



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814

www.CityofSacramento.org

Meeting Date: 9/27/2012

Report Type: Consent

Title: Establishment of Pool of Tax-Exempt Lease Financing Providers and Selection of Tax-Exempt Lease Financing Provider

Report ID: 2012-00779

Location: Citywide

Recommendation: Pass 1) a Resolution: establishing a pool of tax-exempt lease financing providers who will serve the City's lease financing needs from FY2012/13 to FY2016/17; and 2) a Resolution: a) authorizing the City Treasurer or his designee to secure financing for the acquisition of vehicles for City general-funded departments in FY2012/13 and approve, execute, and deliver related financing documents, b) declaring the City's official intent to use proceeds of an obligation, i.e., the proceeds obtained through the Master Agreement, to reimburse itself for the Original Expenditures, and c) authorizing the City Manager to amend the Police Department, Fire Department, General Services Department, and Parks and Recreation Department expenditure budgets to reflect vehicle procurement and financing as secured by the City Treasurer or his designee.

Contact: Brian Wong, Senior Debt Analyst, (916) 808-5811; Janelle Gray, Debt Manager, (916) 808-8296, Office of the City Treasurer

Presenter: None

Department: City Treasurer

Division: City Treasurer

Dept ID: 05001011

Attachments:

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- 1-Description/Analysis
 - 2-Background
 - 3-Resolution
 - 4-Resolution
 - 5-Terms and Conditions (JP Morgan)
 - 6-Master Lease Purchase Agreement (JP Morgan)

City Attorney Review

Approved as to Form
Joseph Cerullo
9/25/2012 10:48:45 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
9/11/2012 3:57:18 PM

Approvals/Acknowledgements

Department Director or Designee: Russell Fehr - 9/20/2012 10:11:11 AM

Sandra Talbott, Interim City Attorney

Shirley Concolino, City Clerk

John F. Shirey, City Manager

Russell Fehr, City Treasurer



Description/Analysis

Issue: On May 22, 2012, as part of the FY2012/13 Budget Restructuring, the council adopted the Fleet Equipment Financing Pilot Program. Prior to council action, the acquisition of most City vehicles was conducted via pay-as-you go (cash) basis. The savings to be realized by lease financing will result from reduced current capital outlays.

The City Treasurer distributed a Request for Qualifications to establish a pool of capable tax-exempt lease-financing providers from which the City could select a provider to meet the City's FY2012/13 lease-financing needs.

In connection with council's action on May 22nd, staff recommends establishing a pool of tax-exempt providers consisting of Banc of America Public Capital Corp ("BofA") and JP Morgan Chase Bank ("JP Morgan"). Staff also recommends the selection of JP Morgan as the provider of the first \$2.818 million of the City's FY2012/13 lease-financing need.

Policy Considerations: Seeking qualified tax-exempt lease-financing providers and engaging in formal lease financings is consistent with the pilot program of lease financing City vehicles that the council authorized on May 22, 2012, as part of the FY2012/13 Budget Restructuring.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): The recommendations in this report involve the purchase of City vehicles and are not considered to be a "project" in accordance with Section 15378 (b)(2) of the CEQA guidelines.

Sustainability: None

Commission/Committee Action: None

Rationale for Recommendation: The pool of tax-exempt providers will provide the City with increased flexibility with regards to obtaining favorable market rates. As such, the potential for reduced costs of borrowing can be passed on to City departments that use the tax-exempt lease financing. In addition, authorizing the City Treasurer or his designee to execute necessary financing documents with JP Morgan will ensure the City locks in favorable rates as of early-August 2012.

Financial Considerations: On May 22, 2012, as part of the FY2012/13 Budget Restructuring, City Council approved the pilot program to lease finance the acquisition of City fleet vehicles. The rationale is that savings would be realized in the near term with reduced current outlays of cash as opposed to the traditional pay-as-you-go method of entirely cash financing.

The City Treasurer obtained interest rate quotes as part of a request for qualifications that was undertaken in late July 2012 and concluded in early August 2012.

The terms of the financing arranged by the City Treasurer are as follows:

Lease Financing Amount	\$2,818,210
Term of Loan	5 years
Interest Rate	1.1745%
Annual Debt Service	\$582,007

See Attachment 5 for detailed terms and conditions provided by JP Morgan.

The source of repayment for the lease financing will be from the departments that use the lease financing to acquire necessary vehicles, namely the City's Police Department, Fire Department, Department of General Services, and Department of Parks and Recreation.

Emerging Small Business Development (ESBD): Neither BofA nor JP Morgan is certified with the City as an emerging/small business.

Background

On May 22, 2012, City Council approved the Fleet Equipment Financing Pilot Program as part of the FY2012/13 Budget Restructuring. The pilot program allows staff of the City's Department of General Services – Fleet Services Division to work with staff of the Office of the City Treasurer to obtain tax-exempt lease financing beginning in FY2012/13 for the acquisition of vehicles for City general-funded departments. The anticipated savings between lease financing and using available cash was programmed into the budgets for the City general-funded departments that would benefit from the lease financing of vehicles.

On July 23, 2012, the Request for Qualifications (RFQ) to obtain tax-exempt lease financing services for the City was distributed. The intended purpose of the RFQ was two-fold: (1) establish a pool of capable tax-exempt lease-financing providers that the City could use; and (2) from that list, identify a lease financing provider that could meet the City's FY2012/13 lease-financing needs. As part of the RFQ process, staff reached out to local banks. Unfortunately, no local banks were interested in submitting a statement of qualifications (SOQ), given the City's specification of non-bank qualified, tax-exempt lease-financing proceeds. Upon the due date of (SOQs), three firms submitted SOQs in an effort to be part of the pool of lease-financing providers the City could use over the next three-to-five years: Banc of America Public Capital Corp ("BofA"), JP Morgan Chase Bank ("JP Morgan"), and US Bancorp Government Leasing and Finance, Inc. ("US Bank").

