

31527

LEASE SCHEDULE AMENDMENT

Dated as of 8/03/2010

Lease Schedule No. 3 (Chase Lease 1000133893)

Lessee: CITY OF LONG BEACH

Reference is made to the above Lease Schedule as amended ("Schedule") and to the Master Lease-Purchase Agreement identified therein as amended ("Master Lease"), both of which are by and between CHASE EQUIPMENT FINANCE, INC. ("Lessor") and the above lessee ("Lessee"). In this Amendment: "Lease" means the Schedule and the Master Lease to the extent that it relates to the Schedule; and "Equipment" means the property described in the Schedule. This Amendment amends and modifies the terms and conditions of the Lease and is hereby made a part of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein.

NOW, THEREFORE, as part of the valuable consideration to induce the execution of the Lease, Lessor and Lessee hereby agree to amend the Lease as follows:

1. The California Lease Schedule Addendum dated as of February 26, 2010 previously executed by the Lessee and the Lessor for this Schedule (the "Addendum") shall no longer have any force and effect, and the amendments and additions made to the Master Lease and Schedule pursuant to the Addendum shall no longer have any application to the Lease. The terms of the Master Lease as originally written without the modifications made by the Addendum shall apply to this Schedule.

2. Except as expressly amended by this Amendment and other modifications signed by Lessor, the Lease remains unchanged and in full force and effect.

IN WITNESS, the parties hereto have executed this Amendment as of the date first referenced above.

CITY OF LONG BEACH
(Lessee)

CHASE EQUIPMENT FINANCE, INC.
(Lessor)

By: [Signature]

By: [Signature]

Title: City Manager

Title: FUNDING MANAGER

APPROVED AS TO FORM

August 9, 20 10

ROBERT E. SHANNON, City Attorney

By: [Signature]
BARY J. ANDERSON
DEPUTY CITY ATTORNEY

LEASE SCHEDULE NO. 4 (Chase Lease 1000134251)

Dated As Of 08/03/2010

This Lease Schedule, together with its Payment Schedule, is attached and made a part of the Master Lease-Purchase Agreement described below ("Master Lease") between the Lessee and Lessor named below. All terms and conditions of the Master Lease are incorporated herein by reference. Unless otherwise defined herein, capitalized terms defined in the Master Lease will have the same meaning when used herein.

Master Lease-Purchase Agreement dated 02/26/2010

- A. EQUIPMENT DESCRIBED: The Equipment includes all of the property described on Schedule A-1 attached hereto and made a part hereof.
- B. EQUIPMENT LOCATION: See Attached Schedule A-1
- C. ACCEPTANCE OF EQUIPMENT: AS BETWEEN LESSEE AND LESSOR, LESSEE AGREES THAT: (a) LESSEE HAS RECEIVED AND INSPECTED ALL EQUIPMENT; (b) ALL EQUIPMENT IS IN GOOD WORKING ORDER AND COMPLIES WITH ALL PURCHASE ORDERS, CONTRACTS AND SPECIFICATIONS; (c) LESSEE ACCEPTS ALL EQUIPMENT FOR PURPOSES OF THE LEASE "AS-IS, WHERE-IS"; AND (d) LESSEE WAIVES ANY RIGHT TO REVOKE SUCH ACCEPTANCE.
- D. ESSENTIAL USE; CURRENT INTENT OF LESSEE: Lessee represents and agrees that the use of the Equipment is essential to Lessee's proper, efficient and economic functioning or to the services that Lessee provides to its citizens and the Equipment will be used by Lessee only for the purpose of performing its governmental or proprietary functions consistent with the permissible scope of its authority. Lessee currently intends for the full Lease Term: to use the Equipment; to continue this Lease; and to make Rental Payments if funds are appropriated in each fiscal year by its governing body.
- E. RENTAL PAYMENTS; LEASE TERM: The Rental Payments to be paid by Lessee to Lessor, the commencement date thereof and the Lease Term of this Lease Schedule are set forth on the Payment Schedule attached to this Lease Schedule.
- F. RE-AFFIRMATION OF THE MASTER LEASE: Lessee hereby re-affirms all of its representations, warranties and obligations under the Master Lease (including, without limitation, its obligation to pay all Rental Payments, its disclaimers in Section 7 thereof and its representations in Sections 6.1 and 16 thereof).

Equipment/Escrow Acceptance Date: 8-20-10

CITY OF LONG BEACH, CA

(Lessee)

By: [Signature]

Title: City Manager

CHASE EQUIPMENT FINANCE, INC.

(Lessor)

By: [Signature]

Title: FUNDING MANAGER

APPROVED AS TO FORM

August 9, 2010
ROBERT E. SHANNON, City Attorney

By: [Signature]
MARY J. ANDERSON
DEPUTY CITY ATTORNEY

SCHEDULE A-1
Equipment Description

Lease Schedule No. 4 (Chase Lease 1000134251) dated 08/03/2010

The Equipment described below includes all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.

Equipment Location: 333 W. Ocean Blvd
Long Beach, CA 90802

Equipment Description: various computer hardware

Expected Equipment Purchase Price	\$ <u>470,000.00</u>
Minus Lessee Down Payment	\$ <u>0</u>
Net Amount Financed	\$ <u>470,000.00</u>

This Schedule A-1 is attached to the Lease Schedule or a Receipt Certificate/Payment Request relating to the Lease Schedule.

CITY OF LONG BEACH, CA
(Lessee)

By: _____

Title: _____

[Handwritten Signature]

City Manager

CHASE EQUIPMENT FINANCE, INC.
(Lessor)

By: _____

Title: _____

[Handwritten Signature]

FINANCING MANAGER

APPROVED AS TO FORM

August 9, 20 10
ROBERT B. SHANNON, City Attorney
By: *[Handwritten Signature]*
GARY J. ANDERSON
DEPUTY CITY ATTORNEY

LEASE SCHEDULE ADDENDUM
(Self Insurance)

Lessee: CITY OF LONG BEACH, CA

Lease Schedule No. 4 (Chase Lease 1000134251)

Reference is made to the above Lease Schedule as amended ("Schedule") and to the Master Lease-Purchase Agreement identified therein as amended ("Master Lease"), both of which are by and between Chase Equipment Finance, Inc. ("Lessor") and the above lessee ("Lessee"). In this Addendum: "Lease" means the Schedule and the Master Lease to the extent that it relates to the Schedule; and "Equipment" means the property described in the Schedule. This Addendum amends and modifies the terms and conditions of the Lease and is hereby made a part of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein.

NOW, THEREFORE, as part of the valuable consideration to induce the execution of the Lease, Lessor and Lessee hereby agree to amend the Lease as follows:

1. CASUALTY LOSS. Notwithstanding anything to the contrary in Section 14 of the Master Lease, Lessor agrees that Lessee may self-insure against risk of casualty loss of or physical damage to the Equipment; provided, that upon written notice from Lessor to Lessee, Lessee agrees to secure and maintain commercial insurance against such risks to the Equipment as otherwise required by the Master Lease if an event of default has occurred and is continuing under the Master Lease.

2. THIRD PARTY LIABILITY. Notwithstanding anything to the contrary in Section 14 of the Master Lease, Lessor agrees that Lessee may self-insure against risk of injuries to persons and damage to property of others relating in any way to any Equipment; provided, that upon written notice from Lessor to Lessee, Lessee agrees to secure and maintain commercial insurance against such risks as otherwise required by the Master Lease if an event of default has occurred and is continuing under the Master Lease. Such insurance shall be in an amount not less than \$ 1,000,000.00 combined single limit per unit per occurrence.

3. COMPLIANCE WITH LAW; ACTUARIALLY SOUND BASIS. Lessee agrees that its self insurance arrangements as described herein shall comply with applicable State law related thereto or, if there is no State law applicable to such self insurance arrangements, then Lessee's self insurance arrangements shall be maintained on an actuarially sound basis.

4. GENERAL. Except as expressly amended by this Addendum and other modifications signed by Lessor and Lessee, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date of the Schedule first referenced above.

CITY OF LONG BEACH, CA

(Lessee)

By: _____

Title: _____

[Handwritten Signature]

City Manager

CHASE EQUIPMENT FINANCE, INC.

(Lessor)

By: _____

Title: _____

[Handwritten Signature]

FUNDING MANAGER

APPROVED AS TO FORM

August 9, 2010
ROBERT B SHANNON, City Attorney
By *[Handwritten Signature]*
GARY J. ANDERSON
DEPUTY CITY ATTORNEY

PREPAYMENT SCHEDULE ADDENDUM
(Break Funding Premium)

Dated As Of 8/03/2010

Lease Schedule No. 4 (Chase Lease 1000134251)

Lessee: CITY OF LONG BEACH, CA

Reference is made to the above Lease Schedule ("Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in the Schedule, which are by and between CHASE EQUIPMENT FINANCE, INC. ("Lessor") and the above lessee ("Lessee"). As used herein: "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. This Schedule Addendum amends and supplements the terms and conditions of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein. **Solely for purposes of the Schedule, Lessor and Lessee agree as follows:**

1. Notwithstanding anything to the contrary in the Lease (including, without limitation, Section 15 of the Master Lease as it relates to the Schedule), Lessee and Lessor agree that so long as no Event of Default has occurred and continues under the Lease and so long as Lessee gives Lessor at least 20 days prior written notice (the "Notice Period"), Lessee may elect to prepay its obligations under the Schedule by paying to Lessor on the Rent Payment due date (a "Prepayment Date") following the Notice Period the total of the following (the "Prepayment Amount"): (a) all accrued Rent Payments, interest, taxes, late charges and other amounts then due and payable under the Lease; plus (b) the remaining principal balance payable by Lessee under the Schedule as of said Prepayment Date.

