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MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

1. Agreement. Subject to the terms and conditions contained in this Master Equipment Lease-Purchase Agreement No. CA-100105 dated October 1, 2005 (this "Agreement"), DeLiddo and Associates, Inc., dba DEERS, as lessor ("Lessor"), whose mailing address is 140 South Elm Avenue, Suite B, Ripon, California 95366 hereby agrees to sell, transfer and lease to the City of Long Beach, as lessee ("Lessee"), whose mailing address is 333 West Ocean Boulevard, 13th Floor, Long Beach, California 90802, and Lessee agrees to acquire, purchase and lease 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 each Equipment Schedule (hereinafter referred to as an "Equipment Schedule") that may from time to time be executed by Lessor and Lessee that specifically incorporates the terms and conditions of this Agreement by reference (any such Equipment Schedule hereinafter referred to as a "Lease"). Each Equipment Schedule (including the terms and conditions incorporated therein by reference) executed and delivered by Lessor and Lessee pursuant to this Agreement shall be considered a separate and independent Lease.

Upon execution of this Agreement, by signature of authorized personnel of each party, both parties will be committed to enter into that certain Lease attached hereto as Exhibit "A." This Agreement is not a commitment by Lessor or Lessee to enter into any subsequent Lease not currently in effect, and nothing in this Agreement shall impose, or be construed to impose, any obligation upon Lessor or Lessee to enter into any proposed Lease, it being understood that whether Lessor or Lessee enters into any proposed Lease shall be a decision solely within Lessor's or Lessee's discretion, as applicable.

2. Term. The term of this Agreement begins as of the date hereof and shall continue so long as any amounts remain unpaid under a Lease. The term of each Lease (the "Lease Term") shall commence on, and interest shall accrue from, the date identified in the related Equipment Schedule (the "Commencement Date"), attached as Exhibit "A." The Lease Term of each Lease will terminate upon the first to occur of: (a) the exercise by Lessee of the option to purchase the Equipment pursuant to Paragraph 10 of this Agreement, (b) Lessor's election to terminate such Lease pursuant to Paragraph 16 of this Agreement or (c) the payment by Lessee of all sums required to be paid by Lessee under such Lease. Lessee authorizes Lessor to insert the applicable Commencement Date in each Equipment Schedule.

2.5. Escrow Agreement. On the Commencement Date of each Lease, Lessor and Lessee shall enter into an escrow agreement (an "Escrow Agreement") relating to such Lease, dated the Commencement Date of such Lease, among Lessor, Lessee and Deutsche Bank National Trust Company, as escrow agent, relating to the escrow fund (an "Escrow Fund"). On the Commencement Date of each Lease, Lessor shall deposit funds into the related Escrow Fund to be held in escrow and applied upon the express terms and conditions of the Escrow Agreement.

3. Rental Payments. Subject to Paragraph 5.5 of this Agreement, Lessee agrees to pay the rental payments under each Lease for the applicable Lease Term in the amounts and on the dates identified in the related Equipment Schedule. The Lessor will submit to the Lessee an annual invoice for payment due no later than 60 days prior to the due date. In the event that less than all of the Equipment under a Lease is initially made available for Lessee's beneficial use and operation and Lessee accepts such portion of the Equipment for its beneficial use and operation pending acquisition of the remainder of the Equipment under such Lease, any rental payments paid by Lessee shall be prorated in a manner so as to reflect the fair rental value of that portion of the Equipment then available for beneficial use and operation by Lessee and so used and operated. "Rental Payment Commencement Date" means the date the acquisition of the Equipment under a Lease is completed and such Equipment is available for Lessee's beneficial use and operation as evidenced by a delivery of a final Certificate of Acceptance in the form attached as Exhibit A-1 to each Equipment Schedule or the Dated date of the Agreement whichever is earlier, which is the date Lessee becomes obligated to commence payment of rental payments under such Lease pursuant to this Paragraph 3.

Payment of all rental payments and other amounts payable under a Lease shall be made to Lessor at its above-stated address or as it shall otherwise designate in writing. As set forth in each Equipment Schedule, a portion of each rental payment under a Lease is paid as, and represents payment of, interest, and the balance of each rental payment is paid as, and represents payment of, principal.

Lessee's obligation to pay rental payments and any additional amounts payable under each Lease 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.

3.5. Covenant to Budget and Appropriate. Lessee covenants that its primary business official will do all things within such official's power to include amounts necessary to make rental payments due under each Lease in each of its budgets during the Lease Term of each Lease to be submitted to Lessee's governing body.

4. Essentiality. Lessee represents that, with respect to each Lease, (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 under the related Lease.

4.5. Consideration. For each annual or biennial period used from time to time by Lessee for its financial accounting and budgeting purposes ("Fiscal Period") or portion thereof during each Lease Term, rental payments and other amounts payable under each Lease shall be paid by Lessee for and in consideration of the right of use and possession, and the continued quiet use and enjoyment, of the Equipment by Lessee for and during such Fiscal Period or portion thereof. Lessor and Lessee have agreed and determined that such rental

payments and other amounts payable under each Lease are not in excess of the total fair rental value of the Equipment subject to such Lease. In making such determination, consideration has been given to the cost of acquiring and financing the Equipment, the uses and purposes served by the Equipment and the benefits therefrom that will accrue to the parties by reason of this Agreement and each Lease and to the general public by reason of Lessee's use of the Equipment.

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 shall have occurred and be continuing under a Lease, all rights and benefits that Lessor may have under any warranty, guaranty or the like which may be made with respect to the Equipment by the manufacturer, seller and/or supplier (collectively, the "Vendor") thereof. 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 any Lease 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.

5.5. Loss of Use or Occupancy. If there is substantial interference with or loss of Lessee's beneficial use or operation of the Equipment subject to a Lease, rental payments due under such Lease shall be abated in the same proportion that the portion of the Equipment unavailable for Lessee's beneficial use and operation bears to all of the Equipment subject to such Lease. Lessee hereby waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate a Lease by virtue of any such interference, and each Lease shall continue in full force and effect. Lessee shall notify Lessor in writing of any threat to its use or operation of the Equipment subject to a Lease within fifteen (15) days after it learns of such threat. The obligation to make full rental payments with respect to the Equipment under such Lease shall recommence as of the date Lessee has regained beneficial use and operation of such Equipment, and the provisions of the related Lease, including, but not limited to, dates on which rental payments are due, shall be extended for a period equal to the period the obligation to make rental payments was abated.

6. Delivery and Acceptance; Quiet Enjoyment. Lessee shall accept the Equipment for which disbursement is requested from the related Escrow Fund upon its delivery and authorizes Lessor to insert on the Equipment Schedule the serial numbers and any additional description of the items of Equipment so delivered. As evidence of said acceptance, Lessee shall execute and deliver to Lessor a Certificate of Acceptance and Payment Request in the form attached as Exhibit A-1 to each Equipment Schedule. During the Lease Term of each Lease, Lessee shall be entitled to quiet enjoyment of the Equipment identified therein, subject to the terms of this Agreement.

7. Use of Equipment; Maintenance and Repairs. Lessee shall keep the Equipment within the State at the "Equipment Location" stated in the related Equipment Schedule and Lessee shall not remove any of the Equipment therefrom without Lessor's prior written consent. Lessee shall use the Equipment in a careful manner. Lessee 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 which 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. Title to Equipment; Security Interest. During the Lease Term of each Lease, title to the Equipment shall be vested in Lessee, subject to the rights of Lessor under such Lease. In the event Lessor terminates a Lease pursuant to Paragraph 16 of this Agreement, title to the related Equipment 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 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 the premises where the Equipment is located in order to inspect the Equipment.

To secure the performance of all of Lessee's obligations under each Lease, Lessee hereby grants to Lessor, and Lessor shall have and retain, a security interest constituting a first lien on the Equipment delivered under each respective Lease and on any proceeds therefrom. Lessee agrees to execute and deliver such additional documents, including, without limitation, 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 or for the confirmation or perfection of each Lease and Lessor's rights thereunder.

As further security therefore, Lessee hereby grants to Lessor a first priority security interest in the cash and negotiable instruments from time to time comprising each Escrow Fund and all proceeds (cash and non-cash) thereof, and agrees with respect thereto that Lessor shall have all the rights and remedies of a secured party under the applicable Uniform Commercial Code.

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 which such landlord and/or mortgagee may have in respect of any of the Equipment.

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

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 of each Lease 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 thereunder because of any such occurrence, subject to Paragraph 5.5 of this Agreement. If (a) the Equipment or any portion thereof under a Lease 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 under a Lease 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. In the event 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 total rental payments for the Lease Term of the applicable Lease, 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 under a Lease or, within ten (10) days after Lessor's request therefore, 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 satisfactory evidence of the insurance coverage required under each Lease. 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. If Lessee is self-insured with respect to equipment such as the Equipment under an actuarially sound self-insurance program that is reasonably acceptable to Lessor, Lessee shall maintain during the Lease Term of each Lease such actuarially sound self-insurance program and shall provide evidence thereof in form and substance satisfactory to Lessor.