After careful review of the SOQs by the review panel, which comprised staff from the Office of the City Treasurer, the Department of Finance, and the Department of General Services – Fleet Services Division, it was determined that US Bank's SOQ was incomplete. As such, the review panel was unable to accurately gauge US Bank's qualifications and experience as compared to other respondents.

Staff recommends the inclusion of both BofA and JP Morgan in the City's pool of tax-exempt lease-financing providers.

As a requirement of the RFQ, the City requested responding firms to provide an index that would determine current and future rates, as well as an interest-rate quote valid through October 3, 2012, for the known FY2012/13 lease-financing need of \$3.992 million, of which \$2.818 million is anticipated to be utilized. The interest-rate quotes are as follows:

- BofA = 2.1000%
- JP Morgan = 1.1745%

Staff recommends the selection of JP Morgan to be the lease-financing provider in FY2012/13 for approximately \$2.818 million in new-money lease-financing proceeds.



RESOLUTION NO. 2012-XXXX

Adopted by the Sacramento City Council

September 27, 2012

ESTABLISHING THE CITY'S POOL OF TAX-EXEMPT LEASE-FINANCING PROVIDERS

BACKGROUND

- A. Banc of America Public Capital Corp, affiliated with Bank of America, N.A. (the City's primary financial institution), has been the sole provider of tax-exempt lease-financing services to the City since 2003.
- B. The City Treasurer desires to establish a pool of tax-exempt lease-financing providers that can meet the City's lease-financing needs during fiscal years 2012/13 through 2016/17. With such a pool in place, the City Treasurer will be better able to see that credit is extended to, and that a competitive cost of borrowing is available for, the City departments that use tax-exempt lease financing to acquire necessary assets.
- C. On July 23, 2012, the City Treasurer distributed a Request for Qualifications ("**RFQ**") to firms capable of providing tax-exempt lease-financing services.
- D. In response to the ROQ, three firms — Banc of America Public Capital Corp ("**BofA**"), JP Morgan Chase ("**JP Morgan**"), and US Bancorp Government Lease and Finance, Inc. — submitted statements of qualifications ("**SOQs**") to the City.
- E. After reviewing the SOQs, the City's SOQ review panel determined that BofA and JP Morgan were qualified and capable of meeting the City's lease-financing needs.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. By adopting this resolution, the City Council does not represent that the City will obtain any lease financing from BofA or JP Morgan or that the City will obtain lease financing exclusively from BofA or JP Morgan.
- Section 2. BofA is hereby included in the City's pool of tax-exempt lease-financing providers during fiscal years 2012/13 through 2016/17.
- Section 3. JP Morgan is hereby included in the City's pool of tax-exempt lease-financing providers during fiscal years 2012/13 through 2016/17.



RESOLUTION NO. 2012-XXXX

Adopted by the Sacramento City Council

September 27, 2012

AUTHORIZING THE CITY TREASURER OR HIS DESIGNEE TO SECURE FINANCING FOR THE ACQUISITION OF VEHICLES FOR CITY GENERAL-FUNDED DEPARTMENTS IN FY2012/13 AND APPROVE, EXECUTE, AND DELIVER RELATED FINANCING DOCUMENTS; DECLARING THE CITY'S OFFICIAL INTENT TO USE PROCEEDS OF AN OBLIGATION, I.E., THE PROCEEDS OBTAINED THROUGH THE MASTER AGREEMENT, TO REIMBURSE ITSELF FOR THE ORIGINAL EXPENDITURES; AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO AMEND THE POLICE DEPARTMENT, FIRE DEPARTMENT, GENERAL SERVICES DEPARTMENT, AND PARKS AND RECREATION DEPARTMENT EXPENDITURE BUDGETS TO REFLECT VEHICLE PROCUREMENT AND FINANCING AS SECURED BY THE CITY TREASURER OR HIS DESIGNEE.

BACKGROUND

- A. On July 23, 2012, the City Treasurer distributed a Request for Qualifications (“**RFQ**”) to obtain tax-exempt lease-financing services.
- B. In response to the RFQ, three firms — Banc of America Public Capital Corp (“**BofA**”), JP Morgan Chase (“**JP Morgan**”), and US Bancorp Government Lease and Finance, Inc. — submitted statements of qualifications (“**SOQs**”) to the City.
- C. After reviewing the SOQs, the City’s SOQ review panel determined that BofA and JP Morgan were qualified and capable of meeting the City’s lease-financing needs.
- D. A requirement of the SOQ called for each responding firm to provide an interest-rate quote based on general terms set forth by the City and an estimated lease-financing amount of \$2.818 million.
- E. JP Morgan provided the lowest competitive rate, 1.1745%.
- F. Section 1.150-2 of the United States Treasury Regulations (“**Section 1.150-2**”) requires the City to declare its reasonable “official intent” to reimburse itself with tax-exempt lease-financing proceeds (i.e., the “proceeds of an obligation”) it expects to pay before the equipment lease is executed and funds are available (the “**Original Expenditures**”).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Treasurer or the City Treasurer's designee is hereby authorized

to do the following on the City's behalf: (a) to approve, execute, and deliver a Master Lease Purchase Agreement with JP Morgan; and (b) to secure funding from JP Morgan for the acquisition of vehicles for City general-funded departments in FY2012/13 and to approve, execute, and deliver all lease-financing documents required to obtain that funding in an amount not to exceed \$2,818,210.

Section 2. The City hereby declares its official intent to use the proceeds of an obligation (i.e. the Master Lease Line of Credit associated with the Master Lease Purchase Agreement with JP Morgan) to reimburse itself for the Original Expenditures.

Section 3. The City Manager or his designee is hereby authorized to amend the budgets of the City's Police Department, Fire Department, General Services Department – Fleet Services Division, and Parks and Recreation Department to reflect the procurement and financing of associated vehicles as secured by the City Treasurer or his designee.