2. In addition to the prepayment amounts required by paragraph 1 above, Lessee shall also pay to Lessor a break funding premium equal to the amount, if any, by which (i) the present value of all Remaining Payments (as defined below) discounted to the Prepayment Date at a rate equal to the Interest Rate Swap rate having a term to maturity nearest to the remaining Average Life (as defined below) of the Schedule as reported on the Federal Reserve H.15 report as of the business day preceding the Prepayment Date exceeds (ii) the present value of all Remaining Payments discounted to the Prepayment Date at a rate equal to the Interest Rate Swap rate having a term to maturity nearest to the original Average Life of the Schedule as reported on the Federal Reserve H.15 report as of the Commencement Date of the Schedule. "Remaining Payments" means all remaining Rent Payments payable under the Schedule after such Prepayment Date to the end of the Lease Term of the Schedule. "Average Life" means the average duration of the original or remaining (as the case may be) principal payments included in the Rent Payments due and payable under the Schedule weighted by the amount of the principal payments. If the Federal Reserve Board ceases publication of Interest Rate Swap rates in its Federal Reserve H.15 report or a similar report, then Lessor shall select an alternate publication for interest rate swap information in its reasonable discretion.

3. The prepayment or early purchase option rights granted herein shall control in the event of any conflict between the provisions of this Addendum and the Master Lease as it relates to the Schedule. Except as expressly amended or supplemented by this Addendum and other instruments signed by Lessor and Lessee, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first written above.

CITY OF LONG BEACH, CA
(Lessee)

By: [Signature]
Title: City Manager

CHASE EQUIPMENT FINANCE, INC.
(Lessor)

By: [Signature]
Title: FUNDING MANAGER

APPROVED AS TO FORM

August 9, 20 10
ROBERT E. SMANNON, City Attorney
By [Signature]
GARY J. ANDERSON
DEPUTY CITY ATTORNEY

PAYMENT SCHEDULE

This Payment Schedule is attached and made a part of the Lease Schedule identified below which is part of the Master Lease-Purchase Agreement identified therein, all of which are between the Lessee and Lessor named below.

Lease Schedule No. 4 (Chase Lease 1000134251) dated 08/03/2010

Accrual Date: August 20,2010

Amount Financed: \$470,000.00

Interest Rate: 2.6431% per annum

Rent Number	Rent Date	Rent Payment	Interest Portion	Principal Portion	Termination Value
1	9/20/2010	\$ 8,370.95	\$ 1,035.21	\$ 7,335.73	\$ 462,664.27
2	10/20/2010	\$ 8,370.95	\$ 1,019.06	\$ 7,351.89	\$ 455,312.37
3	11/20/2010	\$ 8,370.95	\$ 1,002.86	\$ 7,368.09	\$ 447,944.29
4	12/20/2010	\$ 8,370.95	\$ 986.63	\$ 7,384.31	\$ 440,559.97
5	1/20/2011	\$ 8,370.95	\$ 970.37	\$ 7,400.58	\$ 433,159.39
6	2/20/2011	\$ 8,370.95	\$ 954.07	\$ 7,416.88	\$ 425,742.52
7	3/20/2011	\$ 8,370.95	\$ 937.73	\$ 7,433.22	\$ 418,309.30
8	4/20/2011	\$ 8,370.95	\$ 921.36	\$ 7,449.59	\$ 410,859.71
9	5/20/2011	\$ 8,370.95	\$ 904.95	\$ 7,466.00	\$ 403,393.72
10	6/20/2011	\$ 8,370.95	\$ 888.51	\$ 7,482.44	\$ 395,911.27
11	7/20/2011	\$ 8,370.95	\$ 872.03	\$ 7,498.92	\$ 388,412.35
12	8/20/2011	\$ 8,370.95	\$ 855.51	\$ 7,515.44	\$ 380,896.92
13	9/20/2011	\$ 8,370.95	\$ 838.96	\$ 7,531.99	\$ 373,364.92
14	10/20/2011	\$ 8,370.95	\$ 822.37	\$ 7,548.58	\$ 365,816.34
15	11/20/2011	\$ 8,370.95	\$ 805.74	\$ 7,565.21	\$ 358,251.13
16	12/20/2011	\$ 8,370.95	\$ 789.08	\$ 7,581.87	\$ 350,669.26
17	1/20/2012	\$ 8,370.95	\$ 772.38	\$ 7,598.57	\$ 343,070.69
18	2/20/2012	\$ 8,370.95	\$ 755.64	\$ 7,615.31	\$ 335,455.39
19	3/20/2012	\$ 8,370.95	\$ 738.87	\$ 7,632.08	\$ 327,823.30
20	4/20/2012	\$ 8,370.95	\$ 722.06	\$ 7,648.89	\$ 320,174.41
21	5/20/2012	\$ 8,370.95	\$ 705.21	\$ 7,665.74	\$ 312,508.68
22	6/20/2012	\$ 8,370.95	\$ 688.33	\$ 7,682.62	\$ 304,826.05
23	7/20/2012	\$ 8,370.95	\$ 671.40	\$ 7,699.54	\$ 297,126.51
24	8/20/2012	\$ 8,370.95	\$ 654.45	\$ 7,716.50	\$ 289,410.01
25	9/20/2012	\$ 8,370.95	\$ 637.45	\$ 7,733.50	\$ 281,676.51
26	10/20/2012	\$ 8,370.95	\$ 620.42	\$ 7,750.53	\$ 273,925.97
27	11/20/2012	\$ 8,370.95	\$ 603.34	\$ 7,767.60	\$ 266,158.37
28	12/20/2012	\$ 8,370.95	\$ 586.24	\$ 7,784.71	\$ 258,373.66
29	1/20/2013	\$ 8,370.95	\$ 569.09	\$ 7,801.86	\$ 250,571.80
30	2/20/2013	\$ 8,370.95	\$ 551.91	\$ 7,819.04	\$ 242,752.75
31	3/20/2013	\$ 8,370.95	\$ 534.68	\$ 7,836.27	\$ 234,916.49
32	4/20/2013	\$ 8,370.95	\$ 517.42	\$ 7,853.53	\$ 227,062.96
33	5/20/2013	\$ 8,370.95	\$ 500.13	\$ 7,870.82	\$ 219,192.14
34	6/20/2013	\$ 8,370.95	\$ 482.79	\$ 7,888.16	\$ 211,303.98
35	7/20/2013	\$ 8,370.95	\$ 465.41	\$ 7,905.53	\$ 203,398.44
36	8/20/2013	\$ 8,370.95	\$ 448.00	\$ 7,922.95	\$ 195,475.50

37	9/20/2013	\$	8,370.95	\$	430.55	\$	7,940.40	\$	187,535.10
38	10/20/2013	\$	8,370.95	\$	413.06	\$	7,957.89	\$	179,577.21
39	11/20/2013	\$	8,370.95	\$	395.53	\$	7,975.42	\$	171,601.80
40	12/20/2013	\$	8,370.95	\$	377.97	\$	7,992.98	\$	163,608.82
41	1/20/2014	\$	8,370.95	\$	360.36	\$	8,010.59	\$	155,598.23
42	2/20/2014	\$	8,370.95	\$	342.72	\$	8,028.23	\$	147,570.00
43	3/20/2014	\$	8,370.95	\$	325.04	\$	8,045.91	\$	139,524.08
44	4/20/2014	\$	8,370.95	\$	307.31	\$	8,063.64	\$	131,460.45
45	5/20/2014	\$	8,370.95	\$	289.55	\$	8,081.40	\$	123,379.05
46	6/20/2014	\$	8,370.95	\$	271.75	\$	8,099.20	\$	115,279.86
47	7/20/2014	\$	8,370.95	\$	253.91	\$	8,117.04	\$	107,162.82
48	8/20/2014	\$	8,370.95	\$	236.04	\$	8,134.91	\$	99,027.91
49	9/20/2014	\$	8,370.95	\$	218.12	\$	8,152.83	\$	90,875.07
50	10/20/2014	\$	8,370.95	\$	200.16	\$	8,170.79	\$	82,704.29
51	11/20/2014	\$	8,370.95	\$	182.16	\$	8,188.79	\$	74,515.50
52	12/20/2014	\$	8,370.95	\$	164.13	\$	8,206.82	\$	66,308.68
53	1/20/2015	\$	8,370.95	\$	146.05	\$	8,224.90	\$	58,083.78
54	2/20/2015	\$	8,370.95	\$	127.93	\$	8,243.01	\$	49,840.76
55	3/20/2015	\$	8,370.95	\$	109.78	\$	8,261.17	\$	41,579.59
56	4/20/2015	\$	8,370.95	\$	91.58	\$	8,279.37	\$	33,300.23
57	5/20/2015	\$	8,370.95	\$	73.35	\$	8,297.60	\$	25,002.63
58	6/20/2015	\$	8,370.95	\$	55.07	\$	8,315.88	\$	16,686.75
59	7/20/2015	\$	8,370.95	\$	36.75	\$	8,334.19	\$	8,352.55
60	8/20/2015	\$	8,370.95	\$	18.40	\$	8,352.55	\$	0.00
TOTAL		\$	502,256.94	\$	32,256.94	\$	470,000.00		

CITY OF LONG BEACH, CA

Lessee:

By: David Pulante

Title: CITY TREASURER

CHASE EQUIPMENT FINANCE, INC.

