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#2012-0488

ESCROW AGREEMENT

between the

**CITY OF WOODLAND,
the WOODLAND FINANCE AUTHORITY,**

and

**U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent**

Dated April 1, 2012

relating to the refunding of the

**Woodland Finance Authority
Lease Revenue Bonds
(2007 Capital Projects)**

ESCROW AGREEMENT

This ESCROW AGREEMENT dated April 1, 2012 (the "Escrow Agreement"), between the CITY OF WOODLAND, a municipal corporation duly organized and validly existing under and by virtue of the laws of the State of California (the "City"), the WOODLAND FINANCE AUTHORITY, a joint exercise of powers agency duly organized and existing pursuant to the laws of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Bank") and being qualified to accept and administer the escrow hereby created as escrow agent (the "Escrow Agent"),

WITNESSETH:

WHEREAS, the Authority previously issued, for the benefit of the City, \$10,350,000 principal amount of its Woodland Finance Authority Lease Revenue Bonds (2007 Capital Projects) (the "Prior Bonds"), pursuant to the Trust Agreement dated July 1, 2007 (the "2007 Trust Agreement"), between the Authority and U.S. Bank National Association and the terms contained therein, of which \$6,200,000 remain outstanding;

WHEREAS, the City has directed the Authority to exercise its option to redeem the Prior Bonds;

WHEREAS, the Authority shall deposit with the Escrow Agent an amount that, together with the amount held in the Reserve Fund established by the 2007 Trust Agreement, will be sufficient to pay the redemption price of the Prior Bonds on May 11, 2012;

WHEREAS, the provisions of the Prior Bonds and the 2007 Trust Agreement are incorporated herein by reference as if set forth herein in full;

NOW, THEREFORE, the City and the Escrow Agent hereby agree as follows:

Section 1. Escrow Fund. (a) Establishment and Funding of Escrow Fund. The Escrow Agent agrees to establish and maintain the Escrow Fund (the "Escrow Fund") until all the Prior Bonds have been redeemed and interest thereon paid. The Escrow Agent shall hold the money in the Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All money in the Escrow Fund is hereby irrevocably pledged to secure the redemption of the Prior Bonds and payment of interest thereon; provided that any money held in an escrow account that is not used for the payment or redemption of the Prior Bonds shall be repaid to the City free from the trust created by this Escrow Agreement. The Escrow Agent shall, on the date of execution and delivery of this Escrow Agreement, accept from the Zions First National Bank on behalf of the Authority \$5,212,690.45 and shall deposit such amount in the Escrow Fund. The Authority hereby directs U.S. Bank National Association, as trustee under the 2007 Trust Agreement, on the date of execution and delivery of this Escrow Agreement, to transfer to the Escrow Agent for deposit into the Escrow Fund \$1,035,120.52 from the Reserve Fund and \$17.57 from the Revenue Fund established by the 2007 Trust Agreement.

(b) Investment of Money in the Escrow Fund. The money deposited in the Escrow Fund shall be held uninvested in cash.

(c) Payment from the Escrow Fund. The Authority hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to use the money held in the Escrow Fund on May 11, 2012, to pay the interest accrued on the Prior Bonds and to pay the redemption price of the Prior Bonds, as set forth in Schedule I attached hereto from the Escrow Fund. Following such payment, the Escrow Agent shall transfer any remaining amounts in the Escrow Fund to the City.

(d) Deficiencies in the Escrow Fund. If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make the payments required by Section 3 hereof, the Escrow Agent shall notify the City in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor (if known to it), and the City shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund such additional money as may be required to provide for the making of all such payments, provided that such additional money may be deposited solely from lawfully available funds of the City or from a special appropriation made by the City for such purpose, which appropriation shall at all times be subject to the sole discretion of the City. The City shall incur no liability, however, if such additional moneys are unavailable or are not sufficient for such purpose. The Escrow Agent shall in no event or manner be responsible for the failure of the City to make any such deposit.

Section 2. Notice of Redemption. Pursuant to the request of the Authority, the Escrow Agent, in accordance with the terms and conditions of the 2007 Trust Agreement, provided notice of redemption of the Prior Bonds on April 11, 2012, in the time and manner specified in the 2007 Trust Agreement and substantially in the form of Exhibit A.

Section 3. Transaction Costs Fund. (a) Establishment and Funding of Transaction Costs Fund. The Escrow Agent agrees to establish and maintain the Transaction Costs Fund (the "Transaction Costs Fund"). The Escrow Agent shall hold the money in the Transaction Costs Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. The Escrow Agent shall, on the date of execution and delivery of this Escrow Agreement, accept from Zions First National Bank on behalf of the Authority \$83,889.03 and shall deposit such amount in the Transaction Costs Fund. The Escrow Agent shall hold such funds uninvested as cash.

(b) Payments from the Transaction Costs Fund. The Authority hereby directs the Escrow Agent, and the Escrow Agent hereby agrees, to use the money held in the Transaction Costs to pay the transaction costs of the refunding. The Escrow Agent shall pay such amounts as directed in writing by the City in requisitions in substantially the form of Exhibit B attached hereto. The Escrow Agent shall transfer any amounts remaining amounts in the Transaction Costs Fund to the City on May 19, 2012.

Section 4. Termination. Upon the completion of the payments required from the Escrow Fund and the Transaction Costs Fund and the transfer of any moneys remaining in the

Escrow Fund or the Transaction Costs Fund to the City, this Escrow Agreement shall be terminated and of no further force or effect.

Section 5. Compensation and Indemnification of the Escrow Agent. (a) Payment for Services. The City shall pay the Escrow Agent a fee for its services hereunder and shall reimburse the Escrow Agent for its out-of-pocket expenses incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the City and the Escrow Agent; provided that these fees and expenses shall in no event be deducted from the Escrow Fund except as provided in Section 1 and Section 3 hereof. Under no circumstances shall the Escrow Agent assert a lien on the Escrow Fund for any of its fees or expenses.

(b) Indemnification. The City agrees to indemnify the Escrow Agent, its directors, agents, and its officers or employees for, and hold the Escrow Agent, its directors, agents, and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) that may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of the Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party.

(c) Survival of Obligations. The obligations of the City hereunder to the Escrow Agent shall survive the termination or discharge of this Escrow Agreement or the resignation or removal of the Escrow Agent.

Section 6. Functions of the Escrow Agent.

(a) Application of Funds. Moneys held by the Escrow Agent hereunder are to be held and applied for the refunding of the Prior Bonds in accordance with the 2007 Trust Agreement and this Escrow Agreement.

(b) No Implied Duties. The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in the Escrow Agreement and no implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

(c) Reliance on Documents. The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in the Escrow Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(d) Escrow Agent's Immunities. The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under the Escrow Agreement in the case of any default in the performance of covenants or agreements

contained in the 2007 Trust Agreement, or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under the Escrow Agreement.

(e) Reliance on Advice of Counsel. The Escrow Agent may consult with counsel of its own choice (which may be counsel to the City) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(f) Not Responsible for City's or Authority's Representations. The Escrow Agent shall not be responsible for any of the recitals or representations by the City or the Authority contained herein.

(g) Other Transactions. The Escrow Agent engage or be interested in any financial or other transaction with the City.

(h) Not Responsible for Sufficiency. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the moneys to make the payments of principal and interest with respect to the Prior Bonds in accordance with the terms and conditions herein.

(i) Not Responsible for Acts or Omissions of the City or Authority. The Escrow Agent shall not be liable for any action or omission of the Authority or the City under this Escrow Agreement or the 2007 Trust Agreement.

(j) Reliance On District Certification. Whenever in the administration of the trust of the Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of the City or the Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of the Escrow Agreement upon the faith thereof.

(k) Accounting. The Escrow Agent will provide the City with a final accounting of the funds maintained hereunder upon the redemption of the Prior Bonds.

(l) Bank's Funds Not at Risk. None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

(m) Use of Agents. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(n) Force Majeure. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(o) Communication of Instructions. The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission, or other similar unsecured electronic methods, provided that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent’s understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 7. Merger or Consolidation of the Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent and vested with all of the title to the Escrow Fund and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8. Amendment of the Escrow Agreement. The Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the City, the Authority, and the Escrow Agent (i) an unqualified opinion of bond counsel that such amendment will not adversely affect the excludability from gross income for federal income tax purposes of interest evidenced by the refinancing or the Prior Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Prior Bonds, as evidenced by an opinion of counsel, the written consent of the registered owners of all Prior Bonds then outstanding.

Section 9 Governing Law. The Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 10 **Notices.** All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the City: City of Woodland
 City Hall
 300 First Street
 Woodland, California 95695
 Attn: Finance Director

If to the Authority: Woodland Finance Authority
 City Hall
 300 First Street
 Woodland, California 95695
 Attn: Administrator

If to the Escrow Agent:
 U.S. Bank National Association
 1 California Street, 10th Floor
 San Francisco, CA 94111
 Attn: Corporate Trust Services

Section 11. **Severability.** If any section, paragraph, sentence, clause or provision of the Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of the Escrow Agreement.

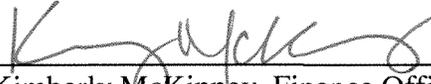
Section 12. **Definitions.** Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the Facilities Lease.

Section 13. **Execution.** The Escrow Agreement 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 agreement.

[Remainder of page intentionally left blank]

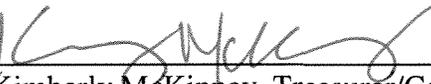
IN WITNESS WHEREOF, the City, the Authority, and the Escrow Agent have caused the Escrow Agreement to be executed each on its behalf as of the day and year first above written.

CITY OF WOODLAND

By: 

Kimberly McKinney, Finance Officer

WOODLAND FINANCE AUTHORITY

By: 

Kimberly McKinney, Treasurer/Controller

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

IN WITNESS WHEREOF, the City, the Authority, and the Escrow Agent have caused the Escrow Agreement to be executed each on its behalf as of the day and year first above written.

CITY OF WOODLAND

By: _____
Kimberly McKinney, Finance Officer

WOODLAND FINANCE AUTHORITY

By: _____
Kimberly McKinney, Treasurer/Controller

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By:  _____
Authorized Officer

SCHEDULE I

**Redemption Price and Accrued Interest Payment Amounts
(May 11, 2012)**

Prior Bonds	
Redemption Price	\$6,200,000.00
Accrued Interest	<u>131,700.00</u>
Total	\$6,331,700.00

EXHIBIT A

CONDITIONAL NOTICE OF REDEMPTION

of the

**Woodland Finance Authority
Lease Revenue Bonds
(2007 Capital Projects)**

NOTICE IS HEREBY GIVEN pursuant to the Trust Agreement dated July 1, 2007, between the Woodland Finance Authority and U.S. Bank National Association, as trustee (the “2007 Trust Agreement”), which authorized and provided for the issuance of the above-captioned bonds (the “2007 Bonds”) that:

The Authority has conditionally called for redemption, on Friday, May 11, 2012 (the “Redemption Date”), all of the outstanding 2007 Bonds, which are currently outstanding in an aggregate principal amount of \$6,200,000, at a redemption price equal to 100% of the principal amount of the 2007 Bonds, plus interest accrued thereon to the Redemption Date.

The 2007 Bonds are further identified as follows:

<u>Maturity (March 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP*</u>
2013	\$ 895,000	3.800%	979513 BX 5
2014	930,000	3.875	979513 BY 3
2015	965,000	3.875	979513 BZ 0
2016	1,005,000	4.000	979513 CA 4
2017	1,045,000	4.000	979513 CB 2
2018	1,085,000	4.125	979513 CC 0
2019	275,000	4.250	979513 CD 8

The redemption of the 2007 Bonds on the Redemption Date is subject to the receipt of funds on or before the Redemption Date in an amount sufficient to pay in full the redemption price of all the 2007 Bonds.

If sufficient funds are not received by the Escrow Agent by the Redemption Date, this notice shall be null and void and of no force and effect. The 2007 Bonds delivered for redemption shall be returned to the respective owners thereof, and the 2007 Bonds shall remain outstanding as though this conditional notice of redemption had not been given. Notice of a failure to receive funds and cancellation of this redemption shall be given by the U.S. Bank National Association (the “Escrow Agent”) by publication in Munifacts wire and by first class mail, postage prepaid, to the registered owners of the 2007 Bonds.

*The Authority, the City, and the Escrow Agent shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any 2007 Bond. They are included solely for the convenience of the owners.

If sufficient funds are held by the Escrow Agent on the Redemption Date, (1) the redemption price of the 2007 Bonds shall become due, (2) interest on the 2007 Bonds shall cease to accrue from and after the Redemption Date; (3) the owners of the 2007 Bonds shall cease to be entitled to the pledge of assets made under the 2007 Trust Agreement, and (4) all agreements, covenants, and other obligations of the Authority with respect to the 2007 Bonds shall be released and shall cease, terminate, become void and shall be completely discharged and satisfied, except for the obligation to pay principal of and interest on the 2007 Bonds, but only from moneys on deposit with the Escrow Agent.

Payment of the redemption price of and accrued interest on the 2007 Bonds will be made paid only upon presentation and surrender of the 2007 Bonds in the following manner (and only if the notice of redemption is not rescinded as to the particular 2007 Bonds so presented and surrendered). Registered or certified insured mail is suggested.