**City of Sacramento
Tax-Exempt Non-Bank Qualified Municipal Lease Purchase**

**Summary of Terms and Conditions
August 3, 2012**

This Summary of Terms and Conditions (the “Term Sheet”) is intended as a statement of indicative terms only, and is provided to facilitate additional discussion. It is a proposal only and not a commitment by Chase Equipment Finance (“CEF”), a division of JPMorgan Chase Bank, N.A. (the “Bank”) to provide financing. *CEF shall not have any commitment or obligation hereunder unless and until it executes a commitment letter or a definitive lease agreement.* The pricing and terms included in this Term Sheet are based on market conditions on the date hereof and are subject to change.

TRANSACTION SUMMARY

Lessee:	City of Sacramento
Lessor:	JPMorgan Chase Bank, N.A. or any affiliate of JPMorgan Chase Bank, N.A., its successors and/or assigns (“JPMorgan Chase” or the “Lessor”).
Transaction:	Fixed-rate, fully amortizing, tax-exempt taxable lease-purchase agreement (“Agreement”).
Use of Proceeds:	To finance the acquisition of fleet vehicles and various equipment, the legal title of which will vest with Lessee during the term of the Agreement. All equipment proposed for financing will be subject to final review and acceptance by Lessor prior to closing.
Financing Amount:	\$3,992,194 to fund the City’s lease financing needs beginning October, 2012. JPMorgan Chase is prepared to provide up to an additional \$2,007,806 to fulfill the City’s expected annual \$6,000,000 lease financing requirements.
Location of Equipment:	Sacramento, CA
Commencement Date:	Anticipated October, 2012

TRANSACTION DETAILS

Financing Term:	Five (5) years
Interest Rate:	1.1745%
Payment / Frequency:	Equal semi-annual in arrears payments of principal and interest.
Adjustment to Rate:	The fixed-rate bid shall remain valid until October 3, 2012. After October 3, 2012, the Interest Rate and Payment will be subject to the Index Formula below, based upon the then current three (3) year Interest Rate Swap (“Index Rate”), as published via Bloomberg News. The Index Rate as of August 2, 2012 is .508%. For every change (increase or decrease) in the Index Rate between now and the Commencement Date, a corresponding adjustment will be made to the Interest Rate/Payment.

The final Interest Rate/Payment will be computed and agreed to 5 days prior to closing and will be firm for the entirety of the lease schedule.

Year	Term	# of payments	Index Term	Index Rate	Spread (See Index Formula Below)	Tax-Exempt Interest Rate
1	5 year	10	3 year	0.508%	.8492%	1.1745%
2	5 year	10	3 year	0.508%	.8492%	1.1745%
3	5 year	10	3 year	0.508%	.8492%	1.1745%
4	<i>An index formula mutually agreed upon at time of extension.</i>					
5	<i>An index formula mutually agreed upon at time of extension.</i>					

Index Formula:

(Current Index Rate x 64.03%) + Spread = Interest Rate

Example: [3-Year Swap = .508% x 64.03% + .8492% = 1.1745%]

Lessor reserves the right to adjust the pricing proposed in order to maintain Lessor’s anticipated economic return as a result of material adverse change

Prepayment: The Financing may be prepaid *without* penalty, in whole but not in part, prior to maturity, on any payment date after the initial 24 months from Commencement, subject to 30 days prior written notice.

Disbursement of Proceeds Options: (1) Direct payment to vendor: Lessor will fund directly to vendor upon the closing of the financing.

(2) Reimbursement to Lessee: A Qualified Reimbursement will be made to Lessee, in compliance with Treasury Reg. 1.150-2 Evidence of prior payments made by Lessee for the Equipment and copies of all related Reimbursement Resolution(s) and/or adopted Reimbursement Declaration(s) shall be provided to Lessor prior to the closing of the financing.

(3) Escrow funding: The transaction will fund via an initial escrow deposit, to a mutually agreeable escrow agent, equal to the full Financing Amount. Disbursements will be made to vendors or as reimbursements to Lessee (in compliance with Treasury Reg. 1.150-2) as funds are required.

Appropriation: This agreement shall be subject to annual appropriation.

Security: Lessee will grant Lessor a first priority security interest in the financed equipment. UCC I and UCCII filings will be completed as applicable.

OTHER TERMS

Documentation: The terms of this financing will be evidenced by agreements, instruments and documents (“Lease Documents”) usual and customary for a Tax-Exempt Lease Purchase. The Lease Documents must be acceptable to Lessor and its counsel.

Lessor or its counsel shall prepare documentation. Lessee shall be responsible for its own expenses related to review of the lease documents and delivery of opinion of counsel.

Conditions Precedent: Usual and customary conditions to issuance of the financing including acceptable legal documentation which will include an opinion of counsel that the financing is valid, binding and enforceable.

Representations and Warranties:	<p>Usual representations and warranties for like situated Lessees and the Facility's type and tenor, including, without limitation, absence of material adverse change, absence of material litigation, absence of default or potential default and continued accuracy of representations.</p> <p>Representations and warranties relating to Absence of Sovereign Immunity (or waiver of sovereign immunity, if applicable) will also be required for all governmental entities.</p>
Maintenance & Insurance:	<p>All maintenance and insurance are the responsibility of Lessee. Lessee shall bear all risk of loss or damage of the Equipment and will be responsible for keeping the Equipment insured with companies satisfactory to Lessor. Lessor, its parent and/or affiliates, its successors and assigns must be named as loss payee and additional insured as applicable, on all insurance policies. Evidence of such insurance must be satisfactory to Lessor.</p>
Assignment:	<p>This proposal assumes that the Lessor will assign the transaction to JPMorgan Chase & Co. Lessor will remain as servicing agent.</p>
Judicial Reference:	<p>The Lessee and the Bank will waive, to the fullest extent permitted by applicable law, any right to have a jury participate in resolving any dispute in any way related to this term sheet, any related documentation or the transactions contemplated hereby or thereby. The Lessee hereby consents to the adjudication of any and all claims pursuant to Judicial Reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law.</p>
Governing Law:	<p>All aspects of the credit(s) being discussed including this Term Sheet and any Bond Documents would be governed by the laws of the State of CA.</p>
Proposal Only:	<p>This proposal is not a commitment to undertake this financing. A commitment can be issued only after full credit and economic review and subsequent approval by the appropriate officers of JPMorgan Chase Bank, N.A., any affiliate, successors and/or assigns. A commitment shall not be binding on Lessor unless it is signed by Lessor and accepted by Lessee. Lessor will have the sole right of assignability of this proposal or any lease between Lessor and Lessee.</p>
Proposal Expiration:	<p>This proposal will expire if acceptance does not occur by August 17, 2012 (unless extended in writing by Lessor).</p>
Confidentiality Statement:	<p>Chase confirms that it will not use confidential information obtained from you by virtue of the potential transaction contemplated by this Term Sheet or our other relationships with you in connection with the performance by Chase of such services for other companies.</p> <p>The Bank may, from time to time, be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Lessee may have conflicting interests regarding the transaction described herein and otherwise. The Bank confirms that it will not use confidential information obtained from the Lessee by virtue of the potential transaction contemplated by this commitment or our other relationships with the Lessee in connection with the performance by the Bank of such services for other companies. The Bank will not use in connection with the potential transaction contemplated by this commitment, or furnish to you, confidential information obtained from other companies.</p>