Lessor:

By: Ann Cull

Title: FUNDING MANAGER



Proceeds Disbursement Authorization

CHASE EQUIPMENT FINANCE, INC.
1111 Polaris Parkway, Suite A3 (OH1-1085)
Columbus, OH 43240

August 20, 2010

Re: DISBURSEMENTS OF PROCEEDS UNDER THE MASTER
LEASE PURCHASE AGREEMENT REFERRED TO BELOW

Reference is made to that certain Master Lease Purchase Agreement dated 02/26/2010 between City of Long Beach, CA, ("Lessee") and Chase Equipment Finance, Inc. (the "Lessor").

I hereby instruct you and authorize you to disburse \$ 470,000.00 to Union Bank, N.A. subject to the Escrow Agreement dated 08/03/2010.

By signing below, Lessee authorizes Lessor to issue checks or direct fund transfers to the payee(s), in the amounts, and per the instructions (if applicable) set forth above. Lessee also acknowledges that it may be responsible for paying other fees directly to third parties, such as Lessor's counsel, and making other disbursements in connection with the lease transaction per the terms of the lease documents. Lessor may rely and act on the instructions set forth herein and shall not be responsible for the use or application of the funds, and Lessee shall indemnify, defend and hold harmless Lessor from and against any and all losses, costs, expenses, fees, claims, damages, liabilities, and causes of action in any way relating to or arising from acting in accordance therewith.

IN WITNESS WHEREOF, the Lessee has caused this Proceeds Disbursement Authorization to be executed as of the day and year first above written.

CITY OF LONG BEACH
(Lessee)

By: David Thaler

Title: City Treasurer



OFFICE OF THE CITY ATTORNEY
 Long Beach, California

ROBERT E. SHANNON
 City Attorney

HEATHERA. MAHOOD
 Chief Assistant City Attorney

MICHAEL J. MAIS
 Assistant City Attorney

PRINCIPAL DEPUTIES

Dominic Holzhaus
 Anne C. Lattime
 Monte H. Machit
 J. Charles Parkin

DEPUTIES

C. Geoffrey Allred
 Gary J. Anderson
 Richard F. Anthony
 Amy R. Burton
 Christina L. Checel
 Randall C. Fudge
 Charles M. Gale
 Barbara J. McTigue
 Barry M. Meyers
 Cristyl Meyers
 Howard D. Russell
 Tiffani L. Shin
 Linda Trang
 Theodore B. Zinger

Date: August 9, 2010

Lessee: CITY OF LONG BEACH, CA

Lessor: Chase Equipment Finance, Inc.

Re: Equipment Schedule No. 4 (Chase Lease Schedule 1000134251) dated 08/03/2010 together with its Master Lease-Purchase Agreement dated as of 02/26/2010 by and between the above-named Lessor and the Escrow Agreement dated 08/03/2010 relating to the foregoing

Ladies and Gentlemen:

We have acted as counsel to Lessee with respect to the Agreement described above and the various related matters, and in this capacity have reviewed a duplicate original or certified copy thereof and Equipment Schedule No. 4 (Chase Lease Schedule 1000134251) executed pursuant thereto (together with the Agreement, the "Lease"). The terms capitalized in this opinion but not defined herein shall have the meanings assigned to them in the Lease. Based upon the examination of these and such other documents as we have deemed relevant, it is our opinion that:

1. Lessee is a municipal corporation and political subdivision of the State of California (the "State") within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, and is duly organized, existing and operating under the Constitution and laws of the State.
2. Lessee is authorized and has the power under applicable law to enter into the Lease, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Lease has been duly authorized, executed and delivered by and on behalf of Lessee, and is a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.
4. The authorization and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public records, public bidding and other laws, rules and regulations of the State.
5. The execution of the Lease and the appropriation of moneys to pay the Rental Payments coming due thereunder do not and will not result in the violation of any constitutional,

statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

6. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Lessee, the authority of Lessee or its officers or its employees to enter into the Lease, the proper authorization and/or execution of the Lease or the documents contemplated thereby, the appropriation of moneys to make Rental Payments under the Lease for the current Fiscal Year of the Lessee, or the ability of Lessee otherwise to perform its obligations under the Lease and the transactions contemplated thereby. To the best of our knowledge, no such litigation, action suit or proceeding is threatened.

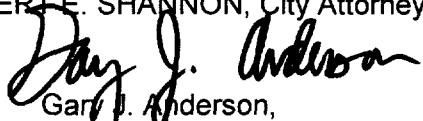
7. The Equipment is personal property, and when used by Lessee will not be or become fixtures under the laws of the State.

8. Agenda Item No. R-46 of the governing body of the Lessee was duly and validly adopted by such governing body on August 3, 2010, and such agenda item has not been amended, modified, supplemented or repealed and remains in full force and effect.

This opinion may be relied upon by the addressee hereof and its successors and assignees of interests in the Lease, but only with regard to matters specifically set forth herein. This opinion may not be relied upon by any third party that is not a successor or assignee of the addressee.

Very truly yours,

ROBERT E. SHANNON, City Attorney

By: 
Gary J. Anderson,
Deputy City Attorney

GJA:jp

ESCROW AGREEMENTDated as of **8/03/2010**

(Gross Fund-Earnings to Lessee)

This Escrow Agreement together with all addenda, riders and attachments hereto, as the same may from time to time be amended, modified or supplemented ("Agreement") is made and entered as of the date set forth above by and among the Escrow Agent identified below ("Escrow Agent"), the Lessee identified below ("Lessee") and CHASE EQUIPMENT FINANCE, INC. ("Lessor"). As used herein, "Party" shall mean any of Lessee, Lessor or Escrow Agent, and "Parties" shall mean all of Lessee, Lessor and Escrow Agent.

Escrow Agent: Union Bank, N.A.

Lessee: **CITY OF LONG BEACH, CA**

For good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Recitals.

1.01 Lessor and Lessee have entered into the Lease identified below whereby Lessor has agreed to lease and sell certain property described therein (the "Equipment") to Lessee, and Lessee has agreed to lease and purchase the Equipment from Lessor, in the manner and on the terms set forth in the Lease.

1.02 "Lease" means, collectively, the Lease Schedule identified below and the Master Lease-Purchase Agreement identified in said Lease Schedule (to the extent that it relates to said Lease Schedule) together with all exhibits, schedules, addenda, riders and attachments thereto. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between Lessee and Lessor, in connection herewith, if any, including without limitation the Lease, nor shall the Escrow Agent be required to determine if any person or entity has complied with any such agreements, nor shall any such obligations of the Escrow Agent be inferred from the terms of such agreements, even though reference thereto may be made in this Escrow Agreement. In the event of any conflict between the terms and provisions of this Escrow Agreement, those of the Lease, any schedule or exhibit attached to the Escrow Agreement, or any other agreement among the Parties, the terms and conditions of this Escrow Agreement shall control.

Lease Schedule No. 4 (Chase Lease 1000134251)

1.03 **LESSOR'S DEPOSIT: \$470,000.00** Lessor shall pay or cause to be paid to the Escrow Agent the amount of the Lessor's Deposit which will be credited to the Equipment Acquisition Fund established in Section 2 hereof. To the extent that the purchase price of the Equipment exceeds the Lessor's Deposit, Lessee shall either deposit with Escrow Agent funds which will be credited to the Equipment Acquisition Fund and used to pay the balance of the purchase price of the Equipment or Lessee shall pay such balance directly to the suppliers.

1.04 **FUNDING EXPIRATION DATE: 02/03/2012.** Lessee and Lessor agree that all Equipment should be delivered and installed, and all funds disbursed from the Equipment Acquisition Fund, no later than the above Funding Expiration Date.

1.05 Under the Lease, Lessee will cause each item of Equipment to be ordered from the applicable suppliers. Lessee shall furnish to Lessor as soon as available, a copy of the purchase orders or purchase contracts for all Equipment ordered pursuant to the Lease, showing the supplier, the purchase price and the estimated delivery dates.

1.06 Subject to such control by Lessee and Lessor as is provided herein, Lessor and Lessee agree to employ the Escrow Agent to receive, hold, invest and disburse the moneys to be paid to the Escrow Agent as described in this Agreement. The Escrow Agent shall not be obligated to assume or perform any obligation of Lessee or Lessor under the Lease or of any supplier with respect to any Equipment by reason of anything contained in this Agreement. Any funds in the Equipment Acquisition Fund not needed to pay the purchase price of Equipment will be paid to Lessor or Lessee, all as hereinafter provided.

1.07 This Agreement is not intended to alter or change in any way the rights and obligations of Lessor and Lessee under the Lease, but is entirely supplemental thereto. The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all Parties.