If by Mail:

(REGISTERED CERTIFICATES)

U.S. Bank

Corporate Trust Services

P.O. Box 64111

St. Paul, MN 55164-0111

If by Hand or Overnight Mail:

U.S. Bank

Corporate Trust Services

60 Livingston Avenue

1st Fl – Certificate Drop Window

St. Paul, MN 55107

Owners presenting their 2007 Bonds in person for same day payment **must** surrender their 2007 Bond(s) by 1:00 P.M. on the Redemption Date and a check will be available for pick up after 2:00 P.M. Checks not picked up by 4:30 P.M. will be mailed out to the holder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the 2007 Bonds, you are not required to endorse the 2007 Bonds to collect the redemption price.

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at www.usbank.com/corporatetrust and click on the “**Bondholder Information**” link.

IMPORTANT NOTICE

Under the Jobs Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 28% will be withheld if tax identification number is not properly certified. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

DATED: April 11, 2012 **U.S. Bank National Association, as trustee/escrow agent**

EXHIBIT B

CITY OF WOODLAND
REQUISITION TO THE ESCROW AGENT
TO DISBURSE FUNDS FROM THE TRANSACTION COSTS FUND

REQUISITION No. _____

The City of Woodland (the "City") hereby requests U.S. Bank National Association, as escrow agent (the "Escrow Agent"), under the Escrow Agreement dated April 1, 2012, between the City, the Woodland Finance Authority, and the Escrow Agent, to pay from the Transaction Costs Fund established under Section 3 of the Escrow Agreement, the amounts to the parties as set forth on the attached list.

The City hereby certifies that obligations in the amounts stated in Attachment 1 have been incurred by the City and are presently due and payable and that each item is a proper charge against the Transaction Costs Fund and has not been previously paid from that fund.

Attached hereto are invoices for each payment requested.

Dated: _____

CITY OF WOODLAND

By: _____
Authorized Officer

REGISTRAR AND PAYING AGENT AGREEMENT

**\$5,296,700
CITY OF WOODLAND
2012 LEASE REFUNDING**

THIS REGISTRAR AND PAYING AGENT AGREEMENT, dated as of April 1, 2012 (this "Agreement"), by and between ZIONS FIRST NATIONAL BANK (the "Registrar and Paying Agent") and the CITY OF WOODLAND (the "City");

W I T N E S S E T H:

WHEREAS, pursuant to a resolution duly adopted by the City Council of the City on April 3, 2012, the City authorized the refinancing of public improvements originally financed by Lease Revenue Bonds (2007 Capital Projects) (the "Prior Bonds") issued by the Woodland Finance Authority (the "Authority") and the delivery of a facilities lease dated April 1, 2012, between the Authority and the City (the "Facilities Lease" or the "Obligation"), the principal components of the rental payments under which will aggregate \$5,296,700 (the "Rental Payments") and will provide for the refinancing of the Prior Bonds; and

WHEREAS, the City has appointed the Registrar and Paying Agent as the agent of the City to act as authenticating agent, registrar, transfer agent and paying agent for and in connection with the Obligation and has authorized and directed the Registrar and Paying Agent to keep all the books and records necessary for registration, transfer or exchange of the Obligation (the "Register");

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the City and the Registrar and Paying Agent agree as follows:

Section 1. At the time and place for the original delivery of the Facilities Lease (the "Closing"), the City shall deliver to the Registrar and Paying Agent the duly executed Facilities Lease and any other information needed to complete the Obligation at the Closing. The Registrar and Paying Agent, through a duly authorized representative or representatives, shall (i) coordinate the completion of the Obligation to be delivered at the Closing; and (ii) record the names and addresses of the registered owners in, and otherwise complete the Register, all so as to permit delivery of the Obligation at the Closing. These procedures shall also be used, as appropriate, for the completion of the Obligation to be delivered to the Registrar and Paying Agent for transfer as provided herein.

Section 2. The Registrar and Paying Agent shall keep and maintain the Register at its designated corporate trust office so long as the Obligation remains outstanding and shall perform, without limitation, authentication, transfer, registration and paying agent functions, and related mechanical, clerical and record or bookkeeping functions, in connection with the Obligation in accordance with this Agreement, the Facilities Lease, and any applicable

requirements of Section 149(a) of the Internal Revenue Code of 1986, as amended, and applicable regulations, proposed regulations (if they are proposed to take effect retrospectively) and rulings thereunder.

Section 3. The Registrar and Paying Agent shall:

(a) Transfer the Obligation upon presentation and surrender thereof at the office of the Registrar and Paying Agent, together with a request for an assignment, signed by the registered owner or by a person authorized by the registered owner to do so by a power of attorney in a form satisfactory to the Registrar and Paying Agent, and shall complete and deliver the new Obligation to the registered owner or the registered owner of the transferred Obligation in a denomination or denominations equal in the aggregate to the unmatured and unredeemed principal amount of the Obligation surrendered, bearing interest at the same rate and maturing on the same date.

(b) Record the transfer of the Obligation on the Register.

(c) Complete the transfer, completion, authentication and delivery of the new Obligation within the time required by then applicable rules and regulations.

Section 4. (A) The initial fee of the Registrar and Paying Agent shall be paid from the proceeds of the sale of the Obligation.

(B) Subsequent payments of \$350 per year, plus any additional expenses of the Registrar and Paying Agent while the Obligation is outstanding shall be paid by the City as further described in Exhibit A.

(C) The Registrar and Paying Agent may charge the registered owner of the transferred Obligation an amount sufficient to reimburse it for any fee, tax or other charge required to be paid with respect to the transfer. The Registrar and Paying Agent may require that those charges be paid before it begins the procedure for the transfer.

Section 5. The Registrar and Paying Agent shall complete, deliver and register the new Obligation to replace the Obligation lost, stolen, destroyed, or mutilated, upon receipt by the Registrar and Paying Agent of evidence satisfactory to it of the loss, theft, destruction or mutilation of the Obligation and of indemnity satisfactory to it.

Section 6. The Registrar and Paying Agent shall cancel the Obligation surrendered to it for payment or retirement or for replacement or transfer. The cancelled Obligation shall be destroyed by the Registrar and Paying Agent and a record of such destruction and the number and amount of the Obligation destroyed shall be kept by the Registrar and Paying Agent and upon request of the City be furnished by the Registrar and Paying Agent to the City.

Section 7. The Registrar and Paying Agent shall retain and store the Register for seven (7) years after full payment of the Obligation. At any time and upon request by the City the Registrar and Paying Agent shall permit the City to inspect the Register and shall provide the City with a copy of the Register. In the event of a request to the Registrar and Paying Agent by any person other than the City for inspection of the Register, the Registrar and Paying Agent shall notify the City and shall not permit that inspection unless it is approved by the City, except that the Registrar and Paying Agent may permit an inspection pursuant to an order of a court of competent jurisdiction.

Section 8. The Registrar and Paying Agent shall pay the principal of and interest on the Obligation and shall redeem the Obligation in accordance with the Facilities Lease, but only from moneys deposited with the Registrar by the City for that purpose. The City shall cause funds to be on deposit with the Registrar and Paying Agent in an amount sufficient and available to pay the interest, or principal and interest, then to be due on or before the day on which that payment is to be made.

Section 9. In the event any check for payment of interest on the Obligation is returned to the Registrar and Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or the Obligation is not presented for payment of principal due at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon the Obligation shall have been made available to the Registrar and Paying Agent for the benefit of the registered owner thereof, it shall be the duty of the Registrar and Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the registered owner of the Obligation who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to the Obligation or amounts due thereunder. The obligation of the Registrar and Paying Agent to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal amount became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Registrar and Paying Agent shall surrender such unclaimed funds so held to the City, whereupon any claim of whatever nature by the registered owner of the Obligation arising under the Obligation shall be made upon the City.

Section 10. Registrar and Paying Agent may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Registrar and Paying Agent.

In the absence of bad faith on its part the Registrar and Paying Agent may rely and shall be protected in acting or refraining from acting upon any Ordinance, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Registrar and Paying Agent need not examine the ownership of the Obligation, but is protected in acting upon receipt of the Obligation containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the owner or an agent of the owner. The Registrar and Paying Agent shall not be bound to make any investigation into the facts or matters stated in a Ordinance, certificate, statement, instrument, opinion, report, notice,

request, direction, consent, order, bond, note, security, or other paper or document supplied by City.

The Registrar and Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Registrar and Paying Agent was negligent in ascertaining the pertinent facts.

No provisions of this Agreement shall require the Registrar and Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

The Registrar and Paying Agent may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

The Registrar and Paying Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Registrar and Paying Agent.

Section 11. The City hereby agrees to indemnify and save Registrar and Paying Agent harmless from and against any and all claims, demands, actions, proceedings, judgments, losses, damages, counsel fees, court costs, payments, expenses, and all liabilities whatsoever, which Registrar and Paying Agent at any time shall or may sustain or incur by reason of complying with the duties of this Agreement or any requests made by City save for its own negligence or willful misconduct.

Section 12. (A) The Registrar and Paying Agent may resign as Registrar and Paying Agent at any time by giving thirty (30) days' written notice of resignation to the City. The Registrar and Paying Agent may be removed at any time by written notice signed by the City and delivered to the Registrar and Paying Agent. Upon the effectiveness of the resignation or termination, the Registrar and Paying Agent shall deliver to the City or such other person designated by the City the Register and all other records (or copies of those records) pertaining to the Obligation and all forms of the Obligation.

(B) Every successor Registrar and Paying Agent appointed pursuant to this Section shall be a trust company or bank in good standing, authorized to do business in the State of California, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000.

Section 13. Notice shall be sufficient hereunder, if it is contained in a writing sent to the City at City Hall, 300 First Street, Woodland, CA, 95695, Attention: Finance Officer and to the Registrar and Paying Agent at 550 Hope Street, Suite 2650, Los Angeles, California 90071, Attention: Corporate Trust Department, or any other address which may be designated

from time to time by any party in writing delivered to the City or the Registrar and Paying Agent, as applicable.

Section 14. By its execution hereof, the Registrar and Paying Agent acknowledges receipt of a copy of the Facilities Lease.

Section 15. Neither this Agreement nor any provision hereof may be changed, revised or amended, except by a writing signed by the City and the Registrar and Paying Agent.

Section 16. In case any section or provision of this Agreement, or any agreement, obligation, act or action, or part thereof, made, assumed, entered into, done or taken under this Agreement, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder of this Agreement or any other section or provision of this Agreement or any other agreement, obligation, act or action, or part thereof, made, assumed, entered into, done or taken under this Agreement, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein. Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, agreement, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into, done or taken in the manner and to the full extent permitted by law from time to time.

Section 17. This Agreement shall for all purposes be governed by and construed in accordance with the laws of the State of California. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors. This Agreement may be executed in several counterparts, each of which shall be deemed an original.

Section 18. Any bank, trust company or national banking association into which the Registrar and Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and Paying Agent under this Registrar and Paying Agent Agreement with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Registrar and
Paying Agent Agreement as of the day and year first above written.

ZIONS FIRST NATIONAL BANK

By: _____
Authorized Officer

CITY OF WOODLAND

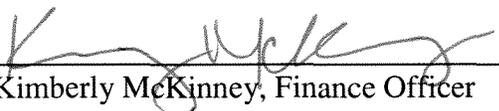
By:  _____
Kimberly McKinney, Finance Officer

EXHIBIT A

FEE SCHEDULE OF REGISTRAR AND PAYING AGENT

Acceptance Fee, one time only: \$350.00

Annual Fee: \$350.00

\$5,296,700
CITY OF WOODLAND
2012 LEASE REFUNDING

CLOSING AND INCUMBENCY CERTIFICATE
OF THE CITY OF WOODLAND

Dated: April 19, 2012

The following certifications are made in connection with the execution and delivery of a facilities lease, entered into between the Woodland Finance Authority (the "Authority") and the City of Woodland (the "City") dated April 1, 2012 (the "Facilities Lease"). Capitalized terms used herein have the meanings defined in the Facilities Lease. The undersigned authorized officer of the City hereby certifies on behalf of the City as follows:

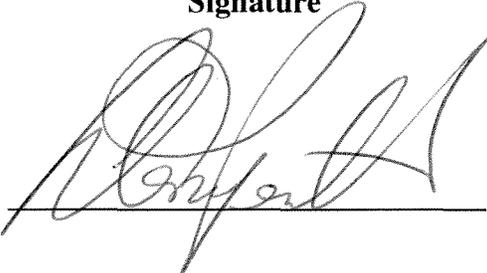
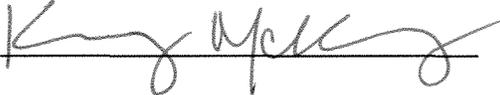
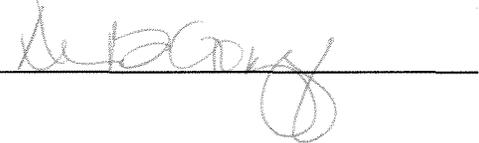
(1) Litigation. There are no actions or proceedings against the City pending (service of process having been accomplished) or, to the best of our knowledge, threatened (a) to restrain or enjoin the payment of the Rental Payments, (b) in any way contesting the validity of the Facilities Lease or the Site Lease (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 Agreements, 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 Facilities Lease 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) Receipt of Funds. The City hereby acknowledges receipt from Zions First National Bank, of \$5,296,700 on behalf of the Authority in payment of the advance rental payable under the Site Lease.

