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City of El Cerrito



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DOC- 2010-0283473-00

AND WHEN RECORDED RETURN TO:

Kronick, Moskovitz, Tiedemann & Girard
A Professional Corporation
400 Capitol Mall, 27th Floor
Sacramento, California 95814
Attn: Deborah Fields

Check Number 20820
Tuesday, DEC 14, 2010 14:34:04
MOD \$10.00:REC \$20.00:FTC \$9.00
RED \$1.00:ERD \$1.00:
Ttl Pd \$41.00 Nbr-0000690044
lrc/R9/1-10

ASSIGNMENT AGREEMENT

by and between

CAPITAL ONE PUBLIC FUNDING, LLC

and

HOLMAN CAPITAL CORPORATION

Dated November 1, 2010

This document is recorded for the benefit of the City of El Cerrito and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from California documentary transfer tax pursuant to Section 11921 of the California Revenue and Taxation Code.

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT, dated November 1, 2010 (the "Assignment Agreement"), made by Holman Capital Corporation, a California corporation (the "Corporation"), and accepted by Capital One Public Funding, LLC (the "Assignee");

W I T N E S S E T H :

WHEREAS, the Corporation and the City of El Cerrito (the "City") have executed and entered into a Lease/Purchase Agreement (the "Lease/Purchase Agreement") dated the date hereof and filed with the Contra Costa County Recorder concurrently herewith, whereby the Corporation has agreed to lease to the City the real property described on Exhibit A hereto (the "Leased Property");

WHEREAS, under and pursuant to the Lease/Purchase Agreement, the City is obligated to make Rental Payments, as defined therein, to the Corporation for the lease of the Leased Property;

WHEREAS, the Corporation desires to assign without recourse all of its rights to receive the Rental Payments scheduled to be paid by the City under and pursuant to the Lease/Purchase Agreement to the Assignee;

WHEREAS, in consideration of such assignment, the Assignee has agreed to deliver \$3,524,525.27 as directed by the Corporation, a portion of which will be used to satisfy the Corporation's advance rental obligation under the Site Lease dated the date hereof, between the Corporation and the City (the "Site Lease"), which will be deposited in escrow for the account of the City; 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 this Assignment Agreement 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 Assignment Agreement;

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:

Section 1. Assignment. The Corporation hereby transfers, assigns and sets over to the Assignee all of the Corporation's rights under the Site Lease and the Lease/Purchase Agreement (hereinafter, collectively, the "Assigned Property"), including, in particular:

(1) the right to receive and collect all of the Rental Payments from the City under the Lease/Purchase Agreement;

(2) the right to take all actions and give all consents under the Site Lease and the Lease/Purchase Agreement; and

(3) the right to exercise such rights and remedies conferred on the Corporation pursuant to the Site Lease and the Lease/Purchase Agreement as may be necessary or convenient (i) to enforce payment of the Rental Payments, or (ii) otherwise to protect the interests of the Assignee (as assignee of the Corporation) in the event of default by the City under the Lease/Purchase Agreement.

Section 2. Acceptance. The Assignee hereby accepts the foregoing assignment. The above assignment is intended to be an absolute and unconditional assignment to the Assignee and is not intended as a loan by the Assignee to the Corporation. Accordingly, in the event of bankruptcy of the Corporation, the Assigned Property shall not be part of the Corporation's estate. However, if the above assignment is deemed to be a loan by the Assignee to the Corporation, then the Corporation shall be deemed to have granted to the Assignee, and hereby grants to the Assignee, a continuing first priority security interest in the Assigned Property and all proceeds thereof as collateral security for all obligations of the Corporation hereunder and all obligations of the City under the Lease/Purchase Agreement and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

Section 3. Representations. The Corporation represents and warrants to the Assignee that:

(A) Enforceability of Assignment Agreement. The Corporation has the power, authority, and legal right to execute, deliver and perform this Assignment Agreement and this Assignment Agreement is a valid, binding, and enforceable obligation of the Corporation, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles; and

(B) Marketable Title. Good and marketable title to the Assigned Property has been duly vested in the Assignee free and clear of any liens, security interests, encumbrances or other claims other than the rights of the City under the Lease/Purchase Agreement, and the Corporation has not assigned or transferred any of the Assigned Property or any interest in the Assigned Property to any party other than the Assignee.

Section 4. Covenants. (A) Nonimpairment of Lease/Purchase Agreement. The Corporation agrees that it (1) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment of the Lease/Purchase Agreement, and (2) shall not take any action that may impair the payment of Rental Payments or the validity or enforceability of the Lease/Purchase Agreement.

(B) Rental Payments. If the Corporation receives any Rental Payments, then the Corporation shall receive such payments in trust for the Assignee and shall immediately deliver the same to the Assignee in the form received, duly endorsed by the Corporation for deposit by the Assignee.

(C) Further Assurances. The Corporation shall execute and deliver to the Assignee such documents, in form and substance reasonably satisfactory to the Assignee, and the Corporation shall take such other actions, as the Assignee may reasonably request from time to time to evidence, perfect, maintain, and enforce the Assignee's rights in the Assigned Property and/or to enforce or exercise the Assignee's rights or remedies under the Lease/Purchase Agreement.

Section 5. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute but one and the same instrument.

Section 6. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the Lease/Purchase Agreement.

Section 7. Applicable Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

CAPITAL ONE PUBLIC FUNDING, LLC

By:  _____
Jonathan A. Lewis, Senior Vice President

HOLMAN CAPITAL CORPORATION

By: _____

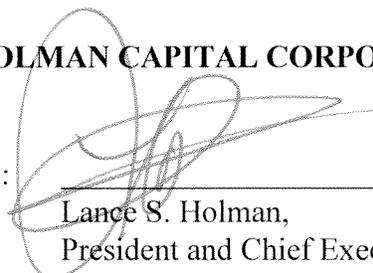
IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

CAPITAL ONE PUBLIC FUNDING, LLC

By: _____

HOLMAN CAPITAL CORPORATION

By: _____

A handwritten signature in black ink, appearing to read "Lance S. Holman", is written over a horizontal line. The signature is somewhat stylized and overlaps the line.

Lance S. Holman,
President and Chief Executive Officer

ACKNOWLEDGMENT

STATE OF NEW YORK)
) SS.
COUNTY OF SUFFOLK)

On this 23rd day of November, 2010, before me, the undersigned, a Notary Public, appeared JONATHAN A. LEWIS, to me personally known, who, being by me duly sworn, did say that he is a Senior Vice President of Capital One Public Funding, LLC, a New York limited liability company organized and existing under the laws of the State of New York, and that said Assignment Agreement was signed on behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said Assignment Agreement to be executed for the purposes therein stated and as the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year last above written.

(Seal)

EDINA S. FIELDS
Notary Public, State of New York
No. 01F16102685
Qualified in Kings County Nassau
Commission Expires 12/08/2007 2011

Edina S. Fields
Printed Name: Edina S. Fields
Notary Public in and for said State
Commissioned in Nassau County

My commission expires: 12/8/2011

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

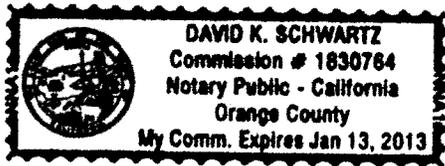
State of California

County of ORANGE

On 11.23.2010 before me, DAVID SCHWARTZ, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared LANCE S. HOLMAN
Name(s) of Signer(s)

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



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

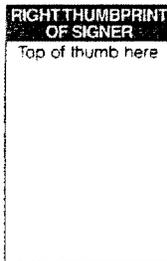
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

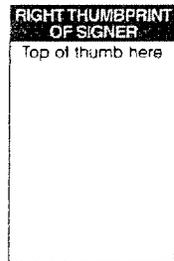
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

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



Signer Is Representing: _____

EXHIBIT A

DESCRIPTION OF THE PROPERTY

The following described real property in the City of El Cerrito, County of Contra Costa, State of California, described as follows:

Being a portion of Lot 3, as designated on the Map entitled "Map of the San Pablo Rancho, Accompanying and Forming a part of the Final Report of the Referees in Partition," which Map was filed for record in the Office of the Recorder of the County of Contra Costa, State of California, on March 1, 1894, described as follows:

Beginning at the northeast corner of the parcel of land described in the Deed to the City of El Cerrito, recorded January 31, 1949, in Book 1346 at Page 321, Contra Costa County Records.

Thence along the North line of said City of El Cerrito Parcel (1346 or 321) and along the westerly prolongation of said North line, North 86° 00' 15" West 100.41 feet; thence North 2° 00' 00" West 95.00 feet; thence North 88° 00' 00" East 62.00 feet; thence South 51° 22' 19" east 49.89 feet; thence South 2° 00' 00" east 43.00 feet to the northwest corner of Parcel A as shown on the Record of Survey filed March 23, 1966, in Book 40 of Land Surveyor Maps, at Page 49; thence along the West line of said Parcel A (40 LSM 49) South 2° 00' 00" East 30.00 feet to the point of beginning.