1.08 Each of the parties hereto has authority to enter into this Agreement, and has taken all actions necessary to authorize the execution of this Agreement by the officers whose signatures are affixed hereto. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the Parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written.

Section 2. Equipment Acquisition Fund.

2.01 The Escrow Agent shall establish a special escrow fund designated as the Equipment Acquisition Fund (the "Equipment Acquisition Fund"), shall keep such fund separate and apart from all other funds and money held by it, and shall administer such fund as provided in this Agreement.

2.02 The Lessor's Deposit and any funds deposited by Lessee under Section 1.03 hereof shall be credited to the Equipment Acquisition Fund which shall be used to pay the balance of the purchase price of each item of Equipment subject to the Lease. The Escrow Agent shall pay to the suppliers of the Equipment the payment amounts then due and payable with respect thereto upon receipt of a written request executed by Lessor which specifies each supplier and its address or wire instructions and the applicable portion of the purchase price of the items of Equipment to be paid (the "Receipt Certificate/Payment Request"). As between Lessee and Lessor only, Lessee agrees that it will submit to Lessor for Lessor's signature a Receipt Certificate/Payment Request that has been executed by Lessee together with (a) the suppliers' invoices specifying the applicable portion of the purchase price of the items of Equipment described in said Receipt Certificate, (b) if the item of Equipment is a titled vehicle, a copy of the Manufacturer's Statement of Origin (MSO) covering such item showing Lessor as first and sole lienholder, and (c) any other documents required by the Lease, and Lessee agrees that Lessor shall not be obligated to execute any such Receipt Certificate until all of the foregoing have been submitted to Lessor.

2.03 If Lessor delivers to the Escrow Agent written notice of the occurrence of an event of default under the Lease or of a termination of the Lease due to a non-appropriation event or non-renewal event under the Lease, then the Escrow Agent shall immediately remit to Lessor the remaining balance of the Equipment Acquisition Fund.

2.04 Upon the Escrow Agent's receipt of a Full Funding Notice (as defined below), the Escrow Agent shall apply the balance remaining in the Equipment Acquisition Fund:

first, to all reasonable fees and expenses incurred by the Escrow Agent in connection herewith as evidenced by its statement forwarded to Lessee and Lessor; and

second, to Lessor to be applied by Lessor for benefit of Lessee either: (a) toward the principal portion of the Rent Payment next coming due under the Lease; or (b) toward a partial prepayment of the principal amount remaining due under the Lease and thereupon Lessor shall prepare and deliver to Lessee a revised Payment Schedule reflecting such partial prepayment of principal.

"Full Funding Notice" means the Final Receipt Certificate/Payment Request which confirms that all Equipment covered by the Lease has been delivered to and accepted by Lessee under the Lease and that the full amount of the Lessor's Deposit has been paid to the applicable suppliers.

2.05 Upon the Funding Expiration Date stated in Section 1.04 above, the Escrow Agent shall apply the balance of the Lessor's Deposit remaining in the Equipment Acquisition Fund:

first, to all reasonable fees and expenses incurred by the Escrow Agent in connection herewith as evidenced by its statement forwarded to Lessee and Lessor; and

second, to Lessor to be applied by Lessor for benefit of Lessee either: (a) toward the principal portion of the Rent Payment next coming due under the Lease; or (b) toward a partial prepayment of the principal amount remaining due under the Lease and thereupon Lessor shall prepare and deliver to Lessee a revised Payment Schedule reflecting such partial prepayment of principal.

Upon the Funding Expiration Date stated in Section 1.04 above, the Escrow Agent shall apply the interest earnings on the Lessor's Deposit as set forth in Section 2.04 above.

2.06 The Escrow Agent shall not be responsible for the sufficiency of the moneys credited to the Equipment Acquisition Fund to make the payments herein required.

Section 3. Money in Equipment Acquisitions Fund; Investment.

3.01 The money and investments held by the Escrow Agent under this Agreement are irrevocably held for the benefit of Lessee and Lessor, and such money, together with any income or interest earned thereon, shall be expended only as provided in this Agreement, and shall not be subject to levy or attachment, or to any security interest or lien, by or for the benefit of any creditor of either Lessee or Lessor; provided, that the money and investments held by the Escrow Agent under this Agreement shall be subject to the security interests provided in Sections 3.07 and 4.03 hereof.

3.02 Money held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent at the written direction of Lessee in Qualified Investments (as defined below). Such investments shall be registered in the name of the Escrow Agent and held by the Escrow Agent. The Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving consideration for the time at which funds are required to be available. No investment shall be made that would cause the Agreement to be deemed an "arbitrage bond" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended.

3.03 The Escrow Agent shall have no discretion whatsoever with respect to the management, disposition or investment of the Equipment Acquisition Fund and is not a trustee or fiduciary to Lessee. Lessee acknowledges and agrees that all investments made pursuant to this section shall be for the account and risk of Lessee and any losses associated with investments shall be borne solely by Lessee. Escrow Agent shall from time to time invest and reinvest the funds held in the Equipment Acquisition Fund, as and when instructed by Lessee, in writing, in any one or more of the following (hereinafter, "Qualified Investments"): (a) obligations of the United States of America or any agency created thereby; (b) general obligations of any State of the United States of America; (c) general obligations of any political subdivision of a State of the United States of America, if such obligations are rated by at least two recognized

rating services as at least AA; (d) certificates of deposit of any national bank or banks (including, if applicable, Escrow Agent or an affiliate of Escrow Agent) insured by the Federal Deposit Insurance Corporation (FDIC) with a net worth in excess of \$100,000,000 ("Acceptable Bank"); (e) obligations of State or Municipal Public Housing Authorities chartered by the United States of America and guaranteed by the United States of America; (f) demand interest bearing accounts of Escrow Agent or an affiliate of Escrow Agent if Escrow Agent or an affiliate of Escrow Agent is an Acceptable Bank; (g) money market funds whose assets are solely invested in obligations listed in (a) through (f) above, including repurchase agreements secured by such obligations and prime commercial paper, so long as the money market funds are rated in either of the two highest categories of any Rating Agency at the time of purchase, including, without limitation, the JPMorgan Funds, or any other mutual fund for which the Escrow Agent or an affiliate of the Escrow Agent serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (1) the Escrow Agent or an affiliate of the Escrow Agent receives fees from such funds for services rendered, (2) the Escrow Agent charges and collects fees for services rendered pursuant to the Lease or this Agreement, which fees are, separate from the fees received from such funds and (3) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Escrow Agent or its affiliates; and (h) any other obligations approved in writing by Lessor. Unless otherwise directed in writing by Lessee, the Escrow Agent shall invest the Equipment Acquisition Fund, including all income earnings, as selected by the Lessee on schedule 1 hereto ("**Schedule 1**") upon the execution of this Agreement. In the event that no election is made at the time of execution of this Agreement, Escrow Agent shall invest the Equipment Acquisition Fund in a Cash Compensation Account to be held at Blackrock T-Fund Institutional Shares.

3.04 If any of the above-described Qualified Investments are **not** legal investments of Lessee, then Lessee shall immediately notify Escrow Agent which of said Qualified Investments are not legal investments of Lessee, and shall provide Escrow Agent with direction to invest funds in accordance with Section 3.03.

3.05 The Escrow Agent shall, without further direction, sell such investments as and when required to make any payment from the Equipment Acquisition Fund. Any income received on such investments shall be credited to the Equipment Acquisition Fund.

3.06 The Escrow Agent shall furnish a monthly statement listing all investments to Lessor and to Lessee. The Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investments of moneys made by it in accordance with this Section.

3.07 Lessee hereby grants Lessor a security interest in the money and investments held by the Escrow Agent under this Agreement as collateral security for the payment and performance of all of Lessee's obligations under the Lease, this Agreement and any agreement, contract or instrument related to the Lease or this Agreement. Lessee represents and warrants to Lessor that the money and investments held by the Escrow Agent under this Agreement are free and clear of any liens, security interests or encumbrances other than the security interests created under this Agreement. Escrow Agent hereby acknowledges that it holds the money and investments held by the Escrow Agent under this Agreement subject to such security interest created by Lessee as bailee for Lessor; provided, that Escrow Agent's security interest in such money and investments as created under Section 4.03 hereof shall be superior to Lessor's security interest therein.

Section 4. Escrow Agent's Authority; Indemnification.

4.01 The Escrow Agent may: act in reliance upon any writing, notice, certificate, instruction, instrument or signature which it, in good faith, believes to be genuine; assume the validity and accuracy of any statement or assertion contained in such a writing, notice, certificate, instruction or instrument; and assume that any person purporting to give any such writing, notice, certificate, instruction or instrument in connection with the provisions hereof has been duly authorized to do so. Except as expressly provided otherwise in this Agreement, the Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form of, the manner of execution of, or the validity, accuracy or authenticity of any writing, notice, certificate, instruction or instrument deposited with it, nor as to the identity, authority or right of any person executing the same. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it except to the extent that a final adjudication of a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of any loss to either Party. The Escrow Agent's duties hereunder (including, without limitation, its duties as to the safekeeping, investment and disbursement of moneys in the Equipment Acquisition Fund) shall be limited to those specifically provided herein.

