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MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

Agreement No.: FRECA2015-04E
Date: April 1, 2015

CITY OF FRESNO
City Clerk's Office (Original)

LESSEE:
City of Fresno
2600 Fresno Street, Suite 2156
Fresno, California

LESSOR:
Community First National Bank
215 S. Seth Child Road
Manhattan, KS 66502

FIRE EQUIPMENT LEASE-PURCHASE AGREEMENT
Dated as of April 1, 2015

For and in consideration of the mutual promises and agreements herein contained, and other good valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. *Definitions.* Unless the context otherwise clearly requires, the following terms shall have the respective meanings set forth below for all purposes of this Agreement and of each Lease:

"Acceptance Certificate" means a certificate in substantially the form attached as *Exhibit A-1* to each Lease and which shall be delivered by Lessee to Lessor upon receipt and acceptance of the Equipment subject to such Lease as provided therein.

"Acquisition Period" means the period commencing on the execution of this Agreement and, unless mutually extended as provided herein, ending on the earlier of (a) June 30, 2017, or (b) the aggregate leasing of \$7,150,000 (Seven Million One Hundred Fifty Thousand Dollars) in Purchase Price of Equipment, or (c) the occurrence of a Material Adverse Change (as defined below). Lessor and Lessee by mutual consent may extend this Agreement for two successive one-year acquisition periods. Any extension shall be memorialized in a written amendment duly executed by Lessor and Lessee.

"Additional Payments" means any amounts (other than Rental Payments) required to be paid by Lessee pursuant to the terms of each Lease.

"Agreement" means this Master Equipment Lease-Purchase Agreement, as supplemented and amended from time to time as herein provided.

"Code" means the Internal Revenue Code of 1986, as it may be amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder.

"Equipment" means (a) the equipment, vehicles, and other personal property identified in each Schedule, (b) any property acquired in substitution, renewal, repair or replacement for, or as additions, improvements, accessions and accumulations to, any of such equipment and (c) any accessories, equipment, vehicles and other personal property, parts and appurtenances appertaining or attached to any of such equipment, vehicles and other personal property or from time to time incorporated therein or installed thereon.

"Event of Default" is defined in Paragraph 24 of this Agreement.

"Event of Non-appropriation" means the failure of the City Council to appropriate money for any Fiscal Period of Lessee sufficient for the continued performance by Lessee of all of Lessee's obligations under a Lease.

"Fiscal Period" means the annual period used from time to time by Lessee for its financial accounting and budgeting purposes. Lessee's current Fiscal Period is identified in each Schedule.

"Index" means the rate set forth on either five or ten year terms on the then current Federal Reserve H.15 Release Interest Rate Swap Scales (www.federalreserve.gov/releases/h15).

"Initial Term" means, with respect to each Lease, the period determined as provided in Paragraph 3 hereof.

"Lease" means a Schedule and the terms of this Agreement which are incorporated by reference into such Schedule, together with the Exhibits attached to each such Schedule.

"Legally Available Funds" means funds that the governing body of Lessee duly appropriates and are legally available for the purpose of making Payments under each Lease.

"Lessee" means the entity referred to as Lessee in the heading for this Agreement.

"Lessor" means (a) the entity referred to as Lessor in the heading for this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to any Lease (including Rental Payments and the Equipment thereunder) pursuant to Paragraph 27 hereof, but does not include any entity solely by reason of that entity's retaining or assuming any obligation of Lessor to perform under any Lease.

"Material Adverse Change" means that the Lessee's general obligation bonds credit rating (or if no general obligation bonds are currently rated, then the issuer's long-term credit rating) without regard to credit enhancements, is reduced below "Ba3" by Moody's Investors Service or "BB-" by Standard & Poor's Ratings Group (or any successor to either such rating agency), or if before the bond credit rating has yet to be evaluated, and through the annual review of updated financial statements, it is determined independently by the Lessor, that the Lessee's financial condition has deteriorated

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including reasonable attorneys' fees) incurred in the collection of such claim or award.

"Notification Date" means the date as of which the Index is established for each Lease. The Notification Date for each Lease shall be set forth in the applicable Schedule.

"Payments" means, with respect to each Lease, the Rental Payments and the Additional Payments thereunder, collectively.

"Prepayment Option Amount" means, with respect to each Lease for which a Prepayment Option Amount is identified under the column titled "PREPAYMENT OPTION AMOUNT" on the related Schedule, the amount determined pursuant to such Lease at which Lessee may prepay the aggregate principal component

of Rental Payments thereunder on any Rental Payment date provided in such Lease prior to the scheduled payment of all Rental Payments to be paid thereunder for the Equipment identified therein. Such amount shall not exceed 1% of the outstanding principal on the related Schedule.

"Purchase Price" means, with respect to each Lease, the total cost of the Equipment subject to such Lease, including all delivery charges, installation charges, capitalizable consulting and training fees, legal fees, financing costs, motor vehicle registration fees, recording and filing fees and other costs necessary to vest full, clear legal title to such Equipment in Lessee, subject to the security interest granted to and retained by Lessor as set forth in such Lease, and otherwise incurred in connection with the financing provided by the lease-purchase of the Equipment as provided in such Lease.

"Renewal Term" means, with respect to each Lease, each successive period, in addition to the applicable Initial Term, that is coextensive with Lessee's Fiscal Period and for which Lessee has extended the term of such Lease as provided therein.

"Rental Payments" means, with respect to each Lease, the amounts (allocable to a principal component, and an interest component) payable by Lessee pursuant to such Lease, as payments for the installment financing of the Purchase Price for the Equipment as set forth in such Lease. The interest component of Rental Payments shall be a fixed rate of interest established on the Notification Date of each Lease by adding the Spread Bid to the Index published for the corresponding full term of the Lease on the Notification Date.

"Schedule" means a Lease Schedule in substantially the form attached to this Agreement as *Exhibit A* that may be executed by Lessor and Lessee from time to time pursuant to this Agreement.

"Spread Bid" means the spread in basis points ("bps.") bid by the Lessor which is to be applied to the Index in the calculation of the Rental Payments in a Lease. The Spread Bid for leases of a five-year term is +40 bps. and the Spread Bid for leases of a ten-year term is +40 bps.

"State" means the State of California.