Lessee shall maintain or cause to be maintained at its expense, throughout the applicable Lease Term, insurance against rental payment abatement and loss of use of the related Equipment or portions thereof, with coverage equal to the maximum total rental payments payable by Lessee pursuant to the applicable Lease for any consecutive twelve (12) month period. The policy shall insure against abatement of rental payments payable by Lessee pursuant to a Lease resulting from Lessee's loss of use of the Equipment or any substantial portion thereof and caused by any and all perils, either insured or uninsured, and other acts of God. Such insurance may be maintained in conjunction with or separate from any other similar insurance carried by Lessee; *provided, however*, Lessee shall not be permitted to self-insure with respect to the rental interruption insurance required by this subparagraph. The net proceeds of such insurance shall be payable to Lessor in amounts proportionate to Lessee's rental payments, if any, under the applicable Lease, during the restoration period in sufficient amount to make Lessor whole.

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 under the applicable Lease) 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 under each Lease or to otherwise effectuate the intent of this Agreement and each Lease.

14. Indemnification. To the extent authorized by law, Lessee shall indemnify 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, arising out of the ordering, purchase, delivery, rejection, non-delivery, ownership, selection, possession, operation, control, use, condition, maintenance, delivery, 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, in the event that Lessee shall be in default under a Lease, 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 Agreement or any Lease for any reason whatsoever.

15. Assignment; Subleasing. LESSEE SHALL NOT ASSIGN, PLEDGE, MORTGAGE, SUBLET OR OTHERWISE TRANSFER OR ENCUMBER ANY OF ITS RIGHTS UNDER THIS AGREEMENT, ANY LEASE, ANY ESCROW AGREEMENT (INCLUDING THE ESCROW FUND CREATED THEREUNDER) 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, this Agreement, any Escrow Agreement (including the Escrow Fund created thereunder) and one or more Leases, including, but not limited to, Lessor's rights to receive the rental payments under a Lease 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 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 Internal Revenue Code of 1986, as amended (the "Code"). Lessee agrees (unless otherwise stated), if so requested, to acknowledge each such assignment in writing within 15 days after request thereof in the form attached as Exhibit A-3 to each Equipment Schedule. 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. 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 for a period of ten business (10) days following receipt of written notice of such failure; (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) actual or attempted sale, lease or encumbrance of any of the Equipment under such Lease or the related Escrow Fund or the making of any levy, seizure or attachment thereof or thereon; or (f) an Event of Default occurs under any other Lease.

Immediately upon the occurrence of an Event of Default under a Lease, Lessor may: (1) terminate the affected Lease and any other Lease or Lessee's rights thereunder and in any such event repossess the Equipment under such Lease or Leases, which Lessee hereby agrees, at its expense, to surrender promptly to Lessor at such location in the continental United States as Lessor shall direct; (2) without terminating the applicable Lease, take whatever action at law or in equity may appear necessary or desirable, to collect each rental payment as it becomes due thereunder; and (3) exercise any right, remedy or privilege which may be available to it under the applicable laws of the State or any other applicable law or proceed by appropriate court action to enforce performance by the Lessee of the applicable covenants of this Agreement or the applicable Lease or to recover for the breach thereof. Such right of repossession and other rights as specifically provided in this Paragraph 16 shall constitute the sole remedies for Lessee's failure to make payments or otherwise perform its obligations when required under any Lease. If Lessor is entitled to repossess the Equipment under any provision of this Agreement, Lessee shall permit Lessor or its agents to enter the premises where the Equipment is then located. In the event of any such repossession, 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 to which the Equipment may have become subject. In the event that Lessor sells or otherwise liquidates the Equipment following an Event of Default as herein provided and realizes 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 under the related Lease or Leases, Lessor shall immediately pay the amount of any such excess to Lessee.

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 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 under a Lease 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 rate of 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. So long as Lessee has the right to the beneficial use and enjoyment of the Equipment under a Lease, Lessee agrees that as of the Commencement Date identified in the related Equipment Schedule, Lessee's obligations under each Lease are absolute and unconditional, notwithstanding any dispute between or among Lessee and Lessor, the Vendor or any other person. Lessee shall not assert any right of set-off or counterclaim against its obligation to make rental payments under a Lease. To the extent permitted by applicable law, Lessee hereby waives any and all rights that it may now have or that at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender any Lease or any of the items of Equipment except in accordance with the express terms of this Agreement.

19. Tax Covenants. 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; (b) complete and file in a timely manner an information reporting return with respect to each Lease 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 under a Lease. Lessor and Lessee certify that, so long

as any rental payments under a Lease remain unpaid, moneys on deposit in the Escrow Fund related to such Lease will not be used in a manner that will cause such Lease to be classified as an "arbitrage bond" within the meaning of Section 148(a) of the Code.

If Lessee breaches the covenants contained in this Paragraph 19 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 promptly after any such determination of taxability and on each rental payment date thereafter to Lessor 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).

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.

20. Lessee Representations and Warranties. 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 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 Agreement, each Lease and each Escrow Agreement and has been duly authorized to execute and deliver this Agreement, each Lease and each 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 Agreement, each Lease and each 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 "B" hereto relating to the authority of the officers who have executed and delivered this Agreement and who will execute and deliver each Lease and each 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 Agreement, each Lease and each Escrow Agreement, and Lessee has complied with such public bidding requirements, if any, as may be applicable to the transactions contemplated by this Agreement, each Lease and each 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

Agreement, any Lease or any 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 Agreement, any Lease or any Escrow Agreement, 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, any Lease or any Escrow Agreement. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by Lessee of this Agreement, each Lease and each 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 under each Lease is not (under the terms of this Agreement or any Lease) 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 other than an annual preventive maintenance agreement to be paid separately by Lessee.
- g) The entering into and performance of this Agreement, each Lease and each Escrow 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 Agreement is its true, correct and complete legal name.
- i) The useful life of the Equipment will not be less than the Lease Term of the related Lease.

- j) Lessee has entered into, or will enter into, each Lease 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 from the applicable Escrow Fund to the Vendor, 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 of the applicable Lease.
- k) The application, statements and credit or financial information submitted by it to Lessor are true and correct and made to induce Lessor to enter into this Agreement, each Lease and each Escrow Agreement.
- l) During the term of this Agreement, Lessee shall (i) provide Lessor, no later than ten days prior to the end of each Fiscal Period (commencing with the 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 Lease Term of each Lease for the next succeeding Fiscal Period 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 365 days after the close of each Fiscal Period, the audited financial statements of Lessee at the close of and for such Fiscal Period, all in reasonable detail, audited by and with the report of Lessee's auditor.
- m) On the Commencement Date of each Lease, Lessee shall cause to be executed and delivered to Lessor an Opinion of Lessee's Counsel in substantially the form attached as Exhibit "C" hereto.
- n) Lessee will not look to Lessor to pay the excess (if any) of the actual costs of acquiring the Equipment under a Lease over the amount deposited by Lessor in the related Escrow Fund and interest earnings thereon.

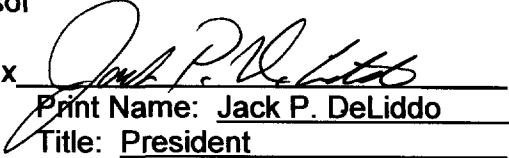

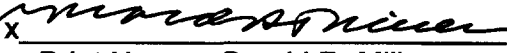
21. Execution in Counterparts; Chattel Paper. This Agreement and each Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; *provided, however,* that only Counterpart No. 1 of each Lease (including the terms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

22. Applicable Law. THIS AGREEMENT AND EACH LEASE SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

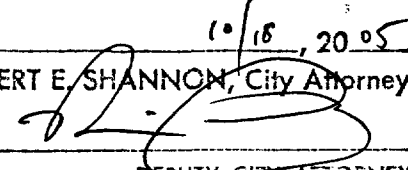
23. Binding Effect; Severability; Survival. This Agreement and each Lease shall not become effective until accepted by Lessor at its herein-described office, and upon such acceptance shall inure to and bind the parties, their successors, legal representatives and assigns. No provision of this Agreement or any Lease that may be construed as

unenforceable shall in any way invalidate any other provision hereof or thereof, 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 said 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 Agreement, each Lease and each Escrow Agreement 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 of each Lease and any assignment thereof. In the event a court with competent jurisdiction rules that the interest rate charged under a Lease exceeds the maximum rate of interest allowed by applicable law, then the effective rate of interest under such Lease shall be automatically reduced to the maximum lawful rate allowable under the applicable laws.