APN: 505-010-012 (portion)

Such property is commonly known as Fire Station, 1520 Arlington Boulevard, El Cerrito, California.

The following described real property in the City of El Cerrito, County of Contra Costa, State of California, described as follows:

Lots 31 and 32, as said lots are shown on the "Map of Schmidt Village", being a portion of lots 16 and 17 of the final partition of the San Pablo Rancho, Contra Costa County, filed June 27, 1896, in the office of the County Recorder of Contra Costa County.

EXCEPTING therefrom the following:

(1) That certain portion of lots 31 and 32 conveyed to Scott W. Bonds and Catherine O. Bonds, his wife, by Forrest E. Brown by deed dated April 2, 1952 and recorded April 2, 1952 in book 1913 of official records of Contra Costa County, at page 474.

(2) That certain portion of lot 31 conveyed to the City of El Cerrito by Forrest E. Brown by deed dated May 7, 1954, and recorded May 21, 1954, in book 2320 of official records of Contra Costa County, at page 157.

APN: 505-090-015-7

Such property is commonly known as Recycling Center, 7501 Schmidt Lane, El Cerrito, California.

November 30, 2010

City of El Cerrito
El Cerrito, California

Capital One Public Funding, LLC
Melville, New York

Re: City of El Cerrito
2010 Lease/Purchase Financing
(Final Approving Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to Capital One Public Funding, LLC (the "Lender"), in connection with the execution and delivery of a lease/purchase agreement dated November 1, 2010 (the "Lease/Purchase Agreement"), by and between the City of El Cerrito (the "City") and Holman Capital Corporation (the "Corporation"). Pursuant to an Assignment Agreement dated November 1, 2010, the Corporation has assigned its interests in the Lease/Purchase Agreement to the Lender. Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Lease/Purchase Agreement.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Lease/Purchase Agreement and the certified proceedings and other certifications of public officials furnished to us. In the course of our representation, nothing has come to our attention that caused us to believe that any of the factual representations upon which we have relied are untrue, but we have made no other factual investigations.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is a municipal corporation duly organized and validly existing under and pursuant to the Constitution and laws of the State of California with the power to enter into the Site Lease and the Lease/Purchase Agreement and to perform the agreements on its part contained therein.
2. The Site Lease and the Lease/Purchase Agreement have been duly authorized, executed and delivered by the City and constitute valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or

other laws affecting the enforceability of creditors' rights generally, by the application of equitable principles, by the possible unavailability of specific performance or injunctive relief, and by the limitations on legal remedies against municipalities in the State of California.

3. The portion of the Rental Payments designated as and constituting interest paid by the City and received by the Lender is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; nor is such interest taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the date hereof in order that such interest be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause such interest to be included in gross income for federal income tax purposes retroactively to the date hereof. We express no opinion regarding other federal tax consequences arising with respect to the accrual or receipt of such interest.

4. The portion of the Rental Payments designated as and constituting interest paid by the City and received by the Lender is exempt from State of California personal income taxes.

The opinions set forth above are further qualified as follows:

a. Our opinions are limited to the matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly so stated;

b. We are licensed to practice law in the State of California; accordingly, the foregoing opinions only apply insofar as the laws of the State of California and the United States may be concerned, and we express no opinion with respect to the laws of any other jurisdiction;

c. We express no opinion as to the state or quality of title to any or the real or personal property described in the Site Lease or the Lease/Purchase Agreement, nor do we express any opinion as to the accuracy or sufficiency of the description of any such property contained therein;

d. We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party;

e. We express no opinion as to the effect or availability of any specific remedy provided for in any agreement under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby;

f. We express no opinion as to the enforceability of any remedies under the Lease/Purchase Agreement with respect to environmental matters to the extent that the exercise or application of such remedies is inconsistent with or in violation of California Code of Civil Procedure section 726.5 or 736 or of California Civil Code section 2929.5;

g. We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Site Lease or the Lease/Purchase Agreement; and

h. We disclaim any obligation to update this opinion for events occurring after the date hereof.

This letter is furnished by us as counsel to the Lender. No attorney-client relationship has existed or exists between our firm and the City in connection with the delivery of the Lease/Purchase Agreement or by virtue of this letter. This letter is delivered to the addressees solely for their benefit and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Very truly yours,

Kronick, Moskowitz, Tiedemann & Girard

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

RECORDING REQUESTED BY:

City of El Cerrito

WHEN RECORDED RETURN TO:

Kronick, Moskovitz, Tiedemann & Girard
A Professional Corporation
400 Capitol Mall, 27th Floor
Sacramento, CA 95814-4417
Attn: Deborah Fields



CONTRA COSTA Co Recorder Office
STEPHEN L. WEIR, Clerk-Recorder
DOC- 2010-0283472-00

Check Number 20820
Tuesday, DEC 14, 2010 14:33:46
FRE \$0.00:ERD \$1.00:
Ttl Pd \$0.00 Nbr-0000690043
lrc/R9/1-27

LEASE/PURCHASE AGREEMENT

between

HOLMAN CAPITAL CORPORATION

and the

CITY OF EL CERRITO

Dated November 1, 2010

The term of this lease is less than 35 years.

This document is recorded for the benefit of the City of El Cerrito and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from California documentary transfer tax pursuant to Section 11922 of the California Revenue and Taxation Code.

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LEASE/PURCHASE AGREEMENT

This Lease/Purchase Agreement dated November 1, 2010, and entered into between Holman Capital Corporation, a California corporation (the "Corporation"), as lessor, and the City of El Cerrito (the "City"), a municipal corporation duly organized and validly existing under and by virtue of the laws of the State of California, as lessee;

WITNESSETH:

WHEREAS, the Government Code of the State of California authorizes the City to provide for the financing of facilities for the use of the City;

WHEREAS, the Corporation has agreed to assist the City to finance the construction of recycling facilities, by entering into this Lease/Purchase Agreement, pursuant to which the Corporation will lease to the City the property described on Exhibit A hereto together with all present and future improvements located thereon and furniture installed or located therein (collectively, the "Leased Property") for the Rental Payments described herein;

WHEREAS, the Corporation desires to lease the Leased Property to the City and the City desires to lease the Leased Property from the Corporation subject to the terms and conditions of and for the purposes set forth in this Lease/Purchase Agreement; and

WHEREAS, the City is authorized to enter into this Lease/Purchase Agreement for the purposes and subject to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE 1

DEFINITIONS; OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. For all purposes of this Lease/Purchase Agreement and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires:

(A) The terms defined in this Section shall have the meanings herein specified and include the plural as well as the singular.

(B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(C) All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of applicability thereof.

(D) All references herein to "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Lease/Purchase Agreement as originally executed.

(E) The words "herein," "hereof," "hereby," "hereunder," and other words of similar import refer to this Lease/Purchase Agreement as a whole and not to any particular Article, Section, or other subdivision.

(F) Words of any gender shall mean and include words of all other genders.

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 Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 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.

Business Day means any day other than a Saturday, Sunday, or a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed.

City means the City of El Cerrito.

Code means the Internal Revenue Code of 1986 and the regulations applicable to or issued thereunder.

Corporation means Holman Capital Corporation, a California corporation, or its successors or assigns as lessee under the Site Lease and lessor hereunder.

Effective Interest Rate means the rate of interest per annum specified on Exhibit B.

Event of Default means any of the events specified in Section 7.1 (Events of Default).

Leased Property means the real property described in Exhibit A attached to this Lease/Purchase Agreement together with all present and future improvements located thereon and furniture installed or located therein.

Fiscal Year means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City.

Funding Date means the date payment is made by the Corporation to or for the account of the City under the Site Lease.

Hazardous Substance means 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 Leased Property, 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.).

Insurance Consultant means any independent person having experience in consulting on the insurance requirements of governmental entities of the general size and character of the City, selected by the City.

Lease/Purchase Agreement means this Lease/Purchase Agreement by and between the Corporation and the City, dated November 1, 2010, wherein the Corporation leases the Leased Property to the City, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof.

National Flood Insurance Program means the insurance program created by the National Flood Insurance Act of 1968 and administered by the Federal Emergency Management Agency.

Net Proceeds means the amount remaining from the gross proceeds of any insurance claim or condemnation award made in connection with the Leased Property, after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Opinion of Counsel means a written opinion of a law firm experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes, selected by the City.

Payment Date means July 1, October 1, January 1, and April 1 in each year, commencing July 1, 2011.

Person means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Rental Payments means the Rental Payments payable by the City pursuant to the provisions of the Lease/Purchase Agreement.