(4) Authorization of Officials. The Mayor, the Finance Officer, and the City Clerk (the "Officials") are duly authorized, on behalf of the City, to execute and deliver the Agreements.

(5) Incumbency. Each of the undersigned by his or her signature confirms that the other signatures set forth below are genuine, and the listed persons are duly elected or appointed and acting Officials of the City in the capacity set forth opposite their respective names below.

Name	Office	Signature
Art Pimentel	Mayor	
Kimberly McKinney	Finance Officer	
Ana Gonzalez	City Clerk	

IN WITNESS WHEREOF the City has caused this Closing and Incumbency Certificate to be executed by its authorized officer as of the date first above written.

CITY OF WOODLAND

By: 
Art Pimentel, Mayor

Information Return for Tax-Exempt Governmental Obligations

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

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>
1 Issuer's name City of Woodland		2 Issuer's employer identification number (EIN) 94-6000459
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Jonathan P. Cristy		3b Telephone number of other person shown on 3a 916.321.4500
4 Number and street (or P.O. box if mail is not delivered to street address) 300 First Street	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Woodland, CA 95695		7 Date of issue April 19, 2012
8 Name of issue 2012 Lease Refunding		9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Kimberly McKinney, Finance Officer		10b Telephone number of officer or other employee shown on 10a 530.661.5849

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.		
11 Education		11
12 Health and hospital		12
13 Transportation		13
14 Public safety		14
15 Environment (including sewage bonds)		15
16 Housing		16
17 Utilities		17
18 Other. Describe ► construction of public facilities		18 5,296,700
19 If obligations are TANs or RANs, check only box 19a	<input type="checkbox"/>	
If obligations are BANs, check only box 19b	<input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box	<input type="checkbox"/>	

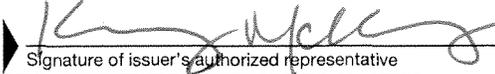
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	9/1/2017	\$ 5,296,700	\$ 5,296,700	2.803 years	1.9974 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)			
22 Proceeds used for accrued interest		22	
23 Issue price of entire issue (enter amount from line 21, column (b))		23	5,296,700
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	83,889	
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27	5,212,811	
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)		29	5,296,700
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	0

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	5/11/2012
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	7/25/2007

Part VI Miscellaneous

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

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	 Signature of issuer's authorized representative		Date	Kimberly McKinney, Finance Officer Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Jonathan P. Cristy				P01243630
	Firm's name ▶	Firm's EIN ▶			
Firm's address ▶	Phone no.				
	Kronick, Moskovitz, Tiedemann & Girard	94-2174974			
	400 Capitol Mall, Sacramento, CA 95814	916.321.4500			

\$5,296,700
CITY OF WOODLAND
2012 Lease Refunding

TAX CERTIFICATE

April 19, 2012

1. PRELIMINARY MATTERS

1.1 Representations of the City. The City of Woodland (the “City”), a municipal corporation duly organized and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California, hereby makes the following representations of facts and expectations and covenants to comply with the requirements of this Tax Certificate in connection with the delivery of a facilities lease dated April 1, 2012, between the Woodland Finance Authority (the “Authority”) and the City (the “Obligation” or the “Lease”) the principal components of the rental payments under which will aggregate \$5,296,700.

1.2 Purpose of Tax Certificate. These representations and covenants are in part made pursuant to Treasury Regulations Section 1.148-2(b)(2) and are in furtherance of the covenants contained in Section 5.11 of the Lease.

1.3 City Reliance on Others. Certain information concerning the Obligation is based in whole or in part upon representations of other parties as set forth in this Tax Certificate or the exhibits hereto. The City is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representations made in this Tax Certificate, including the exhibits attached to this Tax Certificate.

1.4 Reasonable Expectations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates, or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

1.5 Reliance by Bond Counsel. The City is delivering this Tax Certificate to Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation (“Bond Counsel”), with the understanding that Bond Counsel will rely in part on it in rendering their opinion that the portion of the City’s rental payments under the Lease designated as interest is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

1.6 Purpose of Financing. The Obligation is being issued (i) to provide for the current refunding and retirement of all of the outstanding Woodland Finance Authority Lease Revenue Bonds (2007 Capital Projects) (the “Prior Bonds”); and (ii) pay certain transaction costs related to the execution and delivery of the Lease.

1.7 Definitions

Capitalized terms used herein that are not otherwise defined herein shall have the respective meanings set forth in the Trust Agreement. Unless the context otherwise requires, the following capitalized terms have the following meanings for purposes of this Tax Certificate:

Bond Year means the period ending on September 1 of each year with the first Bond Year beginning on the Closing Date and ending on September 1, 2012, and the last Bond Year ending on the date on which the Obligation is no longer outstanding.

Closing Date means the date of this Tax Certificate.

Code means the Internal Revenue Code of 1986, as amended, or any successor thereto, and the applicable Treasury Regulations promulgated thereunder.

Gross Proceeds has the meaning used in Treas. Reg. §1.148-1(b) and generally means all proceeds derived from or relating to the Obligation, including Sale Proceeds, amounts received as a result of investing the Sale Proceeds (Investment Proceeds), and amounts expected to be used to pay debt service on the Obligation.

Investment Proceeds has the meaning used in Treas. Reg. §1.148-1(b) and generally means the earnings from the investment and reinvestment of Sale Proceeds and all earnings from the investment and reinvestment of such earnings.

Investment Property has the meaning used in Section 148(b)(2) of the Code, and generally means any security or obligation, any annuity contract, or any other investment-type property (which has the meaning used in Treas. Reg. §1.148-1(b), i.e., property that is held principally as a passive vehicle for the production of income), but does not include any Tax-Exempt Bond unless such obligation is a “specified private activity bond” within the meaning of Section 57(a)(5)(C) of the Code.

Issue Price has the meaning as set forth in Sections 1273 and 1274 of the Code. In general, Issue Price means (a) in the case of publicly offered debt instruments, the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount (at least ten percent) of the debt instruments was sold to the public and (b) in the case of debt instruments not offered to the public, the price paid by the first buyer of such debt instruments.

Minor Portion has the meaning used in Treas. Reg. §1.148-2(g) and generally means the lesser of \$100,000 and 5% of the Sale Proceeds.

Net Sale Proceeds has the meaning used in Treas. Reg. §1.148-1(b) and generally means the Sale Proceeds less the Minor Portion.

Nongovernmental Person means any person or entity other than a governmental unit (including any state or political subdivision of a state, but excluding the United States and its agencies or instrumentalities).

Nonpurpose Investment has the meaning used in Treas. Reg. §1.148-1(b) and generally means any Investment Property in which Gross Proceeds are invested.

Opinion of Counsel means a written opinion of counsel experienced in the field of law relating to municipal bonds, delivered to the Trustee, to the effect that the exclusion from gross income for federal income tax purposes of interest on the Obligation will not be adversely affected.

Prior Bonds means the Woodland Finance Authority Lease Revenue Bonds (2007 Capital Projects).

Rebate Requirement means the amount of rebatable arbitrage earned with respect to any Gross Proceeds that do not qualify for an exception from the requirements of Section 148(f)(2) of the Code as described in Part 3 of this Tax Certificate, computed as of the last day of any Bond Year pursuant to Treasury Regulation §1.148-3.

Sale Date means April 19, 2012.

Sale Proceeds has the meaning used in Treas. Reg. §1.148-1(b) and generally means the amount constructively received by the City upon delivery of the Lease, which is \$5,296,700.

Tax-Exempt Bond has the meaning used in Treas. Reg. §1.150-1 and generally means any obligation the interest on which is excluded from federal gross income pursuant to the provisions of Section 103 of the Code and also includes (1) an interest in a regulated investment company to the extent that 95% of the income to the holder of the interest is interest that is excludable from gross income under section 103 of the Code and (2) a certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR 344; provided that the term "Tax-Exempt Bond" does not include any obligation that is a "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code.

Yield means that discount rate described in Section 2.13.3 of this Tax Certificate.

2. ARBITRAGE

Preliminary Matters

2.1 One Issue. The Obligation was sold at the same time (the Sale Date), has been sold pursuant to the same plan of financing, and is reasonably expected to be paid from substantially the same source of funds (determined without regard to guarantees from unrelated parties). Accordingly, the Obligation is a single issue for federal tax purposes.

No other governmental obligations that are reasonably expected to be paid out of substantially the same source of funds as the Obligation were or will be sold at substantially the same time and sold pursuant to the same plan of financing as the Obligation.

2.2 Issue Price. The City is delivering the Lease to the Authority on the date hereof; the Authority has assigned its interests therein to Zions First National Bank (the "Purchaser"),

on the date hereof in exchange for payment in good funds of the Sale Proceeds (\$5,296,700). The Obligation has not been offered to the public.

Gross Proceeds; Funds and Accounts; Investment of Proceeds

2.3 Sale Proceeds. The City will deposit \$5,212,810.97 of the Sale Proceeds into the Escrow Fund established under the Escrow Agreement. Sale Proceeds in the amount of \$83,889.03 will be used to pay costs of issuance within 30 days following the Closing Date.

2.4 Remaining Proceeds. As of the Closing Date, the amount of \$1,035,000 being held in the Reserve Fund relating to the Prior Bonds will be transferred to the Escrow Fund. Any additional amounts, representing subsequently posted investment earnings relating to the Prior Bonds, will be transferred to the City. The amounts transferred to the City will be deposited into an account containing substantial tax revenues and revenues from operations; the City reasonably expects to spend these amounts for governmental purposes within six months of the Closing Date.

2.5 Transferred Proceeds. On the date that Sale Proceeds and Investment Proceeds are used to pay principal of the Prior Bonds, unexpended proceeds of the Prior Bonds will become transferred proceeds of the Obligation (the "Transferred Proceeds"). Transferred Proceeds are treated as proceeds of the Obligation and not as proceeds of the Prior Bonds. All of the Transferred Proceeds will be held in the City's Escrow Fund and will be spent to retire the Prior Bonds as soon as they become Transferred Proceeds.

2.6 Investment Proceeds. Investment Proceeds earned with respect to the Escrow Fund or the Rebate Fund shall be deposited therein. Investment Proceeds earned with respect to any other fund will be transferred to the City's general fund.

2.7 Funds and Accounts. Neither the City nor any other person benefitting from the issuance of the Obligation will use any fund or account other than the City's general fund, directly or indirectly, to pay principal of or interest represented by the Lease; nor is any fund or account, however established, other than the general fund, so pledged as security for the Obligation that there is a reasonable assurance that amounts held in such other fund or account will be available if needed to pay debt service with respect to the Obligation.

2.8 Escrow Fund. The Escrow Fund will be funded with \$5,212,690.54 of Sale Proceeds and \$1,035,102.95 from the Reserve Fund and \$17.57 from the Revenue Fund for the Prior Bonds. All amounts deposited in the Escrow Fund will be used to pay principal and interest with respect the Prior Bonds on May 11, 2012. All Sale Proceeds and Investment Proceeds deposited in the Escrow Fund will be invested without regard to yield.

2.9 Debt Service Funds.

2.9.1 Source of Repayment. The Obligation is an obligation payable from the general fund of the City and from earnings from investing and reinvesting Sale Proceeds.

2.9.2 Repayment from Current Revenues. The City expects that its general fund revenues will at least equal debt service with respect to the Obligation during each

payment period, and all amounts paid by the City for debt service will be from the City's current revenues.

2.9.3 Bona Fide Debt Service Fund. That portion of the general fund used for debt service will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year. That portion of the general fund will be depleted at least once each Bond Year except for a carryover amount not to exceed the greater of (i) earnings on that portion of the general fund for the immediately preceding Bond Year and (ii) 1/12th of debt service with respect to the Obligation for the immediately preceding Bond Year. Amounts contributed to that portion of the general fund will be spent within 13 months after the date of such contribution, and any amounts received from the investment or reinvestment of such moneys will be expended within one year after the date of accumulation thereof. Such amounts will be invested without regard to yield.

2.10 Costs of Issuance. The Sale Proceeds used to pay costs of issuance will be deposited into the Transaction Costs Fund, will be spent not later than 30 days after the Closing Date, and will not be invested.

2.11 No Other Replacement Proceeds. Neither the City nor any related persons will use any proceeds of the Obligation directly or indirectly to replace funds of the City or any related persons that are used directly or indirectly to acquire Investment Property reasonably expected to produce a yield materially higher than the yield on the Obligation.

2.12 Yield Restriction. Unless otherwise authorized by an Opinion of Counsel, if the sum of (a) all Sale Proceeds remaining unexpended after the third anniversary of the Closing Date, together with all amounts received from the investment or reinvestment of such proceeds and remaining unexpended after a one-year period beginning on the date of receipt of such amounts (if such date is later than the third anniversary of the Closing Date), plus (b) any amounts held in that portion of the general fund used for debt service and remaining unexpended after thirteen months from the date of accumulation, at any time in the aggregate exceeds the Minor Portion, the excess will be invested either (i) in assets that are not Investment Property or (ii) in Investment Property with a yield not materially higher than the yield on the Obligation or the City will satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c) and Section 1.148-10(b)(1)(ii).