This Term Sheet is intended as an outline only and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the financing contemplated hereby.

MASTER LEASE-PURCHASE AGREEMENT

Dated As of: OCTOBER 3, 2012

Lessee: CITY OF SACRAMENTO

This Master Lease-Purchase Agreement together with all addenda, riders and attachments hereto, as the same may from time to time be amended, modified or supplemented (“**Master Lease**”) is made and entered by and between **JPMORGAN CHASE BANK, N.A.** (“**Lessor**”) and the lessee identified above (“**Lessee**”).

1. **LEASE OF EQUIPMENT.** Subject to the terms and conditions of this Master Lease, Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, all Equipment described in each Schedule signed from time to time by Lessee and Lessor.

2. **CERTAIN DEFINITIONS.** All terms defined in the Lease are equally applicable to both the singular and plural form of such terms. (a) “Schedule” means each Lease Schedule signed and delivered by Lessee and Lessor, together with all addenda, riders, attachments, certificates and exhibits thereto, as the same may from time to time be amended, modified or supplemented. Lessee and Lessor agree that each Schedule (except as expressly provided in said Schedule) incorporates by reference all of the terms and conditions of the Master Lease. (b) “Lease” means any one Schedule and this Master Lease as incorporated into said Schedule. (c) “Equipment” means the property described in each Schedule, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto. (d) “Lien” means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person.

3. **LEASE TERM.** The term of the lease of the Equipment described in each Lease (“**Lease Term**”) commences on the first date any of such Equipment is accepted by Lessee pursuant to Section 5 hereof or on the date specified in the Schedule for such Lease and, unless earlier terminated as expressly provided in the Lease, continues until Lessee's payment and performance in full of all of Lessee's obligations under the Lease.

4. RENT PAYMENTS.

4.1 For each Lease, Lessee agrees to pay to Lessor the rent payments in the amounts and at the times as set forth in the Payment Schedule attached to the Schedule (“**Rent Payments**”). A portion of each Rent Payment is paid as and represents the payment of interest as set forth in the Payment Schedule. Lessee acknowledges that its obligation to pay Rent Payments including interest therein accrues as of the Accrual Date stated in the Schedule or its Payment Schedule; provided, that no Rent Payment is due until Lessee accepts the Equipment under the Lease or the parties execute an escrow agreement. Rent Payments will be payable for the Lease Term in U.S. dollars, without notice or demand at the office of Lessor (or such other place as Lessor may designate from time to time in writing).

4.2 If Lessor receives any payment from Lessee later than ten (10) days from the due date, Lessee shall pay Lessor on demand as a late charge five per cent (5%) of such overdue amount, limited, however, to the maximum amount allowed by law.

4.3 EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 6, THE OBLIGATION TO PAY RENT PAYMENTS UNDER EACH LEASE SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS AND SHALL NOT BE SUBJECT TO ANY SETOFF, DEFENSE, COUNTERCLAIM, ABATEMENT OR RECOUPMENT FOR ANY REASON WHATSOEVER.

5. DELIVERY; ACCEPTANCE; FUNDING CONDITIONS.

5.1 Lessee shall arrange for the transportation, delivery and installation of all Equipment to the location specified in the Schedule (“Location”) by Equipment suppliers (“**Suppliers**”) selected by Lessee. Lessee shall pay all costs related thereto.

5.2 Lessee shall accept Equipment as soon as it has been delivered and is operational. Lessee shall evidence its acceptance of any Equipment by signing and delivering to Lessor the applicable Schedule. If Lessee signs and delivers a Schedule and if all Funding Conditions have been satisfied in full, then Lessor will pay or cause to be paid the costs of such Equipment as stated in the Schedule (“**Purchase Price**”) to the applicable Supplier.

5.3 Lessor shall have no obligation to pay any Purchase Price unless all reasonable conditions established by Lessor (“**Funding Conditions**”) have been satisfied, including, without limitation, the following: (a) Lessee has signed and delivered the Schedule and its Payment Schedule; (b) no Event of Default shall have occurred and be continuing; (c) no material adverse change shall have occurred in the Internal Revenue Code of 1986, as amended, and the related regulations and rulings thereunder (collectively, the “**Code**”); (d) no material adverse change shall have occurred in the financial condition of Lessee or any Supplier; (e) the Equipment is reasonably satisfactory to Lessor and is free and clear of any Liens (except Lessor's Liens); (f) all representations of Lessee in the Lease remain true, accurate and complete; and (g) Lessor has received all of the following documents, which shall be reasonably satisfactory, in form and substance, to Lessor: (1) evidence of insurance coverage required by the Lease; (2) an opinion of Lessee's counsel; (3) reasonably detailed invoices for the Equipment; (4) Uniform Commercial Code (UCC) financing statements; (5) copies of resolutions by Lessee's governing body authorizing the Lease and incumbency certificates for the person(s) who will sign the Lease; (6) such documents and certificates relating to the tax-exempt interest payable under the Lease (including, without limitation, IRS Form 8038-G or 8038-GC) as Lessor may request; and (7) such other documents and information previously identified by Lessor or otherwise reasonably requested by Lessor.