2. *Agreement to Lease-Purchase Equipment Under Each Lease.* Lessee hereby agrees to acquire, purchase and lease all of the Equipment identified in each of the Schedules that may from time to time be executed by Lessor and Lessee pursuant hereto, and Lessor hereby agrees to lease and finance the Equipment under each such Schedule to Lessee, all on the terms and conditions set forth in this Agreement. Each Schedule executed and delivered by Lessor and Lessee pursuant to this Agreement shall constitute a separate and independent Lease. The termination of a Lease as a consequence of an Event of Non-appropriation shall not terminate any other Lease.

Lessor is committed to enter into Leases during the Acquisition Period on the terms and conditions provided in this Agreement so long as (a) the Equipment identified in a Schedule (i) is of the type generally described in Lessee's request for proposals related to this Agreement (such as copiers, furniture, public safety equipment, vehicles and other capital equipment for general governmental purposes), and (ii) constitutes a capital asset that can be financed on a federally tax-exempt basis over the term stated in such Schedule; (b) no Event of Default has occurred and is then continuing, and (c) no Material Adverse Change has occurred.

Alternative Procedure: Escrow Agreement. Notwithstanding the provisions in this Paragraph 2, if upon agreement by Lessor and Lessee as to any Equipment to be acquired and leased by Lessee under a Lease, Lessor and Lessee may enter into an escrow agreement in substantially the form attached as *Exhibit B* establishing a fund from which the Purchase Price for the Equipment is to be disbursed in accordance with disbursement requests as provided therein, and an amount equal to such Purchase Price shall be deposited therein by Lessor. Lessor and Lessee shall immediately complete and execute *Exhibits A and B* relating to the Equipment and the Payments relating to the Equipment shall be due and payable commencing upon the date of said deposit of funds as provided in *Exhibit A*.

3. *Term.* The term of this Agreement begins as of the date set forth above and will continue so long as any amount remains unpaid under any Lease. The Initial Term of each Lease begins as of the date identified in such Lease and expires at midnight on the last day of the Fiscal Period during which such Lease is executed and delivered. Beginning at the expiration of its Initial Term, the term of each Lease shall automatically be extended upon the successive appropriation by Lessee's governing body of amounts sufficient to pay Rental Payments and reasonably estimated Additional Payments during the next succeeding Renewal Term, for the number of Renewal Terms, each coextensive with Lessee's Fiscal Period, as are necessary for all Rental Payments identified in the applicable Schedule to be paid in full, unless such Lease is terminated as provided therein.

The term of each Lease will expire upon the first to occur of (a) the expiration of the Initial Term or any Renewal Term of such Lease during which an Event of Non-appropriation occurs, (b) the day after the last scheduled Rental Payment under such Lease is paid in full, (c) the day after the Prepayment Option Amount under such Lease is paid in full, and (d) an Event of Default under such Lease and a termination of Lessee's rights thereunder as provided therein.

The term of this Agreement for purposes of the entering into Leases shall be the Acquisition Period; provided that the expiration of the term of this Agreement shall not impact any Leases then in effect.

4. *Rental Payments.* Lessee hereby agrees to pay (but only from Legally Available Funds) Rental Payments for the Equipment identified in each Schedule. All Rental Payments shall be made to Lessor at Lessor's mailing address set forth above (or at such other address as may be designated from time to time pursuant to Paragraph 27 hereof) in the amounts and on the dates provided in the pertinent Schedule. Rental Payments made by check will be accepted subject to collection.

Lessee's obligation under each Lease to make Rental Payments and to pay any Additional Payments thereunder 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. Lessee has not pledged its full faith and credit or its taxing power to make any Rental Payments or Additional Payments under any Lease. Lessee shall not permit any person or entity (including the federal government) to guarantee any Rental Payments under any Lease.

5. *Agreement to Seek Appropriations; Notice of Event of Non-appropriation.* Lessee agrees that its primary business official will do all things lawfully within such official's power (a) to include amounts to make Payments under each Lease in each annual or biennial budget (as appropriate) to be submitted to Lessee's governing body and (b) to maintain and utilize any such amounts appropriated in any given Fiscal Period for the purpose for which those funds were appropriated.

Lessee hereby agrees to notify Lessor immediately (and in no case later than 30 days prior to the last day of its then current Fiscal Period) of the occurrence of an Event of Non-appropriation under any Lease. It is understood that neither this Agreement nor any representation by any public employee or officer creates any legal or moral obligation to appropriate or make moneys available for the purpose of this Agreement.

6. *Prepayment Option.* Lessee is hereby granted the option to prepay (in whole but not in part) the aggregate principal component of Rental Payments identified in a Lease, prior to the scheduled payment of the Rental Payments in full pursuant to such Lease, with such prepayment permitted to be made on any Rental Payment date for which a Prepayment Option Amount is identified under the column titled "PREPAYMENT OPTION AMOUNT" in the applicable Schedule. Assuming that all Rental Payments and Additional Payments due under such Lease on and prior to the prepayment date have been paid, such prepayment amount shall equal the Prepayment Option Amount shown for the Rental Payment date on which such prepayment is to be effective under the column titled "PREPAYMENT OPTION AMOUNT" in the applicable Schedule. To exercise the option provided in this Paragraph 6 and granted in a Lease, Lessee shall give Lessor a written notice exercising such option and designating the affected Lease, the Rental Payment date on which such prepayment is to be effective and the applicable Prepayment Option Amount, which notice shall be delivered to Lessor at least thirty (30) days in advance of the proposed prepayment date. The prepayment option herein granted may be exercised by Lessee with respect to a Lease whether or not one or more Events of Default have occurred and are then continuing under such Lease at the time of such exercise; *provided, however,* that the prepayment of such principal component of Rental Payments under the applicable Lease upon the exercise of such option during the continuance of an Event of Default thereunder shall not limit, reduce or otherwise affect liabilities or obligations that Lessee has incurred as a result of such Event of Default.

Immediately upon any such prepayment's being made or the last scheduled Rental Payment under the Lease is paid in full, Lessor shall execute all documents necessary to confirm in Lessee title in and to the Equipment under the affected Lease, free and clear of any lien, encumbrance or other interest created by Lessor, but without warranties and in "As Is, Where Is" condition, and to release Lessor's security interest in such Equipment, and Lessor shall deliver such documents to Lessee. Lessor shall further cooperate in providing for the filing of any necessary releases, termination statements or other similar documents and the release of certificates of title or certificates of origin to Lessee.

7. *Essentiality.* Lessee's present intention is to make Rental Payments and Additional Payments under each Lease for the Initial Term and all Renewal Terms applicable thereto as long as it has Legally Available Funds. In that regard, Lessee represents with respect to each Lease that at the time Lessee enters into each Lease (a) the use and operation of the Equipment under each Lease is essential to its proper, efficient and economic governmental operation and (b) Lessee does not have other equipment or does not have sufficient equipment available to perform the same functions as the Equipment. Lessee does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment scheduled (including all applicable Renewal Terms) to be paid under the pertinent Lease. To the extent that Lessee may ultimately decide to use other equipment for the same purpose for which Lessee leased Equipment under any given Lease for the benefit of the health, safety and welfare of the public, such decision shall not be considered an Event of Default nor a material misrepresentation under this Agreement.

8. Reserved.

9. *Delivery and Installation.* Lessee shall select the type, quantity and supplier of each item of Equipment designated in a Schedule. Once Lessor and Lessee have executed the related Lease, Lessee (as

Lessor's agent for this purpose) shall then order the Equipment identified in such Lease from such supplier. Any executed purchase order existing at the time of the execution of a Lease, and relating to any portion of the Equipment therein identified that has not as of such Lease execution date been delivered and installed, shall be deemed to have been executed by Lessee in its capacity as Lessor's agent for purposes of such Lease; provided, however, Lessee shall be liable for all obligations under any such purchase order and Lessor shall have no liability thereunder other than to advance the Purchase Price relating to the Equipment under the terms of the applicable Lease. Lessor shall have no liability for any delay in delivery or failure by the supplier to deliver any Equipment under any Lease or to fill any purchase order or meet the conditions thereof. Lessee, at its expense, will pay or cause the supplier to pay all transportation, packing, taxes, duties, insurance, installation, testing and other charges in connection with the delivery, installation and use of the Equipment under all Leases. As soon as practicable after receipt of the Equipment identified in a Lease, Lessee shall furnish Lessor with an executed Acceptance Certificate relating thereto. Execution of an Acceptance Certificate with respect to the Equipment identified in a Lease by any employee, official or agent of Lessee having authority in the premises or having managerial, supervisory or procurement duties with respect to equipment of the same general type as the Equipment described in such Acceptance Certificate shall constitute acceptance of such Equipment on behalf of Lessee. By making a Rental Payment after its receipt of the Equipment identified in a Lease, regardless of whether Lessee has furnished an Acceptance Certificate with respect to such Equipment as herein provided, Lessee shall be deemed to have accepted such Equipment on the date of such Rental Payment for all purposes of such Lease. All Rental Payments paid prior to the delivery of an Acceptance Certificate with respect to the Equipment identified in a Lease shall be credited to Rental Payments as they become due under such Lease.

Lessee understands and agrees that neither the manufacturer, seller or supplier of any Equipment under any Lease, nor any salesman or other agent of any such manufacturer, seller or supplier, is an agent of Lessor. No salesman or agent of the manufacturer, seller or supplier of any Equipment under any Lease is authorized to waive or alter any term or condition of any such Lease, and no representation as to Equipment or any other matter by the manufacturer, seller or supplier of any Equipment under any Lease shall in any way affect Lessee's duty to pay the Rental Payments thereunder and perform its other obligations as set forth in such Lease. Lessee hereby acknowledges that it has or will have selected the Equipment identified in each Schedule using its own criteria and not in reliance on any representations of Lessor.

10. *Disclaimer of Warranties.* LESSOR, NOT BEING THE MANUFACTURER, SELLER OR SUPPLIER OF ANY OF THE EQUIPMENT UNDER ANY LEASE, NOR A DEALER IN ANY OF SUCH EQUIPMENT, HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY, REPRESENTATION OR COVENANT, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE DESIGN OR CONDITION OF THE EQUIPMENT, THE QUALITY OR CAPACITY OF THE EQUIPMENT, THE WORKMANSHIP IN THE EQUIPMENT, THE COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO, PATENT INFRINGEMENT OR LATENT DEFECTS. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. Specifically as to any Disclaimer of Warranties by Lessor under this Paragraph 10, Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for any direct, indirect, consequential, incidental or special damages or loss of any classification related to such warranties. Lessor shall have no obligation to install, erect, test, adjust, service or maintain any Equipment under any Lease. Lessee shall look solely to the manufacturer, seller and/or supplier for any and all claims related to any and all of the Equipment. **AS TO LESSOR (NOT AS TO ANY VENDOR/MANUFACTURER/EQUIPMENT SELLER), LESSEE ACQUIRES, PURCHASES AND LEASES THE EQUIPMENT "AS IS, WHERE IS" AND "WITH ALL FAULTS."**

Lessor hereby acknowledges that, so long as no Event of Default or Event of Non-appropriation has occurred and is continuing under a Lease, the warranties (if any) of the manufacturer, seller and/or supplier of the Equipment under such Lease are for the benefit of Lessee.

11. *Title to Equipment.* During the term of each Lease, title to the Equipment identified therein shall be vested in Lessee, subject to the rights of Lessor under such Lease, unless Lessor terminates such Lease pursuant to Paragraph 25 hereof as provided in such Lease or an Event of Non-appropriation occurs with respect to such Lease, in which event title to the Equipment identified in such Lease shall immediately vest in Lessor free and clear of any right, title or interest of Lessee. Lessee, at its expense, will protect and defend Lessee's title to the Equipment identified in each Lease and Lessor's rights and interests therein and will keep the Equipment under each Lease free and clear from any and all claims, liens, encumbrances and legal processes of Lessee's creditors and other persons. All items of Equipment shall at all times be and remain personal property notwithstanding that any such Equipment may now or hereafter be affixed to realty.

12. *Tax Covenants; Tax Indemnity Payments.* Lessee agrees that it will not take any action that would cause the interest component of Rental Payments under any Lease 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 under any Lease 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 with respect to each Lease, upon Lessor's request, a tax certificate and agreement 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 under such Lease for federal income tax purposes, and (b) complete and file or cause to be filed in a timely manner an information reporting return (either I.R.S. Form 8038-G or I.R.S. Form 8038-GC, as appropriate) in the form attached as *Exhibit A-2* to each Lease with respect to such Lease as 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 would otherwise be considered restricted under the Code or any United States Treasury Regulations (no matter where held or the source thereof) to purchase, directly or indirectly, the Equipment under any Lease. Lessee has not established and will not establish any funds or accounts (no matter where held or the source thereof) which would be construed as "replacement proceeds" or a "sinking fund" under Sections 1.148-1(c)(1) and (c)(2) and any related or replacement provisions of the U.S. Treasury Regulations or the Code for paying Rental Payments, directly or indirectly.

If Lessee breaches the covenant contained in this Paragraph 12 as provided in a Lease, the interest component of Rental Payments under such Lease may become includible in gross income of the owner or owners thereof for federal income tax purposes. In such event, Lessee agrees to pay to Lessor, promptly after any such determination of taxability, and on each Rental Payment date thereafter, an additional amount determined by Lessor to compensate such owner or owners for the loss of such excludability (including, without limitation, compensation relating to interest expense, penalties or additions to tax), which determination shall be conclusive (absent manifest error). Notwithstanding anything herein to the contrary, any additional amount payable by Lessee pursuant to this Paragraph 12 as provided in a Lease shall be payable solely from Legally Available Funds.

It is Lessor's and Lessee's intention that each Lease 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 under each Lease for federal income tax purposes.

13. *Use of Equipment, Inspection and Reports.* During the term of each Lease, Lessee shall be entitled to quiet enjoyment of the Equipment identified therein and may possess and use the Equipment in accordance with such Lease, provided that Lessee is in compliance in all respects with the terms of such Lease and that such possession and use are in conformity with all applicable laws, any insurance policies and any installation requirements (including environmental specifications) or warranties of the manufacturer, seller and/or supplier with respect to the Equipment identified in such Lease. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment under each Lease. Lessor shall have the right, upon reasonable prior notice to Lessee and during regular business hours, to inspect the Equipment at the premises of Lessee or wherever the Equipment may be located. Lessee shall promptly notify Lessor of any alleged encumbrances on the Equipment identified in any Lease or any accident allegedly resulting from the use or operation thereof or any claim relating thereto.

During the term of each Lease and at Lessor's request, Lessee shall provide Lessor, on or before July 10th of any calendar year (commencing with Lessee's current Fiscal Period), with current budgets or other proof of appropriation for the ensuing Fiscal Period and such other information relating to Lessee's ability to continue the term of each Lease for the next succeeding Renewal Term as may be reasonably requested by Lessor. In the event Lessee shall have failed to approve its budget by July 10 of any calendar year and upon proof of such failure by Lessee, Lessor shall grant to Lessee a reasonable extension of time within which Lessee must provide the proof of appropriation described in this Paragraph 13.

During the term of each Lease, Lessee shall 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 Period, the audited financial statements of Lessee as at the close of and for such Fiscal Period, all in reasonable detail, audited by and with the report of Lessee's auditor.

14. *Security Agreement; Further Assurances.* To secure the performance of all of Lessee's obligations under each Lease, Lessee grants to Lessor, and Lessor shall have and retain, a security interest constituting a first and exclusive lien on the Equipment delivered under each respective Lease, on all attachments, repairs, replacements and modifications thereto or therefor and on any proceeds therefrom. Lessee agrees to execute and deliver such additional documents, including, without limitation, , certificates of title or certificates of origin (or applications therefor) noting Lessor's interest thereon, opinions of counsel, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest in the Equipment under each Lease or for the confirmation or perfection of each Lease and Lessor's rights under each Lease. Lessor and any assignee of Lessor is authorized to file one or more Uniform Commercial Code financing statements without the signature of Lessee or signed by Lessor or any assignee of Lessor as attorney-in-fact for Lessee.

15. *Risk of Loss.*

(a) Lessee bears the entire risk of loss, theft, damage or destruction to each item of Equipment under each Lease, in whole or in part from any reason whatsoever ("*Casualty Loss*"). No Casualty Loss to any Equipment shall relieve Lessee from the obligation to make any Rental Payments or to perform any other obligation under the applicable Lease. Lessor and Lessee shall cause the Net Proceeds of any insurance recovery to be applied as provided in this Paragraph 13.

(b) If a Casualty Loss occurs to any Equipment, Lessee shall immediately notify Lessor of the same and Lessee shall, unless otherwise directed by Lessor, immediately repair the same.

(c) If Lessor determines that any item of Equipment has suffered a Casualty Loss beyond repair ("*Lost Equipment*"), then at Lessor's option Lessee shall either: (i) as soon as reasonable practical, replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any liens or encumbrances of any kind (except Lessor's security interest under the applicable Lease) and otherwise acceptable to Lessor and deliver to Lessor a purchase order, bill of sale or other evidence of sale to Lessee covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under the applicable Lease, or (ii) on the next scheduled Rental Payment due date, pay Lessor all amounts owed by Lessee under the applicable Lease, including the Rental Payment due on such date, plus an amount equal to the applicable Prepayment Option Amount set forth in the related Schedule . If Lessee is making such payment with respect to less than all of the Equipment under a Lease, then Lessor will provide Lessee with the pro rata amount of the Prepayment Option Amount to be paid by Lessee with respect to the Lost Equipment. If the Net Proceeds are insufficient to pay the costs of repair, restoration or replacement of the affected Equipment or to pay the applicable Prepayment Option Amount, Lessee shall, at Lessor's direction, either complete the work or pay the then applicable Prepayment Option Amount and in either case pay any cost in excess of the amount of the Net Proceeds, but only from Legally Available Funds.

16. *Insurance.*

(a) Lessee at its sole expense shall at all times keep all Equipment insured against all risks of loss or damage from every cause whatsoever (including collision in the case of vehicles) for an amount not less than the lesser of (i) the Purchase Price of the Equipment or (ii) the then current Prepayment Option Amount under the applicable Lease. Lessor shall be named as lender loss payee with respect to all insurance covering damage to or loss of any Equipment, and the Net Proceeds of any such insurance shall be payable to Lessor as loss payee to be applied as provided in Paragraph 15. The Purchase Price with respect to a Lease does not include the payment of any premium for any liability insurance coverage for bodily injury and/or property damage caused to others and no such insurance will be purchased by Lessor. Lessee at its sole expense shall at all times carry public liability and property damage insurance in amounts reasonably satisfactory to Lessor protecting Lessee and Lessor from liabilities for injuries to persons and damage to property of others relating in any way to any Equipment. Lessor shall be named as additional insured with respect to all such public liability and property damage insurance, and the proceeds of any such insurance shall be payable first to Lessor as additional insured to the extent of its liability, and then to Lessee.

(b) All insurers shall be reasonably satisfactory to Lessor. Lessee shall promptly deliver to Lessor satisfactory evidence of required insurance coverage and all renewals and replacements thereof. Unless otherwise indicated in writing by Lessor, such insurance shall be deemed reasonably satisfactory to Lessor. Each insurance policy will require that the insurer give Lessor at least 30 days prior written notice of any cancellation of such policy and will require that Lessor's interests remain insured regardless of any act, error, misrepresentation, omission or neglect of Lessee. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Lessor.

(c) If Lessee is self-insured under an actuarially sound self-insurance program that is acceptable to Lessor with respect to equipment such as the Equipment under a Lease, Lessee shall maintain during the Initial Term and each Renewal Term such actuarially sound self-insurance program and shall provide evidence thereof in form and substance satisfactory to Lessor.

(d) Lessee shall make all reasonable efforts to timely make claims for, receive payment of and execute and endorse all documents, checks or drafts for loss, theft, damage or destruction to the Equipment under any insurance policy.

17. *Maintenance and Repairs.* Lessee shall use the Equipment under each Lease in a careful and proper manner, in compliance with all applicable laws and regulations and, at its expense, keep and maintain the Equipment under each Lease in good repair and working order, performing all maintenance and servicing necessary to maintain the value and utility of the Equipment, reasonable wear and tear excepted. Without the prior written consent of Lessor, Lessee shall not make any alterations, modifications or attachments to the Equipment under any Lease which cannot be removed without materially damaging the functional capabilities, economic value or utility of such Equipment.

18. *Taxes.* Unless Lessee has provided Lessor with evidence necessary to sustain an exemption therefrom, Lessee shall timely pay all assessments, license fees, taxes (including sales, use, excise, personal property, ad valorem, stamp, documentary and other taxes) and all other governmental charges, fees, fines or penalties whatsoever, whether payable by Lessor or Lessee, now or hereafter imposed by any governmental body or agency on or relating to the Equipment under each Lease, the Rental Payments under each Lease (to the extent such Rental Payments are appropriated by Lessee) or the use, registration, rental, shipment, transportation, delivery, ownership or operation of the Equipment under each Lease and on or relating to each Lease; *provided, however,* that the foregoing shall not include any federal, state or local income or franchise taxes of Lessor.

19. *Lessor's Performance of Lessee's Obligations.* If Lessee shall fail duly and promptly to perform any of its obligations under a Lease, Lessor may, at its option, perform any act or make any payment that Lessor deems necessary for the maintenance and preservation of the Equipment under such Lease and Lessor's interests therein, including, but not limited to, payments for satisfaction of liens, repairs, taxes, levies and insurance. All expenses incurred by Lessor in performing such acts and all such payments made by Lessor, together with late charges described in Paragraph 20 below as provided in each Lease, and any reasonable attorneys' fees and expenses incurred by Lessor in connection therewith, shall be payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of Lessee. In the Event of Non-appropriation under a Lease, any obligations of Lessee under this Paragraph 19 shall be limited to costs or liability incurred by Lessor to the end of the Fiscal Period represented by the last Renewal Term or the end of the last Fiscal Period for which Lessee appropriated Legally Available Funds necessary to pay for Rental Payments under this Agreement, whichever is earlier.

20. *Late Charges.* Should Lessee fail to pay any part of any Rental Payment or other sum to be paid under a Lease on or before the date on which such amount is due under such Lease, then Lessee shall pay to Lessor a late charge equal to 5.00% of the amount that is late (or the maximum amount permitted by applicable law if less).

21. *Indemnification.* To the furthest extent allowed by law but solely to the extent of Legally Available Funds, Lessee shall indemnify, hold harmless and defend Lessor and each of its officers,

employees, agents, directors, parents, subsidiaries and stockholders (each an "Indemnified Party") from any and all losses, liabilities, fines, penalties, forfeitures, costs and damages, (whether in contract, tort, or strict liability, including but not limited to personal injury, death at any time and property damage), and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees and litigation expenses) (collectively, "Claims") that arise out of, pertain to, or relate to the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, storage, leasing or return of any item of Equipment, regardless of where, how and by whom operated, or any failure on the part of Lessee to accept the Equipment under any Lease or otherwise to perform or comply with any conditions of any Lessee, excluding such Claims to the extent directly attributable to the gross negligence, recklessness, or willful misconduct of an Indemnified Party

This Paragraph shall survive termination or expiration of this Agreement and/or any Lease.

22. *No Offset; Unconditional Obligation.* Except as expressly provided in a Lease, the obligation of Lessee to make Rental Payments or any other Payments required hereunder shall be absolute and unconditional in all events. Notwithstanding any dispute between Lessee and Lessor or between Lessee and an Equipment supplier, vendor or manufacturer or any other person, Lessee shall make all Rental Payments and other payments required under each Lease when due and shall not withhold any Rental Payment or other payment pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make Rental Payments or other payments required under a Lease. Lessee's obligation to make Rental Payments under each Lease shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment.

23. *Representations and Warranties of Lessee.* Lessee hereby represents and warrants to and agrees with Lessor that:

(a) Lessee is a state or a political subdivision thereof within the meaning of Section 103(c) of the Code.

(b) Lessee has the power and authority under applicable law to enter into the transactions contemplated by this Agreement and each Lease and has been duly authorized to execute and deliver this Agreement and each Lease and to carry out its obligations under each Lease. Attached to each Lease as *Exhibit A-3* is a full, true and correct copy or an original of a resolution or other appropriate official action of Lessee's governing body specifically authorizing Lessee to execute and deliver this Agreement and the applicable Lease. Attached to each Lease as *Exhibit A-4* is a full, true and correct copy or an original of an Incumbency Certificate relating to the authority of the officers who have executed and delivered, or will execute and deliver, this Agreement and the applicable Lease on behalf of Lessee. Attached to each Lease as *Exhibit A-5* is a full, true and correct copy or an original of an opinion of Lessee's legal counsel regarding the legal, valid and binding nature of this Agreement and each Lease on Lessee and certain other related matters.

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

(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 Agreement or any Lease or performing any of its obligations under this Agreement or any Lease, 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 Agreement, any Lease or any other agreement or instrument to which Lessee is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Agreement or any Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by Lessee of this Agreement and each Lease or in connection with the carrying out by Lessee of its obligations hereunder and thereunder have been obtained, except with respect to annual budgeting and appropriation procedures as required by State law relating to each Lease.

(f) The payment of the Rental Payments or any portion thereof under each Lease is not (under the terms of such Lease or any underlying arrangement) 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. No Equipment under any Lease will be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Purchase Price for the Equipment under any Lease will be used, directly or indirectly, to make or finance loans to any person other than Lessee. Lessee has not entered into a contract with a private third party for the used or operation of the Equipment that would result in the related Lease being treated as a "private activity bond" within the meaning of Section 141(b) of the Code, or would violate Lessee's tax covenants set forth in Paragraph 12 hereof.

(g) The entering into and performance of this Agreement and each Lease 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 under any Lease pursuant to any 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 provided in each Lease with respect to the granting of security interests in and to the Equipment therein described.

(h) Reserved.

(i) The useful life of the Equipment identified in each Lease will not be less than the stated full term of the applicable Lease, including all contemplated Renewal Terms.

(j) Lessee has entered into, or will enter into, each Lease for the purpose of purchasing, acquiring and leasing the Equipment identified therein 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 will be paid directly by Lessor, at the direction of Lessee and upon presentation of proper documentation, to the manufacturer, seller or supplier thereof, and no portion of the Purchase Price for the Equipment under any Lease will be paid to Lessee as reimbursement for any expenditure paid by Lessee more than 60 days prior to the execution and delivery of the applicable Lease.

(k) Lessee has made sufficient appropriations to pay all Rental Payments due during the Initial Term under each Lease.

(l) Lessee has not previously failed (for whatever reason) to appropriate amounts sufficient to pay its obligations that are subject to annual appropriation.

24. *Events of Default.* Each of the following events constitutes an "Event of Default" with respect to a Lease:

(a) Lessee fails to pay in full the Rental Payment due under such Lease on any date upon which such Rental Payment is due;

(b) Lessee fails to comply with any other agreement or covenant of Lessee under such Lease 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;

(c) 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;

(d) any warranty, representation or statement made in writing by or on behalf of Lessee in connection with such Lease is found to be incorrect or misleading in any material respect on the date made;

(e) Lessee's actual or attempted sale, lease or encumbrance of any of the Equipment under such Lease or the making of any levy, seizure or attachment thereof or thereon;

(f) an Event of Default occurs under any other Lease.

25. *Repossession and Lessor's Other Rights Upon Event of Default or Event of Non-appropriation.* Immediately upon the occurrence of an Event of Default under a Lease or immediately after the expiration of the Initial Term or any Renewal Term under a Lease during which an Event of Non-appropriation occurs, Lessor may terminate the affected Lease or Lessee's rights thereunder and in any such event repossess the Equipment thereunder, which Lessee hereby agrees, at its expense, to surrender promptly to Lessor at such location in the continental United States as Lessor shall direct. If Lessor is entitled to repossess the Equipment under a Lease, Lessee shall permit Lessor or its agents to enter the premises where the affected Equipment is then located. In the event of any such repossession, Lessee shall execute and deliver such documents as may reasonably be required to transfer title to and possession of the Equipment under the affected Lease to Lessor, free and clear of all liens and security interests to which such Equipment may have become subject.

Any termination of a Lease at Lessor's option as described in this Paragraph 25 and as provided in the applicable Lease shall take effect at the end of the Initial Term or the Renewal Term then in effect under such Lease, unless Lessor at its option elects to terminate such Lease on an earlier date.

Upon repossession, if the Equipment under the affected Lease is damaged or otherwise made less suitable for the purposes for which it was manufactured than when delivered to Lessee (reasonable wear and tear excepted), Lessee agrees, at its option, to: (a) repair and restore such Equipment to the same condition in which it was received by Lessee (reasonable wear and tear excepted) and, at its expense, promptly return such Equipment to Lessor (or to a location identified in a written notice to Lessee) or (b) pay to Lessor the actual costs of such repair, restoration and return.

If Lessor terminates a Lease as described in this Paragraph 25 and as provided in the applicable Lease, or if an Event of Non-appropriation occurs under a Lease and Lessee continues to use the Equipment after the Initial Term or any Renewal Term under such Lease during which the Event of Default or the Event of Non-appropriation occurs, or if Lessee otherwise refuses to pay Rental Payments due during a Renewal Term under a Lease for which Lessee's governing body has appropriated sufficient Legally Available Funds to pay such Rental Payments, Lessor shall be entitled to bring such action at law or in equity to recover damages attributable to such holdover period for the Equipment subject to such Lease that Lessee continues to use or to the remainder of such Renewal Term under such Lease for which such appropriations have been made.

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.

No right or remedy conferred upon or reserved to Lessor as described herein and as provided in each Lease is exclusive of any other right or remedy herein or in any Lease or at law or in equity or otherwise provided or permitted, but each shall be cumulative of every other right or remedy given as described herein and as provided in each Lease or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

No waiver of or delay or omission in the exercise of any right or remedy as described herein and as provided in each Lease or otherwise available to Lessor shall impair, affect or be construed as a waiver of its rights thereafter to exercise the same. Any single or partial exercise by Lessor of any right hereunder or with respect to any Lease shall not preclude any other or further exercise of any right as described herein and as provided in each Lease. The exercise of any right or remedy herein provided with respect to a Lease shall not relieve Lessee of any other obligations under any other Lease or the Equipment identified therein.

26. *No Sale, Assignment or Other Disposition by Lessee.* Lessee agrees not to (a) sell, assign, transfer, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance upon or against any interest in this Agreement, any Lease or the Equipment under any Lease, (b) remove the Equipment from its Equipment Location identified in the applicable Lease, and with the understanding that the "Equipment Location" is a base location for rolling stock, the Equipment shall remain at a Lessee location within the City of Fresno, or (c) enter into any contract or agreement, with respect to the use and operation of any of the Equipment, under any Lease that would result in the related Lease being treated as a "private activity bond" within the meaning of Section 141(b) of the Code without Lessor's prior written consent in each instance. Lessee shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or other conveyance that may be made

with such consent. Lessee shall at all times comply with tax covenants set forth in Paragraph 12 of this Agreement.

27. *Assignment by Lessor.*

(a) Lessor may, at any time and from time to time without Lessee's consent, assign, transfer or otherwise convey all or any part of its interest in the Equipment under any Lease or in any Lease, including Lessor's rights to receive the Rental Payments or any part thereof under any Lease (in which event Lessee agrees to make all Rental Payments under the affected Lease thereafter to the assignee designated by Lessor), to terminate any Lease or Lessee's rights under any Lease, to receive tax indemnity payments as provided in each Lease and to repossess the Equipment and exercise Lessor's other rights and remedies under each Lease; *provided, however*, that any such assignment, transfer or conveyance to a trustee for the benefit of owners of certificates of participation shall be made in a manner that conforms to any applicable State law. Nothing in this Paragraph 27 shall be construed, however, to prevent Lessor from executing any such assignment, transfer or conveyance with respect to a Lease that does not involve funding through the use of certificates of participation within the meaning of applicable State law, including any such assignment, transfer or conveyance as part of a multiple asset pool to a partnership or trust, interests in which are offered and sold in a private placement or limited offering only to investors whom Lessor reasonably believes are qualified institutional buyers or accredited investors within the meaning of the applicable federal securities law; *provided, however*, that in any event, Lessee shall not be required to make Rental Payments under any Lease, to send notices or to otherwise deal with respect to matters arising under any Lease with or to more than one individual or entity with respect to each Lease. No assignment, transfer or conveyance permitted by this Paragraph 27 with respect to a Lease shall be effective until Lessee's registration agent (Lessor, as provided below) shall have received a written notice of assignment (in substantially the form attached as *Exhibit A-6* to each Lease) that discloses the name and address of each such assignee; *provided, however*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests with respect to the Rental Payments payable under any Lease, it shall thereafter be sufficient that a copy of the agency or trust agreement shall have been deposited with Lessee's registration agent until Lessee's registration agent shall have been advised that such agency or trust agreement is no longer in effect. During the term of this Agreement, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments with respect to each Lease in form necessary to comply with Section 149 of the Code. For this purpose, Lessee appoints Lessor to act as its registration agent, which appointment Lessor hereby accepts. Lessor agrees on Lessee's behalf to maintain such record of all assignments. Lessee agrees, if so requested, to acknowledge each such assignment in writing within 15 days after request therefor, but such acknowledgment shall in no way be deemed necessary to make any assignment effective. 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. Lessee acknowledges and agrees that in connection with Lessor's assignment of a Lease as provided herein, the assignee of Lessor's rights under such Lease does not assume any of Lessor's duties or obligations under this Agreement or any Lease or make any warranties whatsoever as to this Agreement or any such Lease or the Equipment thereunder.

(b) In addition to the notice required to be made to the registration agent in Paragraph 27(a), if Lessor assigns the right to collect Rental Payments to anyone other than the Lessor, then Lessee shall not be obligated to make any Rental Payments to any Lease assignee until Lessor notifies the City Controller in writing of Lessor's assignment of any Lease, and the name and address of the assignee for purposes of notice and payments due under such Lease.

(c) Notwithstanding anything to the contrary with this Paragraph 27 or this Agreement, Lessor hereby acknowledges that Lessee, its counsel and its advisors bear no responsibility for the accuracy or completeness of information (if any) provided by the Lessor in connection with the offering of Lease Interests, including, without limiting the generality of the foregoing, any information contained in any disclosure document related to the purchase by the purchasers of all or any part of Lessor's interests in the Equipment under any Lease or all or any part of Lessor's interest in any Lease.

(d) Lessor covenants and agrees to undertake all responsibility for compliance with State and Federal securities laws. The Lessor acknowledges and agrees that the Lessee has made no undertaking to provide nor has it approved any disclosure or other information for use in connection with the sale of Lease Interests. The Lessor represents and warrants that the sale of Lease Interests is exempt from Rule 15c2-12, and acknowledges and agrees that the Lessee has made no undertaking to provide any continuing or other disclosure following the execution and delivery of a Lease.

(e) Lessor acknowledges and agrees that the sale or assignment of Lease Interests is subject to the restrictions contained in California Government Code Sections 5950-5955.

28. *Costs.* Lessee shall pay to Lessor all costs and expenses incurred by Lessor in enforcing any of the terms, conditions or provisions of each Lease, including reasonable attorneys' fees and costs related to repossession of the Equipment under any Lease (including, without limitation, the costs and expenses to deliver possession of the Equipment under such Lease to such location as Lessor directs pursuant to Paragraph 25 hereof) and the exercise of remedies with respect to each Lease.

29. *Severability.* If any provision of this Agreement or any Lease is or becomes invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement or any such Lease, which shall be valid and enforceable to the fullest extent permitted by law.

30. *Notices.* All notices, reports and other documents provided for in this Agreement or under any Lease shall be deemed to have been given or made when delivered (including by facsimile transmission) or three days after being mailed by certified mail, postage prepaid, addressed to Lessor or Lessee at their respective mailing addresses set forth above or at such other addresses as either of the parties hereto may designate in writing to the other from time to time for such purpose.

31. *Amendments.* This Agreement and each Lease (including the Exhibits attached thereto) constitute the entire agreement between Lessor and Lessee with respect to the Equipment therein described and the subject matter hereof and thereof. No term or provision of this Agreement or any Lease may be changed, waived, amended or terminated except by a written agreement signed by both Lessor and Lessee, except that Lessor may insert in any Schedule the serial number and additional description details of any item of Equipment after delivery thereof.

32. *Construction.* This Agreement and each Lease shall in all respects be governed by and construed in accordance with the laws of the State. The titles of the Paragraphs of this Agreement are for convenience only and shall not define or limit any of the terms or provisions hereof. Time is of the essence of this Agreement and each Lease in each of their respective provisions.

33. *Parties; Survival of Certain Obligations and Indemnities.* (a) The provisions of this Agreement and each Lease shall be binding upon, and (subject to the limitations of Paragraph 26 hereof) shall inure to the benefit of, the respective assignees and successors of Lessor and Lessee.

(b) The indemnities, assumptions of liabilities and obligations of Lessee provided for in Paragraphs 12 and 21 of this Agreement and incorporated into each Lease shall continue in full force and effect notwithstanding the expiration or termination of the term of this Agreement or any applicable Lease.

34. *Counterparts.* This Agreement and each Lease may be executed in several counterparts, each of which when executed shall be deemed to be an original, but all together shall constitute but one and the same instrument; *provided, however,* that only one counterpart shall constitute the original for each Lease for purposes of the sale or transfer of a Lease as chattel paper as provided in such Lease.

35. *Interest.* If under applicable law any part of the Rental Payments under any Lease is deemed or determined to be imputed interest, finance charges or time-price differential ("*Interest*"), Lessor and Lessee agree that the Rental Payments under such Lease shall be deemed to be level payments of principal and Interest, with such Interest accruing on principal amounts outstanding from time to time. The rate of such Interest is not intended to exceed the maximum rate or amount of interest permitted by applicable law. If the Interest exceeds such maximum, then at Lessor's option, if permitted by law, the Interest payable under such Lease will be reduced to the legally permitted maximum amount of interest, and any excessive Interest under such Lease will be used to reduce the principal amount of Lessee's obligation under such Lease or be refunded to Lessee.

36. *Recycling Program.* In the event Lessor maintains an office or operates a facility(ies), or is required herein to maintain or operate same, within the incorporated limits of the City of Fresno, Lessor at its sole cost and expense shall:

- (i) Promptly establish and maintain a viable and ongoing recycling program, approved by Lessee's Solid Waste Management Division, for each office and facility. Literature describing Lessee recycling programs is available from Lessee's Solid Waste Management Division and by calling City of Fresno Recycling Hotline at (559) 621-1111.
- (ii) Promptly contact Lessee's Solid Waste Management Division at (559) 621-1452 and schedule a free waste audit, and cooperate with such Division in their conduct of the audit for each office and facility.
- (iii) Cooperate with and demonstrate to the satisfaction of Lessee's Solid Waste Management Division the establishment of the recycling program in paragraph (i) above and the ongoing maintenance thereof.

37. *Conflict of Interest and Non-Solicitation.*

(a) Prior to Lessee's execution of this Agreement, Lessor shall complete a City of Fresno conflict of interest disclosure statement in the form as set forth in Exhibit C. During the term of this Agreement, Lessor shall have the obligation and duty to immediately notify Lessee in writing of any change to the information provided by Lessor in such statement.

(b) Lessor shall comply, and require its subcontractors to comply, with all applicable (i) professional canons and requirements governing avoidance of impermissible client conflicts; and (ii) federal, state and local conflict of interest laws and regulations including, without limitation, California Government Code Section 1090 et. seq., the California Political Reform Act (California Government Code Section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and

disqualification (2 California Code of Regulations Section 18700 et. seq.). Lessor shall take, and require its subcontractors to take, reasonable steps to avoid any appearance of a conflict of interest. Upon discovery of any facts giving rise to the appearance of a conflict of interest, Lessor shall immediately notify Lessee of these facts in writing.

(c) In performing the work or services to be provided hereunder, Lessor shall not employ or retain the services of any person while such person either is employed by Lessee or is a member of any Lessee council, commission, board, committee, or similar Lessee body. This requirement may be waived in writing by the City Manager, if no actual or potential conflict is involved.

(d) Lessor shall not employ an individual who, within 12 months immediately preceding such employment did, in the individual's capacity as a Lessee official, officer or employee, participate in, negotiate with or otherwise have an influence on the recommendation made to the Administrator or City Council in connection with the selection of, or award of this Agreement to, Lessor.

(e) Lessor represents and warrants that it has not paid or agreed to pay any compensation, contingent or otherwise, direct or indirect, to solicit or procure this Agreement or any rights/benefits hereunder.

38. *Nondiscrimination.* Lessor shall not employ discriminatory practices in the provision of services, employment of personnel, or in any other respect on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era. During the performance of this Agreement, Lessor agrees as follows:

(a) Lessor will comply with all laws and regulations, as applicable. No person in the United States shall, on the grounds of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement.

(b) Lessor will not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era. Lessor shall take affirmative action to ensure that applicants are employed, and the employees are treated during employment, without regard to their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Lessor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provision of this nondiscrimination clause.

(c) Lessor will, in all solicitations or advertisements for employees placed by or on behalf of Lessor, state that all qualified applicants will receive consideration for employment without regard to race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition,

marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era.

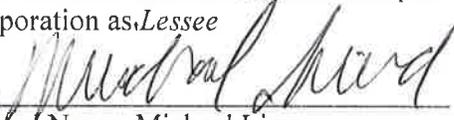
LESSOR AND LESSEE EACH HEREBY ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THIS AGREEMENT.

[Signatures on following page.]

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Master Equipment Lease-Purchase Agreement to be duly executed and delivered as of the date first above written.

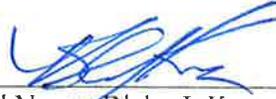
Lessee:

CITY OF FRESNO, a California municipal Corporation as Lessee

By: 
Printed Name: Michael Lima
Title: City Controller/Finance Director

Lessor:

COMMUNITY FIRST NATIONAL BANK

By: 
Printed Name: Blake J. Kaus
Title: Vice President

ATTEST
YVONNE SPENCE
City Clerk

By: 
Deputy 4/2/2015

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

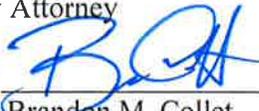
By:  4/2/15
Brandon M. Collet Date
Deputy

EXHIBIT C

DISCLOSURE OF CONFLICT OF INTEREST

MASTER EQUIPMENT LEASE PURCHASE AGREEMENT
PROJECT TITLE

		YES*	NO
1	Are you currently in litigation with the City of Fresno or any of its agents?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2	Do you represent any firm, organization or person who is in litigation with the City of Fresno?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3	Do you currently represent or perform work for any clients who do business with the City of Fresno?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4	Are you or any of your principals, managers or professionals, owners or investors in a business which does business with the City of Fresno, or in a business which is in litigation with the City of Fresno?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5	Are you or any of your principals, managers or professionals, related by blood or marriage to any City of Fresno employee who has any significant role in the subject matter of this service?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6	Do you or any of your subcontractors have, or expect to have, any interest, direct or indirect, in any other contract in connection with this Project?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
* If the answer to any question is yes, please explain in full below.			

COMMUNITY FIRST NATIONAL BANK

By: 
Printed Name: Blake J. Kaus
Title: Vice President
Dated as of: April 1, 2015