4.02 Lessee and Lessor jointly and severally shall indemnify, defend and save harmless the Escrow Agent from any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of pocket and incidental expenses and fees and expenses of in house or outside counsel) ("Losses") arising out of or in connection with (i) its execution and performance of this Agreement, except to the extent and that such Losses are due to the gross negligence or willful misconduct of the Escrow Agent, or (ii) its following any instructions or other directions from Lessee or the Lessor, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The provisions of this Section 4.02 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent for any reason. The indemnifications set forth herein are intended to and shall include the indemnification of all affected agents, directors, officers and employees of the Escrow Agent. In no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

4.03 Lessee and Lessor hereby grant Escrow Agent a first priority security interest in the money and investments held by the Escrow Agent under this Agreement as collateral security for the costs and expenses of the foregoing of Section 4.02 and for any other expenses, costs, fees or charges of any character or nature which may be incurred by the Escrow Agent (including reasonable attorneys' fees and court costs) relating to any suit (interpleader or otherwise) or other dispute arising between Lessee and Lessor as to the correct interpretation of the Lease, this Agreement or any instructions given to the Escrow Agent hereunder, with the right of the

Escrow Agent, regardless of the instructions aforesaid, to hold the said property until and unless said expenses, costs, fees and charges shall be fully paid.

4.04 If Lessee or Lessor disagree about the interpretation of the Lease or this Agreement, about their rights and obligations under the Lease or this Agreement, or about the propriety of any action contemplated by the Escrow Agent hereunder, then the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. Lessee and Lessor shall pay all costs, including reasonable attorneys' fees, in connection with such action. The Escrow Agent shall be fully protected in suspending all or any part of its activities under this Agreement until a final judgment in such action is received. Lessor and Lessee agree to pursue any redress or recourse in connection with any dispute without making the Escrow Agent a party to the same

4.05 The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by the Escrow Agent's gross negligence or willful misconduct. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder.

Section 5. Change of Escrow Agent.

5.01 Upon agreement of the parties hereto, a national banking association or a state bank having capital (exclusive of borrowed capital) and surplus of at least \$10,000,000.00, qualified as a depository of public funds, may be substituted to act as Escrow Agent under this Agreement. Such substitution shall not be deemed to affect the rights or obligations of the parties hereto. Upon any such substitution, the Escrow Agent agrees to assign to such substitute Escrow Agent all of its rights under this Agreement.

5.02 The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation, which shall be a date not less than thirty (30) days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor Escrow Agent has been approved by Lessee and Lessor.

5.03 The Escrow Agent may appoint an agent to exercise any of the powers, rights or remedies granted to the Escrow Agent under this Agreement, to hold title to property or to take any other action which may be desirable or necessary hereunder.

5.04 Any corporation, association or other entity into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust assets and business to any corporation, association or other entity resulting from any such conversion, sale, merger consolidation or other transfer to which it is a party, ipso facto, shall be and become successor escrow agent hereunder, vested with all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, notwithstanding anything herein to the contrary.

Section 6. Administrative Provisions.

6.01 The Escrow Agent shall keep complete and accurate records of all money received and disbursed under this Agreement, which shall be available for inspection by Lessee or Lessor, or the agent of either of them, at any time during regular business hours.

6.02 This Agreement shall be construed and governed in accordance with the laws of the State of California without reference to conflict of laws. Each Party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of Illinois.

6.03 Any provision of this Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

6.04 This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Specifically, the term "Lessor" as used herein means any person or entity to whom Lessor has assigned its right to receive Rent Payments under the Lease and any other payments due to Lessor hereunder from and after the date when a written notice of such assignment is filed with the Escrow Agent.

6.05 This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement. A person who is not a Party to this Agreement shall have no right to enforce any term of this Agreement.

6.06 This Agreement shall terminate upon disbursement by the Escrow Agent of all money held by it hereunder. All signatures of the Parties to this Escrow Agreement may be transmitted by facsimile, and such facsimile will, for all purposes, be deemed to be the original signature of such Party whose signature it reproduces, and will be binding upon such Party.

Section 7. Security Procedures. In the event funds transfer instructions are given (other than in writing at the time of execution of this Escrow Agreement), whether in writing, by telecopier or otherwise, the Escrow Agent shall seek confirmation of such instructions by telephone call-back to the person or persons designated on schedule 2 hereto ("Schedule 2"), and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. Each funds transfer instruction shall

be executed by an authorized signatory, a list of such authorized signatories is set forth on Schedule 2. The undersigned is authorized to certify that the signatories on Schedule 2 are authorized signatories. The persons and telephone numbers for callbacks may be changed only in a writing actually received and acknowledged by the Escrow Agent. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the Lessee or Lessor to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the escrowed funds for any payment order it executes using any such identifying number, even where its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The parties to this Escrow Agreement acknowledge that these security procedures are commercially reasonable.

Section 8. Escrow Agent Fees. ("Acceptance Fee"). As compensation for Escrow Agent's services hereunder, Lessee agrees to pay Escrow Agent in accordance with the Schedule 4 (Chase Lease 1000134251) hereof; provided, that Escrow Agent will reduce the Acceptance Fee to \$750 so long as the Qualified Investment for the Lessor's Deposit shall be an eligible deposit of any bank affiliate of the Escrow Agent and/or any JPMorgan Fund. If the Acceptance Fee is payable by Lessee, then Lessee authorizes Escrow Agent either to deduct said Acceptance Fee from the interest and earnings otherwise payable to Lessee under this Agreement or to bill and collect said Acceptance Fee at the Funding Expiration Date. In addition, Lessee agrees to reimburse Escrow Agent for its reasonable out-of-pocket costs and expenses and any extraordinary fees and expenses for performing its obligations hereunder (including, but not limited to, attorney's fees and expenses) and to pay all other amounts expressly due and payable to Escrow Agent hereunder.

Section 9. Notices. Any notice, consent or request to be given in connection with any of the terms or provisions of this Agreement shall be given to the party at the address below or any address as the Party may provide to the other Parties hereto in writing from time to time. Notices shall be in writing and be given in person, by facsimile transmission, courier delivery service or by mail, and shall become effective (a) on delivery if given in person, (b) on the date of delivery if sent by facsimile or by courier delivery service, or (c) three business days after being deposited in the mail, with proper postage prepaid for first-class registered or certified mail, return receipt requested.

Notices shall be addressed as follows:

- (i) if to the Lessee:
CITY OF LONG BEACH, CA
333 W. Ocean Blvd Plaza
Long Beach, CA 90802
Attention: Dan Thurber
Fax Number:
- (ii) if to the Lessor :
CHASE EQUIPMENT FINANCE, INC.
1111 Polaris Parkway, Suite A-3
Columbus, Ohio 43240
Attention: Escrow Specialist
Fax Number: 866-276-4068
- (iii) if to the Escrow Agent:
Union Bank N.A.
120 South San Pedro Street, Suite 400
MC 4-102-080
Los Angeles, CA 90012
Attention: Alison Braunstein, Vice President, Corporate Trust Department
Direct: 213-972-5674
Fax: 213-972-5695

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to (a), (b) and (c) of this Section 6.02, such communications shall be deemed to have been given on the date received by an officer of the Escrow Agent or any employee of the Escrow Agent who reports directly to any such officer at the above-referenced office. In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate. "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth above is authorized or required by law or executive order to remain closed.

Section 10. Force Majeure. Notwithstanding any other provision of this Agreement, the Escrow Agent shall not be obligated to perform any obligation hereunder and shall not incur any liability for the nonperformance or breach of any obligation hereunder to the extent that the Escrow Agent is delayed in performing, unable to perform or breaches such obligation because of acts of God, war, terrorism, fire, floods, strikes, electrical outages, equipment or transmission failures, or other causes reasonably beyond its control.

Section 11. Jury Waiver. ALL PARTIES TO THIS AGREEMENT WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTER CLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY RELATED TO THIS AGREEMENT.

Section 12. Miscellaneous.

12.01 Patriot Act Disclosure. Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act") requires the Escrow Agent to implement reasonable procedures to verify the identity of any person that opens a new account with it. Accordingly, the other Parties acknowledge that Section 326 of the USA PATRIOT Act and the Escrow Agent's identity verification procedures require the Escrow Agent to obtain information which may be used to confirm the other Parties identity including without limitation name, address and organizational documents ("identifying information"). The other Parties agree to provide the Escrow Agent with and consent to the Escrow Agent obtaining from third parties any such identifying information required as a condition of opening an account with or using any service provided by the Escrow Agent.

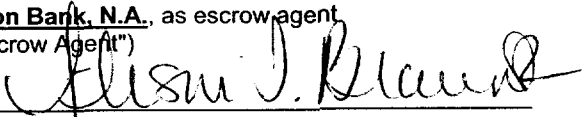
12.02 Taxpayer Identification Numbers ("TINs"). The other Parties have provided the Escrow Agent with their respective fully executed Internal Revenue Service ("IRS") Form W-8, or W-9 and/or other required documentation. The other Parties each represent that its correct TIN assigned by the IRS, or any other taxing authority, is set forth in the delivered forms.