Yield

2.13 Yield. For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(h) of the Code and Treasury Regulations Sections 1.148-4 and 1.148-5.

2.13.1 Yield on the Obligation. Yield on the Obligation generally means that discount rate that, when used in computing the present value as of the Closing Date of all unconditionally payable payments of principal, interest, and the fees for qualified guarantees on the Obligation and amounts reasonably expected to be paid as fees for qualified guarantees on the Obligation, produces an amount equal to the present value,

using the same discount rate, of the aggregate Issue Price of the Obligation as of the Closing Date.

2.13.2 Yield on Investment Property. Yield on Investment Property generally means that discount rate that, when used in computing the present value as of the date the investment is first allocated to the Obligation of all unconditionally payable receipts from the Investment Property, produces an amount equal to the present value of all unconditionally payable payments for the Investment Property.

2.13.3 Issue Price; Yield. The issue price of the Obligation is \$5,296,700, which represents the price paid by the first buyer of the Obligation. For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Obligation has been calculated to be at least 1.9973753%.

2.14 No Qualified Hedge. The City has not and will not enter into any “qualified hedge” (as that term is defined in Treas. Reg. §1.148-4(h)) relating to the Obligation.

Miscellaneous

2.15 No Abusive Arbitrage Device. The City has not taken any action in connection with the Obligation that has the effect of (i) enabling the City to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage or (ii) overburdening the tax-exempt bond market (including, without limitation, by issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the Obligation)

2.15.1 No Exploitation of Tax-Exempt Interest Rates. No investment of any portion of the Gross Proceeds of the Obligation exploits the difference between tax-exempt and taxable interest rates.

2.15.2 No Overburdening of Tax-Exempt Bond Market.

2.16.2.1 No Overissuance. Proceeds from the sale of the Obligation, taking into account anticipated investment income thereon until expended, do not exceed the amount necessary to pay for the governmental purpose of the Obligation and to pay costs of issuance by more than the Minor Portion.

2.15.2.2 No Early Issuance. The Obligation is not issued earlier than necessary to accomplish its governmental purpose, as evidenced by qualification for the temporary periods under Treas. Reg. §§1.148-9(d) (see paragraphs 2.8 and 2.9 above).

2.15.2.3 Obligation Not Outstanding Longer than Necessary. The City will not allow the Obligation to remain outstanding longer than is necessary to accomplish its governmental purpose.

2.15.2.3.1. Qualification for Safe Harbor Against Creation of Replacement Proceeds. The weighted average maturity of the Obligation

is approximately 2.803 years. The projects financed by the Prior Bonds (which consisted of the acquisition, construction, and improvement of buildings that were placed in service not earlier than 2007) have an expected remaining life from the date hereof of at least 35 years. The weighted average maturity of the Obligation does not exceed 120% of the remaining expected economic lives of the projects.

2.15.2.3.2. No Expected Replacement Proceeds from Sale of Projects. The City does not expect that the projects financed by the Prior Bonds will be sold or otherwise disposed of before the Obligation is retired, except for items that have no further economic life as of the date of their disposition.

3. REBATE

3.1. Bona Fide Debt Service Fund Exception. Subject to the representations and certifications made in Section 2.9 of this Tax Certificate, no rebate calculations will need to be made with respect to any moneys in the City's general fund (the "bona fide debt service fund").

3.2. Six-Month Expenditure Exception. Pursuant to Section 148(f)(4)(B) of the Code, no rebate calculations will need to be made with respect to the Sale Proceeds.

4. OTHER CODE REQUIREMENTS FOR TAX-EXEMPT BONDS

4.1 Political Subdivision Status. The City is a municipal corporation and a political subdivision of the State of California. The City has general taxing powers and the general authority to exercise the power of eminent domain in furtherance of its governmental purposes.

4.2 Not Private Activity Bonds. The City will not allow any of the proceeds of the Obligation or any of the facilities financed with the Obligation to be used in the trade or business of any Nongovernmental Persons (other than in their roles as members of the general public) and will not lend any of the proceeds to any Nongovernmental Persons.

4.3 Registered Form. The Obligation is delivered in registered form.

4.4 Not Federally Guaranteed. The City will not directly or indirectly use or permit the use of any proceeds of the Obligation or any other funds of the City nor take or omit to take any action that would cause the Obligation to be an obligation that is "federally guaranteed" within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the City will not allow the payment of the principal of or interest with respect to the Obligation to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. The City also will not use 5% or more of the proceeds of the Obligation to make loans the payment of the principal or interest with respect to which are guaranteed in whole or in part by the United States or any agency or instrumentality thereof. The City will not invest 5% or more of the proceeds in federally insured deposits or accounts. The preceding restrictions shall not apply (i) to investments of proceeds during the temporary periods described in this Tax Certificate, (ii) with respect to that portion of the general fund used to pay debt service with respect to the Obligation.

4.5 Information Reporting. The City shall cause Form 8038-G to be filed with respect to the Obligation no later than the fifteenth day of the second month following the close of the calendar quarter in which the Closing Date occurs.

4.6 Not Pooled Financing Bonds. The City will not use the proceeds of the Obligation directly or indirectly to make or finance loans to two or more ultimate borrowers within the meaning of Section 149(f) of the Code.

4.7 Not Hedge Bonds.

4.7.1 Prior Bonds Not Hedge Bonds.

4.7.1.1 Three-year Expenditure Test. As of the date of delivery of the Prior Bonds, the City reasonably expected to spend at least 85% of the “spendable proceeds” of those obligations within three years of such date. The term “spendable proceeds” means proceeds from the sale of the Prior Bonds less the sum of (i) \$100,000, (ii) the amount of the proceeds from the sale of the Prior Bonds expended to pay debt service on the Prior Bonds within three years of the date the Prior Bonds were issued, and (iii) the amount of proceeds from the sale of the Prior Bonds deposited in a debt service reserve fund for the Prior Bonds.

4.7.1.2 Guaranteed Investment Test. Less than 50% of the proceeds of the Prior Bonds were invested in investment securities with a substantially guaranteed yield for four years or longer.

4.7.2 Obligation Not Hedge Bonds.

4.7.2.1 Prior Bonds. The Prior Bonds were not hedge bonds.

4.7.2.2 Significant Governmental Purpose. All of the proceeds of the Obligation will be used to refund the Prior Bonds in order to realize debt service savings.

4.8 No Advance Refunding. All of the Obligation is being issued to refund the Prior Bonds. None of the proceeds of the Obligation will be used to pay principal of or interest on any obligations other than the Prior Bonds. The Prior Bonds will not remain outstanding more than 90 days after the Closing Date.

4.9 Bank Qualified” Obligation. The City has designated the Obligation as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3)(B) of the Code. The City has not designated more than \$10,000,000 of tax-exempt obligations as “qualified tax-exempt obligations” during calendar year 2012. The City reasonably expects that it and all entities that issue on behalf of or that are subordinate to the City will issue not more than \$10,000,000 of tax-exempt obligations during calendar year 2012.

5. **CONCLUDING MATTERS**

5.1 Authorized Representative. The undersigned is an authorized representative of the City, is responsible for delivering the Obligation, and is acting for and on behalf of the City in executing this Tax Certificate.

5.2 Amendments. Notwithstanding any provision of this Tax Certificate, the City may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on an Opinion of Counsel.

5.3 Survival of Defeasance. Notwithstanding anything in this Tax Certificate or any other provisions of the Trust Agreement to the contrary, the obligation to comply with all requirements contained in this Tax Certificate shall survive the defeasance of the Obligation.

5.4 Written Post-Issuance Compliance Procedures. The City hereby establishes the procedures described in Exhibit A to ensure remediation of any “nonqualified bonds” and the monitor the requirements of Section 148 of the Code.

[Remainder of page intentionally left blank]

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

CITY OF WOODLAND

By: 

Kimberly McKinney, Finance Officer

EXHIBIT A

Post-Issuance Tax Compliance Procedures 2012 Lease Refunding

Covenant

The City has covenanted that it will do all things permitted by law that are necessary and desirable in order to assure that the interest component of the Rental Payments under the Facilities Lease will be excludable from gross income for federal income tax purposes and will take no action that would result in such interest's not being so excludable.

Three federal income tax subject matters with respect to the Facilities Lease may affect the excludability of the interest component of the Rental Payments: (1) the private business tests, (2) arbitrage rebate, and (3) reissuance.

Private Business Tests

The City is a local government entity, the facilities financed by the Facilities Lease are used by the City's residents as members of the general public, and there are no payments made by users of the facilities other than generally applicable taxes. The private business tests are not met, so the Facilities Lease is not a private activity bond.

If the City's interest in the facilities financed by the Facilities Lease were transferred to an entity that is not a governmental entity, or if more than 10% of those facilities were to be used by an entity that obtained legal rights to their use are different from and superior to the rights of the City's residents (e.g., if they were subleased on a long-term basis to that entity), then the private business tests might be met. The Finance Director will consult with qualified bond counsel in such event to determine what action may be required to remediate any noncompliance or whether to take action under the Tax Exempt Bonds Voluntary Closing Agreement Program (VCAP).

Arbitrage Rebate

The Facilities Lease qualified for the six-month expenditure exception to arbitrage rebate (no reserve fund was established). No further actions are required regarding rebate.

Reissuance

A significant modification of the terms of the Facilities Lease may result in its being deemed refunded or "reissued." Such an event will require, among other things, the filing of a new information return with the federal government and the execution of a new tax certificate. In such event, the Finance Director will consult with qualified bond counsel.

\$5,296,700
CITY OF WOODLAND
2012 LEASE REFUNDING

CLOSING CERTIFICATE OF THE
WOODLAND FINANCE AUTHORITY

Dated April 19, 2012

The following certifications are made in connection with the execution and delivery of a facilities lease dated April 1, 2012 (the "Facilities Lease"), between the City of Woodland (the "City") and the Woodland Finance Authority (the "Authority"). Capitalized terms used herein have the meanings defined in the Facilities Lease. The undersigned authorized officer of the Authority hereby certifies on behalf of the Authority as follows:

(1) Litigation. There are no actions or proceedings against the Authority 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 Facilities Lease, the Site Lease, or the Assignment Agreement (the "Agreements") or the authority of the Authority to enter into the Agreements, (c) in any way contesting the powers of the Authority in connection with any action contemplated by the Agreements, or (d) in which a final adverse decision could materially adversely affect the operation of the Authority or its ability to perform its obligations under the Agreements;

(2) Representations. The representations, warranties and covenants of the Authority contained in the Facilities Lease 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 Authority;

(3) Waiver of Notice. The Authority hereby waives its right to receive notice of prepayment pursuant to subsection (c) of Section 4.10 (Prepayment) of the Facilities Lease dated July 1, 2007, between the City and the Authority.

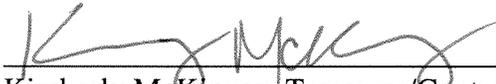
(4) Authorization of Officials. The President, the Vice President, the Administrator, the Treasurer/Controller, and the Secretary of the Authority are duly authorized, on behalf of the Authority, to execute and deliver the Agreements.

(5) Attached hereto as Exhibit A is a full, true, and correct copy of the Joint Powers Agreement of the Authority, and such agreement is in full force and effect on the date hereof; and

(6) Attached hereto as Exhibit B is a full, true, and correct copy of the Bylaws of the Authority (the "Bylaws"). The Bylaws are in full force and effect on the date hereof.

IN WITNESS WHEREOF the Authority has caused this Closing Certificate of the Woodland Finance Authority to be executed by its authorized officer as of the date first above written.

WOODLAND FINANCE AUTHORITY

By: 

Kimberly McKinney, Treasurer/Controller

RECORDING REQUESTED BY:

City of Woodland

WHEN RECORDED RETURN TO:

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

TERMINATION AGREEMENT

between the

CITY OF WOODLAND,

the WOODLAND FINANCE AUTHORITY,

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated April 1, 2012

This document is recorded for the benefit of the City of Woodland 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.

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (this "Termination Agreement") dated April 1, 2012, between the CITY OF WOODLAND (the "City"), the WOODLAND FINANCE AUTHORITY (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee") under the Trust Agreement dated July 1, 2007 (the "Trust Agreement"), between the Authority and the Trustee,

WITNESSETH:

WHEREAS, the City and the Authority entered into a Site Lease dated July 1, 2007 (the "Site Lease"), whereby the City leased to the Authority the real property described on Exhibit A hereto (the "Leased Property");

WHEREAS, the Authority leased to the City the Leased Property pursuant to a Facilities Lease dated July 1, 2007, between the Authority and the City (the "Facilities Lease");

WHEREAS, pursuant to the Trust Agreement, the Authority issued its Lease Revenue Bonds (2007 Capital Projects) (the "Bonds");

WHEREAS, the Authority has defeased all the outstanding Bonds;

WHEREAS, by such defeasance, the City has prepaid the rental payments due under the Facilities Lease and has discharged and satisfied its obligations under the Trust Agreement, whereupon the Site Lease and the Facilities Lease, by their terms terminate;

NOW, THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree:

TERMINATION

Section 1. Termination. By virtue of the defeasance of the Bonds and the discharge of the Trust Agreement, the City, the Authority, and the Trustee agree that their respective interests in the following agreements are hereby terminated and are of no further force or effect, except to the extent expressly provided in such agreements:

- a. Site Lease, recorded on July 25, 2007, as Document No. 2007-0026221-00 of Official Records of Yolo County;
- b. Facilities Lease recorded by Memorandum of Lease, recorded on July 25, 2007, as Document No. 2007-0026222-00 of Official Records of Yolo County;
- c. Trust Agreement recorded by Memorandum of Trust Agreement, recorded on July 25, 2007, as Document No. 2007-0026223-00 of Official Records of Yolo County;

Section 2. Confirmation of Title. Title to the property described on Exhibit A hereto is hereby confirmed as transferred to and vested in the City.