<p>ACCEPTED BY LESSOR:</p> <p>DeLiddo and Associates, Inc., dba DEERS, Lessor</p> <p>By: x <u></u> Print Name: <u>Jack P. DeLiddo</u> Title: <u>President</u></p> <p>Date: <u>10/17</u>, 2005</p> <p>By: x <u></u> Print Name: <u>John Abkemeier</u> Title: <u>Project Developer</u></p> <p>Date: <u>10/17</u>, 2005</p>	<p>THE UNDERSIGNED HEREBY AGREES TO ALL OF THE TERMS AND CONDITIONS AS SET FORTH IN THIS MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT</p> <p>City of Long Beach, Lessee</p> <p>By: x <u></u> Print Name: <u>Gerald R. Miller</u> Title: <u>City Manager</u></p> <p>Date: <u>10/18</u>, 2005</p> <p>Lessee's signatory warrants that he/she is duly authorized to execute this Master Equipment Lease-Purchase Agreement for and on behalf of the above named Lessee.</p>
---	---

APPROVED AS TO FORM

10/18, 2005
ROBERT E. SHANNON, City Attorney
By 
DEPUTY CITY ATTORNEY

LIST OF EXHIBITS

- EXHIBIT "A" - Equipment Schedule**
- EXHIBIT "A-1" - Certificate of Acceptance and Payment Request**
- EXHIBIT "A-2" - Internal Revenue Service Form 8038-G or 8038-GC, as appropriate**
- EXHIBIT "A-3" - Notice and Acknowledgement of Sale and Rental Payments and Assignment of Lease and Escrow Agreement**
- EXHIBIT "A-4" - Evidence of Insurance Letter**
- EXHIBIT "A-5" - Self-Insurance Description Letter**
- EXHIBIT "A-6" - Form UCC-1 with Attachment**
- EXHIBIT "B" - Incumbency Certificate**
- EXHIBIT "C" - Opinion of Lessee's Counsel**
- EXHIBIT "D" - Form of Authorizing Resolution**
- EXHIBIT "E" - Escrow Agreement**
- EXHIBIT "E-1" - Investment Direction Letter**

EXHIBIT A

DELIDDO AND ASSOCIATES, INC., DBA DEERS

EQUIPMENT SCHEDULE

**MASTER EQUIPMENT LEASE-PURCHASE
AGREEMENT NO.:** CA-100105

**DATE OF MASTER EQUIPMENT
LEASE-PURCHASE AGREEMENT:** OCTOBER 1, 2005

EQUIPMENT SCHEDULE NO.: 101

EQUIPMENT SCHEDULE DATE: OCTOBER 1, 2005

LESSEE: City of Long Beach

COMMENCEMENT DATE: OCTOBER 1, 2005

1. DESCRIPTION OF THE EQUIPMENT:

DeLiddo and Associates, Inc., dba DEERS will supply, install and maintain a 216,518 square foot Cooley C3 RAM (Reinforced Adhered Membrane) membrane roofing system with all accessories, attachments, substitutions and accessions.

2. EQUIPMENT LOCATION: 300 East Ocean Boulevard, Long Beach, California 90802

3. RENTAL PAYMENT SCHEDULE:

The rental payments shall be made for the Equipment as follows:

	Total Cost: \$649,554	Down Payment: \$0	Loan or Lease Amount: \$649,554	Annual Percentage Rate: 4.99%	Number of Years 20	Annual Payment: (\$52,121.89)	Price per Total Square Footage: \$3.00 (\$3.00 X 216,518)
Payment Number	Amortization	Payment	Interest	Principal	Balance	Est. Early Call Premium	Concluding Payment
1	\$649,554.00	(\$52,121.89)	\$32,477.70	\$19,644.19	\$629,909.81	3.00%	\$648,807
2	\$629,909.81	(\$52,121.89)	\$31,495.49	\$20,626.40	\$609,283.40	3.00%	\$627,562
3	\$609,283.40	(\$52,121.89)	\$30,464.17	\$21,657.72	\$587,625.68	3.00%	\$605,254
4	\$587,625.68	(\$52,121.89)	\$29,381.28	\$22,740.61	\$564,885.07	3.00%	\$581,832
5	\$564,885.07	(\$52,121.89)	\$28,244.25	\$23,877.64	\$541,007.43	3.00%	\$557,238
6	\$541,007.43	(\$52,121.89)	\$27,050.37	\$25,071.52	\$515,935.91	3.00%	\$531,414
7	\$515,935.91	(\$52,121.89)	\$25,796.80	\$26,325.10	\$489,610.81	3.00%	\$504,299
8	\$489,610.81	(\$52,121.89)	\$24,480.54	\$27,641.35	\$461,969.46	3.00%	\$475,829
9	\$461,969.46	(\$52,121.89)	\$23,098.47	\$29,023.42	\$432,946.04	3.00%	\$445,934
10	\$432,946.04	(\$52,121.89)	\$21,647.30	\$30,474.59	\$402,471.45	3.00%	\$414,546
11	\$402,471.45	(\$52,121.89)	\$20,123.57	\$31,998.32	\$370,473.12	0.00%	\$370,473
12	\$370,473.12	(\$52,121.89)	\$18,523.66	\$33,598.24	\$336,874.89	0.00%	\$336,875
13	\$336,874.89	(\$52,121.89)	\$16,843.74	\$35,278.15	\$301,596.74	0.00%	\$301,597
14	\$301,596.74	(\$52,121.89)	\$15,079.84	\$37,042.06	\$264,554.68	0.00%	\$264,555
15	\$264,554.68	(\$52,121.89)	\$13,227.73	\$38,894.16	\$225,660.52	0.00%	\$225,661
16	\$225,660.52	(\$52,121.89)	\$11,283.03	\$40,838.87	\$184,821.65	0.00%	\$184,822
17	\$184,821.65	(\$52,121.89)	\$9,241.08	\$42,880.81	\$141,940.84	0.00%	\$141,941
18	\$141,940.84	(\$52,121.89)	\$7,097.04	\$45,024.85	\$96,915.99	0.00%	\$96,916
19	\$96,915.99	(\$52,121.89)	\$4,845.80	\$47,275.09	\$49,639.90	0.00%	\$49,640
20	\$49,639.90	(\$52,121.89)	\$2,481.99	\$49,639.90	\$0.00	0.00%	\$0

4. Lessee's current Fiscal Period extends from October 1 through September 30.

5. For purposes of this Schedule, "State" means the State of California.

6. The terms and provisions of the Master 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.

EXHIBIT A-1

(TO EQUIPMENT SCHEDULE NO. 101)

CERTIFICATE OF ACCEPTANCE AND PAYMENT REQUEST

Deutsche Bank National Trust Company (the "*Escrow Agent*"), as escrow agent under that certain Escrow Agreement dated October 1, 2005 (the "*Escrow Agreement*"), by and among the City of Long Beach ("*Lessee*"), DEERS ("*Lessor*") and the Escrow Agent, is hereby requested to pay from the Escrow Fund established and maintained thereunder, 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 listed on Equipment Schedule No. 101 dated October 1, 2005 (the "*Equipment Schedule*") to that certain Master Equipment Lease-Purchase Agreement No. CA-100105 dated October 1, 2005 (the "*Agreement*"), between Lessor and Lessee:

<u>QUANTITY</u>	<u>DESCRIPTION OF UNITS OF EQUIPMENT</u>	<u>AMOUNT</u>	<u>PAYEE</u>
1	Initial Draw - Project Start-Up	\$350,000.00	DeLiddo and Associates, Inc., d/b/a DEERS

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 and installed at the location(s) set forth in the Equipment Schedule or the amount to be disbursed constitutes the Purchase Price, or portion thereof, of the Equipment cost, said amount is required to be disbursed pursuant to a purchase contract entered into therefore by and on behalf of the Lessee, or was necessarily or reasonably incurred, and said amount is being paid when due pursuant to such purchase contract; (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 lease with respect to the Equipment; (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 as of the date of this Certificate; (vi) the Equipment is covered by insurance in the types and amounts required by the Agreement; and (vii) no Event of Default, as such term is defined in the Agreement, and no event which with the giving of notice or lapse of time or both, would become an Event of Default, has occurred and is continuing on the date hereof.


Based on the foregoing, Lessor is hereby authorized and directed to fund the acquisition of the Equipment set forth in the Lease 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); (b) Copies of Certificate(s) of Origin, when applicable, designating Lessor as lienholder if any part of the Equipment consists of motor vehicles, and evidence of filing; and (c) If Lessee paid an invoice prior to the commencement date identified in the Equipment Schedule and is requesting reimbursement for such payment, a copy of evidence of such payment together with a copy of Lessee's Declaration of Official Intent and other evidence that Lessee has satisfied the requirements for reimbursement set forth in Treas. Reg. 1.150-2.

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 constitutes all of the Equipment subject to the Equipment Schedule.