12.03 Tax Reporting. All interest or other income earned under the Escrow Agreement shall be allocated to the Lessee and reported, as and to the extent required by law, by the Escrow Agent to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the Escrow by the Lessee whether or not said income has been distributed during such year. Any other tax returns required to be filed will be prepared and filed by the Lessee and/or Lessor with the IRS and any other taxing authority as required by law, including but not limited to any applicable reporting or withholding pursuant to the Foreign Investment in Real Property Tax Act ("FIRPTA"). Lessee and Lessor acknowledge and agree that Escrow Agent shall have no responsibility for the preparation and/or filing of any tax return or any applicable FIRPTA reporting or withholding with respect to the Escrow Deposit or any income earned by the Escrow Deposit. Lessee and Lessor further acknowledge and agree that any taxes payable from the income earned on the investment of any sums held in the Escrow Deposit shall be paid by Lessee. In the absence of written direction from the Lessee and Lessor, all proceeds of the Equipment Acquisition Fund shall be retained in the Equipment Acquisition Fund and reinvested from time to time by the Escrow Agent as provided in this Agreement.

[The next page is the signature page.]

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

Union Bank, N.A., as escrow agent
("Escrow Agent")

By: 

Title: **Alison T. Braunstein**
Vice President

CHASE EQUIPMENT FINANCE, INC.
("Lessor")

By: _____

Title: _____

CITY OF LONG BEACH, CA
("Lessee")

By: _____

Title: _____

Attachments: **Schedule 1 (Investment Authorization)**
 Schedule 2 (Name/telephone # of call-back person(s) designated by Section 7 above)

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

Union Bank, N.A., as escrow agent
("Escrow Agent")

By: _____

Title: _____

CHASE EQUIPMENT FINANCE, INC.
("Lessor")

By: Ann Allen

Title: FUNDING MANAGER

CITY OF LONG BEACH, CA
("Lessee")

By: Bill Vest

Title: City Manager

Attachments: Schedule 1 (Investment Authorization)
Schedule 2 (Name/telephone # of call-back person(s) designated by Section 7 above)

APPROVED AS TO FORM
August 9, 20 10
ROBERT E. SHANNON, City Attorney
By: Gary J. Anderson
GARY J. ANDERSON
DEPUTY CITY ATTORNEY

Schedule 1

Investment Authorization
CITY OF LONG BEACH, CA Sched No. 4 (Chase Lease 1000134251)

Investment: SELECT INVESTMENT BELOW

Cash Compensation Account with Blackrock T-Fund Institutional Shares

A money market mutual fund, including without limitation the JPMorgan Fund or any other mutual fund for which the Escrow Agent or any affiliate of the Escrow Agent serves as investment manager, administrator, shareholder servicing agent and/or custodian or sub-custodian, notwithstanding that (i) the Escrow Agent or an affiliate of the Escrow Agent receives fees from such funds for services rendered, (ii) the Escrow Agent charges and collects fees for services rendered pursuant to this Escrow Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Escrow Agreement may at times duplicate those provided to such funds by the Escrow Agent or its affiliates.

Check One (if the money market mutual fund option is selected above):

- JPMorgan Prime Money Market Fund Morgan Shares (288)
- JPMorgan U.S. Government Money Market Fund Morgan Shares (3916)
- JPMorgan U.S. Treasury Plus Money Market Fund Morgan Shares (3919)
- JPMorgan Federal Money Market Fund Morgan Shares (353)
- JPMorgan 100% U.S. Treasury Money Market Fund Morgan Shares (677)
- JPMorgan Tax Free Money Market Fund Morgan Shares (2)

Notes:

- 1) An investment in any of the above investment options is subject to the availability of such money market mutual fund as determined at the discretion of JPMorgan Asset Management. If the selected investment is not available at the present time you will be contacted by a JPMorgan representative.
- 2) Each investment instrument above has a rating not lower than the highest rating category from both Standard & Poor's and Moody's.

SHAREHOLDER SERVICES FEES: Customer acknowledges that the Fund is authorized to make payments from its management fee or any other source available to parties such as banks or broker-dealers ("Service Organizations") that provide shareholder support services to the Fund and that Service Organizations currently are compensated at a rate of up to the Maximum Rate of .50% annually of the average net assets of each Fund with respect to which they provide or have provided shareholder support services. Customer further acknowledges that JPMorgan is a Service Organization and is paid, and hereby consents to such payment, by the Fund up to the Maximum Rate annually of the average daily balance of the Account Invested in the Fund for shareholder support services rendered to the Fund by JPMorgan, which services may include, without limitation, answering client's inquiries regarding the Fund, assistance to clients in changing dividend options, account designations and addresses, processing purchase and redemption transactions, providing periodic statements showing a client's account balance and the integration of such statement with other transactions, arranging for JPMorgan wires, and providing such other information and services as the Fund's distributor or Customer reasonably may request. Customer further acknowledges that the Fund may purchase securities from or through JPMorgan or its affiliates, may engage in repurchase transactions with JPMorgan or its affiliates, may place funds on deposit in accounts with JPMorgan or its affiliates and receive interest income thereon and may obtain other services from JPMorgan for which JPMorgan is paid a fee.

Schedule 2

**Telephone Number(s) and Signature(s) for
Person(s) Designated to Give Funds Transfer Instructions**

If to Lessor:

	<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1.	_____	_____	(Standing Signature on File)
2.	_____	_____	(Standing Signature on File)
3.	_____	_____	(Standing Signature on File)

**Telephone Number(s) for Call-Backs and
Person(s) Designated to Confirm Funds Transfer Instructions**

If to Lessor:

	<u>Name</u>	<u>Telephone Number</u>
1.	Larry E. Spencer	(614) 213-7177
2.	Timothy L. Ellerbrock	(614) 213-7645
3.	Aric Camburn	(614) 213-1932
4.	Mary Heubach	(614) 213-1557
5.	Lory R. King	(614) 213-1146
6.	Nate J. Ruhe	(614-213-3859)

All funds transfer instructions must include the signature of the person(s) authorizing said funds transfer and must not be the same person confirming said transfer.

**ESCROW FUNDING SCHEDULE ADDENDUM
AND ARBITRAGE CERTIFICATE**

Dated 08/03/2010

Lease Schedule No. 4 (Chase Lease 1000134251)

Lessee: CITY OF LONG BEACH, CA

Escrow Agent: Union Bank, N.A.

Escrow Agreement dated as of 08/03/2010

Amount To Be Deposited Into Escrow: \$ 470,000.00 ("Lessor's Deposit")

Reference is made to the above Lease Schedule ("Schedule") to the Master Lease-Purchase Agreement identified in the Schedule ("Master Lease") by and between Chase Equipment Finance, Inc. ("Lessor") and the above lessee ("Lessee"). As used herein, "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. This Addendum amends and modifies the terms and conditions of the Lease and is hereby made a part of the Lease. Unless otherwise defined herein, capitalized terms defined in the Master Lease shall have the same meaning when used herein.

NOW, THEREFORE, as part of the valuable consideration to induce the execution of the Lease, Lessor and Lessee hereby agree to amend the Lease as follows:

1. Lessee and Lessor together with the above Escrow Agent ("Escrow Agent") have entered into the above Escrow Agreement ("Escrow Agreement") establishing a fund ("Equipment Acquisition Fund") from which the Purchase Price of the Equipment will be paid.

2. Lessor shall deposit such amount into escrow as is required by the Escrow Agreement, which amount shall be credited to the Equipment Acquisition Fund. Lessee shall pay the balance of the Purchase Price of the Equipment, either by deposit in escrow to the Equipment Acquisition Fund or by direct payment to the Suppliers of the Equipment.

3. The Lease Term of the Lease shall commence on the earlier of the date specified in the Payment Schedule to the Schedule or the date of Lessor's deposit of funds into the Equipment Acquisition Fund. Notwithstanding the statements regarding delivery and acceptance of the Equipment in the Schedule, the parties acknowledge that the Equipment will be accepted as provided in the Escrow Agreement.

4. The delivery of documents and the satisfaction of any other conditions required by the Escrow Agreement or this Addendum shall be additional Funding Conditions for the Lease.

5. Upon Lessee's execution of the Escrow Agreement, Lessee hereby represents and warrants to Lessor that: (a) Lessee has full power, authority and legal right to execute and deliver the Escrow Agreement and to perform its obligations under the Escrow Agreement, and all such actions have been duly authorized by appropriate findings and actions of Lessee's governing body; (b) the Escrow Agreement has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms; and (c) the Escrow Agreement is authorized under, and the authorization, execution and delivery of the Escrow Agreement complies with, all applicable federal, state and local laws and regulations (including, but not limited to, all open meeting, public bidding and public investment laws) and all applicable judgments and court orders.

6. The opinion of Lessee's legal counsel will include statements to the same effect as the representations of Lessee in paragraph 5 above.

7. It shall be an additional event of default under the Lease if Lessee fails to pay or perform any of its obligations under the Escrow Agreement or this Addendum or if any of the representations of Lessee in the Escrow Agreement or this Addendum prove to be false, misleading or erroneous in any material respect.

8. **ARBITRAGE CERTIFICATE.** The authorized representative of Lessee who executes this Addendum hereby certifies that he/she is the duly qualified and acting representative of Lessee with the title set forth below his/her signature hereon; that Lessee has executed and delivered the Schedule and the Master Lease (collectively, the "Lease"); that Lessee is a political subdivision of the State identified in the Lease; and that in his/her official capacity as such officer he/she is responsible for executing and delivering, on behalf of the Lessee, the Lease and this Addendum. This paragraph of this Addendum (hereinafter, this paragraph shall be identified as the "Arbitrage Certificate") is being issued by Lessee as a "no arbitrage certificate" pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and

Treasury Regulations, Sections 1.148-0 through 1.148.11 (the "Regulations"). Lessee represents and warrants to Lessor that the following facts, estimates and circumstances are in existence on the date of this Arbitrage Certificate or are reasonably expect to occur hereafter.