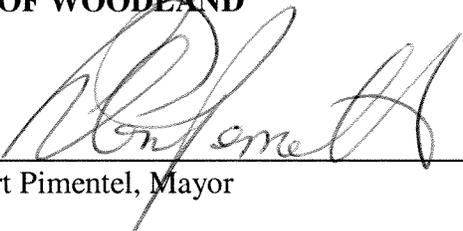
Section 3. Execution in Counterparts. This Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4. Choice of Law. This Termination Agreement shall be governed by the laws of the State of California.

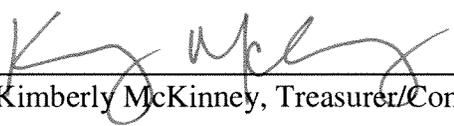
Section 5. Severability. If one or more clauses, sentences, paragraphs, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is hereby agreed by the City, the Authority, and the Trustee that the remainder of this Termination Agreement shall not be affected thereby.

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

CITY OF WOODLAND

By:  _____
Art Pimentel, Mayor

WOODLAND FINANCE AUTHORITY

By:  _____
Kimberly McKinney, Treasurer/Controller

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Officer

Section 3. Execution in Counterparts. This Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4. Choice of Law. This Termination Agreement shall be governed by the laws of the State of California.

Section 5. Severability. If one or more clauses, sentences, paragraphs, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is hereby agreed by the City, the Authority, and the Trustee that the remainder of this Termination Agreement shall not be affected thereby.

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

CITY OF WOODLAND

By: _____
Art Pimentel, Mayor

WOODLAND FINANCE AUTHORITY

By: _____
Kimberly McKinney, Treasurer/Controller

U.S. BANK NATIONAL ASSOCIATION

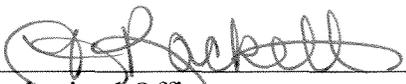
By:  _____
Authorized Officer

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The following described real property in the City of Woodland, County of Yolo, State of California, described as follows:

Parcel One:

All of Lots 7, 8, 9, 10, 11 and 12, Block 1, as shown on the Plat of Woodland, filed for record in the Office of the Yolo County Recorder on June 25, 1863 in Book D of Deeds at Page 722.

Parcel Two:

That real property in the City of Woodland, County of Yolo, State of California, situate in a portion of Section 29, Township 10 North, Range 2 East, Mount Diablo Meridian, and being Lots 47 and 48, as said Lots appear on The Oaks Subdivision, filed August 21, 1912, in Book 2 of Maps, at Page 61, Yolo County Records, and being more particularly described as follows:

BEGINNING at the Southeast corner of said Lot 48 said point being on the North side of Court Street; thence, from said point of beginning, along the South line of said Lots 47 and 48 and the North right-of-way line of Court Street, North 90° 00' 00" West 100.00 feet to the Southwest corner of said Lot 47 said corner also being the intersection of the North right of way line of Court Street with the Easterly right-of-way line of Grand Avenue; thence, along the West line of said Lot 47 and the Easterly line of Grand Avenue, North 00° 00' 00" East 159.00 feet to the Northwest corner of said Lot 47 said corner being the intersection of the Easterly right-of-way line of Grant Avenue and the Southerly line of a 20 foot alley; thence, East along the North line of said Lots 47 and 48 and the Southerly line of said 20 foot alley, North 90° 00' 00" East 100.00 feet to the Northeast corner of said Lot 48; thence, South along the East line of said Lot 48, South 00° 00' 00" East 159.00 feet to the point of beginning.

Parcel Three:

A parcel or tract of land located in the Northwest quarter of Section 5, T. 9 N., R. 2 N., M.D.B. & M., Yolo County, California, more particularly described as follows:

Beginning at a point on the Westerly line of said Section 5 which bears South 1° 01' 11" West, 620.00 feet from the Southwesterly corner of Unit One of Gibson Park as shown on that Map filed for record in Book 5 of Maps at Pages 31 - 32, Yolo County Records; said point of beginning also being the Southwesterly corner of that parcel of property described in the Deed recorded in Book 737 of Official Records at Page 216; thence, from said point of beginning, South 1° 01' 11" West, on and along the Westerly line of Section 5, 100.00 feet to the intersection of the center line of a proposed street; thence, South 88° 58' 49" East, along said proposed center line 50.00 feet to the beginning of a curve to the right; thence, along said curve with a radius of 520.00 feet, a central angle of 13° 40' 20", whose long chord bears South 82° 08' 39" East, 123.79 feet; thence, leaving said curve and said proposed center line North 14° 41' 31" East, 136.50 feet to a point on the Southerly line of the property described in that Deed recorded in Book 737 of Official Records; thence, on and along said property line, North 80° 54' 18"

West, 50.68 feet; thence, South 1° 01' 11" West, 25.00 feet; thence, North 88° 58' 49" West, 155.00 feet to the point of beginning.

Parcel One is commonly known as City Hall, 300 First Street, Woodland, CA, APN 005-211-28-1.

Parcel Two is commonly known as Fire Station No. 1, 101 and 105 Court Street, Woodland, CA APN 005-554-13-1.

Parcel Three is commonly known as Fire Station No. 2, 1619 West Street, Woodland, CA, APN 039-101-12-1.

CERTIFICATE OF ACCEPTANCE
California Government Code
Section 27281

Dated: April 1, 2012

This is to certify that pursuant to the Termination Agreement, dated April 1, 2012, between the City of Woodland (the "City"), the Woodland Finance Authority (the "Authority"), and U.S. Bank National Association, as trustee (the "Trustee") under the Trust Agreement dated July 1, 2007 (the "Trust Agreement"), between the Authority and the Trustee and as assignee of the Authority, all right, title, and interest in real property was conveyed from the Authority and the Trustee to the City, and such real property is hereby accepted by the undersigned officer on behalf of the City pursuant to authority conferred by resolution of the City, and the City consents to recordation thereof by its duly authorized officer.

CITY OF WOODLAND

By: _____

Art Pimentel, Mayor

RECORDING REQUESTED BY:

City of Woodland

WHEN RECORDED RETURN TO:

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

SITE LEASE

between the

CITY OF WOODLAND

and the

WOODLAND FINANCE AUTHORITY

Dated April 1, 2012

The term of this Site Lease is less than 35 years.

This document is recorded for the benefit of the City of Woodland 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 April 1, 2012, between the City of Woodland, a general law city duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "City"), as lessor, and the Woodland Finance Authority, a joint exercise of powers agency established pursuant to the laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the City intends to refinance the public improvements originally financed by the Authority's Lease Revenue Bonds (2007 Capital Projects) (the "Bonds");

WHEREAS, such refinancing will be accomplished by (i) the City's entering into this Site Lease, pursuant to which the City will lease to the Authority 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"), in exchange for an advance rental, (ii) the Authority's leasing back to the City the Leased Property pursuant to the Facilities Lease dated April 1, 2012 (the "Facilities Lease"), with the Authority, and recorded concurrently herewith by Memorandum of Facilities Lease, pursuant to which the City will be obligated to make Rental Payments to the Authority; (iii) the Authority's assignment without recourse of all rights to receive such Rental Payments to Zions First National Bank (the "Lender") pursuant to the Assignment Agreement dated April 1, 2012 (the "Assignment Agreement"), and recorded concurrently herewith, in exchange for the amount of the advance rental payable under the Site Lease; and (iv) the application of the advance rental to retirement of the Bonds and the payment of transaction costs;

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 Authority, and the Authority hereby hires from the City, on the terms and conditions hereinafter set forth, the Leased Property.

Section 2. Term. The term of this Site Lease shall commence on the Funding Date, as that term is defined in the Facilities Lease, and shall end on September 1, 2017, unless such term is extended or sooner terminated as hereinafter provided. If the term of the Facilities Lease is extended, the term of this Site Lease shall be extended commensurately. Furthermore, if the Facilities Lease is terminated pursuant to Section 7.2(a), this Site Lease shall continue for a term not to exceed the Lease Term defined in Section 3.3 of the Facilities Lease. If the City has paid and performed in full all of its obligations under the Facilities Lease, the term of this Site Lease shall end.

Section 3. Rental. As and for advance rental hereunder for the entire term hereof, the Authority shall transfer or cause to be transferred \$5,296,700 to U.S. Bank National Association, as escrow agent under the Escrow Agreement dated April 1, 2012, for the benefit of the City on or before the date of commencement of the term of this Site Lease. The Authority 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 Authority of the Leased Property or portion thereof as a result of material damage, destruction, or condemnation.

Section 4. Purpose. The Authority shall use the Leased Property solely for the purpose of leasing it to the City pursuant to the Facilities Lease and for such purposes as may be incidental thereto; provided that in the event of default by the City under the Facilities Lease the Authority may exercise the remedies provided in the Facilities Lease.

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

Section 6. Assignment and Subleases. The Authority may not assign its rights under this Site Lease, except pursuant to the Assignment Agreement, or sublet the Leased Property, without the written consent of the City.

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 Authority agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property to the City, without warranty as to condition.

Section 9. Default. If the Authority defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Site Lease by reason of any default on the part of the Authority if any of the Bonds are Outstanding, or if such termination would affect or impair any assignment or sublease of all or any part of the Leased Property then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Facilities Lease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this Site Lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment.

Section 10. Quiet Enjoyment. The Authority at all times during the term of this Site Lease, subject to the provisions of Section 9 hereof, shall peaceably and quietly have, hold and enjoy all of the Leased Property.

Section 11. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers agency, and the City hereby releases each and every member of the governing board and officer of the Authority of and from any personal or individual liability under this Site Lease unless such person acted outside of the scope of his or her duties. No member of the governing board or officer of the Authority shall at any time or under any circumstances be individually or

personally liable under this Site Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority 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. In the event 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 Facilities Lease relating thereto.

Section 14. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this Site 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 Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

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

City: City of Woodland 300 First Street Woodland, California 95695 Attn: Finance Director	Authority: Woodland Finance Authority 300 First Street Woodland, California 95695 Attention: Treasurer/Controller
---	---

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

Section 16. Successors and Assigns; Assignment. Whenever in this Site Lease either the City or the Authority 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 Site Lease by, on behalf of, or for the benefit of the City or the Authority shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

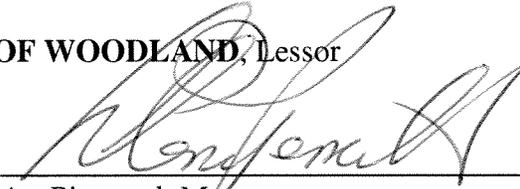
Section 17. Section Headings. All section headings contained herein are for convenience or reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 18. Execution in Counterparts. This Site 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 Site Lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.

IN WITNESS WHEREOF, the City and the Authority 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 WOODLAND, Lessor

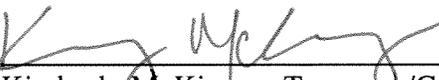
By:



Art Pimentel, Mayor

WOODLAND FINANCE AUTHORITY, Lessee

By:



Kimberly McKinney, Treasurer/Controller

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

The following described real property in the City of Woodland, County of Yolo, State of California, described as follows:

Parcel One:

All of Lots 7, 8, 9, 10, 11 and 12, Block 1, as shown on the Plat of Woodland, filed for record in the Office of the Yolo County Recorder on June 25, 1863 in Book D of Deeds at Page 722.

Parcel Two:

That real property in the City of Woodland, County of Yolo, State of California, situate in a portion of Section 29, Township 10 North, Range 2 East, Mount Diablo Meridian, and being Lots 47 and 48, as said Lots appear on The Oaks Subdivision, filed August 21, 1912, in Book 2 of Maps, at Page 61, Yolo County Records, and being more particularly described as follows:

BEGINNING at the Southeast corner of said Lot 48 said point being on the North side of Court Street; thence, from said point of beginning, along the South line of said Lots 47 and 48 and the North right-of-way line of Court Street, North 90° 00' 00" West 100.00 feet to the Southwest corner of said Lot 47 said corner also being the intersection of the North right of way line of Court Street with the Easterly right-of-way line of Grand Avenue; thence, along the West line of said Lot 47 and the Easterly line of Grand Avenue, North 00° 00' 00" East 159.00 feet to the Northwest corner of said Lot 47 said corner being the intersection of the Easterly right-of-way line of Grant Avenue and the Southerly line of a 20 foot alley; thence, East along the North line of said Lots 47 and 48 and the Southerly line of said 20 foot alley, North 90° 00' 00" East 100.00 feet to the Northeast corner of said Lot 48; thence, South along the East line of said Lot 48, South 00° 00' 00" East 159.00 feet to the point of beginning.

