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Attention: John Luebberke, Esq.

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**SUBLEASE
(CITY OF STOCKTON)**

by and between the

STOCKTON PUBLIC FINANCING AUTHORITY

and the

CITY OF STOCKTON

Executed and Entered into as of August 1, 2018

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SUBLEASE

This Sublease (the “Sublease”), dated as of May 1, 2018, by and between STOCKTON PUBLIC FINANCING AUTHORITY (the “Authority”), a public entity and agency, duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Stockton and the Redevelopment Agency of the City of Stockton, as lessor, and the CITY OF STOCKTON (the “City”), a charter city duly organized and validly existing under the laws of the State of California, as lessee;

W I T N E S S E T H:

WHEREAS, the City has leased certain parcels of real property and all buildings, structures and fixtures thereon and improvements thereto (the “Facilities”) to the Authority pursuant to a lease, entitled “Lease (City of Stockton),” dated as of May 1, 2018, between the City and the Authority (the “Lease”); and

WHEREAS, the City will sublease the Facilities from the Authority pursuant to this Sublease; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Sublease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Sublease;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof have the meanings defined herein:

“Additional Rental” means all amounts payable to the Authority from the City as Additional Rental pursuant to Section 3.02 hereof.

“Applicable Environmental Laws” means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC Sections 6901 et seq.; the California Hazardous Waste Control Law (“HWCL”), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), California Health & Safety Code sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the

Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (1) the existence, cleanup, and/or remedy of contamination on property;
- (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (3) the control of hazardous wastes; or
- (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

“Assignment Agreement” means that certain Assignment Agreement executed and entered into as of the date hereof by and between the Authority and the Purchaser, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

“Authority” means the Stockton Public Financing Authority.

“Base Rental” or “Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental pursuant to Section 3.01 hereof and Exhibit B hereto.

“Certification” or “Request” means, with respect to the City, an instrument in writing signed on behalf of the City by the Mayor, Chief Financial Officer or City Manager or any such officer’s designee or any other officer of the City duly authorized by the City for that purpose and, with respect to the Authority, an instrument in writing signed on behalf of the Authority by its Chairperson, Executive Director, Secretary or Treasurer or any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority to sign or execute such a document on its behalf.

“City” means the City of Stockton, California, a charter city duly organized and existing under the laws of the State of California.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

“Event of Default” means any of the events described in Section 7.01 hereof as an “Event of Default.”

“Expiry Date” means February 1, 2032.

“Facilities” means the real property and improvements thereon described in Exhibit A hereto as such property description may be amended or modified (including the release, addition or substitution of property as part of the Facilities), in accordance with Sections 2.04 of this Sublease, subject, however, to Permitted Encumbrances.

“Hazardous Substance” any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the facilities, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.)

“Interest Payment Date” means a date on which the interest component of the Base Rental Payments is due and payable.

“Lease” means that certain lease, entitled “Lease (City of Stockton),” dated as of the date hereof, by and between the City, as lessor and the Authority, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

“Opinion of Counsel” means a written opinion of the City Attorney.

“Permitted Encumbrances” means, as of any particular time:

- (1) liens for general *ad valorem* taxes and assessments, if any, not then delinquent;
- (2) the Lease, as it may be amended from time to time;
- (3) the Assignment Agreement, as it may be amended from time to time;
- (4) the Sublease, as it may be amended from time to time;
- (5) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law;
- (6) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date the term hereof commences and which the City certifies in writing will not materially impair the use of the Facilities by the City; and
- (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Sublease and to which the City and the Purchaser consent in writing.

“Project” means the refinancing of the Facilities as described in Exhibit C hereto.

“Purchaser” means the City of Stockton

“Rental Payments” means the Base Rental and the Additional Rental.

“Base Rental Payments” means the Base Rental Payments set forth in Exhibit B hereto.

“Sublease” means this Sublease (City of Stockton), as originally executed and entered into and as it may from time to time be amended in accordance herewith.

ARTICLE II

PURPOSE AND TERM

Section 2.01. Purpose. The Authority hereby subleases the Facilities to the City and the City hereby subleases the Facilities from the Authority on the conditions and terms hereinafter set forth, and subject to all easements, encumbrances and restrictions that existed at the commencement of the term hereof. The City hereby agrees and covenants during the term hereof that, except as hereinafter provided, it will use the Facilities for public purposes of the City so as to afford the public the benefits contemplated hereby, and the City hereby further agrees and covenants during the term hereof, except as otherwise provided herein, that it will not abandon or vacate the Facilities.