(a) The Lease provides for the lease of the Equipment described in the Lease by Lessor to Lessee. Under the Lease, Lessee is required to make Rent Payments with respect to the Equipment, comprising principal and interest, on the dates and in the amounts stated in the Payment Schedule to the Lease.

(b) Pursuant to the Lease and for the purpose of meeting its obligations thereunder and assuring the Lessee of the availability of monies needed to pay the cost of the Equipment when due, Lessee, Lessor and the Escrow Agent have executed the Escrow Agreement.

(c) Contracts or purchase orders providing for the acquisition and delivery of the Equipment have been issued by Lessee to Equipment Vendors therefor and the Equipment will be acquired and installed with due diligence. Based upon the provisions of the contracts or purchase orders, the Equipment will be acquired and installed no later than **eighteen (18) months** from the date of the Escrow Agreement ("Funding Expiration Date").

(d) The Escrow Agreement provides that Lessor shall deposit the Lessor's Deposit into escrow to be credited to the Equipment Acquisition Fund created by the Escrow Agreement and utilized to pay for the Equipment as provided therein. It is presently expected that all such funds initially credited to the Equipment Acquisition Fund shall be disbursed to pay for the Equipment, but any such amounts ultimately determined not to be needed for such purposes and the interest earnings on the amounts held in escrow shall be utilized on or after the Funding Expiration Date to pay part of the principal due under the Lease, as provided in the Escrow Agreement.

(e) All of the spendable proceeds of the Lease will be expended on the Equipment and related expenses on or before the Funding Expiration Date.

(f) The original proceeds of the Lease, and interest to be earned thereon, do not exceed the amount necessary for the purpose for which the Lease is issued.

(g) The interest of Lessee in the Equipment has not been and is not expected during the term of the Lease to be sold or disposed of by Lessee.

(h) No sinking fund is expected to be created by Lessee with respect to the Lease and Rental Payments.

(i) Lessee represents, warrants and covenants to one of the following statements of this clause (i) as is initialed by Lessee below [and if Lessee fails to initial its selection, then subclause (A) shall be deemed to have been selected by Lessee]:

_____ (A) 100% of the proceeds of the Lease shall be paid for the acquisition of the Equipment within 18 months of the date of the Escrow Agreement in accordance with the following schedule:

No less than 15% within 6 months of the date of the Escrow Agreement;
No less than 60% within 12 months of the date of the Escrow Agreement; and
No less than 100% within 18 months of the date of the Escrow Agreement.

_____ (B) 100% of the proceeds of the Lease shall be paid for the acquisition of the Equipment within 6 months of the date of the Escrow Agreement.

_____ (C) Lessee qualifies for the "small issuer" exemption in section 148(f)(4)(D) of the Code because all of the following are true: (1) Lessee is a governmental unit with general taxing powers, and (2) the Lease is not a "private activity bond" as defined in Section 141 of the Code, and (3) 95% or more of the proceeds of the Lease shall be used for the governmental activities of Lessee, and (4) the aggregate face amount of all tax exempt bonds and other tax exempt obligations (other than "private activity bonds") issued by Lessee (and any subordinate entities of Lessee as contemplated by Section 148(f) of the Code) during the calendar year in which the Lease is issued is not reasonably expected to exceed \$5,000,000.

(j) Lessee hereby covenants that Lessee shall comply with all of the requirements of the Code and Regulations relating to the rebate of arbitrage profit to the United States of America (including, without limitation Section 148(f) of the Code) and will rebate to the United States of America all arbitrage profit required thereby.

(k) To the best of the knowledge and belief of the undersigned, the expectations of Lessee, as set forth above, are reasonable; and there are no present facts, estimates and circumstances which would change the foregoing expectations.

(l) Lessee has not been notified of the listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

9. If there is a partial prepayment of principal pursuant to the terms of either clause (b) of Section 2.04 second of the Escrow Agreement or clause (b) of Section 2.05 second of the Escrow Agreement, then in addition to the payment of the Partial Principal Amount, Lessee shall also pay to Lessor a break funding premium equal to the amount, if any, by which (i) the present value of all Remaining Payments (as defined below) discounted to the date of said partial prepayment of principal (the "Prepayment Date") at a rate equal to the Interest Rate Swap rate having a term to maturity nearest to the remaining Average Life (as defined below) of the Schedule as reported on the Federal Reserve H.15 report as of the business day preceding the Prepayment Date exceeds (ii) the present value of all Remaining Payments discounted to the Prepayment Date at a rate equal to the Interest Rate Swap rate having a term to maturity nearest to the original Average Life of the Schedule as reported on the Federal Reserve H.15 report as of the Commencement Date of the Schedule, said amount further multiplied by the Partial Prepayment Fraction (as defined below). "Remaining Payments" means all remaining installment payments and all other amounts (including, without limitation, any balloon payment and any other payments required to be paid by Lessee at the end of the Lease Term of the Schedule) payable under the Schedule after such Prepayment Date to the end of the Lease Term of the Schedule. "Average Life" means the average duration of the original or remaining (as the case may be) principal payments included in the installment payments and any balloon payment payable under the Schedule weighted by the amount of the principal payments. "Partial Prepayment Fraction" is a fraction in which the numerator is the Partial Principal Amount and the denominator is the remaining principal balance of the Schedule as of the Prepayment Date. If the Federal Reserve Board ceases publication of Interest Rate Swap rates in its Federal Reserve H.15 report or a similar report, then Lessor shall select an alternate publication for interest rate swap information in its reasonable discretion.

10. Except as expressly amended by this Addendum and other modifications signed by Lessor, the Lease remains unchanged and in full force and effect.

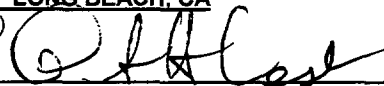
IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first referenced above.

CITY OF LONG BEACH, CA

(Lessee)

By: _____

Title: _____




City Manager

CHASE EQUIPMENT FINANCE, INC.

(Lessor)

By: _____

Title: _____



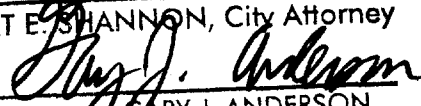
FUNDING MANAGER

APPROVED AS TO FORM

August 9, 20 10

ROBERT E. SHANNON, City Attorney

By: _____



GARY J. ANDERSON
DEPUTY CITY ATTORNEY

CERTIFICATE OF AUTHORIZATION & INCUMBENCY

Lessee: CITY OF LONG BEACH, CA

Lease Schedule No. 4 (Chase Lease 1000134251)

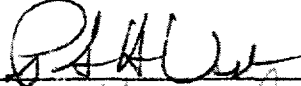
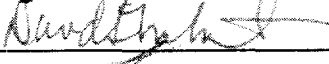
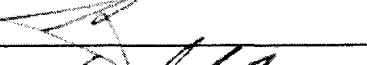
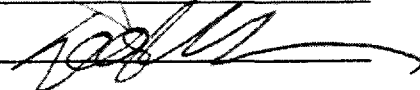
I hereby certify to Chase Equipment Finance, Inc. ("Lessor") that I am the officer of the above-named Lessee ("Lessee") with the title indicated beneath my signature below, and as such, I am authorized to execute and deliver this Certificate on behalf of Lessee in connection with the above-identified Lease Schedule together with the Master Lease-Purchase Agreement identified therein (collectively, the "Lease") between Lessor and Lessee.

I further certify: (a) that I have examined the representations and warranties made by Lessee in the Lease; and (b) that such representations and warranties remain true and correct as if made on and as of the date of this Certificate.

I further certify: (1) that attached hereto as Exhibit A is a copy of the resolutions adopted by the governing body of Lessee or the minutes of an official meeting of the governing body of Lessee regarding the matters set forth in said minutes; (2) that the transactions contemplated by the Lease have been duly authorized by the governing body of Lessee pursuant to the resolutions or actions set forth in said Exhibit A; and (3) the resolutions which were adopted by, or the actions taken by, the governing body of Lessee as set forth in Exhibit A are in full force and effect on the date of this Certificate and have not been modified or rescinded.

I further certify that the following are names, titles and specimen signatures of officers or representatives of Lessee who are duly authorized to execute and deliver the Lease and any related documents, each of whom has been duly elected or appointed to hold and currently holds the office or position of Lessee which is set forth opposite his or her name:

(Please type or print)

Name	Title	Signature
Patrick H. West	City Manager	
David S. Nakamoto	City Treasurer	
Eugene Fong	Treasury Operations Officer	
Daniel Thurber	Treasury Operations Officer	

The undersigned Secretary/Clerk of the above-named Lessee hereby certifies and attests that the undersigned has access to the official records of the governing body of the Lessee and that the undersigned is authorized to execute and deliver this Certificate.