Date: 11/11/05

City of Long Beach, as Lessee

By: 

Name: Gerald R. Miller

Title: City Manager

Approved:

Date: 11/7/05


DeLiddo and Associates, Inc., dba DEERS,
as Lessor

By: 

Name: Jack P. DeLiddo

Title: President

APPROVED AS TO FORM

11/7, 2005

ROBERT E. SHANNON, City Attorney

By 
DEPUTY CITY ATTORNEY

Deutsche Bank National Trust,
as Escrow Agent

By: 

Name: Dennis D. Gillespie

Title: Vice President

EXHIBIT A-2

(TO EQUIPMENT SCHEDULE NO. 101)

I.R.S. FORM 8038-G OR 8038-GC, AS APPROPRIATE, FOLLOWS

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority If Amended Return, check here

1 Issuer's name City of Long Beach	2 Issuer's employer identification number [REDACTED]
3 Number and street (or P.O. box if mail is not delivered to street address) 333 West Ocean Blvd.	Room/suite 3rd Floor
5 City, town, or post office, state, and ZIP code Long Beach, CA 90802	4 Report number 3 9
7 Name of issue City of Long Beach	6 Date of issue October 18, 2005
9 Name and title of officer or legal representative whom the IRS may call for more information Gerald R. Miller / City Manager	8 CUSIP number None
	10 Telephone number of officer or legal representative (562) 570-6555

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15 \$649,500.00
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe ►	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 10/01/2025	\$ 649,500.00	\$ 649,500.00	12.094 years	4.99 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22 \$0
23 Issue price of entire issue (enter amount from line 21, column (b))	23 \$649,500.00
24 Proceeds used for bond issuance costs (including underwriters' discount)	24 \$0
25 Proceeds used for credit enhancement	25 \$0
26 Proceeds allocated to reasonably required reserve or replacement fund	26 \$0
27 Proceeds used to currently refund prior issues	27 \$0
28 Proceeds used to advance refund prior issues	28 \$0
29 Total (add lines 24 through 28)	29 \$0
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 \$649,500.00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	N/A years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33 Enter the last date on which the refunded bonds will be called	N/A
34 Enter the date(s) the refunded bonds were issued	N/A

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35 N/A
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a N/A
b Enter the final maturity date of the guaranteed investment contract	N/A
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a N/A
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer N/A and the date of the issue N/A	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Gerald R. Miller
 Signature of issuer's authorized representative

Date

Gerald R. Miller, City Manager

Type or print name and title



EXHIBIT A-3

(TO EQUIPMENT SCHEDULE NO. 101)

NOTICE AND ACKNOWLEDGEMENT OF SALE OF RENTAL PAYMENTS AND ASSIGNMENT OF LEASE AND ESCROW AGREEMENT

DeLiddo and Associates, Inc., dba DEERS ("Lessor") and the City of Long Beach ("Lessee") have entered into a Master Equipment Lease-Purchase Agreement No. CA-100105 dated October 1, 2005, and Equipment Schedule No. 101 dated October 1, 2005 (collectively the "Lease"), under which Lessee has, or will have prior to its execution hereof, leased equipment (the "Equipment") described in such Equipment Schedule and for the acquisition of which an Escrow Fund has been created under an Escrow Agreement (the "Escrow Agreement") as provided in the Lease.

Lessee is hereby notified that Lessor has assigned its right, title and interest in and to the Lease, the leased Equipment, the rental payments and the Escrow Agreement (including the Escrow Fund created thereunder) as permitted by the Lease.

Lessee is hereby directed to pay any and all rental payments and other amounts due with respect to which Lessor's assignee ("Assignee") renders an invoice, at the address set out immediately below or as otherwise directed in said invoice:

"ASSIGNEE" BANK OF THE SIERRA
ATTN: LARRY J. MUELLER
86 NORTH MAIN STREET
PORTERVILLE, CALIFORNIA 93257

By signing this Notice and Acknowledgment, Lessee agrees that it will pay all amounts due under the Lease as directed in the invoice without any set-off or deduction whatsoever notwithstanding any dispute between or among Lessee and Lessor, any vendor or any other person.

Lessee further acknowledges and agrees that Assignee has not assumed any of Lessor's obligations or duties under the Lease or the Escrow Agreement or made any warranties whatsoever as to the Lease or the Equipment. Lessee agrees that no change may be made to the Lease or the Escrow Agreement without the prior written consent of Assignee.

By signing this Notice and Acknowledgment, Lessee warrants that its representations and warranties under the Lease are true and correct on the date hereof.

Date: 10/26/05

City of Long Beach, as Lessee

APPROVED AS TO FORM
10/19, 2005
ROBERT E. SHANNON, City Attorney
By [Signature] DEPUTY CITY ATTORNEY

By: [Signature]
Name: Gerald R. Miller
Title: City Manager

EXHIBIT A-4
(TO EQUIPMENT SCHEDULE NO. 101)



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

333 WEST OCEAN BOULEVARD, LONG BEACH, CALIFORNIA 90802 (562) 570-6476 (562) 570-5375 FAX

RISK MANAGEMENT BUREAU

October 18, 2005

Re: **Master Equipment Lease-Purchase Agreement No. CA-100105 dated October 1, 2005 and Equipment Schedule No. 101 thereto**

Ladies and Gentlemen:

In connection with the above-referenced Equipment Schedule No. 101, the City of Long Beach, as lessee (the "Lessee"), is required to provide evidence of insurance for the coverage's and endorsements set forth below, such evidence of insurance should reflect the interest of its assignee.

- **Property Insurance.** Lessee maintains Property Insurance Including Flood Insurance with limits of up to \$1,000,000,000 on a special perils basis and \$10,000,000 on a flood basis per occurrence and annual aggregate at specified locations with a deductible of \$50,000, and this Insurance includes up to \$649,554 for the Equipment described in the above-referenced Equipment Schedule, representing its replacement value. Such insurance is endorsed to name "DeLiddo and Associates, Inc., dba DEERS or its Assignee" as a loss payee with respect to such Equipment, as their interests may appear.

The required insurance is also endorsed to give DeLiddo and Associates, Inc., dba DEERS or its Assignee 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 DeLiddo and Associates, Inc., dba DEERS or its Assignee shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of Lessee.

Very truly yours,

City of Long Beach

By: *Gerald R. Miller*
 Name: Gerald R. Miller
 Title: City Manager

APPROVED AS TO FORM

10/18 2005
 ROBERT E. SHANNON, City Attorney
 By: *[Signature]*
 DEPUTY CITY ATTORNEY

EXHIBIT A-5
(TO EQUIPMENT SCHEDULE NO. 101)



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

333 WEST OCEAN BOULEVARD, LONG BEACH, CALIFORNIA 90802 (562) 570-6476 (562) 570-5375 FAX

RISK MANAGEMENT BUREAU

October 18, 2005

DeLiddo and Associates, Inc., dba DEERS
140 S. Elm Avenue, Suite B
Ripon, CA 95366

Re: **Master Equipment Lease-Purchase Agreement No. CA-100105 dated
October 1, 2005 and Equipment Schedule No. 101 thereto**

Ladies and Gentlemen:


Under the above-referenced Equipment Schedule No. 101, the City of Long Beach, as lessee ("Lessee"), is required to maintain certain insurance policies with respect to the Equipment subject thereto, provided that insurance policies are not required if Lessee has an actuarially sound self-insurance program that is acceptable to DeLiddo and Associates, Inc., dba DEERS and/or its Assignee. This letter is for the purpose of describing Lessee's self-insurance program.

- The City of Long Beach maintains a formal self-insurance program for general and public officials' liability exposures with a self-insured retention ("SIR") of Three Million Dollars (\$3,000,000) per Occurrence. The City maintains Twenty Million Dollars (\$20,000,000) of Liability Insurance excess of its SIR.

Please do not hesitate to contact me if you have any questions concerning this letter.

Very truly yours,

City of Long Beach

By: 
Name: Gerald R. Miller
Title: City Manager

APPROVED AS TO FORM

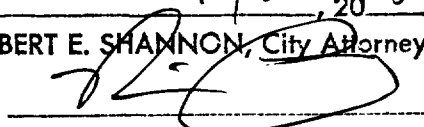
10/18, 2005
ROBERT E. SHANNON, City Attorney
By: 
DEPUTY CITY ATTORNEY

EXHIBIT A-6
(TO EQUIPMENT SCHEDULE NO. 101)
UCC-1 WITH ATTACHMENT FOLLOWS

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
 Douglas Ramer
 501-227-3226

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
 Douglas Ray Ramer
 4220 N. Rodney Parham Road
 Suite 300
 Little Rock, AR 72212
 USA

DOCUMENT NUMBER: 5758400003
FILING NUMBER: 05-7048039026
FILING DATE: 11/08/2005 14:10
IMAGE GENERATED ELECTRONICALLY FOR WEB FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

OR	1a. ORGANIZATION'S NAME City of Long Beach					
	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 333 West Ocean Blvd., 3rd Floor		CITY Long Beach		STATE CA	POSTAL CODE 90802	COUNTRY USA
1d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	1e. TYPE OF ORGANIZATION Municipali ty	1f. JURISDICTION OF ORGANIZATION Los Angeles County	1g. ORGANIZATIONAL ID#, if any <input checked="" type="checkbox"/> NONE		

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

OR	2a. ORGANIZATION'S NAME					
	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY		STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE		

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME Bank of the Sierra					
	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 86 North Main Street		CITY Porterville		STATE CA	POSTAL CODE 93257	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:
 A 216,518 square foot Cooley C3 RAM (Reinforced Adhered Membrane) roofing system with all accessories, attachments, substitutions and accessions.