Section 2.02. Term. The term hereof shall commence on August 1, 2018, or the date the Sublease is recorded and shall end on the Expiry Date for the related Facilities. If on the Expiry Date, the principal components of the Base Rental Payments and all Additional Rental attributable to the related Facilities shall not have been paid, for any reason, including, without limitation, because the Base Rental Payments shall have been abated at any time and for any reason, then the term hereof with respect to such Facilities shall be extended until 10 days after all the principal components of the Base Rental Payments and all Additional Rental attributable to the related Facilities have been paid, except that the term hereof shall in no event be extended beyond 10 years after the Expiry Date. If prior to an Expiry Date, the principal components of the Base Rental Payments and all Additional Rental attributable to the related Facilities have been paid, or provision therefor made, the term hereof with respect to such Facilities shall end 10 days thereafter or 10 days after written notice by the Authority to the City, whichever is earlier.

Section 2.03. Occupancy. It is contemplated that the City will have the use and occupancy of the Facilities for public purposes on the commencement date of this Sublease and that the payments of Base Rental shall be due on the Base Rental Payment Dates, all as provided in Section 3.01 hereof and consistent with Exhibit B attached hereto and made a part hereof.

Section 2.04. Substitution; Release. The City and the Authority may substitute real property and the improvements, buildings, fixtures and equipment thereon for all or a part of, or may release a part of, the Facilities for purposes of the Lease and this Sublease, but only with the prior written consent of the Purchaser and after the City shall have filed with the Authority and the Purchaser, all of the following:

(a) Executed copies of the Lease and this Sublease or amendments thereto containing the amended description of the Facilities, including the legal description of the Facilities as modified if necessary.

(b) An Opinion of Counsel stating that such amendment or modification (i) will, upon the execution and delivery thereof, be valid and binding upon the City; and (ii) will not,

in and of itself, cause the interest component of the Base Rental Payments to be included in gross income for federal income tax purposes.

(c) If at any time the Facilities are damaged or destroyed by earthquake or other uninsured casualty for which rental interruption insurance is not available, the City shall, to the extent permitted by law, substitute property for the Facilities pursuant to this Section 2.04; provided, however, that nothing in this paragraph shall supercede the provisions of Section 3.06 hereof.

ARTICLE III

RENTAL PAYMENTS

Section 3.01. Base Rental. The City shall pay as Base Rental hereunder, without deduction or offset of any kind except as otherwise expressly provided herein, annual rental payments with interest and principal components, the interest components being payable semiannually, in accordance with the Base Rental Payment Schedules set forth in Exhibit B hereto and made a part hereof. Each Base Rental Payment shall be payable in funds that are immediately available to the Authority no later than the due date. The interest components of the Base Rental Payments payable by the City hereunder shall be paid by the City as and shall constitute interest paid on the principal components of the Base Rental Payments payable by the City hereunder calculated on the basis of a 360-day year composed of twelve 30-day months. Each aggregate annual payment of Base Rental shall be for the use of the Facilities for the twelve-month period ending May 30. If the term of the Sublease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payments shall continue to be due on August 1 and February in each year, and payable as hereinabove described, continuing to and including the date of termination of the Sublease. Upon such extension of the Sublease, the principal and interest components of the Base Rental Payments shall be established so that the principal components will in the aggregate be sufficient to pay all unpaid principal components and interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at a rate equal to the composite rate on the related unpaid Base Rental Payments.

Section 3.02. Additional Rental. The City shall pay to the Authority as Additional Rental hereunder such amounts in each year as shall be required by the Authority for the payment in full of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement hereof or any assignment hereof, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority in connection with the Facilities, the Sublease and the Assignment Agreement and all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the Authority, the Facilities or the rentals and the other payments required to be made by the City hereunder. Such additional rental shall be billed to the City by the Authority, from time to time, together with a statement certifying that the amount so billed has been paid by the Authority, for one or more of the items above described, or that such amount is then payable by the Authority, for one or more of such items, and all amounts so billed shall be due and payable by the City within thirty (30) days after receipt of the bill by the City.