 Signature of Secretary/Clerk of Lessee

for LARRY G. HERRERA
 Print Name:

CITY CLERK
 Official Title:

Date: August 19, 2010

APPROVED AS TO FORM AND RETURNED

August 9, 2010
 ROBERT E. SHANNON, City Attorney

By 
 GARY J. ANDERSON
 DEPUTY CITY ATTORNEY

Attachment: Exhibit A, true and complete copy of the original authorizing resolution/minutes

Robert Garcia, 1st District
Suja Lowenthal, Vice Mayor, 2nd District
Gary DeLong, 3rd District
Patrick O'Donnell, 4th District



Gerrie Schipske, 5th District
Dee Andrews, 6th District
James Johnson, 7th District
Rae Gabelich, 8th District
Steven Neal, 9th District

Patrick H. West, City Manager
Larry G. Herrera, City Clerk

Bob Foster, Mayor

Robert E. Shannon, City Attorney

**AN EXCERPT FROM THE MINUTES OF
THE LONG BEACH CITY COUNCIL MEETING
HELD TUESDAY, August 3, 2010**

REGULAR AGENDA (8:33 PM)

- 46. 10-0821** Recommendation to authorize City Manager to execute a lease-purchase agreement and related documents with Chase Equipment Finance, Inc. for the financing of disaster recovery technology in an amount not to exceed \$505,340 over a five-year period, or \$101,068 annually. (Citywide)

A motion was made by Councilwoman Schipske, seconded by Councilmember Garcia, to approve recommendation. The motion carried by the following vote:

Yes: 8 - Garcia, Lowenthal, DeLong, O'Donnell, Schipske, Andrews, Gabelich and Neal

Absent: 1 - Johnson

CERTIFIED AS A TRUE AND CORRECT COPY


CITY CLERK OF THE CITY OF LONG BEACH

BY: 

DATE: AUG 19 2010



CITY OF LONG BEACH

R-46

DEPARTMENT OF TECHNOLOGY SERVICES

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6455 • FAX (562) 570-5270

August 3, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a lease-purchase agreement and related documents with Chase Equipment Finance, Inc., for the financing of disaster recovery technology in an amount not to exceed \$505,340 over a five-year period, or \$101,068 annually. (Citywide)

DISCUSSION

The City of Long Beach is dependent on its information technology infrastructure to deliver services. In the event of a disaster, it is critical that information systems are operational to ensure the City meets its responsibilities to the public and its employees.

The data center in the basement of City Hall is vulnerable to various types of disasters such as earthquake, flooding, and fire. Over the past three years, the Technology Services Department (TSD) has been implementing a strategy in a phased approach to recover systems and facilitate business continuation following a disaster. In 2008, based on a Request for Proposals (RFP) process, TSD entered into an agreement with IBM for off-site disaster recovery in a data center in Boulder, Colorado at an annual cost of approximately \$60,000. The agreement provides TSD with the ability to run City mainframe applications critical to operations (financial management, human resource management/payroll, utility billing and billing and collections) at a remote facility. In 2009, TSD installed equipment at the City's Emergency Communications and Operations Center (ECOC) on Redondo Avenue to back up data over the City's network.

The requested agreement proposes to complete the disaster recovery strategy by installing technology to recover and operate non-mainframe, or open, systems at the ECOC. The listing below presents examples of the open systems housed on approximately 300 physical and virtual servers in the City Hall data center.

- Ambulance billing
- Animal Care
- Blackberry
- Cashiering
- City Attorney claims tracking
- Clinical health
- City Council agenda management
- Document imaging/management
- E-mail/calendaring
- Financial data warehouse (EZFamis)
- Fire CAD/RMS
- Fire staffing
- Fleet management
- Gas mobile work order
- Geographic Information Systems (GIS)
- Housing Authority property/payments
- Licensing and permitting
- Occupational Health
- Marina management
- Parking citations
- Parks and Recreation class registration
- Police systems (various)
- Public Works/PRM/Airport work order
- Public Works project management
- Remittance (payments) processor
- Reverse 911
- Vote by mail application/tracking
- Web/telephone payments
- Website content management
- Workers compensation

Disaster Recovery at ECOC

The City's ECOC facility is an optimal disaster recovery site for many reasons. As it is specifically designed to withstand a major disaster, it is highly likely that the City would be able to continue to run information systems at the ECOC should there be a significant incident and the data center becomes inoperable. Also, due to its local proximity, technical staff would be able to quickly reach the ECOC to activate systems following a disaster, minimizing downtime and facilitating business continuation. Furthermore, should widespread damage occur to the telecommunications infrastructure in the region resulting in loss of service, City departments would still have access to information systems and data within the network inside the ECOC. Moreover, there are other benefits that would result from installing the technology at the ECOC including the ability to perform regular and frequent tests of disaster recovery systems, and the potential to use the technology to operate existing Police and Fire systems at the ECOC.

Disaster Recovery Technology/Financing Selections

Last fall, an RFP for disaster recovery of open systems was advertised on the City website, notifying 462 potential proposers to secure the most favorable pricing for this acquisition. Of those proposers, 25 downloaded the RFP via the electronic bid system.

HONORABLE MAYOR AND CITY COUNCIL

August 3, 2010

Page 3

The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update on Open Bid Opportunities, which is sent to 30 local, minority and women's business groups. In response, we received two proposals. Of the proposers, none were Minority-owned Business Enterprises (MBEs), none were Woman-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and none were Long Beach Businesses (Local). Based on a thorough evaluation of the proposals, it is recommended the lowest cost proposal (Dell) be selected in the amount of \$470,000. Equipment would be acquired under Dell Master Purchase agreement No. 28280, previously approved by the City Council in April 2003.

An RFP for the lease-financing was advertised on the City website notifying 225 potential proposers to secure the most favorable financing terms for this acquisition. Of those proposers, 20 downloaded the RFP via our electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update on Open Bid Opportunities, which is sent to 30 local, minority and women's business groups. Three proposals were received by June 29, 2010. Of those proposers, none were Minority-owned Business Enterprises (MBEs), none were Woman-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and none were Long Beach Businesses (Local). After the Department of Financial Management, Treasury Bureau, conducted an evaluation of the proposals, Chase Equipment Finance, Inc., of Chicago, IL (not an MBE, WBE, SBE or Local), offered the best terms; therefore, it is recommended this firm provide the required financing. Lease financing provides a cost-effective alternative to facilitate the timely replacement of essential capital assets to meet immediate service demands when funding is not available for an outright purchase.

To ensure the City is pursuing the most cost-effective option available, TSD also solicited cost proposals for hosted disaster recovery solutions. Of the four proposals received, the lowest cost was \$263,736 annually, or \$162,688 more per year than the recommended option. By pursuing the recommended solution, the City would save over \$800,000 over a five-year minimum useful life compared to the lowest cost hosted disaster recovery proposal. Additional annual savings would accrue after year five.

This matter was reviewed by Deputy City Attorney Gary Anderson on July 9, 2010 and by Budget Management Officer Victoria Bell on July 13, 2010.

City staff also presented a detailed overview of the proposed disaster recovery project to the City's Citizen Technology Advisory Committee at its meeting on July 16, 2009. The committee fully endorsed the project.

HONORABLE MAYOR AND CITY COUNCIL
August 3, 2010
Page 4

TIMING CONSIDERATIONS

City Council action is requested on August 3, 2010 to begin implementation of the final phase of the disaster recovery strategy, which will enable recovery of information systems in a timely manner in the event of a disaster.

FISCAL IMPACT

The total amount to be financed under the lease agreement will not exceed \$470,000 and will be financed over a five-year period. The total debt service, principal and interest, for the agreement is estimated at \$505,340 with a monthly payment amount of approximately \$8,422, which equates to an annual payment amount of \$101,068. The contract amount and payments are based upon an estimated interest rate of 2.89 percent, which is subject to change due to market conditions at the time of final execution of the lease agreement. Sufficient funds are budgeted in the General Services Fund (IS 385) and in the Department of Technology Services (TS) to support annual payments. There are no jobs created by this recommended action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CURTIS TANI
DIRECTOR OF TECHNOLOGY SERVICES

APPROVED:



PATRICK H. WEST
CITY MANAGER

TO BE FILED BY CHASE

Exhibit K

Form **8038-G**

Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)

See separate instructions.

OMB No. 1545-0720

(Rev. November 2000)

Department of the Treasury
Internal Revenue Service

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, CA		2 Issuer's employer identification number [REDACTED]	
3 Number and street (or P.O. box if mail is not delivered to street address) 333 W OCEAN BLVD I		Room/suite	4 Report number 3 LP2 2010
5 City, town, or post office, state, and ZIP code LONG BEACH, CA 90802		6 Date of issue 8-20-2010	
7 Name of issue LEASE SCHEDULE 1000134251		8 CUSIP number NONE	
9 Name and title of officer or legal representative whom the IRS may call for more information OPERATION TEAM LEAD		10 Telephone number of officer or legal representative (800) 678-2601	

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 type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe VARIOUS COMPUTER HARDWARE	18 470,000.00
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 checked="" 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	AUGUST 20, 2015	\$ 470,000.00	\$ N/A	5 years	2.6431 %

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	470,000.00
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	470,000.00

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		

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0
b Enter the final maturity date of the guaranteed investment contract	37a	0
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units		
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		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input 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

David N. Nelson
Signature of issuer's authorized representative

Date

8/19/10
Type or print name and title