5. ALT DESIGNATION: LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS **7. Check to REQUEST SEARCH REPORT(S) on Debtor(s)**
 Attach Addendum [if applicable] [ADDITIONAL FEE] [optional] All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

FILING OFFICE COPY



SECRETARY OF STATE
STATE OF CALIFORNIA

UCC Filing Acknowledgement

11/08/2005

Page 1 of 1

RAMER DOUGLAS RAY
4220 N. RODNEY PARHAM ROAD
SUITE 300
LITTLE ROCK AR 72212

Filing Fee: \$5.00
Total Fee: \$5.00

The California Secretary of State's Office has received and filed your document. The information below reflects the data that was indexed in our system. Please review the information for accuracy. Included is an image of the filed document to assist you in your review. If you find a potential error, please notify the UCC Section at the number listed below at your earliest convenience.

Filing Type: **Financing Statement**

File Date: **11/08/2005**

File Time: **14:10**

Filing Number: **05-7048039026**

Lapse Date: **11/08/2010**

Debtor(s):

ORGANIZATION

**CITY OF LONG BEACH
333 WEST OCEAN BLVD., 3RD FLOOR LONG BEACH CA
USA 90802**

Secured Party(ies):

ORGANIZATION

**BANK OF THE SIERRA
86 NORTH MAIN STREET PORTERVILLE CA USA 93257**

Filing by the Secretary of State is not conclusive proof that all conditions for securing priority have been met. Ensuring that accurate information is on the document to be filed is the responsibility of the filing party. If this filing is challenged, the Secretary of State does not guarantee that the filing is legally sufficient to secure priority under UCC Article 9 and expressly disclaims any liability for failure of the filing party to secure priority resulting from the information contained in the filed document, or the lack of information on the filed document.

EXHIBIT B

INCUMBENCY CERTIFICATE

I do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of the City of Long Beach, a municipal corporation organized under the laws of the State of California, that I have custody of the records of such entity and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of such entity 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 enter into that certain Master Equipment Lease-Purchase Agreement No. CA-100105 dated October 1, 2005 (the "Agreement") and Equipment Schedule No. 101 thereto dated October 1, 2005 (the "Schedule"), each between the City of Long Beach and DeLiddo and Associates, Inc., dba DEERS, as lessor, and that certain Escrow Agreement dated October 1, 2005 (the "Escrow Agreement"), among the City of Long Beach, DeLiddo and Associates, Inc., dba DEERS and Deutsche Bank National Trust Company, as escrow agent.

NAME	TITLE	SIGNATURE
_____	_____	_____
_____	_____	_____

I hereby further certify that the individual named below holds the office set forth opposite his/her name and is duly authorized to execute Certificates of Acceptance and Payment Requests and other documents relating to the Agreement, the Schedule and the Escrow Agreement.

NAME	TITLE	SIGNATURE
_____	_____	_____

IN WITNESS WHEREOF, I have duly executed this Certificate and affixed the seal of the City of Long Beach hereto _____, 2005.

[SEAL]

(Secretary/Clerk)

(other than the person signing the documents)

EXHIBIT C
OPINION OF LESSEE'S COUNSEL



OFFICE OF THE CITY ATTORNEY
Long Beach, California

ROBERT E. SHANNON
City Attorney

HEATHER A. MAHOOD
Chief Assistant City Attorney

MICHAEL J. MAIS
Assistant City Attorney

October 18, 2005

DeLiddo and Associates, Inc., dba DEERS
140 S. Elm Avenue, Suite B
Ripon, CA 95366

Re: Master Equipment Lease-Purchase Agreement No. CA-090105 dated October 1,
2005 and Equipment Schedule No. 101 thereto

Ladies and Gentlemen:

As legal counsel to the City of Long Beach ("Lessee"), I have examined the Master Equipment Lease-Purchase Agreement, dated as of October 1, 2005, and Exhibits thereto, by and between Lessor and Lessee (the "Agreement") including Schedule No. 101, dated as of October 1, 2005, by and between Lessor and Lessee (the "Schedule"). The Agreement, among other things, provides for the lease of certain personal property listed in the Schedule (the "Equipment"), and such other opinions, documents and matters of law as I have deemed necessary in connection with this opinion. The Schedule and the terms and provision of the Agreement incorporated therein by reference together with the Rental Payment Schedule attached to the Schedule are referred to herein collectively as the "Lease".

Based upon the foregoing, I am of the following opinion:

1. Lessee is a municipal corporation duly organized and legally existing under the laws of the State of California, and is a political subdivision of a state within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code"), and the obligations of Lessee under the Agreement constitute an obligation of Lessee within the meaning of Section 103(1) of the Code.
2. Lessee has the power and authority to lease and acquire the Equipment and to execute and deliver the Lease and to perform its obligations under the Lease.
3. The Lease has been duly authorized, approved, executed and delivered to DeLiddo and Associates, Inc. by and on behalf of Lessee and the Lease is a valid and binding obligation of Lessee enforceable in accordance with its terms.
4. The authorization, approval, execution and delivery of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed

PRINCIPAL DEPUTIES

Barbara D. de Jong
Dominic Holzhaus
Belinda R. Mayes

DEPUTIES

Gary J. Anderson
Richard F. Anthony
Alan D. Bennett
Christina L. Checel
Randall C. Fudge
Charles M. Gale
Everett L. Glenn
Donna F. Gwin
Monte H. Machit
Lisa Peskay Malmsten
Barry M. Meyers
Cristyl Meyers
Susan C. Oakley
J. Charles Parkin
Howard D. Russell
Carol A. Shaw

in accordance with all open meeting laws, public bidding laws and all other applicable state or federal laws.

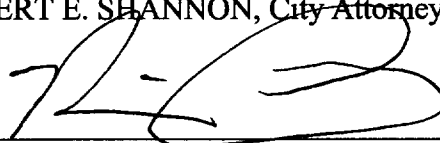
5. To the best of my knowledge, there is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Lease or the security interest of Lessor or its assigns, as the case may be, in the Equipment thereunder.

All capitalized terms herein shall have the same meanings as in the Lease unless other provided herein. Lessor and its successors and assigns, and any counsel rendering an opinion on the tax-exempt status of the interest components of the Rental Payments are entitled to rely on this opinion.

Very truly yours,

ROBERT E. SHANNON, City Attorney

By


A handwritten signature in black ink, appearing to read 'R. Anthony', is written over a horizontal line.

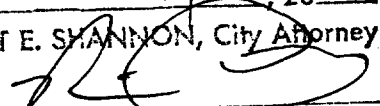
RICHARD F. ANTHONY
Deputy City Attorney

EXHIBIT D

FORM OF AUTHORIZING RESOLUTION

In lieu of a resolution from the governing body, attached hereto is an executed and acknowledged City Council Letter and certified excerpt of the Minute Order of the City Council of the City of Long Beach authorizing the execution and delivery of this Agreement by the City Manager.

By: 
Name: Gerald R. Miller
Title: City Manager

APPROVED AS TO FORM
10/18, 2005
ROBERT E. SHANNON, City Attorney
By: 
DEPUTY CITY ATTORNEY



CITY OF LONG BEACH

R-20

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

May 24, 2005

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute 1) the Power Purchase Agreement by and between the City of Long Beach and DeLiddo and Associates, Inc., a California corporation, DBA DEERS, and all related documents, for the installation of a solar power array and subsequent purchase of energy produced from the array at the Long Beach Convention and Entertainment Center located at 300 East Ocean Boulevard; and 2) the Applicant Assignment and Assumption Agreement and Consent to Assignment by and between a) the City of Long Beach, b) DeLiddo and Associates, Inc., a California corporation, DBA DEERS, and c) Southern California Edison, a California non-profit organization, and all other related documents, pertaining to Southern California Edison's Self-Generation Incentive Program. (District 2)

DISCUSSION

The City is the owner in trust of the Long Beach Convention and Entertainment Center (Facility) and contracts with SMG to operate the Facility under Management Agreement No. 21667. Under its agreement with the City, SMG is required to provide heating and air conditioning to both the Facility and the Hyatt Regency Hotel through a common Heating, Ventilation and Air Conditioning (HVAC) System, which is energized by electricity from Southern California Edison (SCE). The City pays SMG in advance on the first day of the month, the estimated costs to manage, operate, repair and maintain the HVAC System.