Section 3.03. Fair Rental Value. Each payment of Base Rental and Additional Rental for each rental payment period during the term hereof shall constitute the total rental for such rental payment period, and shall be paid by the City in each rental payment period for and in consideration of the right to the use and occupancy, and the continued quiet enjoyment, of the Facilities during the rental payment period for which such rental is paid. The parties hereto have agreed and determined that such rental does not exceed the fair rental value of the Facilities. In making such determination, consideration has been given to the appraised value or construction cost of the Facilities, other obligations of the parties hereunder, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City, its residents and the general public.

Section 3.04. Payment Provisions. Each installment of Base Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority or its assignee, and each installment of Additional Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority. Any such installment of Base Rental or Additional Rental accruing hereunder which shall not be paid when due shall bear interest at the composite rate on the related unpaid Base Rental Payments, or such lesser rate of interest as may be required by law, from the date when the same is due hereunder until the same shall be paid, and all such delinquent installments of Base Rental and the interest thereon shall be paid to or upon the order of the Authority and all such delinquent installments of Additional Rental and interest thereon shall be paid to or upon the order of the Authority. Notwithstanding any dispute between the Authority and the City, the City shall make all Base Rental Payments when due hereunder without deduction or offset of any kind except as otherwise expressly provided herein and shall not withhold any Base Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for such Base Rental Payments or any portion thereof, such payments or excess of payments, as the case may be, shall be credited against subsequent Base Rental Payments due hereunder. All Base Rental Payments received shall be applied first to the interest components of the Base Rental due hereunder and then to the principal components of the Base Rental due hereunder, but no such application of any payments which are less than the total Base Rental due and owing shall be deemed a waiver of any default hereunder.

Section 3.05. Appropriations Covenant. The City agrees and covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such payments, and the City further agrees and covenants to furnish to the Purchaser copies of the portion of annual budget of the City relating to the payment of Base Rental Payments and Additional Payments within sixty (60) days after the final adoption thereof. The agreements and covenants on the part of the City contained herein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duties of such officials to enable the City to carry out and perform the agreements and covenants required to be carried out and performed by it contained herein.

Section 3.06. Rental Abatement. Except to the extent the proceeds of insurance maintained pursuant to Article VI hereof are available to pay Rental Payments, the Rental Payments shall be abated proportionately, during any period in which by reason of any

damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Sublease shall continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and Title 11 of the United States Code, Section 365(h) and all other rights to terminate this Sublease by virtue of any such damage or destruction or interference.

ARTICLE IV

USE OF PROCEEDS; TAX COVENANTS

Section 4.01. Use of Proceeds. The parties hereto agree that the proceeds of the assignment of this Sublease to the Purchaser in an amount equal to the principal components of the Base Rental payable hereunder together with other available moneys, if any, will be used to refinance the Project and to pay the costs of this financing and incidental and related expenses.

Section 4.02. Tax Covenants. The City and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest component of the Base Rental set forth in Exhibit B will not be included in the gross income of the owner thereof for federal income tax purposes and shall take no action that would result in such interest being so included

ARTICLE V

MAINTENANCE; ALTERATIONS AND ADDITIONS

Section 5.01. Maintenance and Utilities. During such time as the City is in possession of the Facilities, all maintenance and repair, both ordinary and extraordinary, of the Facilities shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities. In exchange for the rental herein provided, the Authority agrees to provide only the Facilities.

Section 5.02. Changes to the Facilities. The City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of this Sublease. Such

additions, modifications and improvements shall not in any way damage the Facilities or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

Section 5.03. Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Authority nor the Purchaser shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in this Sublease shall prevent the City from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facilities.

ARTICLE VI

INSURANCE

Section 6.01. Fire and Extended Coverage Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Sublease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land except that such insurance may be subject to deductible clauses for any one loss of not to exceed two hundred fifty thousand dollars (\$250,000). Such insurance may be part of a joint purchase insurance program.

Should the Facilities be damaged or destroyed as a result of an event for which Federal or State disaster aid is available, the Authority and/or the City shall promptly apply for disaster aid. Any disaster aid proceeds received shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or, at the option of the City and the Authority, to prepay the Base Rental Payments if permitted under the disaster aid program.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the

City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Sublease, there shall be filed with the Authority a certificate of an actuary, insurance consultant or other qualified person (who may be an employee of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the City hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Section 6.02. Liability Insurance. Except as hereinafter provided, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Sublease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of one million dollars (\$1,000,000) for personal injury or death of each person and three million dollars (\$3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of three hundred thousand dollars (\$300,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of three million dollars (\$3,000,000) covering all such risks. Such liability insurance may be part of a joint-purchase insurance program.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Sublease, there shall be filed with the Authority a certificate of an actuary, independent insurance consultant or other qualified person (who may be an employee of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the City hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Section 6.03. Insurance Proceeds; Form of Policies. All policies of insurance required by this Sublease shall provide that the Purchaser shall be given thirty (30) days notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Purchaser shall be included as a loss payee or additional insured under the insurance required by Sections 6.01 and 6.03 hereof. The City shall pay when due the premiums

for all insurance policies required by this Sublease, and, if requested in writing by the Purchaser, shall promptly furnish evidence of such payments to the Purchaser.