6. TERMINATION FOR GOVERNMENTAL NON-APPROPRIATIONS.

6.1 For each Lease, Lessee represents and warrants: that it has appropriated and budgeted the necessary funds to make all Rent Payments required pursuant to such Lease for the remainder of the fiscal year in which the Lease Term commences; and that it currently intends to make Rent Payments for the full Lease Term as scheduled in the applicable Payment Schedule if funds are appropriated for the Rent Payments in each succeeding fiscal year by its governing body. Without contractually committing itself to do so, Lessee reasonably believes that moneys in an amount sufficient to make all Rent Payments can and will lawfully be appropriated therefor. Lessee directs the person in charge of its budget requests to include the Rent Payments payable during each fiscal year in the budget request presented to Lessee's governing body for such fiscal year; provided, that Lessee's governing body retains authority to approve or reject any such budget request. All Rent Payments shall be payable out of the general funds of Lessee or out of other funds legally appropriated therefor. Lessor agrees that no Lease will be a general obligation of Lessee and no Lease shall constitute a pledge of either the full faith and credit of Lessee or the taxing power of Lessee.

6.2 If Lessee's governing body fails to appropriate sufficient funds in any fiscal year for Rent Payments or other payments due under a Lease and if other funds are not legally appropriated for such payments, then a “**Non-Appropriation Event**” shall be deemed to have occurred. If a Non-Appropriation Event occurs, then: (a) Lessee shall give Lessor immediate notice of such Non-Appropriation Event and provide written evidence of such failure by Lessee's governing body; (b) on the Return Date, Lessee shall return to Lessor all, but not less than all, of the Equipment covered by the affected Lease, at Lessee's sole expense, in accordance with Section 21 hereof; and (c) the affected Lease shall terminate on the Return Date without penalty to Lessee, provided, that Lessee shall pay all Rent Payments and other amounts payable under the affected Lease for which funds have been appropriated, provided further, that Lessee shall pay month-to-month rent at the rate set forth in the affected Lease for each month or part thereof that Lessee fails to return the Equipment under this Section 6.2. “**Return Date**” means the last day of the fiscal year for which appropriations were made for the Rent Payments due under a Lease.

7. LIMITATION ON WARRANTIES. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, AS TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY OF THE EQUIPMENT OR AS TO THE VALUE, DESIGN, CONDITION, USE, CAPACITY OR DURABILITY OF ANY OF THE EQUIPMENT. For and during the Lease Term, Lessor hereby assigns to Lessee any manufacturer's or Supplier's product warranties, express or implied, applicable to any Equipment and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's sole expense. Lessee agrees that (a) all Equipment will have been purchased by Lessor in accordance with Lessee's specifications from Suppliers selected by Lessee, (b) Lessor is not a manufacturer or dealer of any Equipment and has no liability for the delivery or installation of any Equipment, (c) Lessor assumes no obligation with respect to any manufacturer's or Supplier's product warranties or guaranties, (d) no manufacturer or Supplier or any representative of said parties is an agent of Lessor, and (e) any warranty, representation, guaranty or agreement made by any manufacturer or Supplier or any representative of said parties shall not be binding upon Lessor.

8. TITLE; SECURITY INTEREST.

8.1 Upon Lessee's acceptance of any Equipment under a Lease, title to the Equipment shall vest in Lessee, subject to Lessor's security interest therein and all of Lessor's other rights under such Lease including, without limitation, Sections 6, 20 and 21 hereof.

8.2 As collateral security for the Secured Obligations, Lessee hereby grants to Lessor a first priority security interest in any and all of the Equipment (now existing or hereafter acquired) and any and all proceeds thereof. Lessee agrees to execute and deliver to Lessor all necessary documents to evidence and perfect such security interest, including, without limitation, UCC financing statements and any amendments thereto.

8.3 “**Secured Obligations**” means Lessee's obligations to pay all Rent Payments and all other amounts due and payable under all present and future Leases and to perform and observe all covenants, agreements and conditions (direct or indirect, absolute or contingent, due or to become due, or existing or hereafter arising) of Lessee under all present and future Leases.

9. **PERSONAL PROPERTY.** All Equipment is and will remain personal property and will not be deemed to be affixed or attached to real estate or any building thereon.

10. **MAINTENANCE AND OPERATION.** Lessee agrees it shall, at its sole expense: (a) repair and maintain all Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; and (b) use and operate all Equipment in a careful manner in the normal course of its operations and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements; and (c) comply with all laws and regulations relating to the Equipment. If any Equipment is customarily covered by a maintenance agreement, Lessee will furnish Lessor with a maintenance agreement by a party reasonably satisfactory to Lessor. No maintenance or other service for any Equipment will be provided by Lessor. Lessee will not make any alterations, additions or improvements (“**Improvements**”) to any Equipment without Lessor's prior written consent unless the Improvements may be readily removed without damage to the operation, value or utility of such Equipment, but any such Improvements not removed prior to the termination of the applicable Lease shall automatically become part of the Equipment.

11. **LOCATION; INSPECTION.** Equipment will not be removed from, or if Equipment is rolling stock its permanent base will not be changed from, the Location without Lessor's prior written consent which will not be unreasonably withheld. Upon reasonable notice to Lessee, Lessor may enter the Location or elsewhere during normal business hours to inspect the Equipment.

12. **LIENS, SUBLEASES AND TAXES.**

12.1 Lessee shall keep all Equipment free and clear of all Liens except those Liens created under its Lease. Lessee shall not sublet or lend any Equipment or permit it to be used by anyone other than Lessee or Lessee's employees.