The Facility currently operates on an interruptible power grid and incurs substantial costs during peak demand periods, as well as severe penalties in the event of a power curtailment. The Facility consumes approximately 17 million Kilowatt Hours (kWh) annually. SCE charges an average of \$0.118 per kWh, composed of semi-fixed costs of \$0.04154 per kWh and variable costs of \$0.07646 per kWh. This translates to an annual SCE cost of approximately \$2,000,000 to provide electricity to the Facility.

HONORABLE MAYOR AND CITY COUNCIL

May 24, 2005

Page 2

Self-Generation Incentive Program

On October 19, 2004, City Council authorized the City Manager to execute and submit application forms to SCE, as administrator of the California Public Utilities Commission's Self-Generation Incentive Program (SGIP) (Exhibit "A"). Subsequently, the City received a conditionally approved rebate reservation in an amount not to exceed \$3,561,246 for the installation of a Solar Photovoltaic System (PV System) at the Facility, which will convert sunlight into conventional electricity.

Capital Improvements

The following capital improvements required at the Facility will be addressed in part through the proposed alternative energy systems.

Central Plant

The Facility's central plant, which provides heating and air conditioning to both the Facility and the Hyatt Hotel, is facing significant replacement costs in the near term for major components of the mechanical system. Specifically, two of the five chillers are inoperative and the remaining chillers are between 14 and 25 years old, resulting in reduced efficiency and higher maintenance costs. In the event of mechanical failure, the Facility does not have excess cooling capacity on any of the remaining functioning chillers.

Roof Repairs

The Exhibition Hall roof has a remaining life of 5-6 years if certain repairs are implemented immediately; however, if a new surface membrane is installed, the life of the roof would be extended to 20 years.

Requests for Proposals

To effectively manage the abovementioned capital improvement costs, the City circulated three separate Requests for Proposals (RFP) for alternative energy systems. These systems included a PV System, a thermal energy storage system (TES System), and/or a co-generation system (Co-gen System). A brief description of the alternative energy systems is provided below:

- PV Systems convert sunlight to conventional electricity, running parallel to power supplied by SCE.
- TES Systems freeze water at night during low demand periods and thaw the ice during the day, thereby providing chilled water for air-conditioning at a significantly reduced cost.

HONORABLE MAYOR AND CITY COUNCIL

May 24, 2005

Page 3

- Co-gen Systems consume one source of fuel (typically natural gas) and generate two or more sources of energy. As it relates to the Facility, the Co-gen System would generate electricity using natural gas-fired engines. In addition, the Co-gen System would also generate hot water and steam, some of which could be converted to cold water using an absorption chiller to supply the air conditioning system.

A total of 12 proposals were received: five for PV Systems, two for TES Systems and five for Co-gen systems.

PV System

All five proposals were reviewed by City staff and independent consultants. Based on the consultants' complete and in-depth analysis of the financial and engineering components, staff recommends the installation of a PV System up to 705 Kilowatts on the roof of the Exhibition Hall at the Facility. Of the five proposals received, DeLiddo and Associates, Inc., DBA DEERS (DEERS), is the recommended vendor to install, maintain, own and operate the PV System.

DEERS proposes to enter into a Power Purchase Agreement (Agreement) with the City. DEERS will provide the up-front capital to install and maintain the PV System, and for the next 20 years, will sell all of the electricity generated by the PV System to the City at a variable cost of \$0.0765 per kWh (increasing annually at a fixed inflation rate of 3 percent) or 10 percent less than the City's variable cost to purchase electricity from SCE, whichever rate is higher. SCE's current variable rate is \$0.0765 per kWh, which DEERS is using as the base rate. Non-variable costs will still be payable to SCE, as electricity will still be purchased in part from SCE. The PV System carries very little risk, yet offers excellent benefits to the City, including having a Convention Center identified as a "Green" Facility, thereby attracting conventions that are sensitive to "Green Power." The proposed PV System will be one of the largest such systems on the West Coast.

As a requirement of the PV System, DEERS will install a base membrane over the current 216,518-square foot Exhibition Hall roof in order to secure the entire area as watertight and ensure the PV System operates as efficiently as possible. Additionally, DEERS will perform preventative maintenance to keep the base membrane watertight and in good working order for the life of the PV System. DEERS will provide the up-front capital for the membrane at \$3.00 per square foot, or \$649,554. This cost will be reimbursed by the City and amortized over 20 years, for an annual payment of \$52,029. The preventative maintenance is \$.08 per square foot or \$17,251 annually, to be paid by the City.

The following are the major terms and provisions of the Power Purchase Agreement:

- **Term:** 20 years, commencing on the date of commercial operation of the PV System. (Upon termination, the City shall have the option to purchase the PV System at Fair Market Value or to have DEERS remove the PV System at DEERS' cost.)
- **System Cost:** DEERS, at its sole cost and expense, shall design, install, own, and operate the PV System.
- **Base Membrane:** As a requirement of the PV System, DEERS shall install a base membrane over the existing Exhibition Hall roof, effectively providing a waterproof cover for the term of the Agreement. The total cost of the base membrane is \$649,554 the cost of which shall be reimbursed by the City and amortized over 20 years at an annual payment of \$52,029.
- **Purchase of Energy:** Upon commencement of commercial operation, DEERS shall sell all of the electricity generated by the PV System to the City at a variable cost of \$0.0765 per kWh (increasing annually at a fixed inflation rate of 3 percent) or 10 percent less than the City's variable cost to purchase electricity from SCE, whichever rate is higher.
- **Option to Purchase:** The City shall have the option to purchase the PV System at any time during the Term at Fair Market Value. In addition to Fair Market Value, the City shall also be required to pay a termination fee based upon a previously negotiated payment schedule, should termination be executed before the end of the Term.
- **Maintenance and Warranties:** DEERS shall perform all maintenance and maintain all warranties associated with the operation of the PV System and base membrane at a fixed annual cost of \$17,321. This cost will be paid by the City.

HONORABLE MAYOR AND CITY COUNCIL

May 24, 2005

Page 5

- **Option to Terminate:** The City shall have the option to terminate with a 30-day notice and shall pay a termination fee to be made in accordance with the above-mentioned termination payment schedule. Should the City terminate for any reason other than default, end of Term or exercising the Option to Purchase, the City shall also pay a demobilization fee in the amount of \$500,000 (increasing yearly at a fixed inflation rate of 3 percent) for redeployment of the panels.

SGIP Rebate

Due to the constraints of choosing a solar vendor at the time of application for the SGIP rebate, the City was named both applicant and host customer. However, it is appropriate that the applicant should be the owner and operator of the PV System, namely DEERS, as they will bear the entire cost of the PV System estimated at approximately \$7 million. In order to amend the entities described in the rebate reservation, the City must execute a SGIP Applicant Assignment and Assumption Agreement and Consent to Assignment. The Assignment and Assumption Agreement will transfer all rights and responsibilities to DEERS as well as the final rebate amount. The rebate will assist with costs incurred for the purchase of materials and installation of the PV System without which the PV System is uneconomical. The current deadline to maintain the \$3.5M rebate reservation is May 30, 2005. In order to fulfill all Proof of Project Advancement requirements, the City and DEERS must execute a) the Power Purchase Agreement and b) the SGIP Applicant Assignment and Assumption Agreement and Consent to Assignment by May 30, 2005.

Thermal Energy Storage System

A 775-ton TES System is proposed for the Facility and will allow for the efficient management of cooling loads while shifting energy consumption periods from high cost peak periods to less expensive off-peak periods. The TES System will also address cooling capacity needs mentioned earlier in the Capital Improvements section of this letter. Staff anticipates providing City Council with a proposal for a TES System in the next few months.

This letter was reviewed by Deputy City Attorney J. Charles Parkin and Budget Management Officer David Wodynski on May 13, 2005.

TIMING CONSIDERATIONS

City Council action is requested on May 24, 2005, in order to expedite execution and submittal of all appropriate documents to SCE, as part of the SGIP Rebate Proof of Project Advancement, by the May 30, 2005 deadline.

HONORABLE MAYOR AND CITY COUNCIL
May 24, 2005
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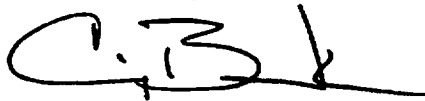
FISCAL IMPACT

Sufficient funds for the annual base membrane payment of \$52,029 and annual preventative maintenance payment of \$17,321 are appropriated in the Tidelands Fund (TF) and the Department of Community Development (CD).