Parcel One is commonly known as City Hall, 300 First Street, Woodland, CA, APN 005-211-28-1.

Parcel Two is commonly known as Fire Station No. 1, 101 and 105 Court Street, Woodland, CA APN 005-554-13-1.

FACILITIES LEASE

between the

WOODLAND FINANCE AUTHORITY

and the

CITY OF WOODLAND

Dated April 1, 2012

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FACILITIES LEASE

This Facilities Lease dated April 1, 2012 (this “Facilities Lease”), and entered into between the Woodland Finance Authority (the “Authority”), as lessor, and the City of Woodland (the “City”), as lessee,

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers agency duly organized and validly existing pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and an Agreement entitled “Joint Exercise of Powers Agreement” (the “Joint Powers Agreement”) between the City and the Redevelopment Agency of the City of Woodland;

WHEREAS, Article 4 of the Act and the Joint Powers Agreement authorize the Authority to lease property to assist the City in financing and refinancing public improvements;

WHEREAS, the City, a municipal corporation duly organized and validly existing under and by virtue of the laws of the State of California, is authorized pursuant to the laws of the State of California to lease real property that is necessary and proper for public purposes;

WHEREAS, the City intends to refinance the public improvements originally financed by the Authority’s Lease Revenue Bonds (2007 Capital Projects) (the “Bonds”);

WHEREAS, such refinancing will be accomplished by (i) the City’s entering into the Site Lease dated April 1, 2012 (the “Site Lease”), with the Authority, pursuant to which the City will lease to the Authority 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”), in exchange for an advance rental, (ii) the Authority’s leasing back to the City the Leased Property pursuant to this Facilities Lease, pursuant to which the City will be obligated to make Rental Payments to the Authority; (iii) the Authority’s assignment without recourse of all rights to receive such Rental Payments to Zions First National Bank (the “Lender”) pursuant to the Assignment Agreement dated April 1, 2012, in exchange for the amount of the advance rental payable under the Site Lease; and (iv) the application of the advance rental to retirement of the Bonds and the payment of transaction costs;

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 Facilities Lease 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 Facilities Lease as originally executed.

(E) The words "herein," "hereof," "hereby," "hereunder," and other words of similar import refer to this Facilities Lease 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.

Assignment Agreement means the assignment agreement dated April 1, 2012, between the Authority and the Lender pursuant to which the Authority assigns certain of its rights under the Site Lease and the Facilities Lease to the Lender.

Authority means the Woodland Finance Authority, a joint exercise of powers agency duly organized and validly existing under and by virtue of the laws of the State of California, as lessee under the Site Lease and lessor hereunder.

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 Woodland.

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

Escrow Agent means U.S. Bank National Association, as escrow agent under the Escrow Agreement, its successors and assigns, and any other corporation or association that may at any time be substituted in its place in accordance with the Escrow Agreement.

Escrow Agreement means that certain agreement dated April 1, 2012, between the City, the Authority, and the Escrow Agent, regarding the refunding of the Prior Bonds.

Escrow Fund means the fund created pursuant to the Escrow Agreement.

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

Facilities Lease means this Facilities Lease by and between the Authority and the City, dated April 1, 2012, wherein the Authority 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.

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 Authority 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.).

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

Lender means Zions First National Bank, as assignee of the Authority under the Assignment Agreement.

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 March 1 and September 1 in each year, commencing September 1, 2012.

Permitted Encumbrances means (1) liens for general ad valorem taxes and assessment, if any, not then delinquent, or that the City may, pursuant to the terms of this Facilities Lease, permit to remain unpaid, (2) the Site Lease and the Facilities Lease, as they may be amended from time to time, (3) the Assignment Agreement, as it may be amended from time to time, and any other agreement assigning the Lender's rights under this Facilities Lease, as permitted hereby and by the Assignment Agreement (4) any right or claim of any mechanic, laborer, materialman, supplier, or vendor not filed or perfected in the manner prescribed by law, (5) easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions that the City certifies to the Lender in writing will not materially impair the use of the Leased Property, and (6) liens relating to special assessments levied with respect to the Leased Property.

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.

Prior Bonds means the outstanding bonds of the Woodland Finance Authority designated the Woodland Finance Authority Lease Revenue Bonds (2007 Capital Projects).

Rental Payments means the rental payments payable by the City pursuant to the provisions of the Facilities Lease.

Site Lease means the Site Lease by and between the City and the Authority, dated April 1, 2012, wherein the City leases the Leased Property to the Authority, 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, the Director of Finance, 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 Facilities Lease, 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 the City:

City of Woodland
300 First Street
Woodland, California 95695
Attention: Finance Officer

to the Authority:

Woodland Finance Authority
300 First Street
Woodland, California 95695
Attention: Treasurer/Controller

to the Lender:

Zions First National Bank
Public Financial Services
One South Main Street, 18th Floor
Salt Lake City, UT 84133
Attention: _____

The City, the Authority or the Lender 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 Facilities Lease either the City, the Authority, or the Lender 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 Facilities Lease contained by, on behalf of, or for the benefit of the City, the Authority, or the Lender 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 Facilities Lease expressed or implied is intended or shall be construed to give to any person other than the City, the Authority, and the Lender any legal or equitable right, remedy, or claim under or in respect of this Facilities Lease 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, the Authority, and the Lender.

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

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 Facilities Lease.

Section 1.7. Validity and Severability. If any one or more of the provisions contained in this Facilities Lease 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 Facilities Lease and such invalidity, illegality, or unenforceability shall not affect any other provision of this Facilities Lease, and this Facilities Lease shall be

construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City and the Authority hereby declare that they would have adopted this Facilities Lease 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 Facilities Lease 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 Facilities Lease 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 Facilities Lease, 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 Facilities Lease shall be governed by and construed in accordance with the laws of the State.

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

Section 1.10 No Personal Liability. No City Council member, governing board member, officer, or employee of the Authority or the City shall be individually or personally liable for the payment of the Rental Payments or the interest thereon, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

ARTICLE 2 REPRESENTATIONS AND COVENANTS OF AUTHORITY AND CITY

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

(A) Valid Existence. The Authority has been duly organized and is validly existing as a joint exercise of powers agency under the laws of the State.

(B) Power to Enter into Agreements. The Authority is authorized to enter into the Site Lease, this Facilities Lease, and the Assignment Agreement and perform all of its obligations hereunder and thereunder.

(C) Due Authorization. The Site Lease, this Facilities Lease, and the Assignment Agreement have been duly authorized by all necessary action on the part of the Authority.

(D) Enforceability of Agreements. The Authority represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of the Site Lease, this Facilities Lease, and the Assignment 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 and Covenants of the City. The City hereby represents and covenants for the benefit of the Authority and its assignees 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 Agreements. The City is authorized under the California Government Code to enter into the Site Lease and this Facilities Lease and perform all of its obligations thereunder and hereunder.

(C) Due Authorization. The Site Lease and this Facilities Lease have been duly authorized by all necessary action on the part of the City.

(D) Enforceability of Agreements. The City represents, covenants, and warrants that the Site Lease and this Facilities Lease are legal, valid, and binding obligations of the City, enforceable in accordance with their respective 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 the Site Lease and this Facilities Lease and compliance with the provisions thereof and 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) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site Lease and this Facilities Lease, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(G) 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 the Site Lease or this Facilities Lease.

(H) 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 Facilities Lease, or under any of its bonds, notes, or other debt obligations.

(I) Financial Condition. The financial statements of the City for the year ended June 30, 2011, supplied to the Lender (i) were prepared in accordance with generally accepted accounting principles, consistently applied, and (ii) fairly present the City's financial condition as of the date of the statements. The City has experienced no material change in its financial condition since June 30, 2011.

(J) Fee Title; Encumbrances. 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 Site Lease and this Facilities Lease are the only leases that encumber the Leased Property.

(K) Current Compliance. The City is in all material respects in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to the Leased Property.

(L) Use of the Leased Property. During the term of this Facilities Lease, 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.

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

(N) Value of Leased Property. The insured value of the Leased Property is at least \$9,470,000.

(O) Accuracy of Information. All information provided by the City to the Lender was, at the time provided, complete and accurate in all material respects. No document provided nor any representation, warranty or other written statement made to the Lender in connection with the negotiation, preparation or execution of this Facilities Lease contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or provided) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(P) Role of the Lender. The City acknowledges that: (a) the Lender is acting solely as assignee of the Authority's interests in the Facilities Lease for its own account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor; (b) the Lender 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 Authority's interests in the Facilities Lease; 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 financing transaction from its financial, legal, and other advisors (and not the Lender) to the extent that the City desired to obtain such advice.

ARTICLE 3 LEASE OF LEASED PROPERTY

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

Section 3.2. No Merger of Estates. The leasing by the Authority to the City of the Leased Property pursuant to this Facilities Lease shall not effect or result in a merger of the City's leasehold estate pursuant hereto and its fee estate. The Authority shall continue to have and hold a leasehold estate in the Leased Property pursuant to the Site Lease throughout the term thereof and the term of this Facilities Lease. As to the Leased Property, this Facilities Lease shall be deemed and constitute a sublease.

Section 3.3. Lease Term; Occupancy. (A) Term. The term of this Facilities Lease shall commence on the Funding Date and shall end on September 1, 2017, unless such term is extended or sooner terminated as hereinafter provided. If on September 1, 2017, 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 Facilities Lease shall be extended for the actual period of abatement or for so long as the default remains uncured, but not to exceed five (5) years. When the aggregate rental paid under this Facilities Lease equals the total rental originally scheduled herein, and the City has paid and performed in full all of its other obligations under this Facilities Lease, the term of this Facilities Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

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

Section 3.4. 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 3.5. Title to the Leased Property. During the term of this Facilities Lease, the Authority shall have a leasehold estate in the Leased Property pursuant to the Site Lease. Upon the termination or expiration of the term of this Facilities Lease, full title to the Leased Property shall vest in the City.

Section 3.6. Substitution. The City may substitute alternate property for any property that constitutes the Leased Property for purposes of the Site Lease and this Facilities Lease, but only with the written consent of the Lender to the substitution, which consent shall not be unreasonably withheld, and only after the City shall have filed with the Lender all of the following:

(A) Replacement Value. Either (1) an MAI appraisal demonstrating that the fair market value or (2) a Certificate of an Insurance Consultant stating that the replacement value (estimated for casualty insurance purposes) of the property that will constitute the Leased Property after the substitution (the "Substituted Property") will be at least equal to one hundred ten percent (110%) of the sum of the unpaid principal components of the Rental Payments;

(B) Title Insurance. A California Land Title Association leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies in an amount or amounts such that the amount of title insurance coverage with respect to the Substituted Property is at least equal to the amount of such insurance with respect to the Leased Property prior to the substitution. Each such policy or endorsement, when issued, shall name the Lender as an insured and shall insure the leasehold estate of the Authority in the Substituted Property, subject only to the following exceptions: (1) Permitted Encumbrances and (2) other exceptions that do not substantially interfere with the City's right to

use and occupy the substituted property and that will not result in an abatement of Rental Payments under Section 4.6 (Abatement of Rental);

(C) No Effect on Occupancy; Useful Life. A Certificate of the City certifying that such substitution does not adversely affect the City's use and occupancy of the Leased Property and that the Substituted Property has a useful life extending at least to September 1, 2022;

(D) No Prior Liens. A Certificate of the City certifying that the Substituted Property is not subject to any liens securing monetary obligations (other than Permitted Encumbrances), unless such liens are subordinate to the interests of the Authority created by this Facilities Lease;

(E) Essential Property. A Certificate of the City certifying that the Substituted Property is essential to the fulfillment of the City's governmental purposes;

(F) Current Compliance. A Certificate of the City certifying that the City is in all material respects in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to the Substituted Property;

(G) Hazardous Substances. A Certificate of the City certifying that, to the best of the City's knowledge, the Substituted Property is free of all Hazardous Substances;

(H) Insurance. A Certificate of the City certifying that the Substituted Property is insured as required hereunder;

(I) Opinion of Counsel. An opinion of counsel, addressed to the City and the Lender, stating that the amendments to the Site Lease and this Facilities Lease that implement the substitution (1) are authorized or permitted by and comply with the Constitution and laws of the State of California; and (2) upon execution and delivery will be valid obligations of the City;

(J) Documents. Executed copies of the amended Site Lease and Facilities Lease (or amendments thereto to accomplish such substitution) containing the amended description of the Leased Property;

(K) Recording. A Certificate of the City certifying that the amended Site Lease and Facilities Lease (or amendments thereto to accomplish such substitution), or memoranda thereof, have been duly recorded in the official records of the county in which the Substituted Property is located;

Property that is no longer a part of the Leased Property as a result of a substitution of property completed in accordance with this section shall be released from the lien of this Facilities Lease upon the effective date of such substitution. Upon such substitution, the property released herefrom shall be conveyed to the City, and the Authority and/or the Lender shall execute and deliver all documents necessary or appropriate to convey or reconvey such property to the City, free of all restrictions and encumbrances imposed or created by this Facilities Lease and/or the Site Lease.