12.2 Lessee shall pay when due all Taxes which may now or hereafter be imposed upon any Equipment or its ownership, lease, rental, sale, purchase, possession or use, upon any Lease or upon any Rent Payments or any other payments due under any Lease. If Lessee fails to pay such Taxes when due, Lessor shall have the right, but not the obligation, to pay such Taxes. If Lessor pays any such Taxes, then Lessee shall, upon demand, immediately reimburse Lessor therefor. “**Taxes**” means present and future taxes, levies, duties, assessments or other governmental charges that are not based on the net income of Lessor, whether they are assessed to or payable by Lessee or Lessor, including, without limitation (a) sales, use, excise, licensing, registration, titling, gross receipts, stamp and personal property taxes, and (b) interest, penalties or fines on any of the foregoing.

13. **RISK OF LOSS.**

13.1 Lessee bears the entire risk of loss, theft, damage or destruction of any Equipment in whole or in part from any reason whatsoever (“**Casualty Loss**”). Subject to Section 6, no Casualty Loss to any Equipment shall relieve Lessee from the obligation to make any Rent Payments or to perform any other obligation under any Lease. Proceeds of any insurance recovery will be applied to Lessee's obligations under this Section 13.

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

13.3 If Lessor determines that any item of Equipment has suffered a Casualty Loss beyond repair (“**Lost Equipment**”), then, at Lessee's election, (or at Lessor's election if an Event of Default then exists), Lessee shall either (a) immediately replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens (except Lessor's Liens), in which event such replacement equipment shall automatically be Equipment under the applicable Lease, and deliver to Lessor true and complete copies of the invoice or bill of sale covering the replacement equipment; or (b) on earlier of 60 days after the Casualty Loss or the next scheduled Rent Payment date (the “**Loss Payment Due Date**”), pay Lessor (i) all amounts owed by Lessee under the applicable Lease, including the Rent Payments due on or accrued through such date plus (ii) an amount equal to the Termination Value as of the Rent Payment date (or if the Casualty Loss payment is due between Rent Payment dates, then as of the Rent Payment date preceding the date that the Casualty Loss payment is due) set forth in the Payment Schedule to the applicable Lease plus (iii) a Break Funding Charge. If Lessee is making such payment with respect to less than all of the Equipment under a Lease, then Lessor will provide Lessee with the pro rata amount of the Rent Payment and Termination Value to be paid by Lessee with respect to the Lost Equipment and a revised Payment Schedule. “**Break Funding Charge**” means the sum of the differences between (i) each scheduled interest payment which would have been made on the Termination Value if such Casualty Loss payment had not occurred and (ii) the corresponding fixed-rate interest payment which would be received under an interest rate swap which the Lender shall be deemed to have entered into as of the Loss Payment Due Date (the “**Replacement Swap**”) covering its payment obligations under an interest rate

swap which the Lessor shall be deemed to have entered into when the Lease was originally funded, with each such difference discounted to a present value as of the date of payment using the fixed interest rate of the Replacement Swap as the applicable discount rate; the Lessee acknowledges that the Lessor might not fund or hedge its fixed-rate loan portfolio or any prepayment thereof on a loan-by-loan basis at all times, and agrees that the foregoing is a reasonable and appropriate method of calculating liquidated damages for any prepayment irrespective of whether any of the foregoing hedging transactions have in fact occurred or occurred precisely as stated with respect to the Lease; all calculations and determinations by the Lessor of the amounts payable pursuant to the preceding provisions or of any element thereof, if made in accordance with its then standard procedures for so calculating or determining such amounts, shall be conclusive absent manifest arithmetic error. **Lessee's obligations under this Section 13.3 are payable exclusively from Lessee's self-insured retention and the proceeds of any policy of property insurance that covers the Lost Equipment.**

13.4 Lessee shall bear the risk of loss for, shall pay directly, and shall defend Lessor against any and all claims, liabilities, proceedings, actions, expenses (including reasonable attorney's fees), damages or losses arising under or related to any Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof. These obligations of Lessee shall survive any expiration or termination of any Lease. Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses (including attorney's fees), damages or losses which arise directly from events occurring after any Equipment has been returned by Lessee to Lessor in accordance with the terms of the applicable Lease or which arise directly from the gross negligence or willful misconduct of Lessor.

14. INSURANCE.

14.1 (a) Lessee at its sole expense shall at all times keep all Equipment insured against all Casualty Losses for an amount not less than the Termination Value of the Equipment. Proceeds of any such insurance covering damage or loss of any Equipment shall be payable to Lessor as lender loss payee. (b) Lessee at its sole expense shall at all times carry public liability and third party property damage insurance in amounts reasonably satisfactory to Lessor protecting Lessee and Lessor from liabilities for injuries to persons and damage to property of others relating in any way to any Equipment. Proceeds of any such public liability or property insurance shall be payable first to Lessor as additional insured to the extent of its liability, and then to Lessee.

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

15. NO PREPAYMENT. Lessee shall not be permitted to prepay the Rent Payments or any other obligation under a Lease in whole or in part.

16. LESSEE'S REPRESENTATIONS AND WARRANTIES. With respect to each Lease and its Equipment, Lessee hereby represents and warrants to Lessor that: (a) Lessee has full power, authority and legal right to execute and deliver the Lease and to perform its obligations under the Lease, and all such actions have been duly authorized by appropriate findings and actions of Lessee's governing body; (b) the Lease has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms; (c) the Lease is authorized under, and the authorization, execution and delivery of the Lease complies with, all applicable federal, state and local laws and regulations (including, but not limited to, all open meeting, public bidding and property acquisition laws) and all applicable judgments and court orders; (d) the execution, delivery and performance by Lessee of its obligations under the Lease will not result in a breach or violation of, nor constitute a default under, any agreement, lease or other instrument to which Lessee is a party or by which Lessee's properties may be bound or affected; (e) there is no pending, or to the best of Lessee's knowledge threatened, litigation of any nature which may have a material adverse effect on Lessee's ability to perform its obligations under the Lease (for purposes of this clause (e), "Lessee's knowledge" means knowledge of the Sacramento City Manager); and (f) Lessee is a state, or a political subdivision thereof, as referred to in Section 103 of the Code, and Lessee's obligation under the Lease constitutes an enforceable obligation issued on behalf of a state or a political subdivision thereof.

17. TAX COVENANTS.

17.1 Lessee hereby covenants and agrees that: (a) Lessee shall comply with all of the requirements of Section 149(a) and Section 149(e) of the Code, as the same may be amended from time to time, and such compliance shall include, but not be limited to, executing and filing Internal Revenue Form 8038-G or 8038-GC, as the case may be, and any other information statements reasonably requested by Lessor; (b) Lessee shall not do (or cause to be done) any act which will cause, or by omission of any act allow, any Lease to be an "arbitrage bond" within the meaning of Section 148(a) of the Code or any Lease to be a "private activity bond" within the meaning of Section 141(a) of the Code; and (c) Lessee shall not do (or cause to be done) any act which will cause, or by omission of

any act allow, the interest portion of any Rent Payments to be or become includable in gross income for Federal income taxation purposes under the Code.

17.2 Upon the occurrence of an Event of Taxability, the interest portion of any Rent Payment shall be at the Taxable Rate retroactive to the date of occurrence of the Event of Taxability, and Lessee shall pay such additional amount as will result in Lessor receiving the interest portion of the Taxable Rate identified in the Payment Schedule. For purposes of this section, “**Event of Taxability**” means a determination that the interest portion of Rent Payments is included for federal income tax purposes in the gross income of the Lessor due to Lessee’s action or failure to take action, including breach of covenants set forth in section 17.1 hereof. An Event of Taxability shall occur upon the earliest of: (1) the happening of any event which may cause such Event of Taxability, or (2) Lessor's payment to the applicable taxing authority of the tax increase resulting from such Event of Taxability, or (3) the adjustment of Lessor's tax return to reflect such Event of Taxability, or (4) the date as of which the interest portion of the Rent Payments is determined by the Internal revenue Service to be includable in the gross income of the Lessor for federal income tax purposes.

18. ASSIGNMENT.

18.1 Lessee shall not assign, transfer, pledge, hypothecate, nor grant any Lien on, nor otherwise dispose of, any Lease or any Equipment or any interest in any Lease or Equipment.

18.2 Lessor may assign its rights, title and interest in and to any Lease or any Equipment, and/or may grant or assign a security interest in any Lease and its Equipment, in whole or in part, to any party at any time. Any such assignee or lienholder (an “Assignee”) shall have all of the rights of Lessor under the applicable Lease. **LESSEE AGREES NOT TO ASSERT AGAINST ANY ASSIGNEE ANY CLAIMS, ABATEMENTS, SETOFFS, COUNTERCLAIMS, RECOUPMENT OR ANY OTHER SIMILAR DEFENSES WHICH LESSEE MAY HAVE AGAINST LESSOR, BUT AN ASSIGNEE WILL BE SUBJECT TO THE NON-APPROPRIATION PROVISIONS OF SECTION 6.** Unless otherwise agreed by Lessee in writing, any such assignment transaction shall not release Lessor from any of Lessor's obligations under the applicable Lease. An assignment or reassignment of any of Lessor's right, title or interest in a Lease or its Equipment shall be enforceable against Lessee only after Lessee receives a written notice of assignment which discloses the name and address of each such Assignee, provided, that such notice from Lessor to Lessee of any assignment shall not be so required if Lessor assigns a Lease to JPMORGAN CHASE & CO. or any of its direct or indirect subsidiaries. Lessee shall keep a complete and accurate record of all such assignments in the form necessary to comply with Section 149(a) of the Code and for such purpose, Lessee hereby appoints Lessor (or Lessor's designee) as the book entry and registration agent to keep a complete and accurate record of any and all assignments of any Lease. Lessee agrees to acknowledge in writing any such assignments if so requested.

18.3 Each Assignee of a Lease hereby agrees that (a) the term Secured Obligations as used in Section 8.3 hereof is hereby amended to include and apply to all obligations of Lessee under the Assigned Leases and to exclude the obligations of Lessee under any Non-Assigned Leases; (b) an Assignee shall have no Lien on, nor any claim to, nor any interest of any kind in, any Non-Assigned Lease or any Equipment covered by any Non-Assigned Lease; and (c) an Assignee shall exercise its rights, benefits and remedies as the assignee of Lessor (including, without limitation, the remedies under Section 20 of the Master Lease) solely with respect to the Assigned Leases. “**Assigned Leases**” means only those Leases which have been assigned to a single Assignee pursuant to a written agreement; and “**Non-Assigned Leases**” means all Leases excluding the Assigned Leases.

18.4 Subject to the foregoing, each Lease inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

19. **EVENTS OF DEFAULT.** For each Lease, “**Event of Default**” means the occurrence of any one or more of the following events as they may relate to such Lease: (a) Lessee fails to make any Rent Payment (or any other payment) as it becomes due in accordance with the terms of the Lease, and any such failure continues for ten (10) days after the due date thereof; (b) Lessee fails to perform or observe any of its obligations under Sections 12.1, 14 or 18.1 hereof; (c) Lessee fails to perform or observe any other covenant, condition or agreement to be performed or observed by it under the Lease and such failure is not cured within thirty (30) days after receipt of written notice thereof by Lessor; (d) any statement, representation or warranty made by Lessee in the Lease or in any writing delivered by Lessee pursuant thereto or in connection therewith proves at any time to have been false, misleading or erroneous in any material respect as of the time when made; (e) Lessee applies for or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or a substantial part of its assets, or a petition for relief is filed by Lessee under any federal or state bankruptcy, insolvency or similar law, or a petition in a proceeding under any federal or state bankruptcy, insolvency or similar law is filed against Lessee and is not dismissed within sixty (60) days thereafter; or (f) Lessee shall be in default under any other Lease or under any other financing agreement executed at any time with Lessor.

20. **REMEDIES.** If any Event of Default occurs, then Lessor may, at its option, exercise any one or more of the following remedies:

(a) Lessor may require Lessee to pay (and Lessee agrees that it shall pay) all amounts then currently due under all Leases and all remaining Rent Payments due under all Leases during the fiscal year in effect when the Event of Default occurs together with interest on such amounts at the rate of twelve percent (12%) per annum (but not to exceed the highest rate permitted by applicable law) from the date of Lessor's demand for such payment;

(b) Lessor may require Lessee to promptly return all Equipment under all or any of the Leases to Lessor in the manner set forth in Section 21 (and Lessee agrees that it shall so return the Equipment), or Lessor may, at its option, enter upon the premises where any Equipment is located and repossess any Equipment without demand or notice, without any court order or other process of law and without liability for any damage occasioned by such repossession;

(c) Lessor may sell, lease or otherwise dispose of any Equipment under all or any of the Leases, in whole or in part, in one or more public or private transactions, and if Lessor so disposes of any Equipment, then Lessor shall retain the entire proceeds of such disposition free of any claims of Lessee, provided, that if the net proceeds of the disposition of all the Equipment exceeds the applicable Termination Value of all the Schedules plus the amounts payable by Lessee under clause (a) above of this Section and under clause (f) below of this Section, then such excess amount shall be remitted by Lessor to Lessee;

(d) Lessor may terminate, cancel or rescind any Lease as to any and all Equipment;

(e) Lessor may exercise any other right, remedy or privilege which may be available to Lessor under applicable law or, by appropriate court action at law or in equity, Lessor may enforce any of Lessee's obligations under any Lease; and/or

(f) Lessor may require Lessee to pay (and Lessee agrees that it shall pay) all out-of-pocket costs and expenses incurred by Lessor as a result (directly or indirectly) of the Event of Default and/or of Lessor's actions under this section, including, without limitation, any attorney fees and expenses and any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of any Equipment.

None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lessor. Lessor's exercise of one or more remedies shall not preclude its exercise of any other remedy. No delay or failure on the part of Lessor to exercise any remedy under any Lease shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any remedy preclude any other exercise thereof or the exercise of any other remedy.

21. RETURN OF EQUIPMENT. If Lessor is entitled under the provisions of any Lease, including any termination thereof pursuant to Sections 6 or 20 of this Master Lease, to obtain possession of any Equipment or if Lessee is obligated at any time to return any Equipment, then (a) title to the Equipment shall vest in Lessor immediately upon Lessor's notice thereof to Lessee, and (b) Lessee shall, at its sole expense and risk, immediately de-install, disassemble, pack, crate, insure and return the Equipment to Lessor (all in accordance with applicable industry standards) at any location in the continental United States selected by Lessor. Such Equipment shall be in the same condition as when received by Lessee (reasonable wear, tear and depreciation resulting from normal and proper use excepted), shall be in good operating order and maintenance as required by the applicable Lease, shall be free and clear of any Liens (except Lessor's Lien) and shall comply with all applicable laws and regulations. Until Equipment is returned as required above, all terms of the applicable Lease shall remain in full force and effect including, without limitation, obligations to pay Rent Payments and to insure the Equipment. Lessee agrees to execute and deliver to Lessor all documents reasonably requested by Lessor to evidence the transfer of legal and beneficial title to such Equipment to Lessor and to evidence the termination of Lessee's interest in such Equipment.

22. LAW GOVERNING. Each Lease shall be governed by the laws of the state where Lessee is located (the "State").

23. NOTICES. Any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein: if to Lessor, 1111 Polaris Parkway, Suite 3A – OH1-1085, Columbus, Ohio 43240-2050, to the attention of the GNPH Operations Manager; and if to Lessee, 915 "I" Street, Historic City Hall, Third Floor, Sacramento, California 95814, to the attention of the Sacramento City Treasurer. Notice shall be deemed sufficiently given or made (a) upon receipt if delivered by hand, (b) on the Delivery Day after the day of deposit with a nationally recognized courier service, (c) on the third Delivery Day after the day of deposit in the United States mail, sent certified, postage prepaid with return receipt requested, and (d) only if to Lessee, on the third Delivery Day after the notice is deposited in the United States mail, postage prepaid. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations are authorized to be closed. Any party may change its address for the purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision.

24. FINANCIAL INFORMATION. Lessee agrees to furnish to Lessor annual audited financial statements of Lessee within 240 days of the end of each fiscal year of Lessee. Additionally, Lessee agrees to provide additional information as reasonably requested by Lessor.

25. **SECTION HEADINGS.** All section headings contained herein or in any Schedule are for convenience of reference only and do not define or limit the scope of any provision of any Lease.

26. **EXECUTION IN COUNTERPARTS.** Each Schedule to this Master Lease may be executed in several counterparts, each of which shall be deemed an original, but all of which shall be deemed one instrument. If more than one counterpart of each Schedule is executed by Lessee and Lessor, then only one may be marked "Lessor's Original" by Lessor. A security interest in any Schedule may be created through transfer and possession only of: the sole original of said Schedule if there is only one original; or the counterpart marked "Lessor's Original" if there are multiple counterparts of said Schedule.

27. **ENTIRE AGREEMENT; WRITTEN AMENDMENTS.** Each Lease, together with the exhibits, schedules and addenda attached thereto and made a part hereof and other attachments thereto constitute the entire agreement between the parties with respect to the lease of the Equipment covered thereby, and such Lease shall not be modified, amended, altered, or changed except with the written consent of Lessee and Lessor. Any provision of any Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Lease.

28. **WAIVER OF IMMUNITY.** Lessee hereby expressly and irrevocably waives any immunity (including sovereign, crown or similar immunity) and any defenses based thereon from any suit, action or proceeding or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution, exercise of contempt powers, or otherwise) in any forum with respect to this Master Lease, any Lease and the transactions contemplated hereby and thereby. Lessor shall have and be entitled to all available legal and equitable remedies, including the right to specific performance, money damages, and injunctive and declaratory relief.

29. JURY WAIVER: ALL PARTIES TO THIS MASTER LEASE WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS MASTER LEASE AND ANY LEASE.

CITY OF SACRAMENTO
(Lessee)

By: _____
Russell T. Fehr, City Treasurer

Attest:
Sacramento City Clerk

By: _____

Approved as to Form
Sacramento City Attorney

By: _____

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____
Title: Authorized Officer