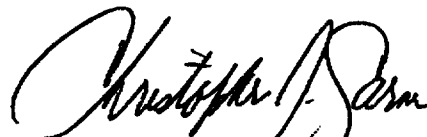
SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



**CRAIG BECK
ACTING DIRECTOR OF
COMMUNITY DEVELOPMENT**



**CHRISTOPHER J. GARNER
DIRECTOR OF
LONG BEACH ENERGY**

CB:CJG:MFT:lcl
Attachment: Exhibit "A" Council Letter Dated October 19, 2004

APPROVED:



**GERALD R. MILLER
CITY MANAGER**

EXHIBIT "A"

**CITY OF LONG BEACH**

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

October 19, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Authorization to Execute and Submit Application Forms to Southern California Edison, as Administrator of the California Public Utilities Commission's Self-Generation Incentive Program, and to the California Energy Commission for the Energy Partnership Program Benefiting the Long Beach Convention and Entertainment Center (District 2)

DISCUSSION

The Long Beach Convention and Entertainment Center (Convention Center) is currently on an interruptible power grid and incurs substantial costs during peak demand periods as well as considerable penalties in the event of a power curtailment occurring during a convention, at which time the Convention Center cannot accommodate the curtailment requirement. As a result, the Department of Community Development has completed a feasibility analysis of alternative energy systems for the Convention Center. The objectives of the alternative energy systems project (Project) are listed below:

- Reduce the energy consumption and peak demand loads
- Employ power generation alternatives to reduce costs and/or improve efficiencies
- Reduce the City's dependence on the uncertain reliability of the power grid
- Avoid penalties while providing self-generated power during Stage 3 power alerts/curtailments or blackouts
- Reduce energy costs to the City and the Hyatt Hotel
- Reduce the harmful pollution associated with electric power production by installing clean energy
- Become a "Green Power" facility, thereby enhancing opportunities to attract additional organizations sensitive to "Green Power"

This past summer, the City circulated three separate Requests for Proposals for a solar generation system, a thermal energy storage system and/or a co-generation plant. The City received a total of 12 proposals, which have been analyzed and scored, and recommendations are anticipated in the next two to three months.

HONORABLE MAYOR AND CITY COUNCIL

October 19, 2004

Page 2

As an incentive to install clean energy resources, the California Public Utilities Commission (CPUC) is offering rebates via the Self-Generation Incentive Program that is administered by Southern California Edison (SCE). The rebate program sunsets on December 31, 2004, and future rebate programs are yet to be approved by the State Legislature. Rebates can be reserved if the application requesting this rebate is submitted prior to this sunset date. Pending SCE's approval of the City's project, the rebate will be used to pay for approximately 50 percent of the cost of a solar power generation array should the City proceed with such a project. The rebate reservation is a non-binding request; therefore, the City is not obligated to buy or install any systems or energy production equipment and will not suffer any penalties should the reservation be withdrawn and the project not proceed.

Independent of this Project, the City will be conducting a lighting assessment to identify additional savings and efficiencies resulting from the possible retrofit of existing light fixtures at the Convention Center with more efficient bulbs and ballasts. The California Energy Commission (CEC) administers an Energy Partnership Program, which provides funding assistance for energy assessments of existing facilities. Should the CEC approve the City's application, the cost for this lighting assessment, estimated at \$5,000, will be reimbursed to the City.

This letter was reviewed by Deputy City Attorney J. Charles Parkin on October 5, 2004, and by Budget Management Officer David Wodynski on October 8, 2004.

TIMING CONSIDERATIONS

City Council action is requested on October 19, 2004, to meet the application deadline of December 31, 2004 for the CPUC/SCE Self-Generation Incentive Program and the CEC's Energy Partnership Program.

FISCAL IMPACT

The Department is still investigating the feasibility of the Project, the total cost of which is currently unknown. For purpose of the Self-Generation Incentive Program application, the Project was estimated at \$5 million. SCE's approval of the City's application would reserve rebate funds for approximately 50 percent of this amount, or \$2.5 million; the balance of the funding would come from the Tidelands Fund. Prior to proceeding with the Project, separate City Council authorization would be requested.

Sufficient funding to conduct the independent lighting assessment, estimated at \$5,000, is budgeted in the Tidelands Fund (TF) in the Department of Community Development (CD). If the CEC approves the City's application for the Energy Partnership Program, this funding would be reimbursed and deposited back into the fund.

HONORABLE MAYOR AND CITY COUNCIL
October 19, 2004
Page 3

IT IS RECOMMENDED THAT THE CITY COUNCIL:

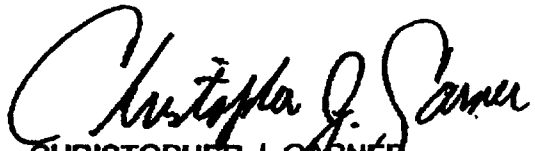
- 1) Authorize the City Manager to execute documents necessary to apply for, accept and expend all rebate monies received from the California Public Utilities Commission's Self-Generation Incentive Program as administered by Southern California Edison; and
- 2) Authorize the City Manager to execute documents necessary to apply for, accept and expend all monies received from the California Energy Commission's Energy Partnership Program.

Respectfully submitted,



for MELANIE S. FALLON
DIRECTOR OF
COMMUNITY DEVELOPMENT

MSF:CJG:MFT:jet
CC Ltr LBCC Energy



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH
ENERGY AND OIL PROPERTIES

APPROVED:



GERALD R. MILLER
CITY MANAGER

AN EXCERPT FROM THE MINUTES OF
THE LONG BEACH CITY COUNCIL MEETING
HELD TUESDAY, MAY 24, 2005

20. (05-2748) Recommendation to authorize City Manager to execute: 1) the Power Purchase Agreement by and between the City of Long Beach and DeLiddo and Associates, Inc., a California corporation, dba DEERS, and all related documents, for the installation of a solar power array and subsequent purchase of energy produced from the array at the Long Beach Convention and Entertainment Center located at 300 East Ocean Boulevard; and 2) the Applicant Assignment and Assumption Agreement and Consent to Assignment by and between a) the City of Long Beach, b) DeLiddo and Associates, Inc., a California Corporation, dba DEERS, and c) Southern California Edison, a California non-profit organization, and all other related documents, pertaining to Southern California Edison's Self-Generation Incentive Program. (District 2) (07:29 PM)

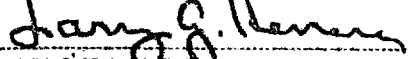
Suggested Action: Approve recommendation.

Councilmember Baker spoke.

Motion: Approve recommendation.
Moved by Baker, seconded by Colonna.

Vote: Motion carried 9-0.
Yes: Lowenthal; Baker; Colonna; O'Donnell; Kell; Richardson; Reyes Uranga; Gabelich; Lerch

CERTIFIED AS A TRUE AND CORRECT COPY.


CITY CLERK OF THE CITY OF LONG BEACH

DATE: JUL 21 2005
BY: JARRYL SORIANO

EXHIBIT E

ESCROW AGREEMENT

LESSOR: DeLiddo and Associates, Inc., dba DEERS
140 South Elm Avenue, Suite B
Ripon, California 95366

ESCROW AGENT:
Deutsche Bank National Trust
Company
6810 Crumpler Boulevard, Ste 100
Olive Branch, MS 38654

LESSEE: City of Long Beach
333 West Ocean Boulevard, 3rd Floor
Long Beach, California 90802

THIS ESCROW AGREEMENT (this "*Escrow Agreement*") is made October 1, 2005, among DeLiddo and Associates, Inc., dba DEERS ("*Lessor*"), the City of Long Beach ("*Lessee*"), and Deutsche Bank National Trust Company (the "*Escrow Agent*").

Lessor and Lessee have heretofore entered into that certain Master Equipment Lease-Purchase Agreement No. CA-100105 dated October 1, 2005 and Equipment Schedule No. 101 thereto dated October 1, 2005 (collectively, the "*Lease*"). The Lease contemplates that certain Equipment described therein (the "*Equipment*") is to be acquired from the vendor(s) or manufacturer(s) thereof.

After acceptance of the Equipment by Lessee, the Equipment is to be leased by Lessor to Lessee pursuant to the terms of the Lease.

The Lease contemplates that Lessor will deposit with the Escrow Agent cash in the amount of \$649,554 (the "*Purchase Price*"), into the escrow fund (the "*Escrow Fund*") to be held in escrow by the Escrow Agent and applied on the express terms and conditions set forth herein. Such deposit into the Escrow Fund, together with all interest and additions received with respect thereto is to be applied from time to time to pay the vendor(s) or manufacturer(s) of the Equipment its invoice cost (a portion of which may, if required, be paid prior to final acceptance of the Equipment by Lessee). The Escrow Fund is to be held for the account and benefit of Lessee, and Lessee has granted to Lessor a security interest in the Escrow Fund.

The parties desire to set forth the terms on which the escrow is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. The Escrow Agent agrees that the Escrow Fund shall be held irrevocably in trust for the account and benefit of Lessee and all interest earned with respect to the Escrow Fund shall accrue to the benefit of Lessee and shall be applied as expressly set forth herein.

To the limited extent required to perfect the security interest granted by Lessee to Lessor in the cash and negotiable instruments from time to time comprising the Escrow Fund, Lessor hereby appoints the Escrow Agent as its security agent, and the Escrow Agent hereby accepts the appointment as security agent, and agrees to hold physical possession of such cash and negotiable instruments on behalf of Lessor.