If requested in writing by the Purchaser, the City shall deliver to the Purchaser certificates or duplicate originals or certified copies of each insurance policy described in such schedule.

If the Facilities or any portion thereof are damaged or destroyed, in whole or in part, the City and the Authority shall cause the proceeds of any insurance claim, to be applied to the prompt repair, reconstruction, or replacement of the Facilities, unless the City has exercised its right to prepay this Sublease as provided herein. Any balance of the proceeds not required for such repair, reconstruction, or replacement shall be paid to the City.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Defaults and Remedies. (a) If the City shall fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Sublease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Authority, or the Purchaser or for such additional time as is reasonably required, in the sole discretion of the Purchaser, to correct the same, or upon the happening of any of the events specified in subsection (b) of this Section (any such case above being an “Event of Default”), the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Sublease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Sublease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City of Stockton, California. In the event of such termination, the City agrees to surrender immediately possession of the Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority’s interest under this Sublease shall of itself operate to terminate this Sublease, and no termination of this Sublease on account of default by the City shall be or become effective by operation of law or acts

of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Sublease.

(2) Without terminating this Sublease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of re-entry upon the Facilities. In the event the Authority does not elect to terminate this Sublease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Facilities are not re-let, to pay the full amount of the rent to the end of the term of this Sublease or, in the event that the Facilities are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities. Should the Authority elect to enter or re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Facilities, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City of Stockton, California, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Sublease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of this Sublease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Sublease shall vest in the Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (1) hereof. The City further waives the right to any rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any part thereof.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facilities as herein provided and all claims for damages that may result from the destruction of the Facilities and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Facilities.

(b) If (1) the City's interest in this Sublease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as hereinafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Facilities, then the City shall be deemed to be in default hereunder.

(c) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Authority, shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Sublease or by law. The provisions of this Sublease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its board, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Excepting as otherwise provided herein, each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The

Authority expressly waives the right to receive any amount from the Lessee pursuant to section 1951.2(a)(3) of the California Civil Code. The term “re-let” or “re-letting” as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Sublease, the City agrees to pay a reasonable amount as and for attorney’s fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Section 7.02. Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Sublease.

Section 7.03. Assignment. (a) The Authority and City hereby acknowledge and agree that any assignment of this Sublease shall only be effective against the City unless and until the assignment agreement or a written notice thereof is provided to the City. When presented with the assignment agreement or a notice of the assignment, the City will acknowledge the assignment in writing for the benefit of the Authority or any assignee. The Authority and City agree to keep a complete and accurate record of all such assignments.

The City hereby acknowledges that, pursuant to the Assignment Agreement, all rights, privileges and agreements of the Authority herein, including the giving or receiving of notice, have been assigned to the Purchaser.

EMINENT DOMAIN; PREPAYMENT

Section 8.01. Eminent Domain. If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of this Sublease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then this Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal and interest components of the unpaid Base Rental Payments will be reduced by the application of the award in eminent domain to the prepayment of Base Rental Payments. So long as any Base Rental Payments remain unpaid, any

award made in eminent domain proceedings for taking the Facilities or any portion thereof shall be paid to the Purchaser and applied to the prepayment of the Base Rental Payments as provided in Section 8.02 hereof. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the City.

Section 8.02. Prepayment. (a) The City shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in Sections 6.01 and 8.01 hereof, and from any proceeds of title insurance obtained in connection with the Facilities, all or any part (in an integral multiple of \$0.01) of Base Rental Payments then unpaid so that the aggregate principal and interest components of the Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual principal and interest components of the Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal and interest components of the Base Rental Payments to the date of prepayment.