Section 3.7. Actions in the Event of Uninsured Casualty.(A) Substitution of Property. If the Leased Property is damaged or destroyed owing to a risk (such as earthquake) against which the City is not insured and for which rental abatement insurance is not available, the City shall substitute under the Site Lease and this Facilities Lease one or more parcels of unimpaired and unencumbered real property the insured value of which is at least one hundred ten percent (110%) of the unpaid principal components of the Rental Payments.

(B) Refinancing. If the City is unable to substitute real property for the Leased Property in the amount required under subsection A above, the City shall use its best efforts to prepay principal components of the Rental Payments such that the insured value of the undamaged Leased Property is at least one hundred ten percent (110%) of the remaining unpaid principal components of the Rental Payments.

(C) Senior Encumbrance. If the City is unable to implement either (A) or (B) above, the City and the Authority hereby agree that the obligations evidenced by this Facilities Lease shall be the senior encumbrance on the Leased Property and any future encumbrance, including without limitation any lease, mortgage, deed of trust or security interest, shall be subordinate to this Facilities Lease and there shall be no payments during the Lease Term on the obligations evidenced or secured thereby until all of the scheduled Rental Payments set forth on Exhibit B hereto have been paid in full.

ARTICLE 4 RENTAL PAYMENTS

Section 4.1. Rental Payments. The City agrees to pay to the Authority 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, from any source of legally available funds, 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 Facilities Lease shall have been extended pursuant to Section 3.3 (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 March 1 and September 1 in each year, continuing to and including the date of termination of this Facilities Lease. Upon such extension of this Facilities Lease, 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 rate of 2.62% per annum, 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 six-month period ending on the Payment Date.

(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 the Lender, as the assignee of the Authority. Rental Payments shall be paid to the Lender as follows:

Payments by check:	Payments by wire: ABA#: For Credit to: Reference: City of Woodland
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(E) Rate on Overdue Payments. Any Rental Payment installment that is not paid when due shall bear interest at the rate of 2.62% 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 Authority 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 Facilities Lease shall be deemed and construed to be a “net-net lease” and the City hereby agrees that the Rental Payments shall be an absolute net return to the Authority, 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 Authority a Certificate of the City certifying that such budget contains the necessary appropriation for all Rental Payments. If requested in writing by the Authority, 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 Facilities Lease 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.

Section 4.7. No Termination Upon Damage or Destruction. 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 Facilities Lease by virtue of any such damage or destruction.

Section 4.8. Contributions/Advances. Nothing contained in this Facilities Lease shall prevent the City from making contributions or advances to the Authority 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 4.9. Prepayment. On any date, the City may prepay its obligations hereunder in whole by paying to the Lender an amount equal one hundred one percent (101%) of the unpaid principal components of the Rental Payments, plus the interest accrued thereon from the last Payment Date to the date fixed for prepayment, plus the amount of any interest components of the 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 the interest component of any Rental Payments then in default. Upon such prepayment, and satisfaction of all other obligations of the City hereunder, the term of this Facilities Lease shall terminate.

The City shall, at least thirty 30 days prior to such prepayment, notify the Lender 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 Authority hereby covenants to provide the City during the term of this Facilities Lease with quiet use and enjoyment of the Leased Property and the City shall during the term of this Facilities Lease peaceably and quietly have, hold, and enjoy the Leased Property without suit, trouble, or hindrance from the Authority, 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 Authority 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 Authority's or the City's rights or obligations under this Facilities Lease, 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 Facilities Lease, 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 Facilities Lease 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 Authority of the Leased Property is found to be subject to taxation in any form, the City will pay during the term of this Facilities Lease, 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 Facilities Lease 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 Authority shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the 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 Authority with full security against any loss that may result from nonpayment, in form satisfactory to the Authority.

Section 5.5. Liens. If the City shall at any time during the term of this Facilities Lease 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 Authority's interest therein. If any such lien attaches to or is filed against the Leased Property or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien 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 Authority and its directors and agents 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 Authority'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 Authority. 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 Authority, and the City will notify the Authority 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 Authority.

(C) Access for Inspection. The City will permit the Authority, its agents, or any experts designated by the Authority 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 Authority 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 Facilities Lease 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 Authority, 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. Certain of the Authority's rights under the Site Lease and this Facilities Lease, including the right to receive and enforce payment of the Rental Payments, are being assigned to the Lender pursuant to the Assignment Agreement. The City hereby consents to such assignment and to any additional assignment of such rights by the Lender 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 Lender or its assignees to protect their interests in the Leased Property and in this Facilities Lease. The City acknowledges and agrees that on and after such assignment, all references in this Facilities Lease and the Site Lease to the Authority shall be to the Lender.

Section 5.9. Authority's Disclaimer of Warranties. The Authority 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 Authority 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 Authority be liable for any incidental, indirect, special, or consequential damage in connection with or arising out of this Facilities Lease 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 Facilities Lease.

Section 5.10. Authority Not Liable; Indemnification of the Authority. The Authority, the Lender, and their respective 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 Authority, the Lender, and their 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 Facilities Lease 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, violation of Applicable Environmental Laws, 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 Authority; 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 Facilities Lease or the termination of the term of this Facilities Lease for any reason. The City and the Authority mutually agree to promptly give notice to each other and the Authority 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 Facilities Lease 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 Authority 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 Facilities Lease.

Section 5.13. Financial Statements; Budgets. During the term of this Facilities Lease, the City shall, at the request of the Lender, furnish or cause to be furnished to the Lender, at the City's expense, (i) the audited financial statements of the City within six (6) months of the end of the Fiscal Year, or as soon as practicable thereafter, and (ii) any interim or unaudited financial

statements that may be reasonably requested by the Lender as soon as available. Any audited financial statements furnished to the Lender shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the City's financial condition as of the date of the statements. The City hereby agrees to provide the Lender with such other information as may be reasonably requested by the Lender.

Section 5.14. Observance of Laws and Regulations. The City will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the City, including the City's right to exist and carry on business as a municipal corporation, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.15 Notices. During the Term of this Facilities Lease, the City shall provide to the Lender:

(A) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action that constitutes an Event of Default under this Facilities Lease, together with a Certificate of the City of the steps being taken by the City to cure the effect of such Event of Default.

(B) prompt written notice of any material litigation, or any investigation, inquiry or similar proceeding by any governmental authority.

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 Lender in an amount equal to 100% of the replacement cost without deduction for depreciation; (ii) liability insurance that protects the Lender from liability in all events in a reasonable amount satisfactory to the Lender; (iii) rental abatement insurance in an amount equal to at least 24 months of Rental Payments; (iv) workers' compensation insurance covering all employees working on, in, near or about the Leased Property; and (v) title insurance in the form of a CLTA policy insuring the leasehold interest of the Lender, with only such exceptions as are approved by the Lender, in an amount equal to the total principal components of the Rental Payments. 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.

Section 6.2. Alternative Risk Management. Except for title insurance and flood insurance, the City may provide the insurance required by Section 6.1 through (1) a self-insurance method or plan of protection, except for rental abatement insurance, and otherwise only with the Lender's prior written consent, (2) a program involving captive insurance

companies, (3) participation in state or federal insurance programs, (4) 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, or (5) establishment or participation in other alternative risk management programs.

Section 6.3. General Insurance Provisions. All such insurance shall be with insurers that are authorized to issue such insurance in the State. Other than the workers' compensation insurance, all liability insurance policies related to the Leased Property shall name the Lender as an additional insured. All casualty insurance, flood insurance, and title insurance related to the Leased Property shall contain a provision making any losses payable to the Lender and the City as their respective interests may appear. All insurance proceeds from rental abatement insurance shall be paid to the Lender and shall be credited toward the payment of Rental Payments in the order in which the Rental Payments come due and payable. All policies shall contain a provision to the effect that such insurance shall not be cancelled or modified materially and adversely to the interest of the Lender without first giving written notice thereof to the Lender at least ten (10) days in advance of such modification or cancellation. Such changes shall not become effective without the Lender's prior consent, which consent shall not be unreasonably withheld. The City shall, at the Lender's request, furnish to the Lender certificates and endorsements evidencing such coverage.

Section 6.4. Advances. If the City shall fail to maintain the full insurance coverage required by this Facilities Lease or shall fail to keep the Leased Property in good repair and operating condition, the Lender 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 Lender all amounts so advanced within thirty (30) days of a written request therefor.

Section 6.5. 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 Lender 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 Facilities Lease 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 Lease Default Events:

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

(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 Lender.

(C) Transfer of City's Interest. Assignment or transfer of the City's interest in this Facilities Lease or any part hereof without the written consent of the Lender, 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 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. Property released from the lien of this Facilities Lease hereof shall not be deemed abandoned by the City.

Section 7.2. Remedies on Default. Upon the occurrence and during the continuance of a Lease Default Event, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Facilities Lease. Upon a Lease Default Event, the Authority shall have the option to do any of the following:

(A) Termination of Lease.

(1) Notice of Termination; Re-entry. By written notice to the City, to terminate this Facilities Lease and to re-enter the Leased Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place in Yolo County, State of California. In the event of such termination, the City agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal or storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(2) No Termination Except by Notice. Neither (a) notice to pay rent or to deliver up possession of the Leased Property given pursuant to law, nor (b) any entry or re-entry by the Authority, nor (c) any proceeding brought by the Authority to recover possession of the Leased Property, nor (d) the appointment of a receiver upon initiative of the Authority to protect the Authority's interests under this Facilities Lease shall of itself operate to terminate this Facilities Lease. No termination of this Facilities Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Facilities Lease. The City covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Facilities Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(B) Continuation of Lease; Reletting.

(1) Continuation Remedies. Without terminating this Facilities Lease, (i) 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, and/or (ii) to enter, retake possession of, and re-let the Leased Property. The term “re-let” or “re-letting” as used in this Article shall include, but not be limited to, re-letting by means of the operation by the Authority of the Leased Property.

(2) City to Remain Liable. If the Authority does not elect to terminate this Facilities Lease in the manner provided for in subsection (a)(1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City. If the Leased Property is not re-let, the City agrees to pay the full amount of the rent to the end of the term of this Facilities Lease; if the Leased Property is re-let, the City agrees to pay any deficiency in rent that results therefrom. The City further agrees to pay the rent punctually at the same time and in the same manner as for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified and notwithstanding any entry or re-entry by the Authority or proceeding brought by the Authority to recover possession of the Leased Property.

(3) Agency. Should the Authority elect to enter or re-enter the Leased Property as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Leased Property, or any item or part thereof, from time to time, either in the Authority’s name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable. The City further appoints the Authority as its agent to remove all persons in possession of the Leased Property and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place in Yolo County, State of California, for the account of and at the expense of the City. The City hereby exempts and agrees to save harmless the Authority from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such retaking of possession and re-letting of the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance herewith.

(4) Adequate Notice. The City agrees that the terms of this Facilities Lease constitute full and sufficient notice of the right of the Authority to re-let the Leased Property and to do all other acts to maintain or preserve the Leased Property as the Authority deems necessary or desirable in the event of such retaking or re-entry without effecting a surrender of this Facilities Lease, and further agrees that no acts of the Authority in attempting such re-letting shall constitute a surrender or termination of this Facilities Lease, irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Facilities Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in subsection (a) hereof.

(5) Waiver of Right to Excess Rent; Agreement to Pay Costs. The City further waives the right to rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the

Authority for its services in re-letting the Leased Property or any items or part thereof. The City further agrees to pay the Authority the cost of any alterations or repairs or additions to the Leased Property or any items or part thereof necessary to place the Leased Property or any items or part thereof in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or repairs or alterations.

The City hereby waives any and all claims for damages caused or that may be caused by the Authority in entering or re-entering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the 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 Authority 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 Authority to any or all other remedies. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

Section 7.5. Authority Defaults; City Remedies.

(A) Authority Defaults. The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such 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 Authority properly specifying wherein the Authority has failed to perform any such obligation.

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

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

Section 7.7. No Additional Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice that may grow up between the parties in the course of administering this Facilities Lease be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be

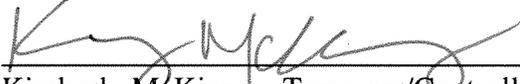
deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Facilities Lease.

Section 7.8. Application of Amounts Collected. All amounts collected by the Authority under this Article, other than or provided in Section 7.02(b) (Remedies on Default - Continuation of Lease; Reletting), shall be credited towards the Rental Payments in order of Rental Payment Dates.

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

WOODLAND FINANCE AUTHORITY, lessor

By: 
Kimberly McKinney, Treasurer/Controller

CITY OF WOODLAND, lessee

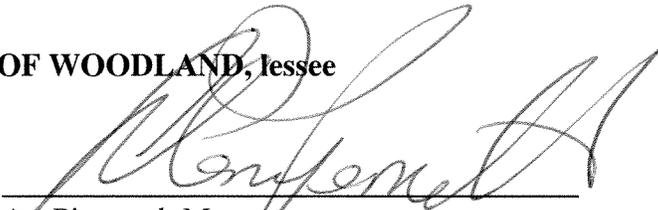
By: 
Art Pimentel, Mayor

EXHIBIT A

PROPERTY DESCRIPTION

The following described real property in the City of Woodland, County of Yolo, State of California, described as follows:

Parcel One:

All of Lots 7, 8, 9, 10, 11 and 12, Block 1, as shown on the Plat of Woodland, filed for record in the Office of the Yolo County Recorder on June 25, 1863 in Book D of Deeds at Page 722.