Site Lease means the Site Lease by and between the City and the Corporation, dated November 1, 2010, wherein the City leases the Leased Property to the Corporation, as originally

executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof and thereof.

State means the State of California.

Statement, Certificate, Request, Requisition, and Order of the City mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the City by the City Manager or any other person authorized by the City to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Tax Certificate means the tax certificate delivered by the City at the time of the execution and delivery of this Lease/Purchase Agreement, as the same may be further amended or supplemented in accordance with its terms.

Section 1.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to:

City: City of El Cerrito
10890 San Pablo Avenue
El Cerrito, California 94530
Attention: City Manager

Corporation: Holman Capital Corporation
29883 Santa Margarita Parkway, Suite 100
Rancho Santa Margarita, California 92688
Attention: President

The City and the Corporation may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

Section 1.3. Successors and Assigns. Whenever in this Lease/Purchase Agreement either the City or the Corporation is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Lease/Purchase Agreement contained by, on behalf of, or for the benefit of the City or the Corporation shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.4. Benefits of Agreement. Nothing in this Lease/Purchase Agreement expressed or implied is intended or shall be construed to give to any person other than the City and the Corporation any legal or equitable right, remedy, or claim under or in respect of this Lease/Purchase Agreement or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the City and the Corporation.

Section 1.5. Amendments. This Lease/Purchase Agreement may be altered, amended, or modified in writing as may be mutually agreed by the Corporation and the City, subject to the prior written approval of the Corporation.

Section 1.6. Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Lease/Purchase Agreement.

Section 1.7. Validity and Severability. If any one or more of the provisions contained in this Lease/Purchase Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Lease/Purchase Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Lease/Purchase Agreement, and this Lease/Purchase Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City and the Corporation hereby declare that they would have adopted this Lease/Purchase Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Lease/Purchase Agreement may be held illegal, invalid, or unenforceable.

If for any reason it is held that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Lease/Purchase Agreement is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy, and use the Leased Property, and all of the rental and other terms, provisions, and conditions of this Lease/Purchase Agreement, except to the extent that such terms, provisions, and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 1.8. Governing Law. This Lease/Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

Section 1.9. Execution in Counterparts. This Lease/Purchase Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE 2 REPRESENTATIONS OF CORPORATION AND CITY

Section 2.1. Representations of Corporation. The Corporation represents and covenants for the benefit of the City and its assignees as follows:

(A) Valid Existence. The Corporation has been duly organized and is validly existing as a corporation under the laws of the State.

(B) Power to Enter into Lease/Purchase Agreement. The Corporation is authorized to enter into this Lease/Purchase Agreement and perform all of its obligations hereunder.

(C) Due Authorization. This Lease/Purchase Agreement has been duly authorized by all necessary action on the part of the Corporation.

(D) Enforceability of Lease/Purchase Agreement. The Corporation represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease/Purchase Agreement, except as such enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and by the application of equitable principles.

Section 2.2. Representations of City. The City hereby represents to the Corporation as follows:

(A) Valid Existence. The City has been duly organized and is validly existing as a municipal corporation under the laws of the State.

(B) Power to Enter into Lease/Purchase Agreement. The City is authorized under the California Government Code to enter into this Lease/Purchase Agreement and perform all of its obligations hereunder.

(C) Due Authorization. This Lease/Purchase Agreement has been duly authorized by all necessary action on the part of the City.

(D) Enforceability of Lease/Purchase Agreement. The City represents, covenants, and warrants that this Lease/Purchase Agreement is a valid and binding obligation of the City, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles.

(E) No Violation of Law or Breach of Contract. The execution and delivery of this Lease/Purchase Agreement and compliance with the provisions hereof will not (i) violate any applicable provision of statutory law or regulation, (ii) breach or otherwise violate any existing obligation of the City under any court order or administrative decree to which the City is subject, or (iii) breach, or result in a default under, any loan agreement, note, resolution, indenture, contract, agreement, or other instrument to which the City is a party or is otherwise subject or bound.

(F) No Adverse Litigation. There are no legal or governmental proceedings or litigation pending or overtly threatened in writing wherein an unfavorable decision, ruling, or finding might adversely affect the transaction contemplated in or the validity of this Lease/Purchase Agreement.

(G) No Defaults. The City has never failed to appropriate or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease/Purchase Agreement, or under any of its bonds, notes, or other debt obligations.

(H) Change in Financial Condition. The City has experienced no material change in its financial condition since June 30, 2009.

(I) Fee Title. The City is the owner in fee of title to the Leased Property. No lien or encumbrance on the Leased Property materially impairs the City's use of the Leased Property for the purposes for which they are, or may reasonably be expected to be, held. The City has owned fee title to the Leased Property since 1956, in the case of the recycling center and 1996, in the case of the fire station.

(J) Use of the Leased Property. During the term of this Lease/Purchase Agreement, the Leased Property will be used by the City only for the purpose of performing one or more governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

(K) Hazardous Substances. To the best of the City's knowledge, the Leased Property are free of all Hazardous Substances.

(L) Value of Leased Property. The City estimates that the market value of the Leased Property (land and improvements) is at least \$3,500,000.

(M) Investment of Funds. The City agrees that the advance rental paid under the Site Lease shall be held and invested as specified in the Escrow Agreement dated November 1, 2010 (the "Escrow Agreement"), between Deutsche Bank National Trust Company, the Corporation, Capital One Public Funding, LLC. The City hereby represents that the Qualified Investments described in the Escrow Agreement are permitted investments of City funds pursuant to the authority granted by Section 53601(m) of the California Government Code.

ARTICLE 3 LEASE OF LEASED PROPERTY

Section 3.1. Lease of Leased Property. The Corporation hereby demises and leases to the City, and the City hereby rents and hires from the Corporation, the Leased Property in accordance with the provisions of this Lease/Purchase Agreement, to have and to hold for the term of this Lease/Purchase Agreement.

Section 3.2. Lease Term; Occupancy. (A) Term. The term of this Lease/Purchase Agreement shall commence on the Funding Date and shall end on October 1, 2025, unless such term is extended or sooner terminated as hereinafter provided. If on October 1, 2025, the rental payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental abatement insurance or other sources, or the City shall have defaulted in its payment of rental hereunder or any Event of Default has occurred and continues without cure by the City, then the term of this Lease/Purchase Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, but not to exceed ten (10) years. When the aggregate rental paid under this Lease/Purchase Agreement equals the total rental originally scheduled herein, and the City has paid and performed in full all of its other obligations under this Lease/Purchase Agreement, the term of this Lease/Purchase Agreement shall end ten (10)

days thereafter or ten (10) days after written notice by the City to the Corporation, whichever is earlier.

(B) Occupancy. The City will take possession of the Leased Property upon commencement of the term of this Lease/Purchase Agreement.

Section 3.3. Modifications to the Leased Property. Subject to Section 5.5 (Liens) hereof, the City shall, at its own expense, have the right to remodel, make alterations or improvements to, or attach fixtures, structures, or signs to the Leased Property if the alterations, improvements, fixtures, structures, or signs are necessary or beneficial for the use of the Leased Property by the City, provided, however, that such actions by the City shall not materially adversely affect the value of the Leased Property.

Section 3.4. Title to the Leased Property. During the term of this Lease/Purchase Agreement, the Corporation shall have a leasehold estate in the Leased Property pursuant to the Site Lease. Upon the termination or expiration of the term of this Lease/Purchase Agreement, full title to the Leased Property shall vest in the City.

ARTICLE 4 RENTAL PAYMENTS

Section 4.1. Rental Payments. The City agrees to pay to the Corporation, its successor or assigns, as annual rental for the use of the Leased Property (subject to the provisions of Section 4.6 (Abatement of Rental) hereof) the following amounts, at the following times, in the manner hereinafter set forth:

(A) Amount and Timing. The City shall pay rental payments, comprising principal and interest components, in installments of the amounts and at the times set forth in the Schedule of Rental Payments attached as Exhibit B hereto. The interest components of the Rental Payments shall be paid by the City as and constitute interest paid on the principal components of the Rental Payments.

(B) Extension of Lease Term. If the term of this Lease/Purchase Agreement shall have been extended pursuant to Section 3.2 (Lease Term; Occupancy) hereof because of an abatement of rental, Rental Payments shall continue to be due as described herein. Rental Payment installments shall continue to be payable in installments on January 1, April 1, July 1, and October 1 in each year, continuing to and including the date of termination of this Lease/Purchase Agreement. Upon such extension of this Lease/Purchase Agreement, the principal and interest components of the Rental Payments shall be established so that the principal components will, in the aggregate, be sufficient to pay all unpaid principal components and the interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at the Effective Interest Rate, computed on the basis of a 360-day year composed of twelve 30-day months.

(C) Rental Period. Each payment of Rental Payments shall be for the use of the Leased Property for the twelve-month period commencing on the October 2 of the period

in which such installments are payable (except that the first rental period shall commence on the Funding Date and end on October 1, 2011).