2. On such day as determined to the mutual satisfaction of the parties (the "*Commencement Date*"), Lessor shall deposit with the Escrow Agent cash in the amount of the Purchase Price; to be held by the Escrow Agent on the express terms and conditions set forth herein. The Escrow Agent agrees to accept the deposit of the Purchase Price by Lessor with the Escrow Agent, and further agrees to hold the amount so deposited together with all interest and other additions received with respect thereto in escrow on the express terms and conditions set forth herein.
3. The Escrow Agent shall at all times segregate the Escrow Fund into an account maintained for that express purpose, which shall be clearly identified on the books and records of the Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments comprising the Escrow Fund from time to time shall be held or registered in the name of the Escrow Agent (or its nominee). The Escrow Fund shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Lessor).
4. The cash comprising the Escrow Fund from time to time shall be invested by the Escrow Agent in such Qualified Investments (as hereinafter defined) in accordance with the written investment directions of the Lessee, which directions shall be set forth in a letter attached hereto as *Exhibit "E-1."* Interest or other amounts earned and received by the Escrow Agent with respect to the Escrow Fund shall be deposited in and comprise a part of the Escrow Fund. No investment shall be made that would cause the Lease to be deemed to be an arbitrage bond within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended.

For the purpose of this paragraph 4, the term "*Qualified Investments*" means, to the extent the same are at the time legal for investment of the funds being invested: (i) direct general obligations of the United States of America; (ii) obligations, the timely payment of the principal of and interest on which is

fully and unconditionally guaranteed by the United States of America; (iii) general obligations of the agencies and instrumentalities of the United States of America acceptable to Lessor; (iv) money market funds, whose investment parameters target investments in securities as described above in points (i-iii); or such other investments permitted by a policy duly adopted by Lessee's governing body and approved by Lessor.

5. The Lessor and Lessee hereby authorize the Escrow Agent to take the following actions with respect to the Escrow Fund:
 - a. From time to time, the Escrow Agent shall pay the vendor or manufacturer of the Equipment payments then due and payable upon receipt of the following: (a) a duly executed Certificate of Acceptance and Payment Request in the form attached as *Exhibit A-1* to the Lease, (b) the vendor(s) or manufacturer(s) invoice(s) specifying the acquisition price of the Equipment described in the requisition request, and (c) any additional documentation required by Lessor.
 - b. In the event that Lessor provides to the Escrow Agent written notice of the occurrence of an event of default under the Lease, the Escrow Agent shall thereupon promptly remit to Lessor the Escrow Fund.
 - c. Upon receipt by the Escrow Agent of written notice from Lessor that the purchase price of the Equipment has been paid in full, the Escrow Agent shall apply the then remaining Escrow Fund, *first* to all reasonable fees and expenses incurred by the Escrow Agent in connection herewith as evidenced by its statement forwarded to Lessor and Lessee; and, *second* to Lessee, upon the express condition that Lessee hereby agrees to use such excess amount solely for capital expenditures as shall be approved by Lessee or, at the written direction of Lessee for application against the interest component of the Lessee's payment obligation under the Lease, as provided therein, unless otherwise agreed by Lessor.
6. The reasonable fees and expenses of the Escrow Agent incurred in connection herewith shall be the responsibility of the Lessor and are herein defined as the sum of \$500.00, for escrow services as described herein. Any extraordinary expenses incurred by the Escrow Agent shall be paid by the party requesting the services giving rise to the extraordinary expenses.
7. The Escrow Agent shall have no liability for acting upon any written instruction presented by Lessee and Lessor in connection with this Escrow Agreement, which the Escrow Agent in good faith believes to be genuine. Furthermore, the Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own gross negligence, willful misconduct or bad faith. The Escrow Agent shall not be liable for any loss or

diminution in value of the Escrow Fund as a result of the investment decisions made pursuant to Section 4, Qualified Investments at the direction of Lessee.

8. To the extent authorized by law, Lessee hereby agrees to indemnify and save the Escrow Agent harmless against any liabilities, which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Escrow Agent's gross negligence or willful misconduct. No indemnification will be made under this Section or elsewhere in this Escrow Agreement for damages arising solely out of gross negligence, willful misconduct or bad faith by the Escrow Agent, its officers, agents, employees, successors or assigns.
9. The Escrow Agent may at any time resign by giving at least 30 days' prior written notice to Lessee and Lessor, but such resignation shall not take effect until the appointment of the successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, the Escrow Agent may be removed at any time, with or without cause, by instrument in writing executed by Lessor and Lessee. Such notice shall set forth the effective date of the removal. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent.

Upon the effective date of resignation or removal, the Escrow Agent will transfer the Escrow Fund then held by it to the successor Escrow Agent selected by Lessor and Lessee.

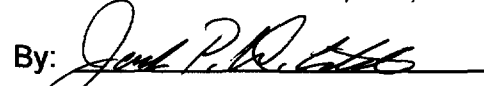
10. This Escrow Agreement shall terminate upon receipt by the Escrow Agent of the written notice from Lessor specified in Section 5(b) or Section 5(c) hereof.
11. All notices hereunder shall be in writing, sent by certified mail, return receipt requested, or by mutually recognized overnight carrier addressed to the other party at its respective address shown on page 1 of this Escrow Agreement or at such other address as such party shall from time to time designate in writing to the other parties; and shall be effective on the date of receipt.
12. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of the Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Lessor and Lessee.
13. This Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent,


modification or change of terms hereof shall bind any party unless in writing signed by all parties.

- 14. The Escrow Agent may employ agents, attorneys and accountants in connection with its duties hereunder and shall not be liable for any action taken or omitted in good faith in accordance with the advice of counsel, accountants or other skilled persons.
- 15. This Escrow Agreement shall be governed by and be construed and interpreted in accordance with the internal laws of the State of California.

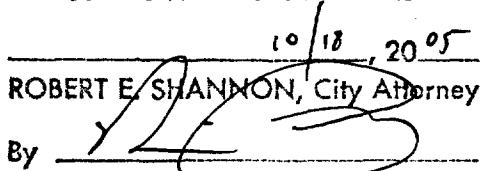
IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed under seal as of the day and year first above set forth.

LESSOR:
DeLiddo and Associates, Inc., dba DEERS

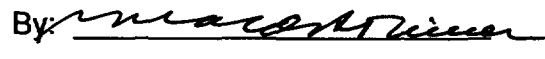
By: 
Name: Jack P. DeLiddo
Title: President

By: 
Name: John Abkemeier
Title: Project Development


APPROVED AS TO FORM

10/18, 2005
ROBERT E. SHANNON, City Attorney
By: 
DEPUTY CITY ATTORNEY

LESSEE:
City of Long Beach

By: 
Name: Gerald R. Miller
Title: City Manager

ESCROW AGENT:
Deutsche Bank National Trust Company

By: 
Name: Dennis Gillespie
Title: Vice President



RICHARD HANN
VICE PRESIDENT

EXHIBIT E-1

INVESTMENT DIRECTION LETTER

October 18, 2005

Deutsche Bank National Trust Company
6810 Crumpler Boulevard, Ste 100
Olive Branch, MS 38654

Re: Escrow Agreement dated October 1, 2005,
by and among DeLiddo and Associates, Inc., dba DEERS as Lessor,
City of Long Beach, as Lessee, and
Deutsche Bank National Trust Company, as Escrow Agent

Ladies and Gentlemen:

Pursuant to the above-referenced Escrow Agreement, \$649,554 will be deposited in escrow with you on or about October 1, 2005. Such funds should be invested in the following:

AMOUNT	NATURE OF INVESTMENT/INSTRUMENT
\$649,554.00	Goldman Sachs Financial Square Funds, Government Fund

Very truly yours,

City of Long Beach

APPROVED AS TO FORM

10/18, 2005
By: *Gerald R. Miller*
Name: Gerald R. Miller
By: *[Signature]*
Title: City Manager
DEPUTY CITY ATTORNEY

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Joaquin } ss.

On October 17, 2005 before me, Donna Holley, a notary,
Date Name and Title of Officer (e.g., John Doe, Notary Public)
personally appeared Jack P. Deliddo
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal
Donna Holley
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Master Equipment Lease-Purchase Agreement

Document Date: 10-17-05 Number of Pages: 34

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: Jack P. Deliddo

- Individual
- Corporate Officer — Title(s): president
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Joaquin } ss.

On October 17, 2005 before me, Donna Holley, a notary
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared John Abkemeier
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Donna Holley
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Master Equipment Lease-purchase Agreement

Document Date: 10-17-05 Number of Pages: 34

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: John Abkemeier

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Los Angeles } ss.

On October 18, 2005 before me, Nancy Garver, N.P.
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Gerald R. Miller
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.
Nancy Garver
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Motor Equipment Lease-Purchase Agmt.
Document Date: None Number of Pages: 14
Signer(s) Other Than Named Above: Jack P. Delibbo + John Abkenauer

Capacity(ies) Claimed by Signer

Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney-in-Fact
 Trustee
 Guardian or Conservator
 Other: _____
Signer Is Representing: _____