Parcel Two:

That real property in the City of Woodland, County of Yolo, State of California, situate in a portion of Section 29, Township 10 North, Range 2 East, Mount Diablo Meridian, and being Lots 47 and 48, as said Lots appear on The Oaks Subdivision, filed August 21, 1912, in Book 2 of Maps, at Page 61, Yolo County Records, and being more particularly described as follows:

BEGINNING at the Southeast corner of said Lot 48 said point being on the North side of Court Street; thence, from said point of beginning, along the South line of said Lots 47 and 48 and the North right-of-way line of Court Street, North 90° 00' 00" West 100.00 feet to the Southwest corner of said Lot 47 said corner also being the intersection of the North right of way line of Court Street with the Easterly right-of-way line of Grand Avenue; thence, along the West line of said Lot 47 and the Easterly line of Grand Avenue, North 00° 00' 00" East 159.00 feet to the Northwest corner of said Lot 47 said corner being the intersection of the Easterly right-of-way line of Grant Avenue and the Southerly line of a 20 foot alley; thence, East along the North line of said Lots 47 and 48 and the Southerly line of said 20 foot alley, North 90° 00' 00" East 100.00 feet to the Northeast corner of said Lot 48; thence, South along the East line of said Lot 48, South 00° 00' 00" East 159.00 feet to the point of beginning.

Parcel One is commonly known as City Hall, 300 First Street, Woodland, CA, APN 005-211-28-1.

Parcel Two is commonly known as Fire Station No. 1, 101 and 105 Court Street, Woodland, CA APN 005-554-13-1.

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>
9/1/2012	\$493,500.00	\$34,269.64	\$527,769.64
3/1/2013	483,900.00	43,918.38	527,818.38
9/1/2013	487,200.00	41,160.15	528,360.15
3/1/2014	490,500.00	37,652.31	528,152.31
9/1/2014	493,700.00	34,120.71	527,820.71
3/1/2015	497,800.00	29,924.26	527,724.26
9/1/2015	503,400.00	25,692.96	529,092.96
3/1/2016	508,300.00	20,759.64	529,059.64
9/1/2016	513,200.00	15,778.30	528,978.30
3/1/2017	519,000.00	9,927.82	528,927.82
9/1/2017	306,200.00	4,011.22	529,059.64

RECORDING REQUESTED BY:

City of Woodland

WHEN RECORDED RETURN TO:

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

The term of the Facilities Lease is less than 35 years.

This document is recorded for the benefit of the City of Woodland 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.

MEMORANDUM OF FACILITIES LEASE

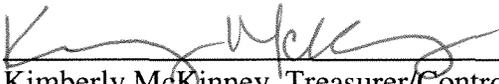
This Memorandum of Facilities Lease dated April 1, 2012, is made and entered into by and between City of Woodland, a general law city duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "City"), as lessor, and the Woodland Finance Authority, a joint exercise of powers agency established pursuant to the laws of the State of California (the "Authority"), as lessee, to witness that:

The Authority and the City have entered into that certain Facilities Lease dated April 1, 2012, pursuant to which the Authority has leased to the City and does hereby lease to the City all of the real property located in the City of Woodland, County of Yolo, State of California, described in *Exhibit A* attached hereto and incorporated herein by reference, for a term commencing on April 19, 2012, and ending on September 1, 2017, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Facilities Lease.

This Memorandum has been prepared for the purpose of giving notice of the Facilities Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Facilities Lease, the terms of which remain in full force and effect.

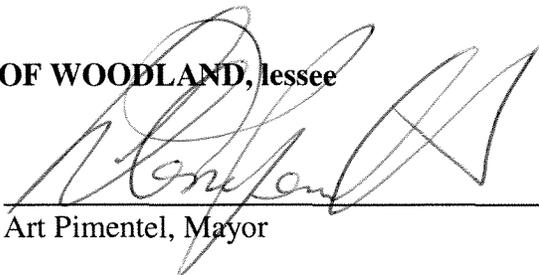
IN WITNESS WHEREOF, the Authority and the City have caused this Memorandum of Facilities Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

WOODLAND FINANCE AUTHORITY, lessor

By: 

Kimberly McKinney, Treasurer/Controller

CITY OF WOODLAND, lessee

By: 

Art Pimentel, Mayor

EXHIBIT A

PROPERTY DESCRIPTION

The following described real property in the City of Woodland, County of Yolo, State of California, described as follows:

Parcel One:

All of Lots 7, 8, 9, 10, 11 and 12, Block 1, as shown on the Plat of Woodland, filed for record in the Office of the Yolo County Recorder on June 25, 1863 in Book D of Deeds at Page 722.

Parcel Two:

That real property in the City of Woodland, County of Yolo, State of California, situate in a portion of Section 29, Township 10 North, Range 2 East, Mount Diablo Meridian, and being Lots 47 and 48, as said Lots appear on The Oaks Subdivision, filed August 21, 1912, in Book 2 of Maps, at Page 61, Yolo County Records, and being more particularly described as follows:

BEGINNING at the Southeast corner of said Lot 48 said point being on the North side of Court Street; thence, from said point of beginning, along the South line of said Lots 47 and 48 and the North right-of-way line of Court Street, North 90° 00' 00" West 100.00 feet to the Southwest corner of said Lot 47 said corner also being the intersection of the North right of way line of Court Street with the Easterly right-of-way line of Grand Avenue; thence, along the West line of said Lot 47 and the Easterly line of Grand Avenue, North 00° 00' 00" East 159.00 feet to the Northwest corner of said Lot 47 said corner being the intersection of the Easterly right-of-way line of Grant Avenue and the Southerly line of a 20 foot alley; thence, East along the North line of said Lots 47 and 48 and the Southerly line of said 20 foot alley, North 90° 00' 00" East 100.00 feet to the Northeast corner of said Lot 48; thence, South along the East line of said Lot 48, South 00° 00' 00" East 159.00 feet to the point of beginning.

Parcel One is commonly known as City Hall, 300 First Street, Woodland, CA, APN 005-211-28-1.

Parcel Two is commonly known as Fire Station No. 1, 101 and 105 Court Street, Woodland, CA APN 005-554-13-1.

RECORDING REQUESTED BY:

City of Woodland

AND WHEN RECORDED RETURN TO:

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

ASSIGNMENT AGREEMENT

between

WOODLAND FINANCE AUTHORITY

and

ZIONS FIRST NATIONAL BANK

Dated April 1, 2012

This document is recorded for the benefit of the City of Woodland 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 April 1, 2012 (the "Assignment Agreement"), made by the Woodland Finance Authority, a joint exercise of powers agency duly organized and validly existing under and by virtue of the laws of the State of California, as assignor (the "Authority"), and accepted by Zions First National Bank, a national banking association, as assignee (the "Lender");

W I T N E S S E T H :

WHEREAS, the Authority and the City of Woodland (the "City") have executed and entered into a Site Lease (the "Site Lease"), dated the date hereof and recorded concurrently herewith, whereby the City has agreed to lease the real property described in Exhibit A hereto (the "Leased Property") to the Authority;

WHEREAS, the Authority and the City have entered into a Facilities Lease (the "Facilities Lease"), dated the date hereof and recorded concurrently herewith by Memorandum of Facilities Lease, whereby the Authority has agreed to lease back to the City the Leased Property;

WHEREAS, under and pursuant to the Facilities Lease, the City is obligated to make Rental Payments, as defined therein, to the Authority for the lease of the Leased Property;

WHEREAS, the Authority desires to assign without recourse all of its rights, title and interest in the Site Lease and the Facilities Lease, including, without limitation, the right to receive the Rental Payments scheduled to be paid by the City under and pursuant to the Facilities Lease to the Lender;

WHEREAS, in consideration of such assignment, the Lender has agreed to deliver \$5,296,700 as directed by the Authority, the entire amount of which will be used to satisfy the Authority's advance rental obligation under the Site Lease, which will be held and applied as specified in the Escrow Agreement dated April 1, 2012, between the City, the Authority, and U.S. Bank National Association, as escrow agent.

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 Authority hereby sells, transfers, assigns and sets over to the Lender all of the Authority's rights, title and interest in and to the Site Lease and the Facilities Lease (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 Facilities Lease;

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

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

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

Section 3. Representations. The Authority represents and warrants to the Lender that:

(A) Enforceability of Assignment Agreement. The Authority 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 Authority, 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 Lender free and clear of any liens, security interests, encumbrances or other claims other than the rights of the City under the Facilities Lease, and the Authority has not assigned or transferred any of the Assigned Property or any interest in the Assigned Property to any party other than the Lender.

(C) Lender Not Liable. Lender is not liable for and does not assume responsibility for the performance of any of the covenants, agreements, duties or obligations specified in the Facilities Lease to be kept, paid or performed by the Authority, with exception of such covenants, agreements, duties and obligation (if any) which are expressly made the responsibility of Lender under the Facilities Lease.

Section 4. Covenants. (a) Nonimpairment of Facilities Lease. The Authority agrees that it (1) shall not have any right to amend, modify, compromise, release, terminate or permit

prepayment of the Facilities Lease, and (2) shall not take any action that may impair the payment of Rental Payments or the validity or enforceability of the Facilities Lease.

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

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

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.

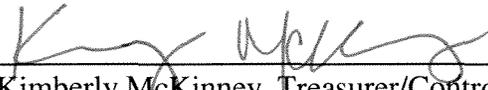
Section 6. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the Facilities Lease.

Section 7. Applicable Law. This Assignment Agreement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in the State of California. Any provision of this Assignment Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment Agreement.

[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.

WOODLAND FINANCE AUTHORITY, as assignor

By: 

Kimberly McKinney, Treasurer/Controller

ZIONS FIRST NATIONAL BANK, as assignee

By: _____
Authorized Officer

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.

WOODLAND FINANCE AUTHORITY, as assignor

By: _____
Kimberly McKinney, Treasurer/Controller

ZIONS FIRST NATIONAL BANK, as assignee

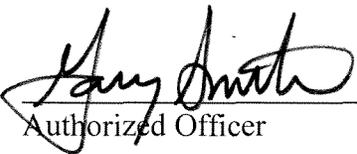
By:  _____
Authorized Officer

EXHIBIT A

DESCRIPTION OF THE PROPERTY

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Parcel Two is commonly known as Fire Station No. 1, 101 and 105 Court Street, Woodland, CA APN 005-554-13-1.



April 19, 2012

City of Woodland
300 First Street
Woodland, CA 95691

Zions First National Bank
One South Main Street, 18th Floor
Salt Lake City, UT 84133

Re: City of Woodland
2012 Lease Refunding
(Final Approving Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Woodland (the “City”) in connection with the execution and delivery of a site lease between the City and the Woodland Finance Authority (the “Authority”), dated April 1, 2012 (the “Site Lease”) and a facilities lease between the Authority and the City, dated April 1, 2012 (the “Facilities Lease”). The Authority has assigned its interests in the Facilities Lease to Zions First National Bank (the “Lender”) pursuant to an Assignment Agreement dated April 1, 2012 (the “Assignment Agreement”), between the Authority and the Lender. Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Facilities Lease.

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 Site Lease and the Facilities Lease 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 incorporated and validly existing under and by virtue of the laws of the State of California with the power to enter into the Site Lease and the Facilities Lease and to perform the agreements on its part contained therein.

2. The Site Lease and the Facilities Lease 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 public agencies in the State of California.

3. The assignment of the Site Lease and the Facilities Lease, including the right to receive Rental Payments, by the Authority to the Lender under the Assignment Agreement constitutes the valid and binding obligation of the Authority enforceable in accordance with its terms.

4. 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; however, such interest is 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.

5. 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.

6. The Facilities Lease is a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

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, Facilities Lease, or the Assignment 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 Facilities Lease 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, the Facilities Lease, or the Assignment Agreement; and

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

Although we do not represent the City or the Authority in their general legal and contracting matters and have not made an independent investigation of such matters, in our representation as bond counsel with respect to the Facilities Lease, the Site Lease, and the Assignment Agreement, and after having inquired with respect thereto of such principal City and Authority representatives as were assigned by the City and the Authority to work with us in connection with the aforementioned documents, we hereby confirm to you nothing has come to our attention that would lead us to believe that (i) there are any legal or governmental proceedings or litigation pending or, to the best of our knowledge, threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of the Facilities Lease, the Site Lease, or the Assignment Agreement; or (ii) the adoption, execution, and/or delivery of the Facilities Lease, the Site Lease, and the Assignment Agreement and the compliance by the City or the Authority with their provisions would (a) breach or otherwise violate any existing obligation of the City or the Authority under any court decree or order (b) breach, or result in a default under, any agreement, indenture, lease or other instrument to which the City or the Authority is a party or by which the City or the Authority or their respective properties are bound, or (c) violate applicable provisions of statutory law or regulation.

City of Woodland
Zions First National Bank
April 19, 2012
Page 4

This letter is furnished by us as bond counsel to the City. No attorney-client relationship has existed or exists between our firm and the Lender in connection with the delivery of the Facilities Lease 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, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation