

MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT

This Master Equipment Lease/Purchase Agreement (the "*Agreement*") dated as of June 1, 2012 and entered into between Banc of America Public Capital Corp, a Kansas corporation ("*Lessor*"), and City of Salinas, a charter city and municipal corporation existing under the laws of the State of California ("*Lessee*").

WITNESSETH:

WHEREAS, Lessee desires to lease and acquire from Lessor certain Equipment described in each Schedule (as each such term is defined herein), subject to the terms and conditions of and for the purposes set forth in each Lease; and in the event of a conflict the terms of a Schedule prevail; and

WHEREAS, the relationship between the parties shall be a continuing one and items of equipment may be added to the Equipment from time to time by execution of additional Schedules by the parties hereto and as otherwise provided herein; and

WHEREAS, Lessee is authorized under the constitution and laws of the State to enter into this Agreement and the Schedules hereto for the purposes set forth herein;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"*Acquisition Amount*" means the amount specified in each Lease and represented by Lessee to be sufficient to acquire the Equipment listed in such Lease, which amount shall be not less than \$100,000 for each Lease.

"*Acquisition Fund*" means, with respect to any Lease, the fund established and held by the Acquisition Fund Custodian pursuant to the related Acquisition Fund Agreement, if any.

"*Acquisition Fund Agreement*" means, with respect to any Lease, an Acquisition Fund and Account Control Agreement in form and substance acceptable to and executed by Lessee, Lessor and the Acquisition Fund Custodian, pursuant to which an Acquisition Fund is established and administered.

"*Acquisition Fund Custodian*" means the Acquisition Fund Custodian identified in any Acquisition Fund Agreement, and its successors and assigns.

“Acquisition Period” means, with respect to each Lease, that period stated in the Schedule to such Lease during which the Lease Proceeds attributable to such Lease may be expended on Equipment Costs.

“Agreement” means this Master Equipment Lease/Purchase Agreement, including the exhibits hereto, together with any amendments and modifications to the Agreement pursuant to Section 13.05.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder.

“Commencement Date” means, for each Lease, the date when Lessee’s obligation to pay rent commences under such Lease, which date shall be the earlier of (i) the date on which the Equipment listed in such Lease is accepted by Lessee in the manner described in Section 5.01, and (ii) the date on which sufficient moneys to purchase the Equipment listed in such Lease are deposited for that purpose with an Acquisition Fund Custodian.

“Equipment” means the property listed in each of the Leases and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article V. Whenever reference is made in this Agreement to Equipment listed in a Lease, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Equipment.

“Equipment Costs” means the total cost of the Equipment listed in each Lease, including all delivery charges, installation charges, capitalizable consulting and training fees approved by Lessor, legal fees, financing costs, and other costs necessary to vest full, clear legal title to the Equipment in Lessor, and otherwise incurred in connection with the financing provided by the lease-purchase of the Equipment as provided in each Lease; *provided* that in no event shall approved consulting and training fees or other non-capitalizable “soft” costs relating to the Equipment listed in any Lease which are to be financed by Lessor hereunder exceed 2% of the total cost of such Equipment as determined by Lessor; and *provided further*, that in no event shall capitalizable delivery charges, installation charges, taxes and similar capitalizable “soft costs” relating to such Equipment be included without Lessor’s prior consent.

“Expense Fund” means, with respect to any Lease, the fund established and held by the Acquisition Fund Custodian pursuant to the related Acquisition Fund Agreement, if any.

“Event of Default” means an Event of Default described in Section 12.01.

“Lease” means a Schedule and the terms of this Agreement which are incorporated by reference into such Schedule. Each Schedule shall constitute a separate and independent Lease.

“Lease Proceeds” means, with respect to each Lease, the total amount of money to be paid by Lessor to the Acquisition Fund Custodian for deposit and application in accordance with such Lease and the Acquisition Fund Agreement.

"*Lease Term*" for each Lease shall begin on the Commencement Date thereof and continue as specified in the Schedule applicable thereto.

"*Lessee*" means the entity referred to as Lessee in the first paragraph of this Agreement.

"*Lessor*" means (a) the entity referred to as Lessor in the first paragraph of this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to the Equipment under a Lease or any Lease (including Rental Payments thereunder) pursuant to Section 11.01, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Lessor to perform under a Lease.

"*Maximum Equipment Cost*" means \$3,000,000.00.

"*Purchase Price*" means, with respect to the Equipment listed on a Lease, the amount that Lessee may pay to Lessor to purchase such Equipment as provided in such Lease.

"*Rental Payments*" means the basic rental payments payable by Lessee under each Lease pursuant to Section 4.01, in each case consisting of a principal component and an interest component.

"*Schedule*" means each separately numbered Schedule of Property substantially in the form of Exhibit A hereto together with a Rental Payment Schedule attached thereto substantially in the form of Exhibit A-1 hereto.

"*State*" means the State of California.

"*Utilization Period*" means the date by which Lessee must deliver an Acceptance Certificate for the Equipment under such Lease as indicated in Section 3.05(b).

"*Vendor*" means the manufacturer or supplier of the Equipment or any other person as well as the agents or dealers of the manufacturer or supplier from whom Lessor arranged Lessee's acquisition and financing of the Equipment pursuant to the applicable Lease.

ARTICLE II

Section 2.01. Representations and Covenants of Lessee. Lessee represents, covenants and warrants for the benefit of Lessor on the date hereof and as of the Commencement Date of each Lease as follows:

(a) Lessee is a state or a political subdivision thereof within the meaning of Section 103(c) of the Code, duly organized and existing under the constitution and laws of the State with full power and authority to enter into this Agreement and each Lease and the transactions contemplated hereby and to perform all of its obligations hereunder and under each Lease.

(b) Lessee has duly authorized the execution and delivery of this Agreement and each Lease by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate

official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and each Lease.

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.

(d) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic.

(e) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and each Lease and the acquisition by Lessee of the Equipment as provided in each Lease.

(f) During the Lease Term, the Equipment will be used by Lessee only for the purpose of performing essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority. Lessee does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment (including all Renewal Terms) scheduled to be paid under each Lease.

(g) Lessee shall keep its books and records in accordance with generally accepted accounting principles and practices consistently applied and shall deliver to Lessor (i) annual audited financial statements (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows and notes, and (4) schedules and attachments to the financial statements) within 210 days of its fiscal year end, (ii) such other financial statements and information as Lessor may reasonably request, and (iii) its annual budget for the following fiscal year within 90 days of the current fiscal year end. Such annual audited financial statements shall be accompanied by an unqualified opinion of Lessee's auditor. Credit information relating to Lessee may be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns.

(h) Lessee has kept, and throughout the Lease Term of this Agreement will keep, its books and records in accordance with generally accepted accounting principles.

(i) Lessee has an immediate need for the Equipment listed on each Schedule and expects to make immediate use of the Equipment listed on each Schedule. Lessee's need for the Equipment is not temporary and Lessee does not expect the need for any item of the Equipment to diminish during the Lease Term to such item.

(j) The payment of the Rental Payments or any portion thereof is not (under the terms of any Lease or any underlying arrangement) directly or indirectly (x) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (y) on a present value basis, derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Equipment Costs for the Equipment will be used, directly or indirectly, to make or finance loans to any

person other than Lessee. Lessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(k) There is no pending litigation, tax claim, proceeding or dispute that may adversely affect Lessee's financial condition or impairs its ability to perform its obligations hereunder. Lessee will, at its expense, maintain its legal existence in good standing and do any further act and execute, acknowledge, deliver, file, register and record any further documents Lessor may reasonably request in order to protect Lessor's interest in the Equipment and Lessor's rights and benefits under this Lease.

ARTICLE III

Section 3.01. Lease of Equipment. Subject to the terms of this Master Lease, Lessor agrees to provide the funds specified in each Lease to be provided by it to acquire the Equipment, up to an amount equal to the Maximum Equipment Cost. Upon the execution of each Lease, Lessor demises, leases, transfers and lets to Lessee, and Lessee acquires, rents and leases from Lessor, the Equipment as set forth in such Lease and in accordance with the terms thereof.

Section 3.02. Continuation of Lease Term. Lessee intends, subject to Section 3.03, to continue the Lease Term of each Lease and to pay the Rental Payments thereunder. Lessee affirms that sufficient funds are available for the current fiscal year, and Lessee reasonably believes that an amount sufficient to make all Rental Payments during the entire Lease Term of each Lease can be obtained from legally available funds of Lessee. Lessee further intends to do all things lawfully within its power to obtain and maintain funds sufficient and available to discharge its obligation to make Rental Payments due hereunder, including making provision for such payments to the extent necessary in each budget or appropriation request submitted and adopted in accordance with applicable provisions of law, to have such portion of the budget or appropriation request approved and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved.

Section 3.03. Abatement. During any period in which, by reason of material damage or destruction or taking under the power of eminent domain (or sale to any entity threatening the use of such power) or material title defect with respect to any Equipment, there is substantial interference with the use and possession by Lessee of such Equipment, the rent applicable to such Equipment shall be abated proportionately in whole or in part. Lessee shall immediately notify Lessor upon the occurrence of any event causing substantial interference with Lessee's use and possession of any Equipment, and such notice shall be provided prior to the abatement of any rent. The amount of abatement shall be such that the remaining rental obligation for each rental period represents fair consideration for the use and possession of the portions of the Equipment that are not affected by such interference. Such abatement shall commence on the date that Lessee's use and possession of the affected Equipment is restricted because of such interference and end on the earlier of (i) the date on which the use and possession thereof are restored to Lessee, or (ii) the date on which Lessee either (x) replaces the affected Equipment or (y) uses the proceeds of insurance or condemnation award to pay the applicable Purchase Price therefor. Notwithstanding any such interference with Lessee's use and possession of a portion of the Equipment, this Lease shall continue in full force and effect with respect to any remaining

Equipment. Lessee waives the benefits of Civil Code Sections 1932 and any and all other rights to terminate this Lease by virtue of any interference with the use and possession of any Equipment.

Section 3.04. Conditions to Lessor's Performance.

(a) As a prerequisite to the performance by Lessor of any of its obligations pursuant to any Lease, Lessee shall deliver to Lessor the following:

(i) A fully completed Schedule, executed by Lessee;

(ii) An Acquisition Fund Agreement, executed by Lessee and the Acquisition Fund Custodian, unless Lessor pays 100% of the Acquisition Amount directly to the Vendor upon execution of the Lease;

(iii) A Certificate executed by the Clerk or Secretary or other comparable officer of Lessee, in substantially the form attached hereto as Exhibit C, completed to the satisfaction of Lessor;

(iv) A certified copy of a resolution or other official action of Lessee's governing body authorizing the execution and delivery of this Lease and performance by Lessee of its obligations hereunder;

(v) An opinion of counsel to Lessee in substantially the form attached hereto as Exhibit D respecting such Lease and otherwise satisfactory to Lessor;

(vi) Evidence of insurance as required by Section 7.02 hereof;

(vii) All documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate at that time pursuant to Section 6.01 and 6.02;

(viii) A copy of a fully completed and executed Form 8038;

(ix) An Essential Use/Source of Funds Certificate in substantially the form attached as Exhibit E; and

(x) Such other items, if any, as are set forth in such Lease or are reasonably required by Lessor.

(b) In addition, the performance by Lessor of any of its obligations pursuant to any Lease shall be subject to: (i) no material adverse change in the financial condition of Lessee since the date of this Lease, (ii) no Event of Default having occurred, and (iii) if no Acquisition Fund has been established, the Equipment must be accepted by Lessee no later than December 31, 2013 (the "*Utilization Period*").

(c) Subject to satisfaction of the foregoing, Lessor will pay the Acquisition Amount for Equipment described in a Schedule to the Vendor upon receipt of the documents described in Sections 5.01(a) and (b); or if an Acquisition Fund has been established pursuant to an

Acquisition Fund Agreement, Lessor will deposit the Acquisition Amount for Equipment described in the Schedule with the Acquisition Fund Custodian.

(d) This Agreement is not a commitment by Lessor to enter into any Lease not currently in existence, and nothing in this Agreement shall be construed to impose any obligation upon Lessor to enter into any proposed Lease, it being understood that whether Lessor enters into any proposed Lease shall be a decision solely within Lessor's discretion.

(e) Lessee will cooperate with Lessor in Lessor's review of any proposed Lease. Without limiting the foregoing, Lessee will provide Lessor with any documentation or information Lessor may request in connection with Lessor's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Lessee and other matters related to Lessee.

ARTICLE IV

Section 4.01. Rental Payments. Lessee shall promptly pay Rental Payments, in lawful money of the United States of America, to Lessor on the dates and in such amounts as provided in each Lease. Lessee shall pay Lessor a charge on any Rental Payment not paid on the date such payment is due at the rate of 12% per annum or the maximum amount permitted by law, whichever is less, from such date. Lessee shall not permit the federal government to guarantee any Rental Payments under any Lease. Rental Payments consist of principal and interest payments as more fully detailed on each Schedule, the interest on which begins to accrue as of the Commencement Date for each such Schedule.

Section 4.02. Interest and Principal Components. A portion of each Rental Payment is paid as, and represents payment of, interest, and the balance of each Rental Payment is paid as, and represents payment of, principal. Each Lease shall set forth the principal and interest components of each Rental Payment payable thereunder during the Lease Term.

Section 4.03. Rental Payments to Constitute a Current Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments under each Lease shall constitute a current expense of Lessee payable solely from its general fund or other funds that are legally available for that purpose and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein or in a Lease constitute a pledge of the general tax revenues, funds or moneys of Lessee.

Section 4.04. Rental Payments to be Unconditional. Except as provided in Section 3.03, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained in each Lease shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, after it has been accepted by lessee, any defects, malfunctions, breakdowns or infirmities in the equipment or any accident, condemnation or unforeseen circumstances. Lessee's obligations to make Rental Payments or pay other amounts

hereunder shall not be abated on account of obsolescence or failure of the Equipment to perform as desired.

Section 4.05. Tax Covenant. Lessee agrees that it will not take any action that would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes.

Section 4.06. Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component shall be at a Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for federal income tax purposes, and Lessee will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate identified in the related Lease.

For purposes of this Section, “*Event of Taxability*” means a determination that the interest component is includible for federal income tax purposes in the gross income of the owner thereof due to Lessee’s action or failure to take any action.

Section 4.07. Mandatory Prepayment. If the Lease Proceeds are deposited into an Acquisition Fund, any funds remaining in the Acquisition Fund on or after the Acquisition Period and not applied to Equipment Costs, shall be applied by Lessor on the next Rental Payment date, pro rata to the prepayment of the principal component of the outstanding Rental Payments due under the applicable Schedule.

ARTICLE V

Section 5.01. Delivery, Installation and Acceptance of Equipment.

(a) Lessee shall order the Equipment, cause the Equipment to be delivered and installed at the location specified in the Leases and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. When the Equipment listed in any Lease has been delivered and installed, Lessee shall promptly accept such Equipment and evidence said acceptance by executing and delivering to Lessor an acceptance certificate in the form attached hereto as Exhibit B.

(b) Lessee shall deliver to Lessor original invoices and bills of sale (if title to such Equipment has passed to Lessee) relating to each item of Equipment accepted by Lessee. With respect to Equipment not purchased through an Acquisition Fund, Lessor shall, upon receipt of an Acceptance Certificate from Lessee, prepare a Schedule of Property and Rental Payment Schedule. Lessee shall execute and deliver such Schedules to Lessor within 5 business days of receipt.

Section 5.02. Enjoyment of Equipment. Lessor shall provide Lessee with quiet use and enjoyment of the Equipment during the Lease Term, and Lessee shall peaceably and quietly have,

hold and enjoy the Equipment during the Lease Term, without suit, trouble or hindrance from Lessor, except as otherwise expressly set forth in the related Lease. Lessor shall not interfere with such quiet use and enjoyment during the Lease Term so long as Lessee is not in default under the related Lease.

Section 5.03. Location; Inspection. Once installed, no item of the Equipment will be moved (or, in the case of moveable equipment, the base location of the Equipment will not be changed) from the location specified for it in the Lease on which such item is listed without Lessor's consent, which consent shall not be unreasonably withheld. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

Section 5.04. Use and Maintenance of the Equipment. Lessee will not install, use, operate, or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the related Lease. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body; provided that Lessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest (including the reversionary interest) of Lessor in and to the Equipment or its interest or rights under the Lease.

Lessee agrees that it will maintain, preserve, and keep the Equipment in good repair and working order, in accordance with manufacturer's recommendations. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. If commercially available, Lessee will maintain in force a standard maintenance contract with the manufacturer of the Equipment, and upon request will provide Lessor with a copy of that contract. Upon the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee may use another third party maintenance provider provided the maintenance contract between Lessee and such third party requires the third party to maintain the Equipment at the manufacturer's then current release, revision and engineering change levels, including hardware, software enhancements and microcode levels. In all cases, Lessee agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Lessor as provided for herein.

Lessee shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the interest of Lessor therein.

ARTICLE VI

Section 6.01. Title to the Equipment. During each Lease Term, and so long as Lessee is not in default under Article XII hereof, all right, title and interest in and to each item of the Equipment shall be vested in Lessor as security for the obligations of Lessee hereunder. Lessee shall at all times protect and defend, at its own cost and expense, Lessor's title in and to the

Equipment from and against all claims, liens and legal processes of its creditors, and keep all Equipment free and clear of all such claims, liens and processes. Upon purchase of the Equipment under a Lease by Lessee pursuant to Section 10.01, Lessor shall transfer to Lessee title to the Equipment, as-is, without warranty of any kind other than as to the absence of liens created by or through Lessor, and shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the transfer of Lessor's title and interest in the Equipment subject to the related Lease.

Section 6.02. Security Interest. As additional security for the payment of all of Lessee's obligations under each Lease, upon the execution of such Lease, Lessee grants to Lessor a security interest constituting a first lien on (a) the Equipment applicable to such Lease, (b) moneys and investments held from time to time in the Acquisition Fund and (c) any and all proceeds of any of the foregoing. Lessee agrees to execute and authorizes Lessor to file such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain Lessor's security interest in the Equipment, the Acquisition Fund and the proceeds thereof.

Section 6.03. Personal Property. The Equipment is and will remain personal property and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. Upon the request of Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free of all levies, liens, and encumbrances except those created by each Lease. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to such Equipment. Lessee shall pay all utility and other charges incurred in the use and maintenance of the Equipment. Lessee shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during each Lease Term.

Section 7.02. Insurance. Lessee shall during each Lease Term maintain or cause to be maintained (a) casualty insurance naming Lessor and its assigns as additional insured and loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Lessor, in an amount at least equal to the then applicable Purchase Price of the Equipment; (b) liability insurance that protects Lessor from liability in all events in form and amount satisfactory to Lessor; (c) worker's compensation coverage as required by the laws of the State, and (d) rental interruption insurance in an amount which shall cover Rental Payments for no less than 24 months; *provided* that, with Lessor's prior written consent, Lessee may self-

insure against the risks described in clause (a). Lessee shall furnish to Lessor evidence of such insurance or self-insurance coverage throughout each Lease Term. Lessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least 30 days in advance of such cancellation or modification.

Section 7.03. Advances. In the event Lessee shall fail to keep the Equipment in good repair and working order, Lessor may, but shall be under no obligation to, maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the due date until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. Unless Lessee shall have exercised its option to purchase the Equipment by making payment of the Purchase Price as provided in the related Lease, if, prior to the termination of the applicable Lease Term, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

If Lessee elects to replace any item of the Equipment (the "*Replaced Equipment*") pursuant to this Section, the replacement equipment (the "*Replacement Equipment*") shall be of similar type, utility and condition to the Replaced Equipment and shall be of equal or greater value than the Replaced Equipment. Lessee shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor's title in the Replacement Equipment. Lessor and Lessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this Master Equipment Lease and the related Lease. Lessee shall complete the documentation of Replacement Equipment on or before the next Rent Payment date after the occurrence of a casualty event, or be required to exercise the Purchase Option with respect to the damaged equipment.

For purposes of this Article, the term "*Net Proceeds*" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pay or cause to be paid to Lessor the amount of the then applicable Purchase Price for the Equipment, and, upon such payment, the applicable Lease Term shall terminate and Lessor's interest in the Equipment shall terminate as provided in Article VI hereof. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after purchasing such Equipment and such other Equipment shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article IV.

Notwithstanding anything to the contrary herein, Lessee's obligations under Article VIII shall be limited to the Net Proceeds of insurance or condemnation and other legally available funds and is subject in all respects to the provisions of Section 3.03 hereof. If Lessee's obligations under Section 7.02 to maintain property insurance is covered by self insurance, then Lessee hereby certifies that its self insurance program guarantees payment of the interest of Lessor for any loss or damage to the Equipment leased hereunder.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Lessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Equipment, or any other warranty or representation, express or implied, with respect thereto and, as to Lessor, Lessee's acquisition of the Equipment shall be on an "as is" basis. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Master Equipment Lease, any Lease, the Equipment or the existence, furnishing, functioning or Lessee's use of any item, product or service provided for in this Agreement or any Lease.

Section 9.02. Vendor's Warranties. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during each Lease Term, so long as Lessee shall not be in default under the related Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Lessor may have against Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against Vendor of the Equipment, and not against Lessor. Any such matter shall not have any effect whatsoever on the rights of Lessor with respect to any Lease, including the right to receive full and timely payments under a Lease. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties by Lessor of the Equipment.

ARTICLE X

Section 10.01. Purchase Option. Lessee shall have the option to purchase all of the Equipment listed in a Lease, upon giving written notice to Lessor at least 30, but not more than 120, days before the date of purchase, at the following times and upon the following terms:

(a) After 50% of the Lease Term has transpired (such date is referred to as the "Purchase Option Commencement Date"), on any Rental Payment dates subsequent thereto, upon payment in full to Lessor of the Rental Payments then due under such Lease, subject to a prepayment premium of 2% of the then outstanding principal balance of the Lease, any and all accrued interest; or

(b) In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment listed in a Lease, on the day specified in Lessee's notice to Lessor of its exercise of the purchase option upon payment in full to Lessor of the Rental Payments then due under such Lease plus the then applicable Purchase Price; or

(c) Upon the expiration of the Lease Term, upon payment in full of all Rental Payments then due and all other amounts then owing under the Lease, and the payment of \$1.00 to Lessor.

After payment of the applicable Purchase Price, Lessee will own the related Equipment, and Lessor's right, title and interests in and to such Equipment will be transferred and terminated in accordance with Section 6.01.

ARTICLE XI

Section 11.01. Assignment by Lessor. Lessor's right, title and interest in and to Rental Payments and any other amounts payable by Lessee under any and all of the Leases, its interest in the Equipment subject to each such Lease, and all proceeds therefrom may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor, without the necessity of obtaining the consent of Lessee; *provided, however,* that any such assignment, transfer or conveyance whether to a trustee for the benefit of owners of certificates of participation or otherwise shall be made in a manner that conforms to any applicable State or federal law. Nothing in this Section 11.01 shall be construed, however, to prevent Lessor from executing any such assignment, transfer or conveyance that does not involve funding through the use of certificates of participation within the meaning of applicable State law, including any such assignment, transfer or conveyance as part of a multiple asset pool to a partnership or trust, interests in which are offered and sold in a private placement or limited offering only to investors whom Lessor reasonably believes are qualified institutional buyers or accredited investors within the meaning of the applicable federal securities law; *provided further, however,* that in any event, Lessee shall not be required to make Rental Payments, to send notices or to otherwise deal with respect to matters arising under a Lease with or to more than one individual or entity. No assignment, transfer or conveyance permitted by this Section 11.01 shall be effective until Lessee shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided, however,* that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership

interests with respect to the Rental Payments payable under a Lease, it shall thereafter be sufficient that Lessee receives notice of the name and address of the bank or trust company as trustee or paying agent. During the term of each Lease, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees designated in such register. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Lessee may have against Lessor or the Vendor. Assignments in part may include without limitation assignment of all of Lessor's interest in and to the Equipment listed in a particular Lease and all rights in, to and under the Lease related to such Equipment. The option granted in this Section may be separately exercised from time to time with respect to the Equipment listed in each Lease, but such option does not permit the assignment of less than all of Lessor's interests in the Equipment listed in a single Lease.

Section 11.02. Assignment and Subleasing by Lessee. None of Lessee's right, title, and interest in, to and under any Lease or any portion of the Equipment may be assigned or encumbered by Lessee for any reason.

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an "Event of Default" under a Lease:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid under any Lease at the time specified herein;

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by Lessee in or pursuant to any Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading, or breached in any material respect on the date when made;

(d) Any default occurs under any other agreement for borrowing money or receiving credit equal to or greater than \$500,000.00 under which Lessee may be obligated as borrower, if such default consists of (i) the failure to pay any indebtedness when due or (ii) the failure to perform any other obligation thereunder and gives the holder of the indebtedness the right to accelerate the indebtedness;

(e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be

unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator or Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to Lessee, Lessor may without terminating such Lease, collect each Rental Payment payable by Lessee pursuant to such Lease and other amounts payable by Lessee under such Lease as they become due and payable;

(b) With or without terminating the Lease Term under such Lease, Lessor may enter the premises where the Equipment listed in such Lease is located and retake possession of such Equipment or require Lessee at Lessee's expense to promptly return any or all of such Equipment to the possession of Lessor at such place within the United States as Lessor shall specify, and sell or lease such Equipment or, for the account of Lessee, sublease such Equipment, continuing to hold Lessee liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by Lessee pursuant to such Lease and other amounts related to such Lease or the Equipment listed therein that are payable by Lessee to the end of the Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies under such Lease, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 3.03. The exercise of any such remedies respecting any such Event of Default shall not relieve Lessee of any other liabilities under any other Lease or the Equipment listed therein;

(c) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under such Lease or as a secured party in any or all of the Equipment subject to such Lease; and

(d) by action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, obtain the issuance of a writ of mandamus enforcing, for the entire balance of the remaining Lease Term, the duty of Lessee to appropriate and take all other administrative steps necessary for the payment of rents, and other amounts due hereunder.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under a Lease now or hereafter existing at law or in equity,

provided that Lessor shall have no right to accelerate any Rental Payment or otherwise declare any Rental Payment or other amount payable not then in default to be immediately due and payable. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice other than such notice as may be required in this Article.

Section 12.04. Application of Moneys. Any net proceeds from the exercise of any remedy under this Agreement, including the application specified in Section 12.02(b)(ii) (after deducting all expenses of Lessor in exercising such remedies including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing Equipment and all brokerage, auctioneer's or attorney's fees), shall be applied as follows:

(a) If such remedy is exercised solely with respect to a single Lease, Equipment listed in such Lease or rights thereunder, then to amounts due pursuant to such Lease and other amounts related to such Lease or such Equipment.

(b) If such remedy is exercised with respect to more than one Lease, Equipment listed in more than one Lease or rights under more than one Lease, then to amounts due pursuant to such Leases pro rata.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under any Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Lessee.

Section 13.02. Release and Indemnification. To the extent permitted by law, but only from legally available funds, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liability, obligation, loss, claim, tax and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith (including, without limitation, counsel fees and expenses, penalties connected therewith imposed on interest received) arising out of or as a result of (a) the entering into of this Agreement or any Lease, (b) the ownership of any item of the Equipment, (c) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment, (d) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (e) the breach of any covenant in a Lease or any material misrepresentation contained in a Lease. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under all Leases or the termination of the Lease Term under all Leases for any reason.

Section 13.03. Binding Effect. Each Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.04. Severability. In the event any provision of any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.05. Amendments, Changes and Modifications. Each Lease may only be amended by Lessor and Lessee in writing.

Section 13.06. Execution in Counterparts. Each Lease 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 instrument.

Section 13.07. Applicable Law. Each Lease shall be governed by and construed in accordance with the laws of the State.

Section 13.08. Captions. The captions or headings in this Agreement and in each Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement or any Lease.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

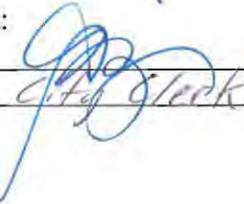
LESSOR:
Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

LESSEE:
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

By _____
Title _____

By  _____
Title City Manager

(Seal)

Attest:
By  _____
Title City Clerk

ARBITRAGE AND TAX CERTIFICATE
(Non Escrow Transaction)

We, the undersigned of the City of Salinas (the "Issuer") do hereby certify that this Certificate is issued pursuant to Sections 1.141-1 through 1.141-16, 1.148-0 through 1.148-11, 1.150-1 and 1.150-2 of the Treasury Regulations (the "Regulations") promulgated pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), to set forth the Issuer's reasonable expectations on the date of issue of the obligations of the Issuer under that certain Lease/Purchase Agreement (as hereinafter defined) and as to future events regarding the amount and use of the proceeds thereof.

The Lease/Purchase Agreement

1. Each of the undersigned is charged, together with other officials and officers, with the responsibility for entering into the \$969,759.00 Schedule of Property No. 1, dated as of August 15, 2012 (the "Schedule") between the Issuer and Banc of America Public Capital Corp, (the "Lessor"), which Schedule incorporates by reference the terms of that certain Master Equipment Lease/Purchase Agreement, dated as of June 1, 2012 (the "Master Lease") by and between the Issuer and Banc of America Public Capital Corp (the Schedule and the Master Lease are collectively referred to herein as the "Lease/Purchase Agreement"). The Lease/Purchase Agreement is authorized pursuant to the laws of the State of California and a resolution adopted by the Issuer on Aug 15, 2012 (the "Resolution"). This certificate shall constitute a document related to the Lease/Purchase Agreement.

2. The Lease/Purchase Agreement is being entered into to finance the cost of certain Equipment described in the Lease/Purchase Agreement. As contemplated by the Lease/Purchase Agreement, the Lessor will fund the Equipment Cost to the vendors thereof and will lease the Equipment back to the Issuer, and the Issuer will agree to make rental payments under the Lease/Purchase Agreement (the "Rental Payments") to the Lessor. The Equipment will be used for a corporate and public purpose of the Issuer.

Proceeds

3. The Issuer will receive from the Lessor as a result of the financing of the Equipment as contemplated by the Lease/Purchase Agreement \$969,759.00 (the "Equipment Proceeds"). The Equipment Proceeds shall be immediately used for the acquisition of the Equipment or to reimburse the Issuer for the cost of purchasing the Equipment, which purchase did not occur more than sixty (60) days prior to the adoption of the Resolution by Issuer. No investment of the Equipment Proceeds is expected.

4. The total cost of the Equipment is anticipated to be equal to the Equipment Proceeds. It is not anticipated that any proceeds from the issue will be used to pay the expenses of issuing the Lease/Purchase Agreement obligations.

Equipment

5. The Equipment Proceeds and anticipated investment earnings on such proceeds do not exceed the amount necessary to complete the acquisition of the Equipment.

6. The Issuer represents that the Equipment will not be used in such a manner so as to cause the Lease/Purchase Agreement to constitute "private activity bonds" as defined in Section 141(a) of the Code and Sections 1.141-0 through 1.141-16 of the Regulations.

7. All Equipment financed by the Lease/Purchase Agreement will be owned by the Issuer in accordance with Section 141 of the Code. The Issuer represents and covenants that while the Lease/Purchase Agreement is in effect, it will not sell, lease or otherwise dispose of any portion of the Equipment, except that a portion of the Equipment may be disposed of in the normal course such as by reason of obsolescence and normal wear and tear; without providing to the Lessor an opinion of bond counsel that such sale, lease or other disposition will not adversely affect the exclusion of the interest portion of the Rental Payments made under the Lease/Purchase Agreement from the gross income of the Lessor for federal income tax purposes.

Yield

8. The Issuer represents that no other obligations of the Issuer (1) were or will be sold within 15 days of the lease of the Equipment as contemplated by the Lease/Purchase Agreement; (2) are being sold pursuant to a plan of financing common with the sales contemplated by the Lease/Purchase Agreement; and (3) are payable from substantially the same source of funds as the Lease/Purchase Agreement.

9. For purposes of this Certificate, "yield" means yield computed by the actuarial method using a 360-day year and semi-annual compounding, resulting in a discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the issue price, fair market value, present value or purchase price thereof, as applicable, and is determined in all respects in accordance with Section 148 of the Code and the Regulations.

10. As of the Closing Date, the Issuer expects that the purchase price of \$960,000.00 is the issue price of the obligations under the Lease/Purchase Agreement to the public (excluding bond houses, brokers and other intermediaries). Based upon such price, the Issuer expects the yield on the Lease/Purchase Agreement to be computed as 3.00%.

Arbitrage Certifications

11. There are no funds or accounts established with respect to the Lease/Purchase Agreement or the Equipment. No sinking fund has been established in connection with the payment of the principal of and interest under the Lease/Purchase Agreement, and no other similar fund or reserve or replacement fund has or will be created or established, nor does the Issuer expect to create or establish such a fund. The Issuer will pay Rental Payments directly to the Lessor on the due dates thereof.

12. The Lease/Purchase Agreement has a weighted average maturity of _____ years. As of the Closing Date, the Issuer expects that the term of the Lease/Purchase Agreement is not longer than reasonably necessary for the governmental purpose of the Lease/Purchase Agreement. As of the Closing Date, the Issuer does not expect to have available amounts (within the meaning of Section 1.148-1(c)(4) of the Regulations) during the period in which the Lease/Purchase Agreement is in effect.

13. The Issuer acknowledges its rebate obligations under Section 148 of the Code. The Issuer will maintain such records as to the investments and earnings on the Equipment Proceeds as may be necessary and appropriate to determine the amount, if any, that it is required to rebate to the U.S. Treasury because the earnings on such investments exceed the amount that would have been earned if such proceeds had been invested at the yield payable as the interest portion of the Rental Payments on the Lease/Purchase Agreement. In the event that the Issuer invests any of the Equipment Proceeds or any investment proceeds in investments that have a yield in excess of 3.00%, the Issuer agrees to retain a rebate advisor to assist the Issuer in complying with Section 148 of the Code. The Issuer will make the calculations of its liability, file such reports and make any required payments at the time or times as are now or may hereafter be prescribed under Section 148 (or a successor provision) of the Code.

14. Except as expressly permitted hereunder, the Issuer will not use any gross proceeds of the Lease/Purchase Agreement to acquire investments with a yield considered as a class higher than the yield payable as the interest portion of the Rental Payments on the Lease/Purchase Agreement or to replace funds which are used to directly or indirectly acquire investments with a yield higher than the yield payable as the interest portion of the Rental Payments on the Lease/Purchase Agreement.

15. The Lease/Purchase Agreement is not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code or the Regulations (a) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage; or (b) overburdening the market for tax-exempt obligations.

Miscellaneous

16. The Lease/Purchase Agreement will not be federally guaranteed within the meaning of Section 149(b) of the Code.

17. The Issuer shall file or cause to be filed, the requisite Form 8038-G on or before the 15th day of the second month after the calendar quarter in which the Lease/Purchase Agreement is executed. The Issuer has reviewed the Form 8038-G prepared for the Lease/Purchase Agreement and all of the information contained therein is, to the best of the Issuer's knowledge, true and complete.

18. At least 85% of the net Equipment Proceeds of the Lease/Purchase Agreement will be allocated to expenditures for the Project no later than three years from the date hereof and therefore not more than 50% of the proceeds of the Lease/Purchase Agreement will be invested

in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more.

19. The Issuer has not received notice of deficiency or other notice from the Internal Revenue Service, the Department of Treasury or any other governmental agency or department challenging or questioning in any way the status of the interest portion of the Rental Payments as being excludable from gross income for federal income tax purposes, nor has the Issuer been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer that may not enter into the type of lease/purchase transaction as contemplated here.

On the basis of the foregoing facts, estimates and circumstances in existence on the date hereof it is not expected that the proceeds of the Lease/Purchase Agreement will be used in a manner that would cause the Lease/Purchase Agreement to be "arbitrage bonds" under Section 148 of the Code and the Regulations. To the best of our knowledge and belief there are no other facts, estimates or circumstances which would materially change such expectations.

Dated this 15th day of August, 2012 the same being the date of delivery of and payment for the Lease/Purchase Agreement.

IN WITNESS WHEREOF, we have hereunto set our hands.

City of Salinas

By: _____

Name: _____

Title: _____



Ray E. Corpuz, Jr.

City Manager

SCHEDULE OF PROPERTY NO. 1

Re: Master Equipment Lease/Purchase Agreement, dated as of June 1, 2012, between Banc of America Public Capital Corp, as Lessor, and City of Salinas, as Lessee

1. *Defined Terms.* All terms used herein have the meanings ascribed to them in the above-referenced Master Equipment Lease/Purchase Agreement (the "*Master Equipment Lease*").

2. *Equipment.* The following items of Equipment are hereby included under this Schedule of the Master Equipment Lease.

Quantity	Description	Location
210	Portable, XG-100P, 136-870MHz, Immersible Radios	1590 Moffett Street Salinas, CA 93905
210	Feature Package, P25 Trunk, P25 Conv	1590 Moffett Street Salinas, CA 93905
210	Feature Package, P25 Encryption	1590 Moffett Street Salinas, CA 93905
210	Feature, Conv Vote Scan	1590 Moffett Street Salinas, CA 93905

3. *Payment Schedule.*

(a) *Rental Payments.* The Rental Payments shall be in such amounts and payable on such dates as set forth in the Rental Payment Schedule attached to this Schedule as Exhibit A-1. Rental Payments shall commence on the date on which the Equipment listed in this Schedule is accepted by Lessee, as indicated in an Acceptance Certificate substantially in the form of Exhibit B to the Master Equipment Lease or the date on which sufficient moneys to purchase the Equipment are deposited for that purpose with an Acquisition Fund Custodian, whichever is earlier.

(b) *Purchase Price Schedule.* The Purchase Price on each Rental Payment date for the Term Estate in the Equipment listed in this Schedule shall be the amount set forth for such Rental Payment date in the "Purchase Price" column of the Rental Payment Schedule attached to this Schedule. The Purchase Price is in addition to all Rental Payments then due under this Schedule (including the Rental Payment shown on the same line in the Rental Payment Schedule).

4. *Representations, Warranties and Covenants.* Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Master Equipment Lease are true and correct as though made on the date of commencement of Rental Payments on this Schedule. Lessee further represents and warrants that no material adverse

change in Lessee's financial condition has occurred since the date of the Master Equipment Lease.

5. *The Lease.* The terms and provisions of the Master Equipment Lease (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof.

6. *Acquisition Amount.* The Acquisition Amount for the Equipment described in this Schedule to be paid to the Vendor or reimbursed to the Lessee is \$969,759.00.

7. *Lease Term.* The Lease Term shall consist of sixty (60) months, ending on August 15, 2017.

8. *Purchase Option Commencement Date.* For purposes of Section 10.01 of the Lease, the Purchase Option Commencement Date is August 15, 2012.

Dated: August 15, 2012

LESSOR:
Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

LESSEE:
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

By _____

By  _____

Title _____

Title City Manager

(Seal)

Attest:

By  _____

Title City Clerk

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

EXHIBIT A-1

RENTAL PAYMENT SCHEDULE

Rental Payment Number	Rental Payment Date	Rental Payment Amount	Interest Portion 3.00%	Principal Portion	Balance
0	8/15/2012	-	-	-	969,759.00
1	2/15/2013	105,155.02	14,546.39	90,608.63	879,150.37
2	8/15/2013	105,155.02	13,187.26	91,967.76	787,182.60
3	2/15/2014	105,155.02	11,807.74	93,347.28	693,835.32
4	8/15/2014	105,155.02	10,407.53	94,747.49	599,087.83
5	2/15/2015	105,155.02	8,986.32	96,168.70	502,919.13
6	8/15/2015	105,155.02	7,543.79	97,611.23	405,307.89
7	2/15/2016	105,155.02	6,079.62	99,075.40	306,232.49
8	8/15/2016	105,155.02	4,593.49	100,561.53	205,670.96
9	2/15/2017	105,155.02	3,085.06	102,069.96	103,601.00
10	8/15/2017	105,155.02	1,554.02	103,601.00	0.00
TOTAL		1,051,550.20	81,791.20	969,759.00	

Prepayment Premium for purposes of Section 10.01(a) is 2%.

For purposes of this Lease, "Taxable Rate," with respect to the interest component of Rental Payments, means an annual rate of interest equal to 4.344 %.

LESSEE:
City of Salinas

By  _____

Title  _____

ACCEPTANCE CERTIFICATE

Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

Re: Schedule of Property No. 1, dated August 15, 2012, to Master Equipment Lease/Purchase Agreement, dated as of June 1, 2012, between Banc of America Public Capital Corp, as Lessor, and City of Salinas, as Lessee.

Ladies and Gentlemen:

In accordance with the Master Equipment Lease/Purchase Agreement (the "*Agreement*"), the undersigned Lessee hereby certifies and represents to, and agrees with Lessor as follows:

1. All of the Equipment (as such term is defined in the Agreement) listed in the above-referenced Schedule of Property (the "*Schedule*") has been delivered, installed and accepted on the date hereof.
2. Lessee has conducted such inspection and/or testing of the Equipment listed in the Schedule as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
3. Lessee is currently maintaining the insurance coverage required by Section 7.02 of the Agreement.
4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Agreement) exists at the date hereof.

Date: August 15, 2012

LESSEE:
City of Salinas

By 
Title City Manager

(Seal)

CERTIFICATE

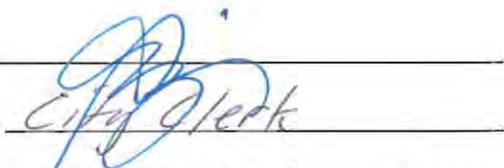
The undersigned, the duly elected and acting _____ City Clerk or Deputy of City Clerk of City of Salinas ("*Lessee*") certifies as follows:

A. The following listed persons are duly elected and acting officials of Lessee (the "*Officials*") in the capacity set forth opposite their respective names below and that the facsimile signatures are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of Lessee, to negotiate, execute and deliver the Master Equipment Lease/Purchase Agreement dated as of June 1, 2012 and the Schedule(s) thereunder and all future Schedule(s) (the "*Agreements*") by and between Lessee and Banc of America Public Capital Corp and these Agreements are binding and authorized Agreements of Lessee, enforceable in all respects in accordance with their terms.

Name of Official	Title	Signature
<u>Ray E Corpuz, Jr.</u>	<u>City Manager</u>	<u></u>
<u>Matt N. Pressey</u>	<u>Finance Director</u>	<u></u>
_____	_____	_____

Dated August 15, 2012

By 

Title City Clerk

(The signer of this Certificate cannot be listed above as authorized to execute the Agreements.)



City of Salinas

Office of the City Attorney - 200 Lincoln Avenue, Salinas, California 93901 - (831) 758-7256 - Fax (831) 758-7257

Vanessa W. Vallarta, City Attorney
Christopher A. Callihan, Asst. City Attorney

August 14, 2012

OPINION OF COUNSEL TO LESSEE

Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

Re: Schedule of Property No. 1, dated August 15, 2012, to Master Equipment Lease/Purchase Agreement, dated as of June 1, 2012, between Banc of America Public Capital Corp, as Lessor, and City of Salinas, as Lessee

Ladies and Gentlemen:

As City Attorney and legal counsel to City of Salinas ("*Lessee*"), I have examined (a) an executed counterpart of a certain Master Equipment Lease/Purchase Agreement, dated as of June 1, 2012, and Exhibits thereto by and between Banc of America Public Capital Corp ("*Lessor*") and Lessee (the "*Agreement*"), and an executed counterpart of Schedule of Property No. 1, dated August 15, 2012, by and between Lessor and Lessee (the "*Schedule*"), which, among other things, provides for the lease of certain property listed in the Schedule (the "*Equipment*"), (b) an executed counterpart of the resolution of Lessee which, among other things, authorize Lessee to execute the Agreement and the Schedule and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions. The Schedule and the terms and provisions of the Agreement incorporated therein by reference together with the Rental Payment Schedule attached to the Schedule are herein referred to collectively as the "*Lease*". Based on the foregoing, I am of the following opinions:

1. Lessee is a charter city and municipal corporation, duly organized and existing under the laws of the State, and is a political subdivision of a state within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "*Code*") and the obligations of Lessee under the Agreement will constitute an obligation of Lessee within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code;
2. Lessee has the requisite power and authority to lease and acquire the Equipment and to execute and deliver the Lease and to perform its obligations under the Lease;
3. The Lease has been duly authorized, approved, executed and delivered by and on behalf of Lessee and the Lease is a valid and binding obligation of Lessee enforceable in accordance with its terms;

4. The authorization, approval, execution and delivery of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state or federal laws; and

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

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

Sincerely,



VANESSA W. VALLARTA
City Attorney

ESSENTIAL USE/SOURCE OF FUNDS CERTIFICATE

Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

Re: Master Equipment Lease/Purchase Agreement dated June 1, 2012,
between Banc of America Public Capital Corp ("*Lessor*") and City of
Salinas ("*Lessee*") and Schedule of Property No. 1 dated August 15, 2012

This certificate confirms and affirms that the Equipment described in the Agreement referenced above is essential to the functions of Lessee or to the services Lessee provides its citizens. Further, Lessee has an immediate need for, and expects to make immediate use of, substantially all such Equipment, which need is not temporary or expected to diminish in the foreseeable future. Such Equipment will be used by Lessee only for the purpose of performing one or more of Lessee's governmental or proprietary functions consistent with the permissible scope of its authority.

Lessee expects and anticipates adequate funds to be available for all future payments or rent due after the current budgetary period.

Signature 
Name Ray E. Corpuz, Jr.
Title City Manager

BILLING INFORMATION FORM

You will help us provide a more efficient service to you by completing the information requested below:

1. Billing Address (the location where you want Lessor to send your invoice for rent installments):

Name: **CITY OF SALINAS**

Attn: Beth Mariano

Address (a): 200 Lincoln Ave.

Address (b): _____

City: Salinas, CA 93901

State: CA

Zip Code (9 digits): 93906

Phone: (831) 758-7423 Fax: (831) 758-7420

(a) Use for street address, Post Office Box, division, attention of, etc.

(b) Use only if (a) is not sufficient.

2. Accounts Payable Supervisor:

Name: Miguel Gutierrez

Telephone: (831) 758-7317

3. Sales Tax:

Exempt Non-exempt (if exempt, provide exemption certificate)

4. Property Tax:

Exempt Non-exempt

5. Lessee's Rental Payment Method:

By Check

By Wire Transfer _____ (if you elect this, we will provide you with wire transfer instruction)

By Automatic Debit (ACH) _____ (if you elect this, please complete the attached form)

Information Return for Tax-Exempt Governmental Obligations

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

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 <input type="checkbox"/>	
1 Issuer's name City of Salinas		2 Issuer's employer identification number (EIN) 94-6000412	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Matt N. Pressey		3b Telephone number of other person shown on 3a 831-758-7420	
4 Number and street (or P.O. box if mail is not delivered to street address) 200 Lincoln Avenue	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Salinas, CA 93901		7 Date of issue 8/13/2012	
8 Name of issue 2012 Salinas Equipment Lease/Purchase		9 CUSIP number	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Matt N. Pressey, Finance Director		10b Telephone number of officer or other employee shown on 10a	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14 969,759
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe ►	18
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>	
If obligations are BANs, check only box 19b <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

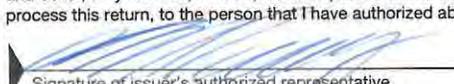
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.				
21	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity
	8/15/2017	\$ 969,759	\$	5 years
				(e) Yield 3 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)	
22 Proceeds used for accrued interest	22
23 Issue price of entire issue (enter amount from line 21, column (b))	23 969,759
24 Proceeds used for bond issuance costs (including underwriters' discount)	24
25 Proceeds used for credit enhancement	25
26 Proceeds allocated to reasonably required reserve or replacement fund	26
27 Proceeds used to currently refund prior issues	27
28 Proceeds used to advance refund prior issues	28
29 Total (add lines 24 through 28)	29
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30

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	5 years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ _____		

Signature and Consent	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. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	Date	Matt N. Pressey, Finance Director Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no. ▶		

RESOLUTION NO. 20194 (N.C.S.)

A RESOLUTION OF THE SALINAS CITY COUNCIL APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT WITH BANC OF AMERICA PUBLIC CAPITAL CORPORATION, AND AUTHORIZING PURSUANT THERETO THE ACQUISITION OF PUBLIC SAFETY RADIOS AND RELATED EQUIPMENT AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Salinas (the "City") is a chartered city (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the City Charter and the Constitution and laws of the State of California; and

WHEREAS, the City of Salinas has worked in partnership with the County of Monterey, and other local governmental agencies in Monterey County to establish a state of the art public safety, and first responder radio communications network; and

WHEREAS, a funding agreement with the participating entities was approved by City Council on March 24, 2009 and signed by the Mayor; and

WHEREAS, during a competitive bid process the negotiations team has worked with the selected vendor, Harris Corporation, to deliver substantial discounts including a discount for a minimum aggregate purchase of subscriber radios; and

WHEREAS, a funding addendum was approved by City Council on November 9, 2010 that committed to the purchase of subscriber radios by June 30, 2012; and

WHEREAS, in order to acquire and finance the equipment, the City Council desires to enter into a Master Equipment Lease/Purchase Agreement (the "Master Lease") with Banc of America Public Capital Corporation (the "Lessor"), pursuant to which the City will be enabled to enter into individual leases of equipment ("Leases") which will allow the City to acquire, lease, and ultimately obtain full legal title to the equipment in exchange for the City's rental payments to the Lessor (the "Rental Payment"); and

WHEREAS, there has been prepared and submitted to this meeting a draft form of the Master Lease, which draft form sets forth the terms and conditions of the Leases; and

WHEREAS, the City is authorized to undertake all of the above pursuant to applicable laws of the State of California; and

WHEREAS, the City now desires to authorize the execution of such Master Lease, and any and all ancillary documents relating thereto and to the performance of such acts as may be necessary or desirable to effect the execution of the Master Lease and any Leases, and the acquisition of the Equipment;

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF SALINAS,
as follows:

Section 1. The City hereby determines the above findings are true and correct.

Section 2. The form of Master Lease, a copy of which is on file with the City Clerk, is hereby approved, together with its exhibits. The City Manager or his written designee are each hereby authorized and directed to execute and deliver the Master Lease in the form presented at this meeting with such changes insertions and omissions as may be approved by the City Manager and City Attorney, said execution being conclusive evidence of such approval.

Section 3. The City Manager (or his written designee) and Finance Director are hereby authorized and directed to acquire the equipment and to finance such acquisition pursuant to the Master Lease and to the Leases to be executed thereunder. The City Manager and Finance Director are authorized to execute such Leases from time to time as necessary, and take any and all steps necessary to obtain full legal title to the equipment as soon as practicable and in accordance with the terms of the Master Lease. The maximum cost of the equipment so financed by and leased pursuant to the Master Lease shall not exceed Three Million Dollars (\$3,000,000), the maximum applicable interest rate attributable to the interest component of lease payment shall not exceed 3% and the maximum term of any lease shall not exceed 7 years from the date of acquisition.

Section 4. The City Manager and the Finance Director of the City, acting singly, are hereby authorized and directed to execute and deliver any and all documents and instruments relating to the Master Lease and the acquisition of the Equipment, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Master Lease and this Resolution and any related agreements, including but not limited to execution of agreements and certificates, obtaining opinions and reports, and purchase of insurance relating to the Equipment.

Section 5. This Resolution shall take effect immediately upon its adoption.
PASSED AND ADOPTED this 15th day of May 2012, by the following vote:

AYES: Councilmembers: Barrera, Craig, De La Rosa, Lutes, McShane, Sanchez and Mayor Donohue

NOES: None

ABSENT: None

ABSTAINED: None



Dennis Donohue, Mayor

ATTEST:



Patricia Barajas, City Clerk

This is to certify that the foregoing is a full, true, and correct copy of Resolution No. 20194 (N.C.S.) as regularly adopted by the Salinas City Council on 5/15/12, as appears of record in my office.

Dated 8/13/12 City Clerk 

Matt Pressey

From: Matt Pressey
Sent: Wednesday, September 28, 2011 11:45 AM
To: Matt Pressey
Subject: Rabobank Wire Instructions

Here are the City of Salinas wire instructions:

Bank:
Rabobank, N.A.
301 Main Street
Salinas, CA 93901

Account Name: City of Salinas – General Checking
Routing Number: 122238420
Account Number: 066001132

Matt N. Pressey, CPA
Finance Director
City of Salinas
831-758-7420
mattp@ci.salinas.ca.us



City of Salinas

Finance Department • 200 Lincoln Avenue • Salinas, California 93901 • (831) 758-7212

August 14, 2012

Ms. Eileen Harwell
Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

Subject: Master Equipment Lease/Purchase Agreement – Schedule of Property No. 1 Invoice

Dear Ms. Harwell:

Please accept this letter as confirmation that the City of Salinas is not able to send Banc of America Public Capital Corp the original invoice, documenting the equipment property listed in Schedule of Property No. 1 dated June 1, 2012, reflecting the \$969,759 of specific equipment purchased and financed under the Master Equipment Lease/Purchase Agreement. The original invoice must stay in the City's position as support of this purchase.

However, a copy of the original invoice is attached.

Thank you for bring this issue to my attention.

Sincerely,

Matt N. Pressey, CPA
Finance Director
City of Salinas

Attached: Copy of original invoice



Harris Corporation
 221 Jefferson Ridge Parkway
 Lynchburg, VA 24501
 Federal ID#:34-0276860

Remit Payment To: (include Invoice No., Customer No. & Our Contract No.)	
Mail To: Harris Corporation Dept 1013 PO Box 121013 Dallas TX 75312-1013 United States	Electronic Funds Transfer To: Harris Corporation Mellon Bank Account #: 001-7128 Routing #: 043000261 SWIFT Code: MELNUS3P
GO GREEN! Make payments online at PAYMENTS.HARRIS.COM	
Harris Billing Dept. Contact: Bill: Tucker Hoskins Bill Phone Number: 434-455-9266	

Customer Purchase Order Monterey CA	Our Contract No. 0000000591	Customer No. 34316	Payment Terms Net 30	A charge of 1 1/2% per month of the invoice total will be levied if not paid within the payment terms indicated.	Invoice Number S000000128	Invoice Date 6/29/2012
Bill To Address Monterey County Telecommunications 1322 Natividad Road Salinas CA 93906 United States				Ship To Address (if other than Bill To) 1590 Moffett Street Salinas, CA 93905 USA		

Notes:
Reference PO 120530-057

Item No.	Description	Quantity	Unit Price	Extended Amount
	Invoice SO#375820 (Shipment 1) Please see attached document with itemized list <i>8066-66570-9344</i> <i>66575-9344</i>	1.00	2,587,940.90	2,587,940.90
			Total Amount	2,587,940.90 USD

This is a list of goods and/or services rendered as of this date which were furnished expressly conditional upon your assent to the contract terms and conditions and your receipt and acceptance of the goods shipped or services hereunder constitutes your assent to such terms. Claims for goods in transit should be filed immediately with the delivering carrier by the Purchaser. You must obtain our authorization before returning any merchandise.

PO #	SO #	Part Number	Description	Quantity	Unit Price	Extended Amount
120530-057	375820	XP-100F	Portable,XG-100P,136-870MHz,immersible	210	2,507.40	526,554.00
120530-057	375820	XPPL4B	Feature Package,P25 Trunk, P25 Conv	210	1,456.00	305,760.00
120530-057	375820	XPPL4C	Feature Package,P25 Encryption	210	486.50	102,165.00
120530-057	375820	XPPL4E	Feature,Conv Vote Scan	210	168.00	35,280.00
120530-057	375820	XPPL5K	Feature,P25 OTAP ProFile	210	185.50	38,955.00
120530-057	375820	XPPA3A	Battery,Li-Polymer	210	98.00	20,580.00
120530-057	375820	XPNC8C	6" Antenna,Unity,160-870 MHz,Helical	210	70.00	14,700.00
120530-057	375820	XPAE9N	Speaker Microphone,IS	210	112.00	23,520.00
120530-057	375820	XPHC3D	Case,Leather,Full,3in Loop	222	42.00	9,324.00
120530-057	375820	XPHC3L	Belt Clip,Metal	50	17.50	875.00
120530-057	375820	XPAE6G	Microphone,Palm,2 Wire,Black	25	150.50	3,762.50
120530-057	375820	XPAE3Z	Earphone,Lapel Microphone	222	45.50	10,101.00
120530-057	375820	XPNC8C	6" Antenna,Unity,160-870 MHz,Helical	20	70.00	1,400.00
120530-057	375820	XPPA3A	Battery,Li-Polymer	30	98.00	2,940.00
120530-057	375820	XPCH4A	Charger,1-Bay,Unity Portable	230	98.00	22,540.00
120530-057	375820	XPCH4B	Charger, 6-Bay	16	525.00	8,400.00
120530-057	375820	XPCH4J	Charger,VC4000,Unity	6	122.50	735.00
120530-057	375820	XPPA2H	BATTERY,AA CLAMSHELL	105	35.00	3,675.00
120530-057	375820	XPHC3A	Case,Leather,Full,T-Strap	5	42.00	210.00
120530-057	375820	XPHC3L	Belt Clip,Metal	12	17.50	210.00
120530-057	375820	XPAE9N	Speaker Microphone,IS	5	112.00	560.00
120530-057	375820	XPNC8C	6" Antenna,Unity,160-870 MHz,Helical	5	70.00	350.00
120530-057	375820	XPPA3A	Battery,Li-Polymer	80	98.00	7,840.00
120530-057	375820	XPCH4A	Charger,1-Bay,Unity Portable	5	98.00	490.00
120530-057	375820	XPCH4B	Charger, 6-Bay	9	525.00	4,725.00
120530-057	375820	XPCH4J	Charger,VC4000,Unity	25	122.50	3,062.50
120530-057	375820	XPCH3A	Cable,USB,Programming	3	119.00	357.00
120530-057	375820	XP-100F	Portable,XG-100P,136-870MHz,Immersion	75	2,507.40	188,055.00
120530-057	375820	XPPL4B	Feature Package,P25 Trunk, P25 Conv	75	1,456.00	109,200.00
120530-057	375820	XPPL4E	Feature,Conv Vote Scan	75	168.00	12,600.00
120530-057	375820	XPPL5K	Feature,P25 OTAP ProFile	75	185.50	13,912.50
120530-057	375820	XPNC8C	6" Antenna,Unity,160-870 MHz,Helical	75	70.00	5,250.00
120530-057	375820	XPAE9N	Speaker Microphone,IS	75	112.00	8,400.00
120530-057	375820	XPHC3A	Case,Leather,Full,T-Strap	75	42.00	3,150.00
120530-057	375820	XP-100F	Portable,XG-100P,136-870MHz,Immersion	30	2,507.40	75,222.00
120530-057	375820	XPPL4B	Feature Package,P25 Trunk, P25 Conv	30	1,456.00	43,680.00
120530-057	375820	XPPL4C	Feature Package,P25 Encryption	30	486.50	14,595.00
120530-057	375820	XPPL4E	Feature,Conv Vote Scan	30	168.00	5,040.00
120530-057	375820	XPPL5K	Feature,P25 OTAP ProFile	30	185.50	5,565.00
120530-057	375820	XPNC8C	6" Antenna,Unity,160-870 MHz,Helical	30	70.00	2,100.00
120530-057	375820	XPAE9N	Speaker Microphone,IS	30	112.00	3,360.00
120530-057	375820	XPHC3A	Case,Leather,Full,T-Strap	30	42.00	1,260.00
120530-057	375820	XM-100F	Mobile,XG-100M,136-870MHz,Unencrypted	4	2,367.40	9,469.60
120530-057	375820	XMPL4B	Feature Package,P25 Trunk, P25 Conv	4	1,456.00	5,824.00
120530-057	375820	XMPL5K	Feature,P25 OTAP ProFile	4	185.50	742.00
120530-057	375820	XMPL4E	Feature,Conv Vote Scan	4	168.00	672.00
120530-057	375820	XMPL4C	Feature Package,P25 Encryption	4	486.50	1,946.00
120530-057	375820	XMZN8K	Desktop Station,CS-7000,Local Control	4	1,396.50	5,586.00
120530-057	375820	XMCP9H	Control Unit,CH721,System,Front Mount	4	553.00	2,212.00
120530-057	375820	XMMA6P	Bracket Kit,Rack Mount,CS7000	4	112.00	448.00
120530-057	375820	XMMC7Y	Microphone,Desktop	4	91.00	364.00
120530-057	375820	XMAN6J	Antenna,Flex,Multi-Band,136-870MHz 0dB	4	157.50	630.00
120530-057	375820	XM-100F	Mobile,XG-100M,136-870MHz,Unencrypted	81	2,367.40	191,759.40

\$969,759

120530-057	375820	XMPL4B	Feature Package,P25 Trunk, P25 Conv	81	1,456.00	117,936.00
120530-057	375820	XMPL5K	Feature,P25 OTAP ProFile	81	185.50	15,025.50
120530-057	375820	XMPL4E	Feature,Conv Vote Scan	81	168.00	13,608.00
120530-057	375820	XMPL4C	Feature Package,P25 Encryption	81	486.50	39,406.50
120530-057	375820	XMCP9R	Control Unit,CH100,Touch Screen,Remote	81	1,048.60	84,936.60
120530-057	375820	XMZN9A	Accessories,Unity,CH100,Remote Mount	81	252.00	20,412.00
120530-057	375820	XMMC7Z	MICROPHONE,STANDARD,CH721 CONTROL UNIT	81	56.00	4,536.00
120530-057	375820	XMCP9R	Control Unit,CH100,Touch Screen,Remote	6	1,048.60	6,291.60
120530-057	375820	XMZN9A	Accessories,Unity,CH100,Remote Mount	6	252.00	1,512.00
120530-057	375820	XMCP9R	Control Unit,CH100,Touch Screen,Remote	15	1,048.60	15,729.00
120530-057	375820	XMZN9A	Accessories,Unity,CH100,Remote Mount	15	252.00	3,780.00
120530-057	375820	XM-100F	Mobile,XG-100M,136-870MHz,Unencrypted	8	2,367.40	18,939.20
120530-057	375820	XMPL4B	Feature Package,P25 Trunk, P25 Conv	8	1,456.00	11,648.00
120530-057	375820	XMPL5K	Feature,P25 OTAP ProFile	8	185.50	1,484.00
120530-057	375820	XMPL4E	Feature,Conv Vote Scan	8	168.00	1,344.00
120530-057	375820	XMPL4C	Feature Package,P25 Encryption	8	486.50	3,892.00
120530-057	375820	XMCP9F	Control Unit,CH721,System,Remote Mount	8	577.50	4,620.00
120530-057	375820	XMZN7R	Accessories,Unity,Remote Mount	8	252.00	2,016.00
120530-057	375820	XMMC7Z	MICROPHONE,STANDARD,CH721 CONTROL UNIT	8	56.00	448.00
120530-057	375820	XMANGJ	Antenna,Flex,Multi-Band,136-870MHz OdB	8	157.50	1,260.00
120530-057	375820	XM-100F	Mobile,XG-100M,136-870MHz,Unencrypted	15	2,367.40	35,511.00
120530-057	375820	XMPL4B	Feature Package,P25 Trunk, P25 Conv	15	1,456.00	21,840.00
120530-057	375820	XMPL5K	Feature,P25 OTAP ProFile	15	185.50	2,782.50
120530-057	375820	XMPL4E	Feature,Conv Vote Scan	15	168.00	2,520.00
120530-057	375820	XMCP9R	Control Unit,CH100,Touch Screen,Remote	15	1,048.60	15,729.00
120530-057	375820	XMZN9A	Accessories,Unity,CH100,Remote Mount	15	252.00	3,780.00
120530-057	375820	XMMC9C	Microphone,DTMF,CH-721 Control Unit	15	143.50	2,152.50
120530-057	375820	XM-100F	Mobile,XG-100M,136-870MHz,Unencrypted	32	2,367.40	75,756.80
120530-057	375820	XMPL4B	Feature Package,P25 Trunk, P25 Conv	32	1,456.00	46,592.00
120530-057	375820	XMPL5K	Feature,P25 OTAP ProFile	32	185.50	5,936.00
120530-057	375820	XMPL4E	Feature,Conv Vote Scan	32	168.00	5,376.00
120530-057	375820	XMPL4C	Feature Package,P25 Encryption	32	486.50	15,568.00
120530-057	375820	XMCP9R	Control Unit,CH100,Touch Screen,Remote	32	1,048.60	33,555.20
120530-057	375820	XMZN9A	Accessories,Unity,CH100,Remote Mount	32	252.00	8,064.00
120530-057	375820	XMMC9C	Microphone,DTMF,CH-721 Control Unit	32	143.50	4,592.00
120530-057	375820	XM-100F	Mobile,XG-100M,136-870MHz,Unencrypted	10	2,367.40	23,674.00
120530-057	375820	XMPL4B	Feature Package,P25 Trunk, P25 Conv	10	1,456.00	14,560.00
120530-057	375820	XMPL5K	Feature,P25 OTAP ProFile	10	185.50	1,855.00
120530-057	375820	XMPL4E	Feature,Conv Vote Scan	10	168.00	1,680.00
120530-057	375820	XMPL4C	Feature Package,P25 Encryption	10	486.50	4,865.00
120530-057	375820	XMCP9H	Control Unit,CH721,System,Front Mount	10	553.00	5,530.00
120530-057	375820	CA-009562-030	Cable Assembly,CAN,30 ft Straight-Right	13	80.50	1,046.50
120530-057	375820	FM-017262-001	D-Swivel,PS300/PS400/P7300	6	7.00	42.00
120530-057	375820	19A703965P2	Filter,RF Interference	8	168.00	1,344.00
120530-057	375820	198802554P24	Cable,Mcycle Acc	8	119.00	952.00
120530-057	375820	CA-012349-002	Cable,Motorcycle Accessory,M7300	8	73.50	588.00
120530-057	375820	188D6556G1	Kit,Microphone Hanger	8	42.00	336.00
120530-057	375820	CM-022218-AES102	Software,VIP App w/AES Encry	2	7,704.00	15,408.00
120530-057	375820	CA-009562-030	Cable Assembly,CAN,30 ft Straight-Right	4	80.50	322.00
120530-057	375820	CA-012349-001	Cable,Options,M7300/5300	11	133.00	1,463.00
120530-057	375820	XMMC7Y	Microphone,Desktop	3	91.00	273.00
120530-057	375820	XMZN8K	Desktop Station,CS-7000,Local Control	3	1,396.50	4,189.50
120530-057	375820	XMMA6P	Bracket Kit,Rack Mount,CS7000	10	112.00	1,120.00
				TOTAL		2,587,940.90



Harris Corporation PSPC
 221 Jefferson Ridge Parkway
 Lynchburg, VA 24501
 Federal ID#:34-0276860

Remit Payment To: (include Invoice No., Customer No. & Our Contract No.)	
Mail To: Harris Corporation PSPC 8058 PO Box 7247 Philadelphia PA 19170-8058 United States	Electronic Funds Transfer To: Harris Corporation PSPC CitiBank - PSPC Account #: 30886623 SWIFT Code: CITIUS33
GO GREEN! Make payments online at PAYMENTS.HARRIS.COM	
Harris Billing Dept. Contact: Bill: Tucker Hoskins Bill Phone Number: 434-455-9266	

Customer Purchase Order Monterey CA	Our Contract No. 0000000591	Customer No. 34396	Payment Terms Net 30	A charge of 1 1/2% per month of the invoice total will be levied if not paid within the payment terms indicated.	Invoice Number S000000158	Invoice Date 7/26/2012
Bill To Address Monterey County Telecommunications 1322 Natividad Road Salinas, CA 93906				Ship To Address (if other than Bill To) 1590 Moffett Street Salinas, CA 93905 USA		

Notes:

Item No.	Description	Quantity	Unit Price	Extended Amount
	Trade in Allowance Credit (SO# 375820)	1.00	-186,000.00	-186,000.00
	<u>PLEASE REVIEW THE REMIT TO ADDRESS LISTED ON THIS INVOICE</u> <u>PLEASE ENSURE YOUR RECORDS AGREE TO AVOID PAYMENT DELAY</u>			
	Taxes (SO# 375820)			186,150.52
			Total Amount	150.52 USD

This is a list of goods and/or services rendered as of this date which were furnished expressly conditional upon your assent to the contract terms and conditions and your receipt and acceptance of the goods shipped or services hereunder constitutes your assent to such terms. Claims for goods in transit should be filed immediately with the delivering carrier by the Purchaser. You must obtain our authorization before returning any merchandise.