(D) Medium and Place of Payment. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation.

(E) Rate on Overdue Payments. Any Rental Payment installment that is not paid when due shall bear interest at the rate of twelve percent (12%), or such lesser rate allowed by law, from the date the installment was due hereunder until the same shall be paid.

Section 4.2. Allocation of Rental Payments. All Rental Payments received shall be applied first to the interest components of the Rental Payments due hereunder, then to the principal components of the Rental Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Section 4.3. No Offsets. Notwithstanding any dispute between the Corporation and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for the Rental Payments or any portion thereof, the payments or excess payments, as the case may be, shall, at the option of the City, be credited against subsequent Rental Payments due hereunder or be refunded at the time of such determination.

Section 4.4. Net Lease. This Lease/Purchase Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Rental Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges, or setoffs whatsoever.

Section 4.5. Covenant to Budget and Appropriate. The City covenants and agrees to take such action as may be necessary to include all Rental Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Rental Payments. Annually within thirty (30) days of the adoption of the budget, the City will furnish to the Corporation a Certificate of the City certifying that such budget contains the necessary appropriation for all Rental Payments. If requested in writing by the Corporation, the City will furnish a copy of such budget.

The agreements and covenants on the part of the City herein contained 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 action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the agreements and covenants in this Lease/Purchase Agreement agreed to be carried out and performed by the City.

Section 4.6. Abatement of Rental. Rental Payments shall be abated proportionately during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to any portion of the Leased Property, there is substantial interference with the use and possession of the Leased Property or a portion thereof. The amount of abatement shall be such that the resulting Rental Payments represent fair consideration for the use and possession of the portion of the Leased Property not so interfered with. Such abatement shall commence with the date of such interference and shall end only with cure thereof.

The City waives the benefits of Civil Code Sections 1932, subd. 2, and 1933, subd. 4, and any and all other rights to terminate this Lease/Purchase Agreement by virtue of any such damage or destruction.

Section 4.7. Contributions/Advances. Nothing contained in this Lease/Purchase Agreement shall prevent the City from making contributions or advances to the Corporation from time to time for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Leased Property in the event of damage to or the destruction of the Leased Property.

Section 4.8. Prepayment. On any Payment Date, the City may prepay its obligations hereunder in whole by paying to the Corporation the amount shown for such date in the column headed "Purchase Option Price" on Exhibit B, together with the Rental Payment due on such date, plus the amount of any Rental Payments that were abated and that have not been otherwise paid from rental abatement insurance or other sources or paid during an extension of the lease term, plus any Rental Payments then in default. Upon such prepayment, the term of this Lease/Purchase Agreement shall terminate.

The City shall, at least thirty 30 days prior to such prepayment, notify the Corporation of its intention to prepay its obligations hereunder. The City agrees that, if following such prepayment the Leased Property are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments.

ARTICLE 5 COVENANTS

Section 5.1. Quiet Enjoyment. The Corporation hereby covenants to provide the City during the term of this Lease/Purchase Agreement with quiet use and enjoyment of the Leased Property and the City shall during the term of this Lease/Purchase Agreement peaceably and quietly have, hold, and enjoy the Leased Property without suit, trouble, or hindrance from the Corporation, so long as the City observes and performs its covenants and agreements and is not in default hereunder.

Section 5.2. Right of Entry. The Corporation and its assignees shall have the right (but not the duty) to enter the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Corporation's or the City's rights or obligations under this Lease/Purchase Agreement, and (c) for all other lawful purposes.

Section 5.3. Maintenance of the Leased Property by City. The City agrees that, at all times during the term of this Lease/Purchase Agreement, the City will, at the City's own cost and expense, maintain, preserve, and keep the Leased Property and every portion thereof in good repair, working order, and condition and that the City will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.

Section 5.4. Taxes and Other Governmental Charges; Utility Charges; Contest of Charges. (A) Taxes and Other Governmental Charges on the Leased Property. The parties to this Lease/Purchase Agreement contemplate that the Leased Property will be used for governmental purposes of the City and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to property. If the use, possession, or acquisition by the City or the Corporation of the Leased Property is found to be subject to taxation in any form, the City will pay during the term of this Lease/Purchase Agreement, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property, and any equipment or other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided that, with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as this Lease/Purchase Agreement is in effect.

(B) Utility Charges. The City shall pay or cause to be paid all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility, and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Leased Property.

(C) Contest of Charges. The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, or 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 Corporation shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property, or any part thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments, or charges or provide the Corporation with full security against any loss that may result from nonpayment, in form satisfactory to the Corporation.

Section 5.5. Liens. In the event the City shall at any time during the term of this Lease/Purchase Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Leased Property, 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 Leased Property and shall keep the Leased Property free of any and all mechanics' or materialmen's liens or other liens against the Leased Property or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Corporation'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 is 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 the stay thereafter expires, the City shall forthwith pay (or cause to be paid) and discharge such judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Corporation and its 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 Leased Property or the Corporation's interest therein.

Section 5.6. Environmental Covenants. (A) Compliance with Laws; No Hazardous Substances. The City will comply with all Applicable Environmental Laws with respect to the Leased Property 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 Leased Property.

(B) Notification of the Corporation. 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 Leased Property and any operations conducted thereon or any conditions existing thereon to the Corporation, and the City will notify the Corporation in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Leased Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Corporation.

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

Section 5.7. Assignment and Subleasing by City. Neither this Lease/Purchase Agreement 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 Corporation, 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 Rental Payments payable by the City hereunder. No such mortgage, pledge, assignment, sublease, or transfer shall in any event affect or reduce the obligation of the City to make the Rental Payments required hereunder.

Section 5.8. City Consent to Assignments. The Corporation may assign its rights under this Lease/Purchase Agreement, including the right to receive and enforce payment of the Rental Payments, and the Site Lease to another financial institution (the "Assignee"). The City hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, that may be reasonably requested by the Assignee or its assignees to protect their interests in the Leased Property and in this Lease/Purchase Agreement.

Section 5.9. Corporation's Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY, OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE CORPORATION HAS NOT CONSTRUCTED THE LEASED PROPERTY AND IS NOT A REAL ESTATE BROKER, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, ITS BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Corporation be liable for any incidental, indirect, special, or consequential damage in connection with or arising out of this Lease/Purchase Agreement or the existence, furnishing, functioning, or the City's use of the Leased Property or any item or products or services provided for in this Lease/Purchase Agreement.

Section 5.10. Corporation Not Liable; Indemnification of the Corporation. The Corporation and its directors, officers, agents, and employees 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 Leased Property.

The City shall to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Corporation and its assignees and their directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Lease/Purchase Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the Leased Property, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the Leased Property, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Leased Property resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Corporation; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease/Purchase Agreement or the termination of the term of this Lease/Purchase Agreement for any reason. The City and the Corporation mutually agree to promptly give notice to each other and the Corporation of any claim or liability hereby indemnified against following either's learning thereof.

Section 5.11. Federal Income Tax Covenants. The City shall at all times do and perform all acts and things permitted by law and this Lease/Purchase Agreement that are necessary and desirable in order to assure that the interest component of the Rental Payments will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excludable. Without limiting the generality of the foregoing, the City agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the payment in full of the City's obligations hereunder.

Section 5.12. Further Assurances. The City and the Corporation agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered such supplements hereto and such further instruments as may be necessary or proper to carry out the intention or to facilitate the performance of this Lease/Purchase Agreement.

Section 5.13. Financial Statements. During the term of this Lease/Purchase Agreement, the City shall, at the request of the Corporation, furnish or cause to be furnished to the Corporation, at the City's expense, as soon as available, the audited financial statements of the City and any interim or unaudited financial statements that may be reasonably requested by the Corporation. Posting its Comprehensive Annual Financial Report for any Fiscal Year on the City's website shall be deemed to satisfy the requirement to furnish audited financial statements for that year.

Section 5.14. Pledge of Integrate Waste Management System Revenues. The City hereby pledges the revenues from the operation of its integrated waste management (recycling) system to the payment of the rental payments hereunder. This pledge shall rank on a parity with the pledge of those revenues that secures the payment of the Lease Purchase Agreement, Recycling Equipment by and between First Municipal Leasing Corporation and the City of El Cerrito (funding date December 19, 2008).

ARTICLE 6 INSURANCE; EMINENT DOMAIN

Section 6.1. Insurance Coverage. At its own expense, the City shall maintain (i) casualty insurance insuring the Leased Property 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 the Corporation in an amount equal to 100% of the replacement cost without deduction for depreciation; (ii) liability insurance that protects the Corporation from liability in all events in a reasonable amount satisfactory to the Corporation; (iii) rental abatement insurance in an amount equal to at least one year's Rental Payments; and (iv) workers' compensation insurance covering all employees working on, in, near or about the Leased Property; provided that, with the Corporation's prior written consent, the City may self-insure against such risks (other than the rental abatement insurance), which self-insurance may include participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint exercise of powers agencies. At its own expense, the City shall also maintain insurance insuring the Leased Property against loss or damage by flood in an amount equal to the least of (i) the maximum amount of National Flood Insurance Program flood insurance available, (ii) the unpaid principal components of the Rental Payments, and (iii) 100% of the replacement cost of the Leased Property. All insurance proceeds from casualty losses shall be payable as hereinafter provided. All insurance proceeds from rental abatement insurance shall be paid to the Corporation or its assigns and shall be credited toward the payment of Rental Payments in the order in which the Rental Payments come due and payable. The City shall, at the Corporation's request, furnish to the Corporation certificates evidencing such coverage.

Section 6.2. Form of Policies. All such insurance shall be with insurers that are authorized to issue such insurance in the State, (other than the workers' compensation insurance) shall name the Corporation as an additional insured, and shall contain a provision to the effect that such insurance shall not be cancelled or modified materially and adversely to the interest of the Corporation without first giving written notice thereof to the Corporation at least ten (10) days in advance of such modification or cancellation. Such changes shall not become effective without the Corporation's prior consent, which consent shall not be unreasonably withheld. All such casualty insurance shall contain a provision making any losses payable to the Corporation and the City as their respective interests may appear.

Section 6.3. Advances. In the event the City shall fail to maintain the full insurance coverage required by this Lease/Purchase Agreement or shall fail to keep the Leased Property in good repair and operating condition, the Corporation may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and the City agrees to reimburse the Corporation all amounts so advanced within thirty (30) days of a written request therefor.

Section 6.4. Damage, Destruction, and Condemnation. If (a) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, or (b) title to, or the temporary use of, the Leased Property or any part thereof is 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, the City and the Corporation shall cause the proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt repair, reconstruction, or replacement of the Leased Property, unless the City has exercised its right to prepay this Lease/Purchase Agreement as provided herein. Any balance of the proceeds not required for such repair, reconstruction, or replacement shall be paid to the City.

ARTICLE 7 DEFAULT AND REMEDIES

Section 7.1. Events of Default. The following events shall be Events of Default:

(A) Payment Default. Failure of the City to pay any Rental Payments payable hereunder when the same become due and payable, time being expressly declared to be of the essence of this Lease/Purchase Agreement;

(B) Breach of Covenant. Failure of the City 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 Corporation;

(C) Transfer of City's Interest. Assignment or transfer of the City's interest in this Lease/Purchase Agreement or any part hereof without the written consent of the Corporation, either voluntarily or by operation of law or otherwise;

(D) Bankruptcy or Insolvency. Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law

providing for the appointment of a receiver, liquidator, trustee, or similar official of the City or of all or substantially all of its assets, by or with the consent of the City, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the City with the City's creditors to effect a composition or extension of time to pay the City's debts, or request by the City for a reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or a general or any assignment by the City for the benefit of the City's creditors;

(E) Abandonment of the Leased Property. Abandonment by the City of any part of the Leased Property.

Section 7.2 Remedies on Default. Upon the occurrence and during the continuance of an Event of Default, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Lease/Purchase Agreement and, without terminating this Lease/Purchase Agreement, to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Leased Property.

Section 7.3. No Acceleration. Notwithstanding anything herein to the contrary, there shall be no right under any circumstance to accelerate the Rental Payments or otherwise declare any Rental Payments not yet due to be immediately due and payable.

Section 7.4. No Remedy Exclusive. Each and all of the remedies given to the Corporation hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Corporation to any or all other remedies. If any statute or rule of law validly shall limit the remedies given to the Corporation hereunder, the Corporation nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

Section 7.5. Corporation Defaults; City Remedies. (A) Corporation Defaults. The Corporation 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 Corporation shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation.

(B) City Remedies. The Corporation's failure to perform any of its obligations hereunder shall not be an event permitting the nonpayment of rent by the City. The parties hereto agree that the performance of the Corporation is unique, that the remedies at law for the Corporation's nonperformance would be inadequate, and that the City shall institute a suit for specific performance by the Corporation upon any default by the Corporation.

Section 7.6. Attorneys' Fees. If the Corporation prevails in any action brought to enforce any of the terms and provisions of this Lease/Purchase Agreement, the City agrees to pay a reasonable amount as and for attorneys' fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Section 7.7. No Additional Waiver. Failure of the Corporation 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 that may grow up between the parties in the course of administering this Lease/Purchase Agreement be construed to waive or to lessen the right of the Corporation to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Corporation 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, nor be construed to be, a waiver of any term, covenant or condition of this Lease/Purchase Agreement.

Section 7.8. Application of Amounts Collected. All amounts collected by the Corporation under this Article shall be credited towards the Rental Payments in order of Payment Dates.

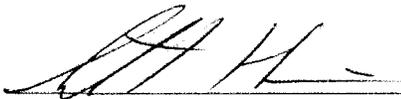
[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Corporation has executed this Lease/Purchase Agreement in its name and the City has caused this Lease/Purchase Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

HOLMAN CAPITAL CORPORATION, Lessor

By: _____

CITY OF EL CERRITO, Lessee

By:  _____
Scott Hanin, City Manager

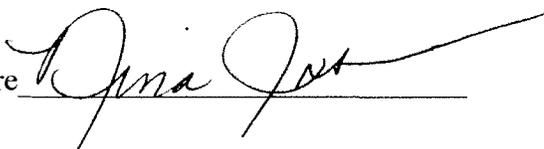
ACKNOWLEDGMENT

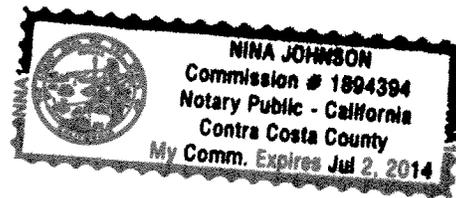
State of California County of Contra Costa

On November 23, 2010 before me, Nina Johnson, Notary, personally appeared Scott Hanin, City Manager of the City of El Cerrito, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

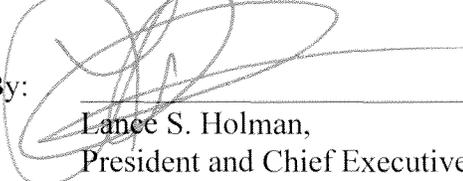
WITNESS my hand and official seal.

Signature  _____



IN WITNESS WHEREOF, the Corporation has executed this Lease/Purchase Agreement in its name and the City has caused this Lease/Purchase Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

HOLMAN CAPITAL CORPORATION, Lessor

By:  _____
Lance S. Holman,
President and Chief Executive Officer

CITY OF EL CERRITO, Lessee

By: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of ORANGE

On 11.23.2010 before me, DAVID SCHWARTZ, Notary Public,
Date Here Insert Name and Title of the Officer

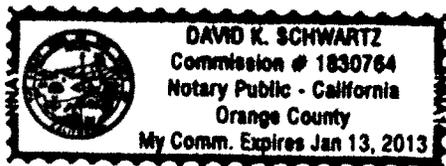
personally appeared LANCE S. HOLMAN
Name(s) of Signer(s)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

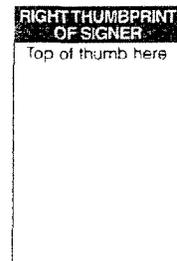
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

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



Signer Is Representing: _____

EXHIBIT A

PROPERTY DESCRIPTION

The following described real property in the City of El Cerrito, County of Contra Costa, State of California, described as follows:

Being a portion of Lot 3, as designated on the Map entitled "Map of the San Pablo Rancho, Accompanying and Forming a part of the Final Report of the Referees in Partition," which Map was filed for record in the Office of the Recorder of the County of Contra Costa, State of California, on March 1, 1894, described as follows:

Beginning at the northeast corner of the parcel of land described in the Deed to the City of El Cerrito, recorded January 31, 1949, in Book 1346 at Page 321, Contra Costa County Records.

Thence along the North line of said City of El Cerrito Parcel (1346 or 321) and along the westerly prolongation of said North line, North 86° 00' 15" West 100.41 feet; thence North 2° 00' 00" West 95.00 feet; thence North 88° 00' 00" East 62.00 feet; thence South 51° 22' 19" east 49.89 feet; thence South 2° 00' 00" east 43.00 feet to the northwest corner of Parcel A as shown on the Record of Survey filed March 23, 1966, in Book 40 of Land Surveyor Maps, at Page 49; thence along the West line of said Parcel A (40 LSM 49) South 2° 00' 00" East 30.00 feet to the point of beginning.

APN: 505-010-012 (portion)

Such property is commonly known as Fire Station, 1520 Arlington Boulevard, El Cerrito, California.

The following described real property in the City of El Cerrito, County of Contra Costa, State of California, described as follows:

Lots 31 and 32, as said lots are shown on the "Map of Schmidt Village", being a portion of lots 16 and 17 of the final partition of the San Pablo Rancho, Contra Costa County, filed June 27, 1896, in the office of the County Recorder of Contra Costa County.

EXCEPTING therefrom the following:

(1) That certain portion of lots 31 and 32 conveyed to Scott W. Bonds and Catherine O. Bonds, his wife, by Forrest E. Brown by deed dated April 2, 1952 and recorded April 2, 1952 in book 1913 of official records of Contra Costa County, at page 474.

(2) That certain portion of lot 31 conveyed to the City of El Cerrito by Forrest E. Brown by deed dated May 7, 1954, and recorded May 21, 1954, in book 2320 of official records of Contra Costa County, at page 157.

APN: 505-090-015-7

Such property is commonly known as Recycling Center, 7501 Schmidt Lane, El Cerrito, California.

EXHIBIT B
SCHEDULE OF RENTAL PAYMENTS

<u>Due Date</u>	<u>Amount Attributable to Principal</u>	<u>Amount Attributable to Interest</u>	<u>Total Rental Payment</u>	<u>Purchase Option Price</u>
7/1/2011	\$ -	\$80,535.74	\$80,535.74	\$3,605,000.00
10/1/2011	46,274.75	33,950.00	80,224.75	3,557,337.01
1/1/2012	46,723.62	33,501.13	80,224.75	3,509,211.68
4/1/2012	47,176.83	33,047.92	80,224.75	3,509,211.68
7/1/2012	47,634.45	32,590.30	80,224.75	3,411,556.06
10/1/2012	48,096.50	32,128.25	80,224.75	3,362,016.67
1/1/2013	48,563.04	31,661.71	80,224.75	3,311,996.73
4/1/2013	49,034.10	31,190.65	80,224.75	3,261,491.61
7/1/2013	49,509.73	30,715.02	80,224.75	3,210,496.59
10/1/2013	49,989.98	30,234.77	80,224.75	3,159,006.91
1/1/2014	50,474.88	29,749.87	80,224.75	3,107,017.78
4/1/2014	50,964.49	29,260.26	80,224.75	3,054,524.36
7/1/2014	51,458.84	28,765.91	80,224.75	3,001,521.75
10/1/2014	51,957.99	28,266.76	80,224.75	2,948,005.02
1/1/2015	52,461.98	27,762.77	80,224.75	2,893,969.18
4/1/2015	52,970.87	27,253.88	80,224.75	2,839,409.19
7/1/2015	53,484.68	26,740.07	80,224.75	2,784,319.97
10/1/2015	54,003.48	26,221.27	80,224.75	2,728,696.38
1/1/2016	54,527.32	25,697.43	80,224.75	2,672,533.24
4/1/2016	55,056.23	25,168.52	80,224.75	2,615,825.33
7/1/2016	55,590.28	24,634.47	80,224.75	2,558,567.34
10/1/2016	56,129.50	24,095.25	80,224.75	2,500,753.95
1/1/2017	56,673.96	23,550.79	80,224.75	2,442,379.78
4/1/2017	57,223.70	23,001.05	80,224.75	2,383,439.36
7/1/2017	57,778.77	22,445.98	80,224.75	2,323,927.23
10/1/2017	58,339.22	21,885.53	80,224.75	2,263,837.83
1/1/2018	58,905.11	21,319.64	80,224.75	2,203,165.57
4/1/2018	59,476.49	20,748.26	80,224.75	2,141,904.79
7/1/2018	60,053.41	20,171.34	80,224.75	2,080,049.77
10/1/2018	60,635.93	19,588.82	80,224.75	2,017,594.77
1/1/2019	61,224.10	19,000.65	80,224.75	1,954,533.94
4/1/2019	61,817.97	18,406.78	80,224.75	1,890,861.43
7/1/2019	62,417.61	17,807.14	80,224.75	1,826,571.30
10/1/2019	63,023.06	17,201.69	80,224.75	1,761,657.54
1/1/2020	63,634.38	16,590.37	80,224.75	1,696,114.13
4/1/2020	64,251.64	15,973.11	80,224.75	1,629,934.94
7/1/2020	64,874.88	15,349.87	80,224.75	1,563,113.82
10/1/2020	65,504.16	14,720.59	80,224.75	1,495,644.53
1/1/2021	66,139.55	14,085.20	80,224.75	1,427,520.80
4/1/2021	66,781.11	13,443.64	80,224.75	1,358,736.25
7/1/2021	67,428.88	12,795.87	80,224.75	1,289,284.51

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(continued)

Page

<u>Due Date</u>	<u>Amount Attributable to Principal</u>	<u>Amount Attributable to Interest</u>	<u>Total Rental Payment</u>	<u>Purchase Option Price</u>
10/1/2021	68,082.94	12,141.81	80,224.75	1,219,159.08
1/1/2022	68,743.35	11,481.40	80,224.75	1,148,353.43
4/1/2022	69,410.16	10,814.59	80,224.75	1,076,860.96
7/1/2022	70,083.44	10,141.31	80,224.75	1,004,675.02
10/1/2022	70,763.25	9,461.50	80,224.75	931,788.87
1/1/2023	71,449.65	8,775.10	80,224.75	858,195.73
4/1/2023	72,142.71	8,082.04	80,224.75	783,888.74
7/1/2023	72,842.50	7,382.25	80,224.75	708,860.97
10/1/2023	73,549.07	6,675.68	80,224.75	633,105.42
1/1/2024	74,262.50	5,962.25	80,224.75	556,615.05
4/1/2024	74,982.84	5,241.91	80,224.75	479,382.72
7/1/2024	75,710.17	4,514.58	80,224.75	401,401.25
10/1/2024	76,444.56	3,780.19	80,224.75	322,663.35
1/1/2025	77,186.08	3,038.67	80,224.75	243,161.69
4/1/2025	77,934.78	2,289.97	80,224.75	162,888.87
7/1/2025	78,690.75	1,534.00	80,224.75	81,837.39
10/1/2025	79,453.78	770.97	80,224.75	-
	\$3,500,000.00	\$1,153,346.49	\$4,653,346.49	

Effective Interest Rate: 3.8800%

RECORDING REQUESTED BY:

City of El Cerrito



CONTRA COSTA Co Recorder Office
STEPHEN L. WEIR, Clerk-Recorder
DOC- 2010-0283471-00

WHEN RECORDED RETURN TO:

Kronick, Moskovitz, Tiedemann & Girard,
A Professional Corporation
400 Capitol Mall, 27th Floor
Sacramento, CA 95814-4417
Attn: Deborah Fields

Check Number 20820
Tuesday, DEC 14, 2010 14:33:03
MOD \$9.00:REC \$19.00:FTC \$8.00
RED \$1.00:ERD \$1.00:
Ttl Pd \$38.00 Nbr-0000690042
lrc/R9/1-9

SITE LEASE

between the

CITY OF EL CERRITO

and

HOLMAN CAPITAL CORPORATION

Dated November 1, 2010

The term of this lease is less than 35 years.

This document is recorded for the benefit of the City of El Cerrito and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to Section 11928 of the California Revenue and Taxation Code.

SITE LEASE

This Site Lease, dated November 1, 2010, between the City of El Cerrito, a municipal corporation duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "City"), as lessor, and Holman Capital Corporation, a California corporation (the "Corporation"), as lessee;

WITNESSETH:

WHEREAS, the City intends to finance the construction of recycling facilities (the "Project");

WHEREAS, pursuant to the request of the City, the Corporation will assist the City in financing the Project;

WHEREAS, such financing will be accomplished by (i) the Corporation's entering into this lease with the City, (ii) the Corporation's leasing back the property leased hereunder to the City pursuant to the Lease/Purchase Agreement dated November 1, 2010, under which the City will be obligated to make Rental Payments to the Corporation; (iii) the Corporation's assignment without recourse of all rights to receive such Rental Payments to Capital One Public Funding, LLC; and (iv) the application of the amount payable as advance rental hereunder, together with other funds made available by the City, to the construction of the Project;

NOW THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree as follows:

Section 1. Leased Property. The City hereby leases to the Corporation, and the Corporation hereby hires from the City, on the terms and conditions hereinafter set forth, the real property located in the County of Contra Costa, State of California, described in Exhibit A attached hereto and made a part hereof (the "Leased Property") and the improvements located thereon.

Section 2. Term. The term of this lease shall commence on the date of its execution and shall end on October 1, 2025, unless such term is extended or sooner terminated as hereinafter provided. If on October 1, 2025, the rental payable under the Lease/Purchase Agreement shall have been abated at any time and for any reason, or the City shall have defaulted in its payment of rental or any other Event of Default has occurred thereunder and continues without cure by the City, then the term of this lease shall be extended for a period of ten (10) years. If the full amount of the originally scheduled Rental Payments shall be fully paid, or provision therefor made, the term of this lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Corporation, whichever is earlier.

Section 3. Rental. As and for advance rental hereunder for the entire term hereof, the Corporation shall transfer to Deutsche Bank National Trust Company, for deposit into an escrow account for the benefit of the City and for the payment of a portion of the escrow fee, the sum of three million five hundred thousand dollars (\$3,500,000), on or before the date of commencement of the term of this lease. The Corporation hereby waives any right that it may have under the laws of the State of California to a rebate of such rental in full or in part in the event there is substantial interference with the use and right to possession by the Corporation of

the Leased Property or portion thereof as a result of material damage, destruction, or condemnation.

Section 4. Purpose. The Corporation shall use the leased property solely for the purpose of leasing the Leased Property, including the improvements thereon, to the City pursuant to the Lease/Purchase Agreement and for such purposes as may be incidental thereto; provided that in the event of default by the City under the Lease/Purchase Agreement the Corporation may exercise the remedies provided in the Lease/Purchase Agreement.

Section 5. Owner in Fee. The City covenants that it is the owner in fee of the Leased Property described on Exhibit A.

Section 6. Successors and Assigns; Assignment. Whenever in this lease either the City or the Corporation is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained in this lease by, on behalf of, or for the benefit of the City or the Corporation shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. As provided in the Lease/Purchase Agreement, the Corporation may assign its rights under this lease.

Section 7. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements, or changes necessary for the preservation thereof.

Section 8. Surrender of Possession. The Corporation agrees, upon the termination of this lease, to quit and surrender the Leased Property to the City, without warranty as to condition.

Section 9. Default. If the Corporation defaults in the performance of any obligation on its part to be performed under the terms of this lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the City may exercise any and all remedies granted by law; provided, however, that the City shall have no power to terminate this lease by reason of any default on the part of the Corporation.

Section 10. Quiet Enjoyment. The Corporation at all times during the term of this lease shall peaceably and quietly have, hold and enjoy all of the Leased Property.

Section 11. Waiver of Personal Liability. All liabilities under this lease on the part of the Corporation shall be solely liabilities of the Corporation, and the City hereby releases each and every incorporator, director and officer of the Corporation of and from any personal or individual liability under this lease unless such person acted outside of the scope of his or her duties. No incorporator, director or officer of the Corporation shall at any time or under any circumstances be individually or personally liable under this lease to the City or to any other party whomsoever for anything done or omitted to be done by the Corporation hereunder.

Section 12. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property (including both land and improvements).

Section 13. Eminent Domain. If the whole or any part of the improvements on the Leased Property is taken by eminent domain proceedings, the effect of such taking hereunder shall be in accord with the provisions of the Lease/Purchase Agreement relating thereto.

Section 14. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provision, covenants and conditions of this lease shall be affected thereby, and each provision of this lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City as follows:

City of El Cerrito
10890 San Pablo Avenue
El Cerrito, California 94530
Attention: City Manager

or, if to the Corporation, addressed to the Corporation as follows:

Holman Capital Corporation
29883 Santa Margarita Parkway, Suite 200
Rancho Santa Margarita, California 92688
Attention: President

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

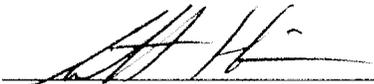
Section 16. Section Headings. All section headings contained herein are for convenience or reference only and are not intended to define or limit the scope of any provision of this lease.

Section 17. Execution in Counterparts. This lease 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 lease. It is also agreed that separate counterparts of this lease may separately be executed by the City and the Corporation, all with the same force and effect as though the same counterpart had been executed by both the City and the Corporation.

[Remainder of page intentionally left blank]

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

CITY OF EL CERRITO, Lessor

By: 

Scott Hanin, City Manager

HOLMAN CAPITAL CORPORATION, Lessee

By: _____

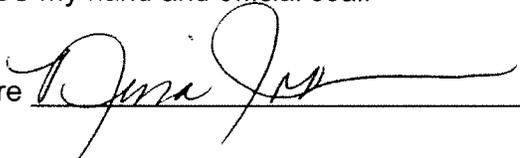
ACKNOWLEDGMENT

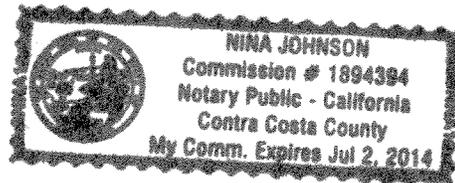
State of California County of Contra Costa

On November 23, 2010 before me, Nina Johnson, Notary, personally appeared Scott Hanin, City Manager of the City of El Cerrito, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

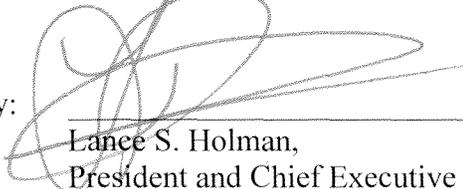


IN WITNESS WHEREOF, the City and the Corporation have caused this lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF EL CERRITO, Lessor

By: _____

HOLMAN CAPITAL CORPORATION, Lessee

By:  _____
Lance S. Holman,
President and Chief Executive Officer

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of ORANGE

On 11.23.2010 before me, DAVID K. SCHWARTZ, Notary Public

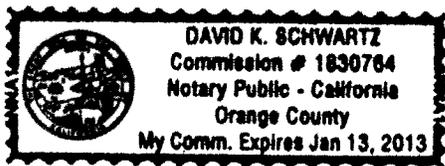
personally appeared LANCE S. HOLMAN

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

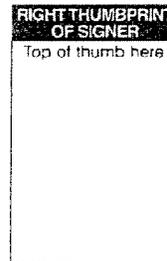
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

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



Signer Is Representing: _____

EXHIBIT A

LEASED PROPERTY

The following described real property in the City of El Cerrito, County of Contra Costa, State of California, described as follows:

Being a portion of Lot 3, as designated on the Map entitled "Map of the San Pablo Rancho, Accompanying and Forming a part of the Final Report of the Referees in Partition," which Map was filed for record in the Office of the Recorder of the County of Contra Costa, State of California, on March 1, 1894, described as follows:

Beginning at the northeast corner of the parcel of land described in the Deed to the City of El Cerrito, recorded January 31, 1949, in Book 1346 at Page 321, Contra Costa County Records.

Thence along the North line of said City of El Cerrito Parcel (1346 or 321) and along the westerly prolongation of said North line, North 86° 00' 15" West 100.41 feet; thence North 2° 00' 00" West 95.00 feet; thence North 88° 00' 00" East 62.00 feet; thence South 51° 22' 19" east 49.89 feet; thence South 2° 00' 00" east 43.00 feet to the northwest corner of Parcel A as shown on the Record of Survey filed March 23, 1966, in Book 40 of Land Surveyor Maps, at Page 49; thence along the West line of said Parcel A (40 LSM 49) South 2° 00' 00" East 30.00 feet to the point of beginning.

APN: 505-010-012 (portion)

Such property is commonly known as Fire Station, 1520 Arlington Boulevard, El Cerrito, California.

The following described real property in the City of El Cerrito, County of Contra Costa, State of California, described as follows:

Lots 31 and 32, as said lots are shown on the "Map of Schmidt Village", being a portion of lots 16 and 17 of the final partition of the San Pablo Rancho, Contra Costa County, filed June 27, 1896, in the office of the County Recorder of Contra Costa County.

EXCEPTING therefrom the following:

(1) That certain portion of lots 31 and 32 conveyed to Scott W. Bonds and Catherine O. Bonds, his wife, by Forrest E. Brown by deed dated April 2, 1952 and recorded April 2, 1952 in book 1913 of official records of Contra Costa County, at page 474.

(2) That certain portion of lot 31 conveyed to the City of El Cerrito by Forrest E. Brown by deed dated May 7, 1954, and recorded May 21, 1954, in book 2320 of official records of Contra Costa County, at page 157.

APN: 505-090-015-7

Such property is commonly known as Recycling Center, 7501 Schmidt Lane, El Cerrito, California.

CITY OF EL CERRITO
2010 LEASE/PURCHASE FINANCING
CLOSING CERTIFICATE OF THE CITY

November 30, 2010

The following certifications are made in connection with the execution and delivery of the Lease/Purchase Agreement dated November 1, 2010 (the "Lease/Purchase Agreement"), entered into between the City of El Cerrito (the "City") and Holman Capital Corporation (the "Corporation"). Capitalized terms used herein have the meanings defined in the Lease/Purchase Agreement. The undersigned, Mary Dodge, City Treasurer, hereby certifies on behalf of the City as follows:

(1) Litigation. There are no actions or proceedings against the City pending (service of process having been accomplished) or, to the best of our knowledge, threatened (a) to restrain or enjoin the payment of the Rental Payments, (b) in any way contesting the validity of the Lease/Purchase Agreement or the Site Lease by and between the City and the Corporation, dated November 1, 2010 (the "Site Lease" and, together with the Lease/Purchase Agreement, the "Agreements") or the authority of the City to enter into the Agreements, (c) in any way contesting the powers of the City in connection with any action contemplated by the Lease/Purchase Agreement, or (d) in which a final adverse decision could materially adversely affect the operation of the City or its ability to perform its obligations under the Agreements;

(2) Representations. The representations, warranties and covenants of the City contained in the Lease/Purchase Agreement are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof by the City;

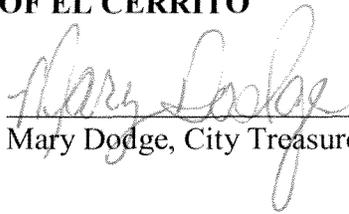
(3) Resolution. Attached hereto is a complete copy of a resolution that was duly adopted by the City Council of the City (the "City Council") at a meeting thereof that was duly called and held on November 15, 2010. The agenda for the meeting was posted at least seventy-two (72) hours before the meeting at the offices of the City at 10890 San Pablo Avenue, Cerrito, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda. At the meeting a quorum was present and acting throughout. The resolution has not been amended, modified, or rescinded since the date of adoption and is now in full force and effect.

(4) Receipt of Funds. The City hereby acknowledges receipt from Holman Capital Corporation, of \$3,500,000 on behalf of the Corporation in payment of the advance rental payable under the Site Lease.

(5) Role of Assignee. The City acknowledges that: (a) Capital One Public Funding, LLC ("COPF"), to whom the Corporation has assigned its interests in the Agreements, is acting solely as assignee/lender for its own account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor; (b) COPF has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the City with respect to its purchase of the Agreements; and (c) the City has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the Lease/Purchase Agreement from its financial, legal and other advisors (and not COPF) to the extent that the City desired to obtain such advice.

IN WITNESS WHEREOF, the City of El Cerrito has caused this certificate to be executed in its name by its duly authorized officer, all as of the date first above written.

CITY OF EL CERRITO

By:  _____
Mary Dodge, City Treasurer

RESOLUTION 2010-73

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO APPROVING A LEASE-LEASEBACK FINANCING AND AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF A SITE LEASE AND A LEASE/PURCHASE AGREEMENT, DECLARING ITS INTENT TO REIMBURSE PROJECT EXPENDITURES, AND AUTHORIZING CERTAIN ADDITIONAL ACTIONS

WHEREAS, the City of El Cerrito (the "City"), a municipal corporation of the State of California duly organized and existing under and pursuant to the Constitution and laws of the State of California, is authorized to lease real property for its use; and

WHEREAS, the City intends to finance a portion of the cost of construction of a recycling facility (the "Project"); and

WHEREAS, Holman Capital Corporation (the "Corporation"), has proposed to assist the City in financing the Project under those terms and conditions set forth in a Proposal for Real Property Financing set forth in a letter dated September 30, 2010 from the Corporation to the City (the "Proposal"); and

WHEREAS, the Corporation has proposed that the financing will be accomplished by (i) the Corporation's entering into a site lease (the "Site Lease") with the City, whereby the City will lease certain real property owned by the City to the Corporation in exchange for an advance rental, and (ii) the Corporation's leasing the property leased under the Site Lease back to the City pursuant to a leaseback agreement (the "Lease/Purchase Agreement"), under which the City will be obligated to make Rental Payments to the Corporation; and

WHEREAS, the City expects to pay certain Project costs prior to the delivery of the Lease/Purchase Agreement, the City's obligations under which will be considered debt for federal income tax purposes, which will be used to finance the Project costs on a long-term basis, and the principal amount of which is expected to be not greater than \$3,500,000; and

WHEREAS, in order to obtain favorable treatment of expenditures of proceeds of the debt obligations used to reimburse the City's prior expenditures, Treasury Regulations section 1.150-2 requires the City to declare its official intent to reimburse such prior Project costs expenditures with proceeds of debt; and

WHEREAS, the City Council believes that the authorization, approval, execution, and delivery of the agreements described above or contemplated thereby or incidental thereto, consistent with the Proposal, are desirable and in the best interests of the City.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito as follows:

Section 1. Recitals. This City Council finds and determines that all of the above recitals are true and correct.

Section 2. Authorization of Officers to Execute and Deliver Documents. The City Council hereby approves the transaction as set forth in the Proposal and authorizes and directs the Mayor, Mayor Pro Tem, City Clerk, and City Manager (the "Designated Officers"), and each of them individually, for and in the name of and on behalf of the City, to approve, execute and deliver the Site Lease and the Lease/Purchase Agreement in such forms with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer executing them; provided that the total principal component of the City's rental payments shall not exceed \$3,500,000 and the terms of the transaction shall be consistent with the terms and conditions set forth in the Proposal. The execution of the foregoing by a Designated Officer shall constitute conclusive evidence of such officer's and the City Council's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of agreements presented to this meeting.

Section 3. Official Intent. The fifth "Whereas" clause above constitutes a declaration of official intent that is made under and only for the purpose of establishing compliance with the requirements of Treasury Regulations section 1.150-2. This declaration of official intent does not create a binding obligation of the City.

Section 4. Designation as a "Qualified Tax-Exempt Obligation." The City reasonably anticipates that it and all subordinate entities and all entities that issue obligations on its behalf will not issue more than thirty million dollars of tax-exempt obligations (excluding private activity bonds) during calendar year 2010. The City hereby designates the Lease/Purchase Agreement as a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

Section 5. General Authorization. The Designated Officers and other officers of the City Council and the City, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this resolution. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

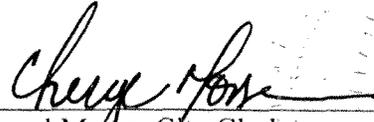
Section 6. Effective Date. This resolution shall take effect immediately upon its adoption.

I CERTIFY that at the regular meeting on November 15, 2010, the El Cerrito City Council passed this resolution by the following vote:

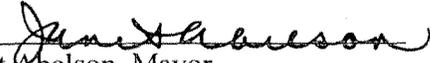
AYES:	Councilmembers Cheng, Jones, Lyman, Potter and Mayor Abelson
NOES:	None
ABSENT:	None
ABSTAIN:	None

* * * * *

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on November 16, 2010.


Cheryl Morse, City Clerk

APPROVED:


Janet Abelson, Mayor

**CITY OF EL CERRITO
2010 LEASE/PURCHASE FINANCING**

**CLOSING CERTIFICATE OF
HOLMAN CAPITAL CORPORATION**

November 30, 2010

The undersigned, Lance S. Holman, President of Holman Capital Corporation (the "Corporation"), hereby certifies as follows:

1. The Corporation is a corporation, duly created and lawfully existing under the laws of the State of California. The Corporation has full right, power and authority to execute, deliver and perform its obligations under the Site Lease dated November 1, 2010, between the City of El Cerrito (the "City") and the Corporation (the "Site Lease"), the Lease/Purchase Agreement dated November 1, 2010, between the Corporation and the City (the "Lease/Purchase Agreement"), and the Assignment Agreement dated November 1, 2010, between the Corporation and Capital One Public Funding, LLC (the "Assignment Agreement");

2. By all necessary official action, the Corporation has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in the Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded;

3. The execution and delivery of the Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement and compliance with the provisions thereof will not (i) violate any applicable provision of statutory law or regulation, (ii) breach or otherwise violate any existing obligation of the Corporation under any court order or administrative decree to which the Corporation is subject, or (iii) breach, or result in a default under, any loan agreement, note, resolution, indenture, contract, agreement, or other instrument to which the Corporation is a party or is otherwise subject or bound;

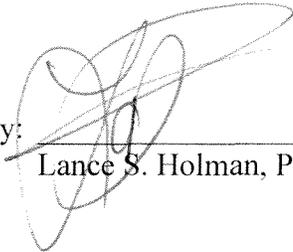
4. No action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body is pending, or has been overtly threatened in writing, in any way affecting the existence of the Corporation or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Site Lease, the Lease/Purchase Agreement or the Assignment Agreement, or any action of the Corporation contemplated by any of said documents, or in any way contesting the powers of the Corporation or its authority with respect to the Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement;

5. The Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement are valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

6. All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters that are required for the due authorization of, that would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Corporation of its obligations in connection with the Site Lease, the Lease/Purchase Agreement, and the Assignment Agreement have been duly obtained or made.

IN WITNESS WHEREOF, the Corporation has executed this certificate in its name by its duly authorized officer, all as of the date first above written.

HOLMAN CAPITAL CORPORATION

By:  _____
Lance S. Holman, President