(b) When there shall have been deposited in trust with a financial institution at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to prepay the Base Rental Payments, in trust for the benefit of the Purchaser and irrevocably appropriated and set aside to the payment of the Base Rental Payments, sufficient moneys or direct obligations of the United States of America (the "Federal Securities"), not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest to the due date of the Base Rental Payments or dates when the City may exercise its option to prepay the Base Rental Payments, as the case may be; then and in that event the right, title and interest of the Purchaser in such Base Rental Payments and the obligations of the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Purchaser and the obligation of the City to have such moneys and such Federal Securities applied to the payment of the Base Rental Payments) and the Purchaser's interest in and title to the Facilities shall be transferred and conveyed to the City.

ARTICLE VIII

COVENANTS

Section 9.01. Right of Entry. The Authority and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Facilities during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the City's rights or obligations under this Sublease, and (c) for all other lawful purposes.

Section 9.02. Liens. In the event the City shall at any time during the term of this Sublease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the City shall cause

each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and its respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

Section 9.03. Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained and if not in default hereunder, shall at all times during the term of this Sublease peaceably and quietly have, hold and enjoy the Facilities without suit, trouble or hindrance from the Authority.

Section 9.04. Authority Not Liable. The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities. The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

Section 9.05. Assignment and Subleasing. Neither this Sublease nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Purchaser, which in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest components of the Base Rental Payments payable by the City hereunder, as evidenced by an Opinion of Counsel to such effect. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required hereunder.

Section 9.06. Title to Facilities. During the term of this Sublease, the Authority shall hold leasehold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to Section 5.03 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 6.03 hereof. During the term of this Sublease, the Authority shall have a leasehold interest in the Facilities pursuant to the Facilities Lease.

Upon the termination of this Sublease (other than as provided in Sections 7.01 and 8.01 of this Sublease) or upon the Expiry Date for each Facility, title to the related Facility shall vest in the City pursuant to the Facilities Lease. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds, and other documents as may be necessary to effect such vesting of record.

Section 9.07. Purpose of Lease. The City covenants that during the term of this Sublease, except as hereinafter provided, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article VI hereof.

Section 9.08. Environmental Covenants; Indemnification. (a) The City will comply with all Applicable Environmental Laws with respect to the Facilities and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the property.

(b) The City will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Facilities and any operations conducted thereon or any conditions existing thereon to the Purchaser, and the City will notify the Purchaser in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substances that has occurred or is occurring that in any way affects or threatens to affect the Facilities, or the people, structures, or other property thereon, provided that no such notifications shall create any liability or obligation on the part of the Purchaser.

(c) The City shall permit the Purchaser, its agents, or any experts designated by the Purchaser to have full access to the Facilities during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Purchaser has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

To the extent permitted by law, the City shall and hereby agrees to indemnify and save the Authority and the Purchaser, and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Facilities by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Sublease, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Facilities, (d) the use, presence, storage, disposal of any Hazardous Substances on or about the Facilities, (e) the failure to comply with any Applicable Environmental Laws, or (f) any act or negligence of any sublessee of the City with respect to the Facilities. No indemnification is made under this Section 9.09 or elsewhere in this Sublease for misconduct or negligence under this Sublease by the Authority or the Purchaser or any of their respective officers, agents, employees, successors or assigns.

ARTICLE IX**DISCLAIMER OF WARRANTIES;
VENDOR'S WARRANTIES; USE OF THE FACILITIES**

Section 10.01. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITIES OR A DEALER THEREIN, THAT THE CITY LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Sublease or the existence, furnishing, functioning or the City's use of any item or products or services provided for in this Sublease.

Section 10.02. Vendor's Warranties. The Authority hereby irrevocably appoints the City its agent and attorney-in-fact during the term of this Sublease, so long as the City shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Facilities, which the Authority may have against the manufacturers, vendors and contractors of the Facilities. The City's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Facilities, and not against the Authority, nor shall such matter have any effect whatsoever on the rights and obligations of the Authority with respect to this Sublease, including the right to receive full and timely payments hereunder. The City expressly acknowledges that the Authority makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

Section 10.03. Use of the Facilities. The City will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Sublease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to the Facilities or its interest or rights under this Sublease.

Section 10.04. Tax Covenants. The City and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest component of the Base Rental Payments will not be included in the gross income of the owner thereof for federal income tax purposes and shall take no action that would result in such interest being so included. To that end, the City shall comply with the provisions of the Tax Certificate, which is incorporated herein by reference as if set forth at this place.

ARTICLE X
MISCELLANEOUS

Section 11.01. Law Governing. This Sublease shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

Section 11.02. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid:

If to the City: City of Stockton
 425 North El Dorado Street
 Stockton, CA 95202
 Attention: Chief Financial Officer

If to the Authority: Stockton Public Financing Authority
 425 North El Dorado Street
 Stockton, CA 95202
 Attention: Treasurer

If to the Purchaser: City of Stockton
 425 North El Dorado Street
 Stockton, CA 95202
 Attention: Chief Financial Officer

or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 11.03. Validity and Severability. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the City or Authority shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof. The City and Authority hereby declare that they would have executed and entered into this Sublease and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.04. Net-Net-Net Lease. This Sublease shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the rentals provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.05. Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Sublease as and when the same become due.

The City shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Facilities, the rentals and other payments required hereunder or any parts thereof or interests of the City or the Authority therein by any governmental authority.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture. In the event of such notice, the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security, in form satisfactory to the Authority and the Trustee, against any loss, which may result from nonpayment.

Section 11.06. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Sublease.

Section 11.07. Amendment or Termination. Without the prior written consent of the Purchaser, (i) the City and the Authority will not alter, modify or cancel, or agree or consent to alter, modify or cancel this Sublease, except in connection with a substitution, addition or release permitted by Section 2.04.

Section 11.08. Execution. This Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Sublease. It is also agreed that the Authority and City may each execute separate counterparts of this Sublease, all with the same force and effect as though both had executed the same counterpart.

IN WITNESS WHEREOF, the Authority and the City have caused this Sublease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

STOCKTON PUBLIC FINANCING
AUTHORITY, as Lessor

By _____
Name:
Title:

Attest:

Name: Bret Hunter
Title: Secretary

CITY OF STOCKTON, as Lessee

By _____
Name:
Title:

Attest:

Name: Bret Hunter
Title: City Clerk

EXHIBIT "A-1"
FACILITIES LOCATION AND DESCRIPTION

2006 Leased Assets

Location: City of Stockton, San Joaquin County, California

Description: Parcel One

A portion of Block 1, East of Center Street, in the City of Stockton, San Joaquin County, California, according to the Official Map or Plat thereof and described as follows: All of Lots 1, 3, 5, 7, 9, 11, 13, 14, 15 and 16 and a portion of Lots 2, 4, 6, 8, 10, and 12, in Block 1, East of Center Street, in the City of Stockton, according to the Official Map or Plat thereof, and described as follows: Beginning at the Northwest corner of said Block 1; thence Southerly along the West line thereof, a distance of 204.00 feet~ thence Easterly parallel with the North line of said Block 303.00 feet to the East line of said Block; thence Northerly along the East line of said Block, 204.00 feet to the Northeast corner of said Block; thence Westerly along the North line of said Block 303.00 feet to the true point of beginning.

APN: 149 020 01

Description: Parcel Two

A portion of Block 1, East of Center Street, in the City of Stockton, San Joaquin County, California, according to the Official Map or Plat thereof, and described as follows: A portion of Lots 2, 4, 6, 8, 10 and 12, in Block 1, East of Center Street, in the City of Stockton, according to the Official Map or Plat thereof, and described as follows: Commencing at the Southwest corner of said Block 1; thence Northerly along the West line, thereof, a distance of 74.00 feet to the true point of beginning; thence Easterly parallel with the South line of said Block 1, a distance of 303.00 feet to the East line of said Block 1; thence Northerly along the East line of said Block 1, a distance of 25.00 feet; thence Westerly parallel with the North line of said Block 11 a distance of 303.00 feet of the West line of said Block 1; thence Southerly along the January line of said Block 11 a distance of 25feet to the true point of beginning.

APN: 149 020 01

EXHIBIT "A-2"
EQUIPMENT LOCATION AND DESCRIPTION

2007 Leased Assets

Location: City of Stockton, San Joaquin County, California

Description: One (1) 2008 Pierce Fire Truck

Asset: A5191

VIN #: 4P1CU01H28A008085

Description: One (1) 2008 Ford Water Rescue Vehicle

Asset: A5197

VIN #: 1FDAW57R98ED05124

EXHIBIT "A-3"
EQUIPMENT LOCATION AND DESCRIPTION

2015 Leased Assets

Location: City of Stockton, San Joaquin County, California

Description: One (1) 2015 EXT 100' Tractor Drawn Aerial Fire Vehicle

City Tag: 20068
Asset: A5506
VIN #: 54F2DC609GWM11428

Description: Three (3) 2015 3/16" FX 1500 GPM Pumpers Fire Engines

Asset: A5502
VIN #: 54F2CB612GWM11468

Asset: A5503
VIN#: 54F2CB619GWM11466

Asset: A5504
VIN#: 54F2CB610GWM11467

EXHIBIT "A-4"
EQUIPMENT LOCATION AND DESCRIPTION

2017 Leased Assets

Location: City of Stockton, San Joaquin County, California

Description: Two (2) 2017 Rosenbauer, 3/16" FX 1500 GPM Pumper with a Commander Custom Chassis

Asset: A5546
VIN #: 54F2CA709JWM12060

City Tag: 20070
Asset: A5547
VIN#: 54F2CA700JWM12061

Description: One (1) 2016 Rosenbauer, 100' EXT Tractor Drawn Aerial with a Commander 400 Custom Chassis

Asset: A5548
VIN #: 54F2EC60XJWM12057

EXHIBIT “B-1”
BASE RENTAL PAYMENT SCHEDULE

City of Stockton Lease Refunding Analysis (SEB and Fire Truck Leases) Base Rental Payment Schedule (New Issue - 2006 LRBs)					
Date	Principal	Rate	Interest	Periodic Debt Service	Fiscal Year Debt Service
8/1/2018					
2/1/2019	43,368.95	2.000	89,150.00	132,518.95	132,518.95
8/1/2019	303,502.64	2.000	88,716.31	392,218.95	
2/1/2020	306,537.67	2.000	85,681.28	392,218.95	784,437.90
8/1/2020	308,665.54	2.000	82,615.91	391,281.45	
2/1/2021	311,752.20	2.000	79,529.25	391,281.45	782,562.90
8/1/2021	313,354.10	2.000	76,411.73	389,765.83	
2/1/2022	316,487.64	2.000	73,278.19	389,765.83	779,531.66
8/1/2022	319,952.51	2.000	70,113.31	390,065.82	
2/1/2023	323,152.04	2.000	66,913.79	390,065.83	780,131.65
8/1/2023	325,974.19	2.000	63,682.27	389,656.46	
2/1/2024	329,233.93	2.000	60,422.53	389,656.46	779,312.91
8/1/2024	331,585.64	2.000	57,130.19	388,715.83	
2/1/2025	334,901.50	2.000	53,814.33	388,715.83	777,431.66
8/1/2025	339,014.58	2.000	50,465.31	389,479.89	
2/1/2026	342,404.72	2.000	47,075.17	389,479.89	778,959.78
8/1/2026	345,514.71	2.000	43,651.12	389,165.83	
2/1/2027	348,969.85	2.000	40,195.97	389,165.82	778,331.66
8/1/2027	351,259.55	2.000	36,706.28	387,965.83	
2/1/2028	354,772.15	2.000	33,193.68	387,965.83	775,931.66
8/1/2028	358,888.62	2.000	29,645.96	388,534.58	
2/1/2029	362,477.50	2.000	26,057.07	388,534.57	777,069.15
8/1/2029	365,883.53	2.000	22,432.30	388,315.83	
2/1/2030	369,542.37	2.000	18,773.46	388,315.83	776,631.66
8/1/2030	372,231.54	2.000	15,078.04	387,309.58	
2/1/2031	375,953.85	2.000	11,355.72	387,309.57	774,619.15
8/1/2031	377,919.64	2.000	7,596.18	385,515.82	
2/1/2032	381,698.84	2.000	3,816.99	385,515.83	771,031.65
Totals	8,915,000.00		1,333,502.34	10,248,502.34	10,248,502.34

**EXHIBIT “B-2”
BASE RENTAL PAYMENT SCHEDULE**

City of Stockton
Lease Refunding Analysis
(SEB and Fire Truck Leases)
Base Rental Payment Schedule (New Issue - 2007 Fire Truck)

Date	Principal	Rate	Interest	Periodic Debt Service	Fiscal Year Debt Service
8/1/2018					
2/1/2019	40,348.48	2.000	3,249.53	43,598.01	43,598.01
8/1/2019	39,454.20	2.000	2,846.04	42,300.24	
2/1/2020	39,848.75	2.000	2,451.50	42,300.25	84,600.49
8/1/2020	40,247.23	2.000	2,053.01	42,300.24	
2/1/2021	40,649.71	2.000	1,650.54	42,300.25	84,600.49
8/1/2021	41,056.20	2.000	1,244.04	42,300.24	
2/1/2022	41,466.76	2.000	833.48	42,300.24	84,600.49
8/1/2022	41,881.43	2.000	418.81	42,300.24	
2/1/2022					42,300.24
Totals	324,952.76		14,746.97	339,699.73	339,699.73

EXHIBIT “B-3”
BASE RENTAL PAYMENT SCHEDULE

City of Stockton Lease Refunding Analysis (SEB and Fire Truck Leases)					
Base Rental Payment Schedule (New Issue - 2015 Fire Truck)					
Date	Principal	Rate	Interest	Periodic Debt Service	Fiscal Year Debt Service
8/1/2018					
2/1/2019	103,732.32	2.000	15,427.00	119,159.32	119,159.32
8/1/2019	104,766.80	2.000	14,389.68	119,156.48	
2/1/2020	105,814.47	2.000	13,342.01	119,156.48	238,312.96
8/1/2020	106,894.34	2.000	12,283.86	119,178.20	
2/1/2021	107,963.28	2.000	11,214.92	119,178.20	238,356.40
8/1/2021	109,009.61	2.000	10,135.29	119,144.90	
2/1/2022	110,099.71	2.000	9,045.19	119,144.90	238,289.80
8/1/2022	111,207.51	2.000	7,944.19	119,151.70	
2/1/2023	112,319.58	2.000	6,832.12	119,151.70	238,303.40
8/1/2023	113,431.88	2.000	5,708.92	119,140.80	
2/1/2024	114,566.20	2.000	4,574.61	119,140.81	238,281.61
8/1/2024	115,728.38	2.000	3,428.94	119,157.32	
2/1/2025	116,885.67	2.000	2,271.66	119,157.33	238,314.65
8/1/2025	110,280.25	2.000	1,102.80	111,383.05	
2/1/2026					111,383.05
Totals	1,542,700.00		117,701.20	1,660,401.20	1,660,401.20

**EXHIBIT “B-4”
BASE RENTAL PAYMENT SCHEDULE**

City of Stockton
Lease Refunding Analysis
(SEB and Fire Truck Leases)
Base Rental Payment Schedule (New Issue - 2017 Fire Truck)

Date	Principal	Rate	Interest	Periodic Debt Service	Fiscal Year Debt Service
8/1/2018					
2/1/2019	87,614.26	2.000	16,147.70	103,761.96	103,761.96
8/1/2019	88,490.40	2.000	15,271.55	103,761.95	
2/1/2020	89,375.30	2.000	14,386.65	103,761.95	207,523.90
8/1/2020	90,269.06	2.000	13,492.90	103,761.96	
2/1/2021	91,171.75	2.000	12,590.21	103,761.96	207,523.91
8/1/2021	92,083.47	2.000	11,678.49	103,761.96	
2/1/2022	93,004.30	2.000	10,757.65	103,761.95	207,523.91
8/1/2022	93,934.35	2.000	9,827.61	103,761.96	
2/1/2023	94,873.69	2.000	8,888.27	103,761.96	207,523.92
8/1/2023	95,822.43	2.000	7,939.53	103,761.96	
2/1/2024	96,780.65	2.000	6,981.31	103,761.96	207,523.92
8/1/2024	97,748.46	2.000	6,013.50	103,761.96	
2/1/2025	98,725.94	2.000	5,036.02	103,761.96	207,523.91
8/1/2025	99,713.20	2.000	4,048.76	103,761.96	
2/1/2026	100,710.33	2.000	3,051.62	103,761.95	207,523.91
8/1/2026	101,717.43	2.000	2,044.52	103,761.95	
2/1/2027	102,734.61	2.000	1,027.35	103,761.96	207,523.91
Totals	1,614,769.63		149,183.62	1,763,953.25	1,763,953.25

**EXHIBIT “C-1”
PROJECT DESCRIPTION**

Refinancing of the following obligations:

Stockton Public Financing Authority
2006 Lease Revenue Refunding Bonds, Series A

Master Equipment Lease / Purchase Agreement with Banc of America Lease & Capital, LLC
approved by the Stockton City Council on April 17, 2007

Master Lease – Purchase Agreement with TPB Investments, Inc. dated August 6, 2015

Master Lease – Purchase Agreement with Western Alliance Business Trust dated April 13, 2017