- Improve comfort and safety inside buildings

3. *Why is the Equipment essential to your ability to deliver governmental services?*

- Avoids catastrophic failure
- Reduces operational costs
- Improves occupied space conditions for employees and residents
- Provides technology to accurately monitor equipment and water usage
- Improves safety conditions for city staff and residents

4. *Does the Equipment replace existing equipment?*
(If so, please explain why you are replacing the existing equipment)
Yes, much of the equipment will replace old, failing equipment
Water pumping systems will be replaced to avoid catastrophic failure that would limit the City's ability to provide water/sewer on demand
Outdated technologies will be upgraded to improve operability
5. *Why did you choose this specific Equipment?*
most cost effective
* more energy efficient
* more reliable
* better aligns with City operations
6. *For how many years do you expect to utilize the Equipment?*
20-30 years

Very truly yours,
CITY OF SEBASTOPOL, as Lessee

By: _____
Name:
Title:

[Signature Page to Essential Use Certificate]

EXHIBIT E

INCUMBENCY CERTIFICATE

I, Mary Gourley, do hereby certify that I am the Assistant City Manager and City Clerk City of Sebastopol, a municipal corporation and body corporate and politic (the "City"), which is a duly established and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California, and that I have custody of the records of such entity.

I hereby certify that, as of the date hereof, the individuals named below are the duly elected or appointed officers of the City holding the offices set forth opposite their respective names. I further certify that:

- (i) The signatures set opposite their respective names and titles are their true and authentic signatures, and
- (ii) Such officers have the authority on behalf of such entity to:
 - a. Enter into that certain Equipment Lease-Purchase Agreement and Equipment Schedule both dated December 15, 2021 (the "*Lease Agreement*"), between the CITY OF SEBASTOPOL, as lessee, and SIGNATURE PUBLIC FUNDING CORP., as lessor, and
 - b. Enter into that certain Escrow Deposit Agreement dated December 15, 2021 (the "*Escrow Agreement*"), between the City of Sebastopol, as lessee, Signature Bank, as escrow agent, and Signature Public Funding Corp., as lessor, and to execute various payment and disbursement request forms,
 - c. Execute Certificates of Acceptance and Payments Request Forms, and all other certificates, documents, and agreements relating to the Lease Agreement and/or Escrow Agreement.

NAME	TITLE	SIGNATURE
Larry McLaughlin	City Manager	_____

IN WITNESS WHEREOF, I have duly executed this Certificate on behalf of the City of Sebastopol,
December 15, 2021

Mary Gourley, Asst. City Manager and City Clerk

EXHIBIT F

OPINION OF LESSEE'S COUNSEL

December 15, 2021

SIGNATURE PUBLIC FUNDING CORP.
600 Washington Ave, Suite 305
Towson, MD 21204

Re: Equipment Lease-Purchase Agreement and Equipment Schedule both dated December 15, 2021

Ladies and Gentlemen:

As counsel to the City of Sebastopol (the "*Lessee*"), I have examined the Equipment Lease-Purchase Agreement and Equipment Schedule both dated December 15, 2021 (collectively, the "*Lease Agreement*"), between the Lessee and Signature Public Funding Corp., as lessor ("*Lessor*"), the form of the Escrow Account and Escrow Deposit Agreement, together the Disbursement Request Form and Certificate of Acceptance (collectively, the "*Escrow Agreement*"), and the proceedings taken by the Governing Body of the Lessee to authorize on behalf of the Lessee the execution and delivery of the Lease Agreement and the Escrow Agreement and the investment of the lease proceeds (if any) into the Permitted Investment (as such term is defined in the Escrow Agreement). The Lease Agreement and the Escrow Agreement, together with all documents, exhibits, certificates and attachments thereto are herein collectively referred to as the "*Transaction Documents*." Based upon the foregoing examination and upon an examination of such other documents and matters of law as I have deemed necessary or appropriate, I am of the opinion that:

1. The Lessee is a municipal corporation, which is a duly established and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California with full power and authority to enter into the Transaction Documents.

2. The Transaction Documents have each been duly authorized, executed, and delivered by the Lessee. The Permitted Investment has been duly authorized by the Lessee. Assuming due authorization, execution and delivery thereof by Lessor, the Transaction Documents constitute legal, valid, and binding obligations of the Lessee, enforceable against the Lessee in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. The Equipment to be leased pursuant to the Lease Agreement constitutes personal property and, when subjected to use by the Lessee, will not be a fixture under applicable law.

4. The Lessee has complied with any applicable public bidding requirements in connection with the Transaction Documents and the transactions contemplated thereby. The resolution adopted by the Governing Body of the Lessee authorizing the execution and delivery of the Transaction Documents, and certain other matters was adopted at a meeting that was held in compliance with all applicable laws relating to the holding of open and public meetings.

5. No litigation or proceeding is pending or, to the best of my knowledge, threatened to restrain or enjoin the execution, delivery, or performance by the Lessee of the Transaction Documents or in any way to contest the validity of the Transaction Documents, to contest or question the creation or existence

of the Lessee or the Governing Body of the Lessee or the authority or ability of the Lessee to execute or deliver the Transaction Documents or to comply with or perform its obligations thereunder. There is no litigation pending or, to the best of my knowledge, threatened seeking to restrain or enjoin the Lessee from annually appropriating sufficient funds to pay the rental payments or other amounts contemplated by the Lease Agreement. The entering into and performance of the Transaction Documents do not and will not violate any judgment, order, law, or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of the Lessee or on the Equipment (as such term is defined in the Lease Agreement) pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement, or other instrument to which the Lessee is a party or by which it or its assets may be bound.

6. The Lessee has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation under the Internal Revenue Code of 1986, as amended (“Code”), of the portion of the Rental Payments designated as interest. In the event that the Lessee continuously complies with its covenants under the Transaction Documents and so long as the amounts payable to the Lessor are derived from the Rental Payments made by the Lessee, the portion of the Rental Payments designated as interest is not includible in gross income for federal income tax purposes under the current law. No opinion is expressed as to the tax treatment of payments made to the Lessor from sources other than from Rental Payments made by the Lessee. The Lease Agreement and the obligation to pay Rental Payments thereunder as represented by the Lease Agreement are not “specified private activity bonds” as such term is defined in the Code and the portion of the Rental Payments designated as interest is not includible as an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. However, the portion of Rental Payments designated as interest and received by the Lessor may be subject to an alternative minimum tax. The portions of the Rental Payments designated as interest represented by the Lease Agreement and any gain on the sale of the Lease Agreement are not includible as gross income under California Law. Except as set forth in paragraph 6 herein, we express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and Transaction Documents.

This opinion may be relied upon by purchasers and assignees of Lessor’s interests in the Lease Agreement.

Respectfully submitted,

EXHIBIT G:

BANK-QUALIFIED DESIGNATION

The CITY OF SEBASTOPOL, as lessee, (the “*Lessee*”) under that certain Equipment Schedule dated as of December 15, 2021 to that certain Equipment Lease-Purchase Agreement dated as of December 15, 2021 (collectively, the “Lease”) to which this Designation is attached, hereby designates the Lease as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Lessee hereby represents that the Lessee reasonably anticipates that the Lessee and other entities that the Lessee controls will not issue tax-exempt obligations (including the Lease) the aggregate principal amount of which exceed \$10,000,000 during the calendar year in which the Lease is executed and delivered and interest commences to accrue thereunder.

This Designation is attached to and made a part of the Lease and inures to the benefit of the Lessor and its successors and/or assigned.

EXECUTED as of this 15th day of December, 2021.

CITY OF SEBASTOPOL, as Lessee

By: _____
Name: Larry McLaughlin
Title: City Manager

EXHIBIT H

POST-ISSUANCE TAX COMPLIANCE PROCEDURES

Dated: December 15, 2021

The following certificate is delivered in connection with the execution and delivery of the Equipment Lease-Purchase Agreement dated December 15, 2021 (the "Lease Agreement"), entered into between the CITY OF SEBASTOPOL (the "Lessee") and SIGNATURE PUBLIC FUNDING CORP. (the "Corporation"). Capitalized terms used herein have the meanings defined in the Lease Agreement.

Section 1. In General.

1.1. This Certificate is executed for the purpose of establishing the reasonable expectations of Lessee as to future events regarding the financing of certain equipment (the "Equipment") to be acquired by Lessor and leased to Lessee pursuant to and in accordance with the Equipment Schedule executed under the Agreement (together with all related documents executed pursuant thereto and contemporaneously herewith, the "Financing Documents"). As described in the Financing Documents, Lessor shall apply **\$4,938,891.00** (the "Principal Amount") toward the acquisition of the Equipment and closing costs, and Lessee shall make Rental Payments under the terms and conditions as set forth in the Financing Documents.

1.2. The individual executing this Certificate on behalf of Lessee is an officer of Lessee delegated with the responsibility of reviewing and executing the Financing Documents, pursuant to the resolution or other official action of Lessee adopted with respect to the Financing Documents, a copy of which has been delivered to Lessor.

1.3. The Financing Documents are being entered into for the purpose of providing funds for financing the cost of acquiring, equipping and installing the Equipment which is essential to the governmental functions of Lessee, which Equipment is described in the Equipment Schedule. The Principal Amount will be paid to the Vendor by Lessor on the date of issuance of the Financing Documents.

1.4 Lessee will timely file for the Lease a Form 8038-G (or, if the invoice price of the Equipment under such schedule is less than \$100,000, a Form 8038-GC) relating to such Lease with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").

1.5 The Lease is NOT a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. As such, the Lessee hereby represents that the Lessee reasonably anticipates that the Lessee and other entities that the Lessee controls will not issue tax-exempt obligations (including the Equipment Schedule) the aggregate principal amount of which exceed \$10,000,000 during the calendar year in which Equipment Schedule is executed and delivered and interest commences to accrue thereunder.

Section 2. Non-Arbitrage Certifications.

2.1. The Rental Payments due under the Financing Documents will be made with monies retained in Lessee's general operating fund (or an account or subaccount therein). No sinking, debt service, reserve or similar fund or account will be created or maintained for the payment of the Rental Payments due under the Financing Documents or pledged as security therefor.

2.2. There have been and will be issued no obligations by or on behalf of Lessee that would be deemed to be (i) issued or sold within fifteen (15) days before or after the date of issuance of the Financing Documents, (ii) issued or sold pursuant to a common plan of financing with the Financing Documents and (iii) paid out of substantially the same source of funds as, or deemed to have substantially the same claim to be paid out of substantially the same source of funds as, the Financing Documents.

2.3. Lessee does not and will not have on hand any funds that are or will be restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, as a substitute, replacement or separate source of financing for the Equipment.

2.4. No portion of the Principal Amount is being used by Lessee to acquire investments which produce a yield materially higher than the yield realized by Lessor from Rental Payments received under the Financing Documents.

2.5. The Principal Amount does not exceed the amount necessary for the governmental purpose for which the Financing Documents were entered into. Such funds are expected to be needed and fully expended for payment of the costs of acquiring, equipping and installing the Equipment.

2.6. Lessee does not expect to convey, sublease or otherwise dispose of the Equipment, in whole or in part, at a date which is earlier than the final Payment Date under the Financing Documents.

Section 3. Disbursement of Funds; Reimbursement to Lessee.

3.1 It is contemplated that the entire Principal Amount will be used to pay the acquisition cost of Equipment to the Vendor or for any financial advisory or closing costs, provided that, if applicable, a portion of the principal amount may be paid to Lessee as reimbursement for acquisition cost payments already made by it so long as the conditions set forth in Section 3.2 below are satisfied.

3.2. Lessee shall not request that it be reimbursed for Equipment acquisition cost payments already made by it unless each of the following conditions have been satisfied:

(a) Lessee adopted a resolution or otherwise declared its official intent in accordance with Treasury Regulation § 1.150-2 (the "Declaration of Official Intent"), wherein Lessee expressed its intent to be reimbursed from the proceeds of a borrowing for all or a portion of the cost of the Equipment, which expenditure was paid to a Vendor under the Equipment Acquisition Contract not earlier than sixty (60) days before Lessee adopted the Declaration of Official Intent;

(b) The reimbursement being requested will be made by a written allocation before the later of eighteen (18) months after the expenditure was paid or eighteen (18) months after the items of Equipment to which such payment relates were placed in service;

(c) The entire payment with respect to which reimbursement is being sought is a capital expenditure, being a cost of a type properly chargeable to a capital account under general federal income tax principles; and

(d) Lessee will use any reimbursement payment for general operating expenses and not in a manner which could be construed as an artifice or device under Treasury Regulation § 1.148-10 to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

Section 4. Use and Investment of Funds; Temporary Period.

4.1. Lessee has incurred or will incur, within six (6) months from the date of issuance of the Financing Documents, binding obligations to pay an amount equal to at least five percent (5%) of the Principal Amount toward the costs of the Equipment. An obligation is not binding if it is subject to contingencies within Lessee's control. The ordering and acceptance of the items of Equipment will proceed with due diligence to the date of final acceptance of the Equipment.

4.2. An amount equal to at least eighty-five percent (85%) of the Principal Amount will be expended to pay the cost of the Equipment by the end of the three-year period commencing on the date of this Certificate. No portion of the Principal Amount will be used to acquire investments that do not carry out the governmental purpose of the Financing Documents and that have a substantially guaranteed yield of four (4) years or more.

4.3. (a) Lessee covenants and agrees that it will rebate an amount equal to excess earnings on the Principal Amount deposited in any applicable escrow, debt service or sinking fund to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Lessee reasonably expects to cause the Equipment to be acquired by July 1, 2023, but not later than December 15, 2024.

(b) Lessee will provide evidence to Lessor that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code unless (i) the entire Principal Amount is expended on the Equipment by the date that is the six-month anniversary of the Financing Documents or (ii) the Principal Amount is expended on the Equipment in accordance with the following schedule: At least fifteen percent (15%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within six months from the date of issuance of the Financing Documents; at least sixty percent (60%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within 12 months from the date of issuance of the Financing Documents; and one hundred percent (100%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment prior to eighteen (18) months from the date of issuance of the Financing Documents.

(c) Lessee hereby covenants that (i) Lessee is a governmental unit with general tax powers; (ii) the Lease is not a "private activity bond" under Section 141 of the Code; and (iii) at least ninety-five percent (95%) of the Principal Amount is used for the governmental activities of Lessee; (iv) the aggregate principal amount of all tax-exempt obligations (including the Lease) issued by Lessee and its subordinate entities, if any, during the current calendar year is not reasonably expected to exceed \$5,000,000. Accordingly, the rebate requirements of Section 148(f) of the Code are treated as being met, in lieu of the spending exceptions set forth in paragraph (b) above.

Section 5. Escrow Account.

The Financing Documents provide that the monies deposited in escrow shall be invested until payments to the Vendor(s) or manufacturer(s) of the Equipment are due. Lessee will ensure that such investment will not result in Lessee's obligations under the Financing Documents being treated as an "arbitrage bond" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), respectively. Any monies which are earned from the investment of these funds shall be labeled as interest earned. All such monies will be disbursed on or promptly after the date that Lessee accepts the Equipment. Lessee acknowledges that the provisions of Sections 2 and 4 herein are particularly applicable when the Principal Amount is funded into an Escrow Fund subject to the Escrow Agreement.

Section 6. No Private Use; No Consumer Loan.

6.1. Lessee will not exceed the private use restrictions set forth in Section 141 of the Code. Specifically, Lessee will not permit more than 10% of the Principal Amount to be used for a Private Business Use (as defined herein) if, in addition, the payment of more than ten percent (10%) of the Principal Amount plus interest earned thereon is, directly or indirectly, secured by (i) any interest in property used or to be used for a Private Business Use or (ii) any interest in payments in respect of such property or derived from any payment in respect of property or borrowed money used or to be used for a Private Business Use.

6.2 In addition, if both (A) more than five percent (5%) of the Principal Amount is used as described above with respect to Private Business Use and (B) more than five percent (5%) of the Principal Amount plus interest earned thereon is secured by Private Business Use property or payments as described above, then the excess over such five percent (5%) (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of the Equipment. Any such Excess Private Use Portion of the Principal Amount will not exceed the portion of the Principal Amount used for the governmental use of the particular project to which such Excess Private Use Portion is related. For purposes of this paragraph 6.3, "Private Business Use" means use of bond proceeds or bond financed-property directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and excluding use as a member of the general public.

6.4. No part of the Principal Amount or interest earned thereon will be used, directly or indirectly, to make or finance any loans to non-governmental entities or to any governmental agencies other than Lessee.

Section 7. No Federal Guarantee.

7.1. Payment of the principal or interest due under the Financing Documents is not directly or indirectly guaranteed, in whole or in part, by the United States or an agency or instrumentality thereof.

7.2. No portion of the Principal Amount or interest earned thereon shall be (i) used in making loans the payment of principal or interest of which are to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts if such investment would cause the financing under the Financing Documents to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 8. Miscellaneous.

8.1. Lessee shall keep a complete and accurate record of all owners or assignees of the Financing Documents in form and substance satisfactory to comply with the registration requirements of Section 149(a) of the Code unless Lessor or its assignee agrees to act as Lessee's agent for such purpose.

8.2. Lessee shall maintain complete and accurate records establishing the expenditure of the Principal Amount and interest earnings thereon for a period of five (5) years after payment in full under the Financing Documents.

8.3. To the best of the undersigned's knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.

8.4. The Lessee's Tax Identification Number is: 94-6000430.

8.5. The Lessee has adopted, or will adopt in a reasonable period post-closing, by resolution, separate written procedures regarding ongoing compliance with federal tax requirements necessary to keep, ensure and maintain the interest portions of the Rental Payments under the Lease Agreement as excluded from Lessor's gross income for federal income tax purposes, and will, on an annual basis, conduct an audit of the Lease Agreement to ensure compliance with such procedures

IN WITNESS WHEREOF, this Post-Issuance Tax Compliance Procedures Certificate has been executed on behalf of Lessee as of December 15, 2021.

CITY OF SEBASTOPOL,

By: _____

Name: Larry McLaughlin

Title: City Manager

EXHIBIT I:

This **ESCROW DEPOSIT AGREEMENT** (this “**Agreement**”) dated as of this 15th day of December 2021 by and among **SIGNATURE PUBLIC FUNDING CORP.** (“**Lessor**”), a New York corporation, having its primary address at 600 Washington Avenue, Suite 305, Towson, Maryland 21204, **CITY OF SEBASTOPOL** (“**Lessee**”), a municipal corporation and political subdivision of the State of California, having its primary office at 7120 Bodega Avenue, Sebastopol, CA 95472 and **SIGNATURE BANK** (the “**Escrow Agent**”), a New York state-chartered commercial bank and having an office at Signature Bank, 75 Holly Hill Lane, Greenwich, CT 06830.

W I T N E S S E T H:

WHEREAS, Lessee and Lessor have entered into that certain Equipment Schedule dated as of December 15, 2021 to that certain Equipment Lease Purchase Agreement dated as of December 15, 2021 (collectively and together with all other documents, certificates, exhibits and related documentation therewith, collectively, the “**Lease**”); and

WHEREAS, the Lessor has made a loan to Lessee in the form of “Lease Proceeds,” which are to be used to pay various costs associated with the Lease and to acquire certain items of Equipment (as such term is defined in the Lease); and

WHEREAS, Lessor and Lessee have agreed that all or a portion of the Lease Proceeds shall be held in escrow upon certain terms and conditions; and

WHEREAS, Lessor and Lessee appoint the Escrow Agent as escrow agent of such escrow subject to the terms and conditions set forth in this Agreement; and

WHEREAS, the Escrow Agent accepts such appointment as escrow agent subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED as follows:

1. Delivery of Escrow Funds.

(a) Upon execution of the Lease and delivery of all documents and completion of all conditions precedent in the Lease, the Lessor will deliver, or shall cause to be delivered, to the Escrow Agent checks, internal transfers or wire transfers equal to the Initial Deposit Amount (as set forth on Schedule A hereto) and made payable to “City of Sebastopol, Signature Bank as Escrow Agent” for the benefit of Lessor and Lessee to be held in an account at Signature Bank entitled “City of Sebastopol Equipment Schedule 001, Signature Bank, as Escrow Agent” having ABA No. 026013576, Account No. 1504328569 (the “**Escrow Account**”).

(b) The Initial Deposit Amount that consists of good and indefeasible collected funds that are deposited into the Escrow Account is referred to as the “**Escrow Funds.**” The Escrow Funds shall be maintained and collateralized by the Escrow Agent in accordance with the written instructions provided by the Lessee and Lessor as more fully set forth on Schedule C hereto, which Lessee represents and warrants is in accordance with all applicable laws, regulations, and rules.

(c) The Escrow Agent shall have no duty or responsibility to enforce the collection or demand payment of these checks or any other funds delivered to Escrow Agent for deposit into the

Escrow Account. If, for any reason, these checks or any other funds deposited into the Escrow Account shall be returned unpaid to the Escrow Agent, the sole duty of the Escrow Agent shall be to advise Lessor and Lessee promptly thereof and return check in the manner directed in writing by Lessor and Lessee.

2. Release of Escrow Funds. (a) The Escrow Funds shall be paid by the Escrow Agent in accordance with the instructions, in form and substance satisfactory to the Escrow Agent, received from Lessor and Lessee, in all cases subject to Lessor approval and subject to delivery of those items set forth in Section 2(b) herein, or in accordance with Lessor's instructions delivered pursuant to Section 6 herein, or in absence of such instructions in accordance with the order of a court of competent jurisdiction. The Escrow Agent shall not be required to pay any uncollected funds or any funds that are not available for withdrawal. The Escrow Agent may act in reliance upon any instructions, court orders, notices, certifications, demands, consents, authorizations, receipts, powers of attorney or other writings delivered to it without being required to determine the authenticity or validity thereof or the correctness of any fact stated therein, the propriety or validity of the service thereof, or the jurisdiction of the court issuing any judgment or order. The Escrow Agent may act in reliance upon any signature believed by it to be genuine, and may assume that such person has been properly authorized to do so.

(b) Upon receipt of a Payment Request Form (in substantially the form as set forth on Schedule B hereto) executed by Lessor and Lessee, an amount equal to the Acquisition Cost as shown therein shall be paid directly by Escrow Agent to the person or entity entitled to payment as specified therein. Although the Payment Request Form may have schedules, invoices and other supporting document attached to it, Lessor will send to Escrow Agent only the page or pages showing the signatures of Lessor and Lessee, the Acquisition Cost and related payment information, without such schedules, invoices or other supporting documentation. Escrow Agent may act and rely upon the signed Payment Request Form without the need to review or verify any such schedules, invoices or other supporting documentation.

3. Acceptance by Escrow Agent. The Escrow Agent hereby accepts and agrees to perform its obligations hereunder, provided that:

(a) Upon execution of this Agreement, Lessor shall execute and deliver to Escrow Agent Schedule A-1 hereto and Lessee shall execute and deliver to Escrow Agent Schedule A-2 (together with Schedule A-1, each a "**Certificate**") hereto, for the purpose of (i) establishing the identity of each respective authorized representative(s) of Lessor and Lessee entitled to singly initiate and/or confirm disbursement instructions to Escrow Agent on behalf of each such party and (ii) providing standing wire instructions for each of Lessor and Lessee to be used for disbursements to said party. The Escrow Agent may act in reliance upon any signature on each Certificate believed by it to be genuine, and may assume that any person who has been designated by Lessor and Lessee to give any written instructions, notice or receipt, or make any statements in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall have no duty to make inquiry as to the genuineness, accuracy or validity of any statements or instructions or any signatures on statements or instructions, including but not limited to, those contained on each Certificate. Lessor and Lessee may update their respective Certificate by executing and delivering to the Escrow Agent an updated Certificate substantially in the form attached hereto as Schedule A-1 and/or Schedule A-2. Until such time as Escrow Agent shall receive an updated Certificate, Escrow Agent shall be fully protected in relying without inquiry on the current Certificate on file with Escrow Agent.

(b) The Escrow Agent may seek confirmation of disbursement instructions by telephone call back to one of the authorized representatives set forth on each Certificate, and the Escrow Agent may rely upon the confirmations of anyone purporting to be the person(s) so designated. To ensure the accuracy of the instruction it receives, the Escrow Agent may record such call back. If the Escrow Agent is unable to verify the instruction, or is not satisfied in its sole discretion with the verification it receives, it will not

execute the instruction until all issues have been resolved to its satisfaction. Lessor and Lessee agree that the foregoing procedures constitute commercially reasonable security procedures. Escrow Agent further agrees not to comply with any direction or instruction (other than those contained herein or delivered in accordance with this Agreement) from any party inconsistent with the foregoing.

(c) The Escrow Agent may act relative hereto in reliance upon advice of counsel in reference to any matter connected herewith. The Escrow Agent shall not be liable for any mistake of fact or error of judgment or law, or for any acts or omissions of any kind, unless caused by its willful misconduct or gross negligence.

(d) Lessor and Lessee, jointly and severally, agree to indemnify, release, and hold the Escrow Agent harmless from and against any and all claims, losses, costs, liabilities, damages, suits, demands, judgments or expenses, including, but not limited to, attorney's fees, costs and disbursements, (collectively "**Claims**") claimed against or incurred by Escrow Agent arising out of or related, directly or indirectly, to the Escrow Agreement and the Escrow Agent's performance hereunder or in connection herewith, except to the extent such Claims arise from Escrow Agent's willful misconduct or gross negligence as adjudicated by a court of competent jurisdiction.

(e) In the event of any disagreement between or among Lessor and Lessee, or between any of them and any other person, resulting in adverse claims or demands being made to Escrow Agent in connection with the Escrow Account, or in the event that the Escrow Agent, in good faith, be in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. The Escrow Agent shall have the option, after thirty (30) days' notice to Lessor and Lessee of its intention to do so, to file an action in interpleader requiring the parties to answer and litigate any claims and rights among themselves. The rights of the Escrow Agent under this section are cumulative of all other rights which it may have by law or otherwise.

(f) In the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder, the Escrow Agent shall be entitled to (i) refrain from taking any action other than to keep safely the Escrow Funds until it shall be directed otherwise by a court of competent jurisdiction, or (ii) deliver the Escrow Funds to a court of competent jurisdiction.

(g) The Escrow Agent shall have no duty, responsibility or obligation to interpret or enforce the terms of any agreement other than Escrow Agent's obligations hereunder, and the Escrow Agent shall not be required to make a request that any monies be delivered to the Escrow Account, it being agreed that the sole duties and responsibilities of the Escrow Agent shall be to the extent not prohibited by applicable law (i) to accept checks or other instruments for the payment of money delivered to the Escrow Agent for the Escrow Account and deposit said checks or instruments into the Escrow Account, and (ii) disburse or refrain from disbursing the Escrow Funds as stated herein, provided that the checks or instruments received by the Escrow Agent have been collected and are available for withdrawal.

4. Escrow Account Statements and Information. The Escrow Agent agrees to send to the Lessee and/or the Lessor a copy of the Escrow Account periodic statement, upon request in accordance with the Escrow Agent's regular practices for providing account statements to its non-escrow clients and to also provide the Lessee and/or Lessor, or their designee, upon request other deposit account information,

including Account balances, by telephone or by computer communication, to the extent practicable. The Lessee and Lessor agree to complete and sign all forms or agreements required by the Escrow Agent for that purpose. The Lessee and Lessor each consents to the Escrow Agent's release of such Account information to any of the individuals designated by Lessee or Lessor, which designation has been signed in accordance with Section 3(a) by any of the persons in Schedule A-1 and Schedule A-2. Further, the Lessee and Lessor have an option to receive e-mail notification of incoming and outgoing wire transfers. If this e-mail notification service is requested and subsequently approved by the Escrow Agent, the Lessee and Lessor agrees to provide a valid e-mail address and other information necessary to set-up this service and sign all forms and agreements required for such service. The Lessee and Lessor each consents to the Escrow Agent's release of wire transfer information to the designated e-mail address(es). The Escrow Agent's liability for failure to comply with this section shall not exceed the cost of providing such information.

5. Resignation and Termination of the Escrow Agent. The Escrow Agent may resign at any time by giving thirty (30) days' prior written notice of such resignation to Lessor and Lessee. Upon providing such notice, the Escrow Agent shall have no further obligation hereunder except to hold the Escrow Funds that it has received as of the date on which it provided the notice of resignation as depository. In such event, the Escrow Agent shall not take any action until Lessor and Lessee jointly designate a banking corporation, trust company, attorney or other person as successor escrow agent. Upon receipt of such written instructions signed by Lessor and Lessee, the Escrow Agent shall promptly deliver the Escrow Funds, net of any outstanding charges, to such successor escrow agent and shall thereafter have no further obligations hereunder. If such instructions are not received within thirty (30) days following the effective date of such resignation, then the Escrow Agent may deposit the Escrow Funds and any other amounts held by it pursuant to this Agreement with a clerk of a court of competent jurisdiction pending the appointment of a successor escrow agent. In either case provided for in this section, the Escrow Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds.

6. Termination.

(a) Lessor and Lessee may terminate the appointment of the Escrow Agent hereunder upon a joint written notice to Escrow Agent specifying the date upon which such termination shall take effect. In the event of such termination, Lessor and Lessee shall, within thirty (30) days of such notice, jointly appoint a successor escrow agent and the Escrow Agent shall, upon receipt of written instructions signed by both Lessor and Lessee, turn over to such successor escrow agent all of the Escrow Funds; provided, however, that if Lessor and Lessee fail to appoint a successor escrow agent within such thirty (30)-day period, such termination notice shall be null and void and the Escrow Agent shall continue to be bound by all of the provisions hereof. Upon receipt of the Escrow Funds, the successor escrow agent shall become the Escrow Agent hereunder and shall be bound by all of the provisions hereof and the Escrow Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds.

(b) The Escrow Account shall be terminated on the "Termination Date," which shall be the earliest of (i) the final distribution of amounts in the Escrow Account, (ii) the "Anticipated Closing Date" (as such term is defined on Schedule A hereto), or (iii) unilateral written notice given by Lessor of the occurrence of a default, Event of Default (as such term is defined in the Lease), Non-Appropriation (as such term is defined in the Lease) or any other termination of the Lease which results in Lessor being paid less than the Prepayment Price (as such term is defined in the Lease).

(c) Unless all of the Escrow Funds deposited by Lessor in the Escrow Account have been previously disbursed pursuant to Section 2 herein, on the Termination Date, Escrow Agent shall pay upon

written direction from Lessor all remaining moneys in the Escrow Account to Lessor or its assignee for application to the Prepayment Price, including any fees, interest or premium included in the definition thereof as found in the related Lease. If any Prepayment Price does not contain a premium or penalty and this Agreement and the Escrow Account is terminated pursuant to Section 6(b) herein, then any amounts paid pursuant to this Section 6(c) shall be subject to a prepayment fee equal to three percent (3%) of such amount. Lessor shall apply amounts received under this Section 6 first to unpaid fees, late charges and collection costs, if any, which have accrued or been incurred under the Lease, then to overdue Principal and Interest on the Lease and then, in the sole discretion of Lessor, either (i) to the Prepayment Price due under the Lease in the inverse order of all respective principal maturities, or (ii) proportionately to each Principal payment thereafter due under the Lease. In the event that Lessor elects to apply any such amounts in accordance with clause (i) of the preceding sentence, Lessee shall continue to make Rental Payments as scheduled in the applicable Payment Schedule. In the event that Lessor elects to apply such amounts in accordance with clause (ii) of this Section 6(c), Lessor shall provide Lessee with a revised Payment Schedule which shall reflect the revised Principal balance and reduced Rental Payments due under the Lease. Capitalized terms used in this Section 6, but not defined herein, shall have the meanings given to such terms in the Lease. Escrow Agent shall have no responsibility to see to the appropriate application of any moneys returned under this Section 6.

7. Investment.

(a) If the non-interest bearing account option is selected in Schedule A hereto, all Escrow Funds received by the Escrow Agent shall be held only in non-interest bearing bank accounts at Escrow Agent.

(b) If the interest-bearing account option is selected in Schedule A hereto, the Escrow Fund shall be invested in Signature Bank's Monogram Insured Money Market Deposit Account for Business. Lessee agrees and represents to the Escrow Agent that any interest or other income earned on the Escrow Account shall for the purposes of reporting such income to the appropriate taxing authorities be deemed to be earned by the Lessee.

(c) The following provisions are applicable regardless of whether an interest-bearing or non-interest bearing account is elected. The Lessee represents that it is a US person as that term is defined by IRS. The Lessee agrees to provide the Escrow Agent with a certified tax identification number by signing and returning a Form W-9 to the Escrow Agent upon execution of this Escrow Agreement. The Lessee understands that, in the event the Lessee's tax identification number is incorrect or is not certified to the Escrow Agent, the Internal Revenue Code, as amended from time to time, may require withholding of a portion of any interest or other income earned on the Escrow Funds. The Lessee agrees to assume any and all obligations imposed, now or hereafter, by the applicable tax law and/or applicable taxing authorities, with respect to any interest or other income earned on the Escrow Funds and to indemnify and hold the Escrow Agent harmless from any liability or obligation on account of taxes, assessments, additions for late payment, interest, penalties, expenses and other governmental charges that may be assessed or asserted against the Escrow Agent in connection with or relating to any payment made or other activities performed under the terms of this Agreement, including without limitation any liability for the withholding or deduction of (or the failure to withhold or deduct) the same, and any liability for the failure to obtain proper certifications or to report properly to governmental authorities in connection with this Agreement, including costs and expenses (including reasonable legal fees and expenses) interest and penalties, in each such case to the extent applicable to, or arising in respect of, the interest earned on the Escrow Account, unless such liability is caused by the Escrow Agent's gross negligence or willful misconduct. The foregoing indemnification and agreement to hold harmless shall survive the termination of this Agreement.

8. Security Interest. The Escrow Agent and Lessee acknowledge and agree that the Escrow Account, the Escrow Funds, and all investments, cash, securities, and proceeds thereof are being irrevocably held by Escrow Agent for the benefit of the Lessee and Lessor subject to disbursement or return solely as set forth herein. In addition to the foregoing and should Lessor's interest in the Lease Proceeds be invalidated, illegal or challenged in any fashion, Lessee hereby grants to Lessor a first priority perfected security interest in the Escrow Account and Escrow Funds, and all cash, securities, investments and proceeds thereof that may, from time to time, be held in the Escrow Account. If the Escrow Account, or any part thereof, is converted to investments as set forth in this Agreement, such investments shall be made in the name of Escrow Agent and held for the benefit of Lessor and Lessee subject to the express terms and conditions of this Agreement. Notwithstanding the grant and conveyance of a lien and security interest in favor of the Lessor and solely with respect to Claims, Fees or other actual and out-of-pocket costs that have not been previously reimbursed, Escrow Agent is hereby granted a security interest in and a lien upon the Escrow Account and Escrow Funds, which security interest and lien shall be prior to all other security interests, liens or claims against the Escrow Account, Escrow Funds, or any part thereof. The Escrow Account and Escrow Funds shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessor or Lessee or Escrow Agent (other than Lessor's and Escrow Agent's respective security interests granted hereunder).

9. Compensation. The Escrow Agent shall be entitled, for the duties to be performed by it hereunder, to a one-time "Set-Up Fee," if any, as set forth on Schedule A hereto, which fee shall be paid by Lessor or Lessee upon the signing of this Agreement. In addition, Lessor and Lessee shall be obligated to reimburse Escrow Agent for all fees, costs and expenses incurred or that becomes due in connection with this Agreement or the Escrow Account, including reasonable attorney's fees (collectively, and together with the Set-Up Fee, "Fees"). Neither the modification, cancellation, termination or rescission of this Agreement nor the resignation or termination of the Escrow Agent shall affect the right of the Escrow Agent to retain the amount of any fee which has been paid, or to be reimbursed or paid any amount which has been incurred or becomes due, prior to the effective date of any such modification, cancellation, termination, resignation or rescission. To the extent the Escrow Agent has incurred any such expenses, or any such fee becomes due, prior to or commensurate with the Termination Date, the Escrow Agent shall advise the Lessee and Lessor and the Lessee and Lessor shall direct all such amounts to be paid directly to Escrow Agent prior to any distribution of funds set forth in Section 6 herein

10. Regulatory Compliance.

(a) Lessee and Lessor agree to observe and comply, to the extent applicable, with all anti-money laundering laws, rules and regulations including, without limitation, regulations issued by the Office of Foreign Assets Control of the United States Department of Treasury and the Financial Crimes Enforcement Network of the U.S. Department of Treasury.

(b) Lessee and Lessor shall provide to the Escrow Agent such information as the Escrow Agent may require to enable the Escrow Agent to comply with its obligations under the Bank Secrecy Act of 1970, as amended ("BSA"), or any regulations enacted pursuant to the BSA or any regulations, guidance, supervisory directive or order of the New York State Department of Financial Services or Federal Deposit Insurance Corporation. The Escrow Agent shall not make any payment of all or any portion of the Escrow Funds to any person unless and until such person has provided to the Escrow Agent such documents as the Escrow Agent may require to enable the Escrow Agent to comply with its obligations under the BSA.

(c) To help the United States government fight funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When an account is opened and from time to time as be

required by the Escrow Agent's internal policies and procedures, the Escrow Agent shall be entitled to ask for such information that will allow the Escrow Agent to identify relevant parties. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Escrow Agent may ask for documentation to verify its formation and existence as a legal entity. The Escrow Agent may also ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The Parties acknowledge that a portion of the identifying information set forth herein is being requested by the Escrow Agent in connection with Title III of the USA Patriot Act, Pub.L. 107-56 (the "Act"), and Lessee and Lessor each agrees to provide any additional information requested by the Escrow Agent in its sole discretion in connection with the Act or any other legislation, regulation, regulatory order or published guidance to which the Escrow Agent is subject, in a timely manner.

11. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if sent by hand-delivery, by facsimile followed by first-class mail, by nationally recognized overnight courier service or by prepaid registered or certified mail, return receipt requested, to the addresses set forth below.

If to Lessor:

Signature Public Funding Corp.
600 Washington Avenue, Suite 305
Towson, Maryland 21204
Attention: Donald Keough
E-mail Address: DKeough@signatureny.com
Fax No: (646) 927-4005

If to Lessee:

City of Sebastopol
7120 Bodega Avenue
Sebastopol, CA 95472
Attention: Larry McLaughlin, City Manager
E-mail: lmclaughlin@cityofsebastopol.org
Phone No: 707-823-1153
Fax No.: 707-823-1135

If to Escrow Agent:

Signature Bank
75 Holly Hill Lane
Greenwich, CT 06830
Attention: Thomas Mooney, Group Director and Senior Vice President
Fax No.: 646-660-4272

12. General.

(a) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to agreements made and to be entirely performed within such State, without regard to choice of law principles, and any action brought hereunder shall be brought in the courts of the State of New York, located in New York County. Each party hereto irrevocably waives any objection on the grounds of venue, forum nonconveniens or any similar grounds and irrevocably consents to service of process by mail or in any manner permitted by applicable law and consents to the jurisdiction of said courts. UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION,

PROCEEDING OR COUNTERCLAIM ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(b) This Agreement sets forth the entire agreement and understanding of the parties in respect to the matters contained herein and supersedes all prior agreements, arrangements and understandings relating thereto.

(c) All of the terms and conditions of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the parties hereto, as well as their respective successors and assigns.

(d) This Agreement may be amended, modified, superseded or canceled, and any of the terms or conditions hereof may be waived, only by a written instrument executed by each party hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver of any party of any condition, or of the breach of any term contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement. No party may assign any rights, duties or obligations hereunder unless all other parties have given their prior written consent.

(e) If any provision included in this Agreement proves to be invalid or unenforceable, it shall not affect the validity of the remaining provisions.

(f) This Agreement and any modification or amendment of this Agreement may be executed in several counterparts or by separate instruments and all of such counterparts and instruments shall constitute one agreement, binding on all of the parties hereto.

13. Form of Signature. The parties hereto agree to accept a facsimile or e-mail transmission copy of their respective actual signatures as evidence of their actual signatures to this Agreement and any modification or amendment of this Agreement; *provided, however*, that each party who produces a facsimile or e-mail signature agrees, by the express terms hereof, to place, promptly after transmission of his or her signature by fax, a true and correct original copy of his or her signature in first class mail, postage pre-paid, to the address of the Escrow Agent.

14. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties and their respective successors and permitted assigns, and no other person has any right, benefit, priority or interest under or because of the existence of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first set forth above.

CITY OF SEBASTOPOL

By:

Name: Larry McLaughlin
Title: City Manager

SIGNATURE PUBLIC FUNDING CORP.

By: _____
Name: Donald S. Keough
Title: Senior Managing Director

SIGNATURE BANK

By: _____
Name: Thomas Mooney
Title: Group Director and Senior Vice President

Schedule A

SPFC Lease/Account Number: 500 _____ 001/1504328569

Name of Lessee: City of Sebastopol

Beneficiary Name for Fund: City of Sebastopol Equipment Schedule 001, Signature Bank, as Escrow Agent

Date of Escrow Agreement: December 15, 2021

Date of Master Lease Agreement: December 15, 2021

Lessee's State / Commonwealth: California

Lessee's Tax Identification Number: 94-6000430

Escrow Agent Fee: \$0.00

Initial Deposit Amount: \$4,938,891.00

Account Type: Non-interest Bearing

Anticipated Closing Date: December 15, 2024

Schedule A-1

CERTIFICATE OF AUTHORIZED REPRESENTATIVES – LESSOR

Name	Signature	Initiate (Y/N)	Callback (Y/N)	Phone No.	Alt. Phone No.
Donald Keough	_____	<u>YES</u>	<u>YES</u>	410-704-0027	410-960-8693
Rich Cumbers	_____	<u>YES</u>	<u>YES</u>	410-704-0026	_____
Tonia Lee	_____	<u>YES</u>	<u>YES</u>	410-704-0082	_____
Kim Brown	_____	<u>YES</u>	<u>YES</u>	410-704-0086	_____
_____	_____	_____	_____	_____	_____

STANDING WIRE INSTRUCTIONS FOR LESSOR

In accordance with Section 3(a) of the Agreement disbursements to Lessor by wire transfer must be sent in accordance with the following wire instructions:

Bank Name: []
Bank Address: []
ABA Number: []
Account Number: []
Account Name: []

Schedule A-2

CERTIFICATE OF AUTHORIZED REPRESENTATIVES – LESSEE

Name	Signature	Initiate (Y/N)	Callback (Y/N)	Phone No.	Alt. Phone No.
Larry McLaughlin	_____	<u>YES</u>	<u>YES</u>	707-823-1153	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

STANDING WIRE INSTRUCTIONS FOR LESSEE

In accordance with Section 3(a) of the Agreement disbursements to Lessee by wire transfer must be sent in accordance with the following wire instructions:

Bank Name: []
Bank Address: []
ABA Number: []
Account Number: []
Account Name: []

Schedule B:

Payment Request Form No. [__]

CERTIFICATE OF ACCEPTANCE AND PAYMENT REQUEST

The following payment request is directed to Signature Bank (the “Escrow Agent”), as escrow agent under that certain Escrow Deposit Agreement dated December 15, 2021 (the “Escrow Agreement”), between the City of Sebastopol (“Lessee”), Signature Public Funding Corp. (“Lessor”), and the Escrow Agent.

The Escrow Agent is hereby requested to pay from the Escrow Fund established and maintained under the Escrow Agreement the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to Lessee). The equipment described below is part or all of the Equipment purchased pursuant to Equipment Schedule No. 001 dated as of December 15, 2021 to that certain Equipment Lease Purchase Agreement dated as of December 15, 2021 (collectively, the “Lease”), between Lessor and Lessee:

QUANTITY	DESCRIPTION OF UNITS OF EQUIPMENT	AMOUNT	PAYEE
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Lessee hereby certifies and represents to and agrees with Lessor as follows with respect to the Equipment described above: (i) the Equipment has been delivered to the location(s) set forth in the Lease; (ii) a present need exists for the Equipment, which need is not temporary or expected to diminish in the near future; (iii) the Equipment is essential to and will be used by Lessee only for the purpose of performing one or more governmental functions of Lessee consistent with the permissible scope of Lessee’s authority; (iv) the estimated useful life of the Equipment based upon the manufacturer’s representations and Lessee’s projected needs is not less than the term of the Lease; (v) Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes as of the date of this Certificate; (vi) the Equipment is covered by insurance in the types and amounts required by the Lease; (vii) no default, Event of Default or Event of Nonappropriation, as those terms are defined in the Lease, and no event that with the giving of notice or lapse of time or both, would become a default, Event of Default or an Event of Nonappropriation, has occurred and is continuing on the date hereof; and (viii) sufficient funds have been appropriated by Lessee for the payment of all rental payments or other amounts due under the Lease during Lessee’s current Fiscal Year.

Based on the foregoing, the Escrow Agent is hereby authorized and directed to fund the acquisition of the Equipment set forth above by paying, or causing to be paid, the manufacturer(s)/vendor(s) the amounts set forth on the attached invoices from the Escrow Fund held under the Escrow Agreement in accordance with its terms.

The following documents are attached hereto and made a part hereof: (a) Original Invoice(s) and (b) Copies of Certificate(s) of Ownership, designating Lessor as legal owner, and evidence of filing.

[Remainder of page intentionally left blank]

IF REQUEST IS FINAL REQUEST, CHECK HERE . The undersigned hereby certifies that the items of Equipment described above, together with the items of Equipment described in and accepted by Certificates of Acceptance and Payment Requests previously filed by Lessee with Lessor constitute all of the Equipment subject to the Lease.

Date: _____

Approved:

SIGNATURE PUBLIC FUNDING CORP., as Lessor

CITY OF SEBASTOPOL, as Lessee

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Schedule C:

Collateralization Disclosure and Acknowledgement for Deposit of Public Moneys

The undersigned acknowledges and agrees that all moneys belonging to the Lessee and Lessor and on deposit at Escrow Agent in excess of the FDIC insurance levels shall be collateralized by Escrow Agent by a Municipal Letter of Credit (MULOC) issued by the Federal Home Loan Bank of New York (FHLBNY). Lessee and Lessor represent and warrant that the foregoing FHLBNY MULOC is compliant with any applicable local, county, state or federal rule and regulations, including, without limitation, the Local Agency Deposit Security Law and applicable California Government Code and Code of Regulations.

IN WITNESS WHEREOF, the duly authorized parties have executed this Collateralization Disclosure and Acknowledgement for Deposit of Public Moneys as of the date first set forth below.

LESSOR:
SIGNATURE PUBLIC FUNDING CORP.

LESSEE:
CITY OF SEBASTOPOL

By: _____
Donald S. Keough
Senior Managing Director

By: _____
Larry McLaughlin
City Manager

Date: _____

Date: _____

ESCROW AGENT:
SIGNATURE BANK

By: _____
Thomas Mooney
Group Director & Senior Vice President

Date: _____

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO INCURRING AND ENTERING INTO A TAX EXEMPT LEASE OBLIGATIONS IN ANY AMOUNT NOT TO EXCEED \$4,938,891.00 TO BE EVIDENCED BY THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT, AN ESCROW AGREEMENT AND AN EQUIPMENT SCHEDULE WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING, AND LEASING OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the City of Sebastopol (the "*Lessee*"), a body politic and corporate duly organized and existing as a political subdivision of the State of California, is authorized by the laws of the State of California to purchase, acquire, and lease personal property for the benefit of the Lessee and those it provides services to and to enter into contracts with respect thereto; and

WHEREAS, the Lessee desires to purchase, acquire and lease certain equipment constituting personal property necessary for the Lessee to perform essential governmental functions; including without limitation various energy and water conservation measures, facility/infrastructure improvements, and energy efficiency equipment as more fully described in that certain Energy Services Proposal dated as of October 6, 2021 (the "*Vendor Agreement*") between Sysserco Energy Solutions, Inc. (the "*Vendor*") and the Lessee and all other equipment Lessee or its Designated Officers may deem necessary and/or desirable (the "*Equipment*") in an amount not more than \$4,938,891.00, and the Lessee hereby finds and determines that the realistic estimated useful life of the Equipment is at least fifteen (15) years; and

WHEREAS, in order to acquire such Equipment, the Lessee proposes to enter into a Master Equipment Lease Purchase Agreement dated as of December 15, 2021 (together with the Equipment Schedule dated as of December 15, 2021 and all related exhibits, schedules, and certificates attached thereto, the "*Lease Agreement*") with Signature Public Funding Corp. (the "*Lessor*") and one Escrow Deposit Agreement (together with the Certificate of Acceptance and Payment Request Form, the "*Escrow Agreement*", and together with the Lease Agreement, the "*Transaction Documents*") with the Lessor and Signature Bank, as escrow agent, the forms of which have been presented to the City Council of the City of Sebastopol at this meeting; and

WHEREAS, the City Council of the City of Sebastopol deems it for the benefit of the Lessee and for the efficient and effective administration thereof to enter into the Transaction Documents for the purchase, acquisition, and leasing of the Equipment to be therein described on the terms and conditions therein provided;

NOW, THEREFORE, BE IT RESOLVED AND ENACTED by the City Council of the City of Sebastopol as follows:

Section 1. Approval of Documents. The City Council of the City of Sebastopol hereby approves the form, terms and provisions of the Transaction Documents in substantially the forms presented to this meeting and authorizes and directs Larry McLaughlin, the City Manager of the City of Sebastopol, and such other persons as he/she/they may delegate (the "*Designated Officers*"), and each of them individually, for and in the name of and on behalf of the Lessee, to execute, attested, seal, and deliver the Transaction Documents, and any related Certificate, Exhibits, or other documents attached thereto substantially in such forms as presented herewith, together with such changes, modification, negotiations, insertions, revisions, corrections, or amendments as shall be approved by the officer executing them. The execution of the foregoing by a Designated Officer shall constitute conclusive evidence of such officer's and the City Council approval of any such changes, insertions, revisions, corrections, negotiations, or amendments to the respective forms of agreements presented to this meeting.

Section 2. Other Actions Authorized. The officers and employees of the City of Sebastopol shall take all action necessary or reasonably required by the parties to the Transaction Documents to carry out, give effect to, and consummate the transactions contemplated thereby (including the execution and delivery of Certificates of Acceptance and Disbursement/Payment Requests, Notice and Acknowledgements of Assignments, and any tax certificate and agreement, each with respect to and as contemplated in the Agreement and/or Escrow Agreement) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Transaction Documents. The Designated Officers and all other officers and employees of the City of Sebastopol are hereby directed and authorized to take and shall take all action necessary or reasonably required in order to select, purchase, and take delivery of the Equipment. All actions heretofore taken by officers, employees, and agents of the Lessee that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

Section 3. No General Liability. Nothing contained in this Resolution, the Transaction Documents, nor any other instrument shall be construed with respect to the City of Sebastopol as incurring a pecuniary liability or charge upon the general credit of the City of Sebastopol or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Transaction Documents, or any other instrument or document executed in connection therewith impose any pecuniary liability upon the City of Sebastopol or any charge upon its general credit or against its taxing power, payable from the general and current revenues of the Lessee as provided therein.

Section 4. Appointment of Authorized Lessee Representatives. The Designated Officers are each hereby designated to act as authorized representatives of the City of Sebastopol for purposes of the Transaction Documents until such time as the City Council of the City of Sebastopol shall designate any other or different authorized representative for purposes of the Transaction Documents.

Section 5. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 6. Repealer. All bylaws, orders, and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution, or ordinance or part thereof.

Section 7. Qualified Tax Exempt Obligations. The City of Sebastopol, and its City Council, designate its obligations under the Lease Agreements as “qualified tax exempt obligations” as defined in and for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 8. Declaration of Official Intent. This Declaration of Official Intent is being entered into on or before the date on which the expenditure(s) to be reimbursed will be paid. This Declaration of Official Intent is intended to be a Declaration of Official Intent within the meaning of Treas. Reg. 1.150-2. This Declaration of Official Intent shall be made available for general public inspection at 7120 Bodega Avenue, Sebastopol, CA 95472, the main administrative office of the City of Sebastopol within thirty (30) days of the date hereof and shall remain available for general public inspection until the date of issue of the tax-exempt financing that provides the monies for reimbursement.

Section 9. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 7th day of December 2021 following a roll call vote:

VOTE:

Ayes:

Noes:

Absent:

Abstain:

APPROVED: _____
Mayor

ATTEST: _____
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____
Larry McLaughlin, City Attorney

IRS FORM 8038-G

[To be prepared by Lessee]

CLOSING MEMORANDUM

**\$4,938,891.00 LEASE OF ENERGY CONSERVATION MEASURES AND IMPROVEMENTS
PURSUANT TO THAT EQUIPMENT LEASE-PURCHASE AGREEMENT AND EQUIPMENT SCHEDULE THERETO
DATED DECEMBER 15, 2021
BETWEEN CITY OF SEBASTOPOL, AS LESSEE, AND
SIGNATURE PUBLIC FUNDING CORP., AS LESSOR**

Pre-Closing: Pre-Closing will be held at the Lessee’s convenience, on or before **December 14, 2021**. All documents will be executed and three (3) blue ink originals will be overnighted to Ms. Tonia Lee, 600 Washington Avenue, Suite 305, Maryland 21204, for delivery no later than 9:00 am on the morning of **December 14, 2021** and held in trust until such time as the wires and original documents are released by the Parties.

Closing: (1) By wire transfer and pending receipt of original, executed Lease Documents, on the morning of **December 15, 2021**, the Investor is authorized by Lessee to transfer via wire transfer the Total Equipment Cost (as defined below) to the Vendor as follows:

Bank Name:	Signature Bank 75 Holly Hill Lane Greenwich, CT 06830
ABA Number:	026013576
Account Number:	1504328569
Account Name:	City of Sebastopol Equipment Schedule 001, Signature Bank, as Escrow Agent.

The Parties will confirm by e-mail receipt of funds and then the release of all original documents held in trust, when such funds and/or documents are in the possession of each of the Parties.

Sources and Uses of Funds:

Principal Amount of Lease	\$ 4,938,891.00
TOTAL SOURCES	<u>\$ 4,938,891.00</u>
Total Equipment Cost:	\$ 4,938,891.00
Issuance Costs:	\$ 0.00
TOTAL LEASE PROCEEDS	<u>\$ 4,938,891.00</u>

Attest:
CITY OF SEBASTOPOL

By: _____
Name: Larry McLaughlin
Title: City Manager