

TRANSCRIPT OF PROCEEDINGS

\$13,141,596.29

**CITY OF SAN DIEGO, CALIFORNIA
TAXABLE QECB EQUIPMENT LEASE AGREEMENT**

CLOSING DATE: APRIL 15, 2011

CLOSING INDEX

\$13,141,596.29
City of San Diego, California
Taxable QECB Equipment Lease Agreement

Closing Date: April 15, 2011

PARTIES AND COUNSEL:

- City of San Diego, California (the “City”)
- City Attorney’s Office (“City Attorney”)
- Banc of America Leasing & Capital, LLC (“BALC”)
- Public Financial Management
- Orrick, Herrington & Sutcliffe LLP, bond counsel to the City (“OH&S”)
- Chapman and Cutler LLP, counsel to BALC (“C&C”)
- Deutsche Bank National Trust Company (“DB”)

Three (3) originals of each of the following instruments and showings are to be delivered in connection with the execution and delivery of the above-referenced Equipment Lease Agreement on the Closing Date identified above:

DOCUMENT No.

I. BASIC LEASE DOCUMENTS

Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, and Rental Payments Schedule thereto (collectively, the “Agreement”), between the City of San Diego, California, as lessee (the “Lessee”), and Banc of America Leasing & Capital, LLC, as lessor (in such capacity, the “Lessor”).....	1
Acquisition Fund and Account Control Agreement dated as of April 15, 2011 (the “Acquisition Fund Agreement”), among the Lessee, the Lessor and Deutsche Bank National Trust Company, as custodian (the “Custodian”).....	2
Agreement to Execute Lease dated March 25, 2011, between the Lessee and Banc of America Leasing & Capital, LLC.....	3
Tax Certificate of the Lessee with respect to the Lease, including the Certificate of the Purchaser attached as Exhibit A thereto	4

Notice from California Debt Limit Allocation Committee regarding Approval of the Allocation of Qualified Energy Conservation Bond Allocation to the Lessee	5
Copy of completed and executed IRS Form 8038-TC with respect to the Lease, with evidence of filing	6
UCC-1 Financing Statement showing Lessee, as debtor, the Lessor, as secured party, and the Equipment under the Lease as collateral (personal property filing), with evidence of filing with the California Secretary of State	7

II. DOCUMENTS FURNISHED BY LESSEE

Evidence of insurance under Article VI of the Lease, as required by Sections 3.04(a)(v) and 7.02 of the Lease, including self-insurance letter in the form attached as Attachment D to the Lease	8
Certified copy of Ordinance No. 0-20004, adopted by the City Council of the Lessee on November 9, 2010, as required by Section 3.04(a)(iii) of the Lease	9
Certificate regarding the incumbency and authorization of officers of the Lessee in the form attached as Attachment C to the Lease, as required by Section 3.04(a)(iv) of the Lease	10
CDLAC Report of Action Taken Regarding the Issuance of Qualified Energy Conservation Bonds	11

III. PRIVATE PLACEMENT DOCUMENTS

Investment Representation Letter from BALC as original purchaser of the Lease	12
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IV. LEGAL OPINIONS

Opinion of Counsel for the City, as required by Section 3.04(a)(vii) of the Lease (in the form attached as Attachment B to the Lease)	13
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V. MISCELLANEOUS

Cross Receipts.....	14
Request For Payment From Delivery Costs Fund	15

Copies of the transcript of proceedings will be delivered as follows:

CDS	HARDCOPY	
-1-	One original	City of San Diego, California
-1-	One copy	City Comptroller's Office
-1-	One copy	City Attorney's Office
-1-	One original	Banc of America Leasing & Capital, LLC
-1-	One copy	Public Financial Management
-1-	One copy	Orrick, Herrington & Sutcliffe, LLP
-1-	One copy	Chapman and Cutler LLP
	One original	Deutsche Bank National Trust Company

**TAXABLE QECB
EQUIPMENT LEASE AGREEMENT**

This Taxable QECB Equipment Lease Agreement dated as of April 15, 2011 (the “*Agreement*”), entered into by and between Banc of America Leasing & Capital, LLC, a Delaware limited liability company (“*Lessor*”), and the City of San Diego, a charter city duly organized and existing under the laws of the State of California (“*Lessee*”),

WITNESSETH:

WHEREAS, Lessee desires to lease from Lessor certain Energy Conservation Equipment (as such term is defined herein), subject to the terms and conditions of this Agreement; and

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

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

ARTICLE I

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

“*Acceptance Certificate and Disbursement Request*” means, with respect to the items of Energy Conservation Equipment therein identified, an Acceptance Certificate and Disbursement Request substantially in the form attached as Schedule 1 to the Acquisition Fund Agreement.

“*Acceptance Date*” means, with respect to the items of Energy Conservation Equipment identified in an Acceptance Certificate and Disbursement Request, the date that Lessee identifies to Lessor and Acquisition Fund Custodian as the date on which Lessee has received and accepted the items of Energy Conservation Equipment therein identified for purposes of this Agreement and for which disbursement from the Acquisition Fund is then requested in accordance with such Acceptance Certificate and Disbursement Request.

“*Acquisition Amount*” means \$13,141,596.29. The Acquisition Amount is the amount represented by Lessee to be sufficient to acquire and install the Energy Conservation Equipment and to pay Delivery Costs.

“*Acquisition Fund*” means the fund so named that is established and held by the Acquisition Fund Custodian pursuant to the Acquisition Fund Agreement.

“*Acquisition Fund Agreement*” means the Acquisition Fund and Account Control Agreement substantially in the form of *Attachment F* attached hereto and executed by Lessee, Lessor and the Acquisition Fund Custodian.

“*Acquisition Fund Custodian*” means Deutsche Bank National Trust Company, as acquisition fund custodian under the Acquisition Fund Agreement, and its successors and assigns.

“*Acquisition Period*” means the period from the Funding Date to August 31, 2012, or to such later date as may be agreed upon by Lessor and Lessee.

“*Additional Rental Payments*” means the amounts specified as such in Section 4.01(e).

“*Agreement*” means this Taxable QECB Equipment Lease Agreement, including the Attachments and Schedules hereto, together with any amendments and modifications to the Agreement pursuant to Section 13.04.

“*Business Day*” means any day other than a City of San Diego holiday, a Saturday, Sunday or day upon which banks in the State or in the state in which the principal office of Lessor is located are authorized or required to be closed.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the United States Treasury Regulations and Internal Revenue Service Notices.

“*Contract Rate*” means the rate identified as such in the Payment Schedule, which equals the 10-Year U.S. Treasury Interest Rate Swap close value (using the Bloomberg Daily Summary) as of March 25, 2011 (that is, the date on which Lessor and Lessee entered into that certain Agreement to Execute Lease with respect to the Agreement) plus 2.65%.

“*Delivery Costs*” means the costs, fees and expenses incurred in connection with the execution and delivery of the Agreement and the Acquisition Fund Agreement, including financial advisor fees, counsel fees and similar costs, fees and expenses; *provided, however*, that Delivery Costs paid from the Delivery Costs Fund shall not exceed 2% of the aggregate Principal Component determined as of the Funding Date.

“*Delivery Costs Fund*” means the fund so named that is established and held by the Acquisition Fund Custodian pursuant to the Acquisition Fund Agreement.

“*Energy Conservation Equipment*” means Cobra-head replacement light fixtures for approximately 28,700 street lights and related improvements and equipment as part of Lessee’s energy efficient Broad Spectrum Street Lighting program, and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article V. Whenever reference is made in this Agreement to Energy Conservation Equipment, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Equipment.

“*Equipment Costs*” means the total cost of the Energy Conservation Equipment, including related costs such as freight, installation, sales and other taxes and other capitalizable

costs incurred in connection with the acquisition, installation and/or financing of the Energy Conservation Equipment.

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

“Fiscal Year” means Lessee’s fiscal year which begins on July 1 of a calendar year and ends on June 30 of the following calendar year.

“Funding Date” means April 15, 2011, which is the date on which the Acquisition Amount is deposited with the Acquisition Fund Custodian in accordance with Section 3.04(c).

“Lease Term” means the period that begins on the Funding Date and ends on the first Business Day after the last scheduled Rental Payment Date, subject to extension as provided in Sections 3.03 and 4.01(b); *provided* that in no event shall any such extension result in the Lease Term exceeding the lesser of two additional years or the maximum term established by the Secretary of the Treasury that is applicable to the Agreement.

“Lessee” means the entity referred to as Lessee in the first paragraph of this Agreement.

“Lessee Representatives” means the Chief Financial Officer, Debt Management Director, City Treasurer, City Attorney, City Comptroller and Deputy Environmental Services Director or such other person at the time designated to act on behalf of Lessee for the purpose of performing any act under this Agreement by a written certificate furnished to Lessor and the Acquisition Fund Custodian.

“Lessor” means (a) the entity referred to as Lessor in the first paragraph of this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to this Agreement pursuant to Section 11.01 hereof, including the right, title and interest of Lessor in and to the Energy Conservation Equipment, the Rental Payments and other amounts due hereunder and the Acquisition Fund and the Delivery Costs Fund, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Lessor to perform hereunder.

“Lessor Representative” means the President or any Vice President of Lessor, or any person or persons at the time designated to act on behalf of Lessor for purposes of performing any act or obligation on behalf of Lessor under this Agreement by a written certificate furnished to Lessee and the Acquisition Fund Custodian.

“Material Adverse Change” means a downgrade of two or more sub-grades on any of Lessee’s publicly available long-term general obligation bond ratings or any of Lessee’s other long-term general fund related bond ratings by either Moody’s Investors Service, Inc. or Standard & Poor’s Ratings Group or, if neither such rating agency publishes such ratings at the date of determination, any other nationally recognized statistical rating organization that is selected by Lessee for purposes of such long-term general obligation bond ratings and long-term general fund related bond ratings.

“*Opinion of Counsel*” means the opinion of Lessee’s counsel substantially in the form of *Attachment B* to this Agreement.

“*Payment Schedule*” means the Rental Payments Schedule attached hereto as *Attachment A* and made a part hereof.

“*Prepayment Price*” means, as of any date on which the Principal Component may be prepaid at the option of Lessee as provided in the Payment Schedule, the price at which Lessee may prepay the Principal Component in whole or in part in accordance with Section 10.01 of this Agreement.

“*Principal Component*” means, as of any date of calculation, the aggregate principal amount of the Rental Payments then unpaid.

“*Rental Payment Commencement Date*” means the date on which all of the Energy Conservation Equipment is substantially available for Lessee’s beneficial use and enjoyment or March 30, 2012, whichever is later, which is the date Lessee becomes obligated to commence payment of Rental Payments in accordance with the Payment Schedule pursuant to Section 4.01(a) hereof.

“*Rental Payment Date*” means each March 30, commencing on March 30, 2012, on which Lessee has agreed (subject to the terms of this Agreement) to make a Rental Payment under the Agreement as specified in the Payment Schedule.

“*Rental Payments*” means the basic rental payments payable by Lessee pursuant to the Agreement on the Rental Payment Dates and in the amounts as specified in the Payment Schedule, consisting of a principal component and an interest component, and sufficient to repay the Principal Component hereunder and interest thereon at the Contract Rate.

“*Rentals*” means the sum of the Rental Payments and Additional Rental Payments payable during each Fiscal Year by Lessee pursuant to this Agreement.

“*State*” means the State of California.

“*Vendor*” means the manufacturer, the contractor or the distributor who delivers or installs items of Energy Conservation Equipment to and for Lessee.

“*Vendor Payment Date*” means the date on which a Vendor or Lessee (in the case of reimbursement) receives payment from amounts disbursed pursuant to the Acquisition Fund Agreement and the related Acceptance Certificate and Disbursement Request.

“*Vendor Tax Letter*” means a letter delivered by the Vendor to Lessor substantially in the form of *Attachment G* attached hereto (with such reasonable changes as may be requested by Vendor based on its administrative practices, provided, that such requested changes are acceptable to Lessor).

ARTICLE II

Section 2.01. Representations and Covenants of Lessee. Lessee hereby represents, covenants and warrants for the benefit of Lessor on the date hereof that:

(a) Lessee is a charter city duly organized and existing under the Constitution and laws of the State, with full power and authority to enter into the Agreement and the Acquisition Fund Agreement and the transactions contemplated hereby and thereby and to perform all of its obligations hereunder and thereunder.

(b) Lessee has duly authorized the execution and delivery of this Agreement and the Acquisition Fund Agreement by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and the Acquisition Fund Agreement.

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

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

(e) Lessee expects to comply with such public bidding requirements as may be applicable to this Agreement and the acquisition and installation by Lessee of the Energy Conservation Equipment under this Agreement.

(f) During the Lease Term, the Energy Conservation Equipment will be used by Lessee only for the purpose of performing essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority.

(g) Lessee has kept, and throughout the Lease Term shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied as such principles are required to be applied to government agencies by government accounting standards applicable to Lessee, and shall deliver to Lessor (i) its unaudited Governmental Funds Balance Sheet and its unaudited Statement of Revenues, Expenditures and Changes in Fund Balances for its Fiscal Year ended June 30, 2010 as soon as available; (ii) its unaudited Comprehensive Annual Financial Report for its Fiscal Year ended June 30, 2010 in draft form as soon as soon as available but in no event later than August 31, 2011; (iii) its audited Comprehensive Annual Financial Report for its Fiscal Year ended June 30, 2010 as soon as available but in no event later than September 30, 2011; (iv) its audited Comprehensive Annual Financial Report for each of its Fiscal Years ending on and after June 30, 2011 not later than 285 days after the end of each such Fiscal Year; (v) such other financial statements and information as Lessor may reasonably request (including with respect to its unaudited financial information provided pursuant to clauses (i) and (ii) of this subsection (g)) and as are

routinely prepared or may be prepared by Lessee without unreasonable expense or in excess of a reasonable time, and (vi) its proposed budget for the following Fiscal Year when released and the annual budget not later than 30 days after the adoption of the ordinance for the annual budget. The financial statements described in this subsection (g), other than as described in clauses (i) and (ii), shall be accompanied by the report of the independent auditor who conducted the audit of the financial statements of Lessee. Non-public credit information relating to Lessee may only be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns. (Note: Lessor is aware of the Fiscal Year 2010 Financial Close Schedule as outlined in the Chief Financial Officer Memorandum to the Lessee's City Council dated March 1, 2011. To the extent that any further requests for extension of financial statement due dates are made by the Lessee, those will be considered by Lessor in its sole discretion.)

(h) Once installed, Lessee has an immediate need for the Energy Conservation Equipment and expects to make immediate use of the Energy Conservation Equipment. Lessee's need for the Energy Conservation Equipment is not temporary and Lessee does not expect the need for any item of the Energy Conservation Equipment to diminish during the Lease Term.

(i) There is no pending litigation, tax claim, proceeding or dispute that Lessee reasonably expects would materially and adversely affect Lessee's financial condition or impairs its ability to perform its obligations under this Agreement or the Acquisition Fund Agreement. Lessee will, at its expense, maintain its legal existence and do any further act and execute, acknowledge, deliver, file, register and record any further documents Lessor may reasonably request in order to protect Lessor's first priority security interest in the Energy Conservation Equipment, the Acquisition Fund and the Delivery Costs Fund, and Lessor's rights and benefits under this Agreement and the Acquisition Fund Agreement.

(j) The Energy Conservation Equipment is and will be located on improvements within a right-of-way that is dedicated to public use for a period that is longer than the Lease Term. Lessee has good and marketable title to such improvements on which Energy Conservation Equipment is or will be located, and there exists no mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on or with respect to such improvements.

(k) No lease-purchase agreement, installment payment agreement, conditional sale agreement or similar finance contract to which Lessee has been a party during the past ten (10) Fiscal Years and that is subject to annual non-renewal or termination upon the decision of the governing body of Lessee not to appropriate funds sufficient to make payments thereunder has not been renewed or been terminated by the governing body of Lessee as a result of insufficient or no funds being appropriated in any such Fiscal Year. No principal or interest payment delinquency has occurred during the past ten (10) Fiscal Years under any debt, revenue bond or other obligation that has required Lessee to file a material events notice in accordance with a continuing disclosure undertaking or agreement that Lessee has entered into for purposes of Rule 15c2-12 promulgated under

the Securities Exchange Act of 1934, as amended. No event of default by Lessee as a result of the failure to pay principal or interest has occurred under any debt, revenue bond or other obligation that Lessee has issued during the past five (5) Fiscal Years and that is exempt from the requirements of such Rule 15c2-12 based on subsection (d)(1)(i) thereof.

ARTICLE III

Section 3.01. Lease of Energy Conservation Equipment. Subject to the terms of this Agreement, Lessor agrees to provide the Acquisition Amount to acquire and install the Energy Conservation Equipment and pay the Delivery Costs. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Energy Conservation Equipment for the consideration indicated in the Payment Schedule at the Contract Rate and for the Lease Term.

Section 3.02. Continuation of Lease Term. Lessee intends, subject to Section 3.03, to continue the Lease Term and to pay the Rental Payments and Additional Rental Payments hereunder. Lessee affirms that sufficient funds are available for its current Fiscal Year to pay any Rentals under the Agreement when due during the current Fiscal Year (but only if any such Rentals are in fact due during its current Fiscal Year), and Lessee reasonably believes that an amount sufficient to make all Rental Payments on each scheduled Rental Payment Date can be obtained from legally available funds of Lessee.

Section 3.03. Abatement. During any period in which, by reason of material damage or destruction or taking under the power of eminent domain (or sale to any entity threatening the use of such power) or material title defect with respect to any Energy Conservation Equipment, there is substantial interference with the beneficial use and enjoyment by Lessee of such Equipment, the Rental Payments due hereunder shall be abated in the same proportion (including in whole) that the portion of such Equipment that is unavailable for Lessee's beneficial use and enjoyment bears to all of the Energy Conservation Equipment, as evidenced by a certificate of a Lessee Representative. Lessee shall immediately notify Lessor upon the occurrence of any event causing substantial interference with Lessee's beneficial use and enjoyment of any Energy Conservation Equipment hereunder. Such abatement shall commence on the date that Lessee's beneficial use and enjoyment of the affected Energy Conservation Equipment is restricted because of such interference and end on the earlier of (a) the date on which the beneficial use and enjoyment thereof are restored to Lessee, or (b) the date on which Lessee replaces the affected Energy Conservation Equipment for purposes of this Agreement; *provided, however*, that the provisions of this Agreement, including (but not limited to) dates on which Rental Payments are due, shall be extended for a period equal to the shorter of the period the obligation to make Rental Payments was abated or two years; and *provided further, however*, that in no event shall any such extension result in the Lease Term exceeding the lesser of two years or the maximum term established by the Secretary of the Treasury that is applicable to the Agreement. Notwithstanding any such interference with Lessee's beneficial use and enjoyment of a portion of the Energy Conservation Equipment, this Agreement shall continue in full force and effect with respect to any remaining Energy Conservation Equipment. Lessee hereby waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other

rights to terminate this Agreement by virtue of any interference with the use and possession of the Energy Conservation Equipment.

Section 3.04. Conditions to Lessor's Performance. (a) As a prerequisite to the performance by Lessor of any of its obligations under this Agreement, Lessee shall deliver to Lessor the following:

(i) An Acquisition Fund Agreement substantially in the form set forth in *Attachment F* hereto, satisfactory to Lessor and executed by Lessee and the Acquisition Fund Custodian.

(ii) All documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate with respect to its security interest in the Energy Conservation Equipment as of the Funding Date.

(iii) A certified copy of an ordinance adopted by Lessee's governing body authorizing the execution and delivery of this Agreement and the Acquisition Fund Agreement and performance by Lessee of its obligations under this Agreement and the Acquisition Fund Agreement.

(iv) A Certificate executed by a Lessee Representative, in substantially the form attached hereto as *Attachment C*, completed to the satisfaction of Lessor.

(v) Evidence of insurance as required by Section 7.02 hereof.

(vi) Signed Vendor Tax Letters from the Vendor with respect to the cost of acquiring and installing each portion of the Energy Conservation Equipment in substantially the form attached hereto as *Attachment G* (the form and content of which shall be satisfactory to Lessor); such Vendor Tax Letters may be provided after April 15, 2011, *provided, however*, that no "Acceptance Certificate and Disbursement Request" pursuant to the Acquisition Fund Agreement shall be authorized by Lessor with respect to any portion of the Energy Conservation Equipment until the related Vendor Tax Letter has been delivered to Lessor.

(vii) The Opinion of Counsel with respect to this Agreement and the Acquisition Fund Agreement in substantially the form attached hereto as *Attachment B* and otherwise satisfactory to Lessor.

(b) In addition, the performance by Lessor of any of its obligations under this Agreement and the Acquisition Fund Agreement shall be subject to: (i) no Material Adverse Change shall have occurred since the Funding Date and (ii) no Event of Default shall have occurred and be continuing since the Funding Date.

(c) Subject to satisfaction of the foregoing, Lessor will deposit the Acquisition Amount with the Acquisition Fund Custodian for deposit into the Acquisition Fund and the Delivery

Costs Fund as provided in the Acquisition Fund Agreement. Nothing in this Agreement is intended, or shall be construed, to require Lessor to deposit any moneys other than the Acquisition Amount into the Acquisition Fund, the Delivery Costs Fund or any other fund or account in the event that amounts in the Acquisition Fund are insufficient to pay the Equipment Costs in full for the Energy Conservation Equipment.

(d) To the extent that Lessee designates additional Lessee Representatives that are not specifically identified in the definition of such term in this Agreement, Lessee shall promptly provide to Lessor and the Acquisition Fund Custodian a listing of such additional authorized Lessee Representatives.

ARTICLE IV

Section 4.01. Rental Payments and Additional Rental Payments. (a) Lessee agrees, subject to Sections 3.03 and 4.01(b), to pay to Lessor beginning on the Rental Payment Commencement Date: (i) Rental Payments representing a principal component payable in the respective annual installments and on the respective Rental Payment Dates as indicated in the Payment Schedule under the column entitled "*Principal Component*" and (ii) Rental Payments representing an interest component in the respective annual installments and on the respective Rental Payment Dates as indicated in the Payment Schedule under the column entitled "*Interest Component*." To the extent that Lessee is not obligated pursuant to Section 4.01(b) to pay Rental Payments that are scheduled to be paid prior to the Rental Payment Commencement Date because less than all of the Energy Conservation Equipment is substantially available and accepted for Lessee's use and enjoyment, Lessee agrees to pay to Lessor the amount by which such Rental Payments would be reduced as provided in Section 4.01(b) solely from moneys then in Lessee's general fund that are legally available and duly appropriated by Lessee's governing body at its discretion, and not at its obligation, for such purpose. The failure or unwillingness (for whatever reason) of Lessee's governing body to appropriate moneys to pay Rental Payments that would otherwise be reduced pursuant to Section 4.01(b) shall not constitute a default on the part of Lessee or change Lessee's obligation to pay the balance of Rental Payments in accordance with this Section 4.01(a).

(b) Lessee shall become obligated to pay Rental Payments (including to the extent allocable to Delivery Costs) as and to the extent that Energy Conservation Equipment is made available for Lessee's beneficial use and enjoyment and is accepted by Lessee for its beneficial use and enjoyment; *provided, however*, that nothing in this subsection (b) is intended, or shall be construed, to require Lessee to pay Rental Payments prior to March 30, 2012. In the event that less than all of the Energy Conservation Equipment is made available for Lessee's beneficial use and enjoyment by March 30, 2012 and Lessee accepts such portion of the Energy Conservation Equipment for its beneficial use and enjoyment prior to March 30, 2012, any Rental Payments that are scheduled to be paid by Lessee pursuant to the Payment Schedule that relate to the period that is prior to the Rental Payment Commencement Date (and during which Lessee has beneficial use and enjoyment of less than all of the Energy Conservation Equipment) shall be prorated by Lessor for the period from March 30, 2012 to the Rental Payment Commencement Date based upon a fraction the numerator of which equals the amount disbursed from the Acquisition Fund to pay the Equipment Costs for the Energy Conservation Equipment that is so

accepted plus the portion of Delivery Costs allocable thereto and the denominator of which equals the total amount deposited into the Acquisition Fund and the Delivery Costs Fund on the Funding Date. The provisions of this Agreement shall be extended for a period equal to the shorter of the period during which Rental Payments are prorated or two years and the amount by which Rental Payments had been reduced on each scheduled Rental Payment Date prior to the Rental Payment Commencement Date shall be payable in such amounts on the same dates during the extension period as Rental Payments are due, unless such period during which Rental Payments are prorated is less than one year in which case the amount by which Rental Payments had been reduced shall be payable on the last Business Day of such period; *provided, however*, that in no event shall any such extension result in the Lease Term exceeding the lesser of two additional years or the maximum term established by the Secretary of the Treasury that is applicable to this Agreement, and in no event shall the amount of Rental Payments during any extension period exceed the highest Rental Payment shown on the Payment Schedule.

(c) Lessee covenants and agrees to include in the budget submitted to City Council for the Fiscal Year beginning July 1, 2011, prepared by the Mayor acting on behalf of Lessee in accordance with applicable law, the amount necessary (after taking into account any moneys then legally available for such purpose) to pay the amount by which Rental Payments that are scheduled to be paid prior to the Rental Payment Commencement Date are expected to be reduced as provided in Section 4.01(b). The parties acknowledge that City Council will be under no obligation to adopt a budget or otherwise appropriate moneys to pay such amount.

(d) Invoices from Lessor to Lessee shall be received by Lessee no less than 30 days prior to each Rental Payment Date; *provided, however*, that Lessee's receipt of such an invoice shall not be a condition to Lessee's obligation to pay each Rental Payment when due.

(e) In addition to the Rental Payments hereunder, Lessee agrees to pay as Additional Rental Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes including sales taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Energy Conservation Equipment or upon any title or interest of Lessor in or to the Energy Conservation Equipment, to the extent provided in Section 7.01 hereof;

(ii) any amount required to be paid by Lessee pursuant to Section 7.05 hereof;
and

(iii) a charge on any Rental Payment not paid on the date such payment is due at a rate equal to the Contract Rate plus 5% per annum or the maximum amount permitted by law, whichever is less, from such date.

Amounts constituting Additional Rental Payments shall be paid by Lessee directly to the person(s) to whom such amounts shall be payable. Lessee shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within thirty (30) calendar days after notice in writing from Lessor to Lessee stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

(f) Subject to Sections 3.03 and 4.01(b), Lessee shall promptly pay Rental Payments, in lawful money of the United States of America, on the Rental Payment Dates and in such amounts as provided in the Payment Schedule, to Lessor by wire transfer in immediately available funds in accordance with wire payment instructions provided by Lessor to Lessee in writing or to such other place or in such other manner as may be designated by Lessor in writing to Lessee.

Section 4.02. Interest and Principal Components. A portion of each Rental Payment is paid as, and represents payment of, interest, and the balance of each Rental Payment is paid as, and represents payment of, principal as more fully detailed on the Payment Schedule.

Section 4.03. Rental Payments to Constitute a Current Expense of Lessee. The Rental Payment payable on a particular Rental Payment Date shall be for the period from the immediately preceding Rental Payment Date (or the Funding Date in the case of the first Rental Payment Date) to such particular Rental Payment Date. For each Fiscal Year or portion thereof during the Lease Term, Rental Payments and Additional Rental Payments shall constitute the total Rentals for such Fiscal Year or portion thereof and shall be paid by Lessee for and in consideration of the right of use and possession, and the continued quiet use and enjoyment, of the Energy Conservation Equipment by Lessee for and during such Fiscal Year or portion thereof. Lessor and Lessee have agreed and determined that such Rentals are not in excess of the fair rental value of such Equipment. In making such determination, consideration has been given to the costs of acquiring and installing the Energy Conservation Equipment, the uses and purposes served by such Equipment and the benefits therefrom that will accrue to Lessee by reason of this Agreement and to the general public by reason of Lessee's use of the Energy Conservation Equipment hereunder. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rentals shall constitute a current expense of Lessee payable solely from its general fund or other funds that are legally available for that purpose and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained in this Agreement constitute a pledge of the general tax revenues, funds or moneys of Lessee.

Section 4.04. Rental Payments to be Unconditional. Subject to Sections 3.03 and 4.01(b), the obligations of Lessee to make Rental Payments and Additional Rental Payments and to perform and observe the other covenants and agreements contained in this Agreement shall be absolute and unconditional in all events without diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Energy Conservation Equipment, any defects, malfunctions, breakdowns or infirmities in the Energy Conservation Equipment, disputes with any Vendor or Lessor, failure of any Vendor to perform any of its obligations under its agreement or contract with Lessee for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to any Vendor under any such agreement or contract, the failure or inability (for whatever reason) of Lessee to receive (or delay in receipt of) all or any portion of the direct cash subsidy payment from the U.S. Treasury with respect to this Agreement or any accident, condemnation or unforeseen circumstances.

Section 4.05. Payment of Equipment Costs from Acquisition Fund; Mandatory Prepayment from Unspent Acquisition Fund Moneys. (a) Amounts on deposit in the Acquisition Fund may be expended for the payment (including reimbursement to Lessee for amounts previously advanced by Lessee for such purpose) of Equipment Costs for Energy Conservation Equipment that is available for Lessee's beneficial use and enjoyment and that Lessee has accepted for its beneficial use and enjoyment for purposes of this Agreement and in accordance with the Acquisition Fund Agreement to and including the earlier of (i) the expiration of the Acquisition Period or (ii) the date on which Lessee executes and delivers to Lessor, for approval and delivery to the Acquisition Fund Custodian, an Acceptance Certificate and Disbursement Request that notifies Lessor and the Acquisition Fund Custodian that, after payment or reimbursement of Equipment Costs for accepted Energy Conservation Equipment pursuant to such Acceptance Certificate and Disbursement Request, Lessee intends not to seek payment or reimbursement for any further Equipment Costs for Energy Conservation Equipment pursuant to this Agreement, *provided* that the scheduled expiration of the Acquisition Period as described in clause (i) above may be extended and Lessee need not deliver such an Acceptance Certificate and Disbursement Request as described in clause (ii) above if Lessee has determined that application of amounts then remaining on deposit in the Acquisition Fund to prepayment of Rental Payments (as herein provided) could adversely affect treatment of this Agreement as a "qualified energy conservation bond" for federal income tax purposes. All amounts remaining on deposit in the Acquisition Fund as of the earlier of such dates shall be applied by the Acquisition Fund Custodian as provided in the Acquisition Fund Agreement to prepay Rental Payments in whole or in part as provided in Section 10.01(e).

(b) In connection with any prepayment pursuant to subsection (a) of this Section 4.05, Lessee shall pay the prepayment premium and interest component of Rental Payments accrued to the prepayment date on such principal component to be prepaid, but only from moneys then in Lessee's general fund that are legally available and duly appropriated by Lessee's governing body at its discretion and not at its obligation for such purpose.

(c) Notwithstanding anything in this Agreement or the Acquisition Fund Agreement to the contrary, Lessee shall not be entitled to submit an Acceptance Certificate and Disbursement Request to Lessor for approval and delivery to the Acquisition Fund Custodian after the fifth Business Day next preceding the end of the Acquisition Period.

Section 4.06. Covenant to Budget and Appropriate. Lessee hereby covenants to take such action as may be necessary under the laws applicable to Lessee to budget for and appropriate and maintain funds sufficient and available to discharge its obligation to meet all Rental Payments and Additional Rental Payments in each of its Fiscal Years during the Lease Term.

The covenants on the part of Lessee herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of Lessee 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 Lessee to carry out and perform the covenants and agreements in this Agreement agreed to be carried out and performed by Lessee.

ARTICLE V

Section 5.01. Delivery, Installation and Acceptance of Energy Conservation Equipment.

(a) Lessee shall order the Energy Conservation Equipment, cause the Energy Conservation Equipment to be delivered and installed at such locations within the City of San Diego as Lessee shall direct and pay any and all Equipment Costs and other delivery and installation costs in connection therewith from amounts in the Acquisition Fund. When items of Energy Conservation Equipment have been delivered and installed and are available for Lessee's beneficial use and enjoyment, Lessee shall promptly accept such Equipment and evidence said acceptance by executing and delivering to Lessor an Acceptance Certificate and Disbursement Request as provided in the Acquisition Fund Agreement.

(b) Lessee shall deliver to Lessor original invoices (and proof of payment of such invoices if Lessee seeks reimbursement) relating to each item of Energy Conservation Equipment accepted by Lessee pursuant to the related Acceptance Certificate and Disbursement Request.

Section 5.02. Quiet Enjoyment of Energy Conservation Equipment. So long as an Event of Default has not occurred and is then continuing, neither Lessor nor any entity claiming by, through or under Lessor, shall interfere with Lessee's quiet use and enjoyment of the Energy Conservation Equipment during the Lease Term.

Section 5.03. Location; Inspection. Once installed, no item of the Energy Conservation Equipment will be moved or relocated from its original location without Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property where the Energy Conservation Equipment is located for the purpose of inspecting the Energy Conservation Equipment.

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

Lessee agrees that it will maintain, preserve and keep the Energy Conservation Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Energy Conservation Equipment.

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

ARTICLE VI

Section 6.01. Title to the Energy Conservation Equipment. Except as otherwise provided in Section 10.01 hereof, title to Energy Conservation Equipment shall be deemed to vest in Lessor on the applicable Vendor Payment Date upon payment to Vendor or reimbursement to Lessee pursuant to the Acquisition Fund Agreement for such Energy Conservation Equipment and immediately and automatically (without any further action by Lessor or Lessee) shall pass from Lessor to Lessee on such Vendor Payment Date in reliance on Lessee's acceptance of the Energy Conservation Equipment as evidenced by the related Acceptance Certificate and Disbursement Request. Title will, at Lessor's option, immediately vest in Lessor upon termination of this Agreement as the result of the occurrence of an Event of Default. Lessee shall at all times protect and defend, at its own cost and expense, its title in and to the Energy Conservation Equipment from and against all claims, liens and legal processes of its creditors, and keep all Energy Conservation Equipment free and clear of all such claims, liens and processes. Upon purchase of the Energy Conservation Equipment by Lessee pursuant to Section 10.01 hereof, Lessor shall release its security interest in and to the Energy Conservation Equipment, as is and where is, without warranty of any kind other than as to the absence of liens created by or through Lessor, and shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the release of Lessor's security interest in such Energy Conservation Equipment.

Section 6.02. Security Interest. As additional security for the payment and performance of all of Lessee's obligations hereunder, Lessee hereby grants to Lessor, and Lessor hereby retains, a first priority security interest constituting a first lien on (a) the Energy Conservation Equipment, (b) moneys and investments held from time to time in the Acquisition Fund and the Delivery Costs Fund and (c) any and all proceeds of the foregoing. Lessee authorizes Lessor to file (and Lessee agrees to execute, if applicable) such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain Lessor's security interest in the Energy Conservation Equipment, the Acquisition Fund, the Delivery Costs Fund and the proceeds thereof, including such financing statements with respect to personal property and fixtures under Article 9 of the California Commercial Code, which Lessor acknowledges is not applicable to governmental entities such as Lessee, but treating such Article 9 as if it were applicable to governmental entities such as Lessee.

Section 6.03. Personal Property, No Encumbrances. Lessee agrees that, to the extent permitted by State law, the Energy Conservation Equipment is deemed to be and will remain personal property, and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Energy Conservation Equipment or any part thereof

may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. Lessee shall not create, incur, assume or permit to exist any mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate where the Energy Conservation Equipment is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of Lessor; *provided*, that if Lessor or its assigns is furnished with a waiver of interest in the Energy Conservation Equipment acceptable to Lessor or its assigns in its discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. (a) Lessee shall keep the Energy Conservation Equipment free of all levies, liens, and encumbrances except those created by this Agreement. Lessor and Lessee contemplate that the Energy Conservation Equipment will be used for a governmental or proprietary purpose of Lessee and that the Energy Conservation Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of any Energy Conservation Equipment is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to such Equipment as Additional Rental Payments in accordance with Section 4.01(d) hereof. Lessee shall pay all utility and other charges incurred in the use and maintenance of the Energy Conservation Equipment. In the event that the Energy Conservation Equipment or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, Lessee shall, during the Lease Term, pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rental Payments, as described in Section 4.01(d) hereof. At the expense and in the name of Lessee, Lessee may in good faith contest any such taxes, assessments and other charges in any reasonable manner which does not, in the opinion of independent counsel, adversely affect the right, title and interest of Lessor in and to any item of the Energy Conservation Equipment or its rights or interest under this Agreement or subject any portion of any item of Energy Conservation Equipment to loss or forfeiture, 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 or any appeal therefrom.

Section 7.02. Insurance. Lessee shall during the Lease Term maintain or cause to be maintained (a) casualty insurance naming Lessor and its assigns as loss payee and additional insured and insuring the Energy Conservation Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Lessor, in an amount at least equal to the greater of (i) the then applicable Prepayment Price of the Energy Conservation Equipment or (ii) the replacement cost of the Energy Conservation Equipment; (b) liability insurance naming Lessor and its assigns as additional insured that protects Lessor from liability with limits of at least \$1,000,000 per occurrence/\$3,000,000 in the aggregate for bodily injury and property damage coverage, and excess liability umbrella coverage of at least \$5,000,000, and in all events in form and amount satisfactory to Lessor; (c) worker's compensation coverage as required by the laws of the State and (d) rental interruption insurance naming Lessor as loss payee, with coverage equal to the

maximum total Rental Payments payable by Lessee for any consecutive 12-month period and insuring against abatement of Rental Payments payable by Lessee resulting from Lessee's loss of beneficial use or enjoyment of the Energy Conservation Equipment or any substantial portion thereof and caused by any and all other perils either insured or uninsured; *provided* that, with Lessor's prior written consent, Lessee may self-insure against the risks described in clauses (a), (b) and/or (c). In the event Lessee is permitted, at Lessor's sole discretion, to self-insure as provided in this Section, Lessee shall provide to Lessor a self-insurance letter in substantially the form attached as *Attachment D* to this Agreement. Lessee shall furnish to Lessor evidence of such insurance or self-insurance coverage throughout the Lease Term. Lessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least 30 days in advance of such cancellation or modification.

Section 7.03. Risk of Loss. Whether or not covered by insurance or self-insurance, Lessee hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Energy Conservation Equipment from any cause whatsoever, and no such loss of or damage to or liability arising from the Energy Conservation Equipment shall relieve Lessee of the obligation to pay Rentals or to perform any other obligation under this Agreement, except as otherwise provided in Section 3.03. Whether or not covered by insurance or self-insurance, Lessee hereby agrees to indemnify Lessor (to the fullest extent authorized by State law, but only from moneys then in Lessee's general fund that are legally available and duly appropriated by Lessee's governing body at its discretion and not at its obligation for such purpose) for any and all liabilities, obligations, losses, costs (except capital, reserve or similar costs), claims, taxes (except income, franchise or similar taxes) or damages suffered or incurred by Lessor, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses and penalties connected therewith) arising out of or as a result of (a) entering into of this Agreement or any of the transactions contemplated hereby, (b) the ordering, acquisition, ownership, use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Energy Conservation Equipment, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Energy Conservation Equipment resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of Lessee under or in connection with this Agreement or any material misrepresentation provided by Lessee under or in connection with this Agreement. The provisions of this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason.

Section 7.04. Lessee to Pursue Remedies Against Contractors and Sub-Contractors. In the event of a material default of any Vendor under its agreement or contract with Lessee in connection with the acquisition, installation, maintenance and/or servicing of the Energy Conservation Equipment or in the event of a material breach of warranty with respect to any material workmanship or performance guaranty with respect to the Energy Conservation Equipment to such an extent that there is substantial interference with the use and right of possession by Lessee of such Equipment which would result in an abatement of Rental Payments or any thereof pursuant to Section 3.03, Lessee will promptly proceed to exhaust its remedies against the Vendor in default. Lessee shall advise Lessor of the steps it intends to take in

connection with any such default or breach. Any amounts received by Lessee in respect of damages, refunds and adjustments or otherwise in connection with the foregoing shall be paid to Lessor and applied against such abated Rental Payments and otherwise paid to Lessee.

Section 7.05. Advances. In the event Lessee shall fail to keep the Energy Conservation Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02 hereof, Lessor may, but shall be under no obligation to, maintain and repair the Energy Conservation Equipment or obtain and maintain any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Lessor shall constitute Additional Rental Payments for the Lease Term, and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date advanced until paid at a rate equal to the Contract Rate plus 5% per annum or the maximum amount permitted by law, whichever is less; *provided, however,* that any amount payable by Lessee pursuant to this Section 7.05 shall be payable solely from moneys then in Lessee's general fund that are legally available and duly appropriated by Lessee's governing body at its discretion and not at its obligation for such purpose.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term, (a) the Energy Conservation Equipment subject or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Energy Conservation Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Energy Conservation Equipment or such part thereof as required by Section 8.02 (except as otherwise provided in Section 8.02 with respect to prepayment of Rental Payments pursuant to Section 10.01(b) hereof) and any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

If Lessee elects to replace any item of the Energy Conservation Equipment (the "*Replaced Equipment*") pursuant to this Section, the replacement equipment (the "*Replacement Equipment*") shall be new or of a quality, type, utility and condition at least as good as the Replaced Equipment, shall be of equal or greater value than the Replaced Equipment and shall provide at least the same level of energy and/or operational savings expected in the aggregate from the Replaced Equipment prior to such casualty, destruction or condemnation. Lessee shall grant to Lessor a first priority security interest in any such Replacement Equipment. Lessee shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor's security interest in the Replacement Equipment. Lessor and Lessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "*Energy*

Conservation Equipment” for purposes of this Agreement. Lessee shall complete the documentation of Replacement Equipment on or before the next Rental Payment date after the occurrence of a casualty event.

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

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or (b) pay or cause to be paid to Lessor the amount of the then applicable Prepayment Price with respect to the affected Energy Conservation Equipment and, upon such payment, Lessor’s security interest in such Energy Conservation Equipment shall terminate as provided in Section 6.01 hereof; *provided, however*, that any amount payable by Lessee pursuant to this Section 8.02 shall be payable solely from moneys then in Lessee’s general fund that are legally available and duly appropriated by Lessee’s governing body at its discretion and not at its obligation for such purpose. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after purchasing such Equipment shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

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

Section 9.02. Vendor’s Agreements; Warranties. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default under this Agreement, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Energy Conservation Equipment that Lessor may have against Vendor. Lessee’s sole remedy for the breach of such warranty, indemnification or representation shall be against the applicable Vendors of the Energy Conservation Equipment and not against Lessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Lessor hereunder, including the right to receive full and timely Rental Payments. Lessee expressly acknowledges that Lessor makes, and has made, no representations or

warranties whatsoever as to the existence or the availability of such warranties relating to any of the Energy Conservation Equipment.

ARTICLE X

Section 10.01. Prepayment Option. Lessee shall have the option to prepay all, but not less than all, of the Principal Component of Rental Payments under this Agreement (except that Lessee shall have the option to prepay Rental Payments in part as set forth in subsections (b) and (e) of this Section), at the following times and upon the following terms:

(a) From and after the date specified in the Payment Schedule (the “*Prepayment Option Commencement Date*”), on the Rental Payment Dates specified in the Payment Schedule, upon not less than 30 days’ prior written notice, and upon payment in full of the Rental Payments then due and all other amounts then owing hereunder plus the then applicable Prepayment Price, which includes a prepayment premium on the unpaid balance as set forth in the Payment Schedule; or

(b) In the event that Energy Conservation Equipment is destroyed or damaged to such an extent that there is substantial interference with the use and right of possession by Lessee of that item which would result in an abatement of Rental Payments or any thereof pursuant to Section 3.03, on the day specified in Lessee’s notice to Lessor of its exercise of the prepayment option (which prepayment date shall be the earlier of the next Rental Payment Date or 60 days after the casualty event) upon payment in full to Lessor of the sum of (i) any Rental Payment then due in accordance with Section 4.01 plus (ii) an amount equal to the lesser of the then applicable Prepayment Price or 102% of the aggregate unpaid principal portion of Rental Payments (or, in the event such prepayment occurs on a date other than a Rental Payment Date, the sum of such amount determined as of the next preceding Rental Payment Date plus accrued interest component to such prepayment date) plus (iii) all other amounts then owing hereunder; provided, however, that if Lessee is making such prepayment with respect to less than all of the Energy Conservation Equipment, then Lessor shall provide to Lessee the pro rata amount of the Prepayment Price to be paid by Lessee with respect to such damaged or destroyed Energy Conservation Equipment together with a revised Payment Schedule under which equal annual Rental Payments will be payable on the same Rental Payment Dates for the remainder of the Lease Term; or

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

(d) In the event that a Loss of Subsidy (as hereafter defined) occurs, on the day specified in Lessee’s notice to Lessor of its exercise of the prepayment option provided under this subsection (d), Lessee shall have the option to prepay all, but not less than all, of the then unpaid Principal Component with respect to the Energy Conservation Equipment from and after any Loss of Subsidy upon payment in full to Lessor of the sum of (i) any Rental Payment then due in accordance with this Agreement plus (ii) an

amount equal to the lesser of the then applicable Prepayment Price hereunder or 102% of the aggregate unpaid Principal Component (or, in the event such prepayment occurs on a date other than a Rental Payment Date, the sum of such lesser amount determined as of the next preceding Rental Payment Date plus accrued interest component to such prepayment date) plus (iii) all other amounts then owing hereunder. “*Loss of Subsidy*” means the occurrence of any of the following: (A) legislation enacted by the Congress of the United States of America or a ruling, regulation or statement issued by the Treasury Department or the Internal Revenue Service, the effect of which (I) denies, repeals, revokes or reduces Lessee’s applicable cash subsidy payments from the United States Treasury under Section 54A or 6431 of the Code (as currently in effect) with respect to this Agreement (herein referred to as “*Direct Subsidy Payments*”) or (II) imposes one or more new substantive conditions on the receipt by Lessee of Direct Subsidy Payments and such conditions are unacceptable to Lessee; and (B) any governmental, administrative, judicial or other official action that is beyond Lessee’s control and results in the significant reduction or loss of Direct Subsidy Payments to Lessee or imposes one or more new substantive conditions on the receipt by Lessee of Direct Subsidy Payments and such conditions are unacceptable to Lessee; *provided, however*, that in no event shall a “*Loss of Subsidy*” occur as the result of Lessee’s failure or inability for reasons within its control to receive (or delay in receipt of) all or any portion of any Direct Subsidy Payment from the United States Department of Treasury or Lessee’s failure to comply with applicable law and regulations to obtain payment of any Direct Subsidy Payment from the United States Department of Treasury, including (without limitation) any offset against any Direct Subsidy Payment as a result of other liabilities of Lessee to the United States Department of Treasury; or

(e) In the event that amounts remain on deposit on the earlier of the two dates provided in Section 4.05(a) and are to be applied to the prepayment of Rental Payments as therein provided, on the earlier of the fifth Business Day after delivery of the Acceptance Certificate and Disbursement Request described in Section 4.05(a)(ii) or the first Business Day after the end of the Acquisition Period upon payment in full to Lessor of the sum of (i) any Rental Payment then due in accordance with Section 4.01 plus (ii) an amount equal to 102% of the aggregate principal portion of Rental Payments to be prepaid (or, in the event such prepayment occurs on a date other than a Rental Payment Date, the sum of such amount plus accrued interest component to such prepayment date) plus (iii) all other amounts then owing hereunder; *provided, however*, that if such prepayment of Rental Payments is in part, then Lessor shall provide to Lessee the pro rata amount of Rental Payments determined for purposes of clause (ii) above to be paid from such remaining amount in the Acquisition Fund plus amounts to be paid by Lessee pursuant to Section 4.05(b) together with a revised Payment Schedule under which equal annual Rental Payments will be payable on the same Rental Payment Dates for the remainder of the Lease Term.

After payment of the applicable Prepayment Price and all other amounts owing under this Agreement, Lessor’s security interests in and to the Energy Conservation Equipment will be terminated and Lessee will own the Energy Conservation Equipment free and clear of Lessor’s security interest in the Energy Conservation Equipment. Lessor shall deliver to Lessee all

documents necessary or convenient to transfer or confirm, as the case may be, legal and beneficial title and possession free and clear of all liens and encumbrances created by, through or under Lessor, to Lessee and to evidence termination of Lessor's security interest therein. The Energy Conservation Equipment will be accepted by Lessee at that time on an AS IS, WHERE IS basis, and Lessor makes no warranties or representations of any type as to such Energy Conservation Equipment.

ARTICLE XI

Section 11.01. Assignment by Lessor. (a) Lessor's right, title and interest in and to this Agreement, the Rental Payments and any other amounts payable by Lessee hereunder, the Acquisition Fund Agreement, its security interest in the Energy Conservation Equipment, the Acquisition Fund and the Delivery Costs Fund and all proceeds therefrom may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor, without the necessity of obtaining the consent of Lessee; *provided*, that any such assignment, transfer or conveyance (i) shall be made only to investors each of whom Lessor reasonably believes is a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, and is purchasing the Agreement (or any interest therein) for its own account with no present intention to resell or distribute the Agreement (or interest therein), subject to each investor's right at any time to dispose of the Agreement or any interest therein as it determines to be in its best interests, (ii) shall not result in more than 35 owners of Lessor's rights and interests under the Agreement or the creation of any interest in the Agreement in an aggregate Principal Component that is less than \$100,000 and (iii) to a trustee for the benefit of owners of certificates of participation shall be made in a manner that conforms to applicable State law. Lessee agrees that (i) Lessor may assign, sell, transfer or encumber all or any part of the Agreement, the Energy Conservation Equipment, the Rental Payments and the Acquisition Fund Agreement and (ii) in the event of any such assignment of Rental Payments under this Agreement and written notice thereof to Lessee, to unconditionally pay directly to any such assignee all Rental Payments and other sums due or to become due under this Agreement so assigned. Lessor acknowledges and agrees that any assignment under this Section shall not, and shall not purport to, alter or modify in any respect Lessee's obligations to perform in accordance with the terms of this Agreement in accordance with its terms as originally executed. THE RIGHTS OF ANY SUCH ASSIGNEE SHALL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SETOFF WHICH LESSEE MAY HAVE AGAINST LESSOR; *PROVIDED*, THAT LESSEE SHALL NOT BE PRECLUDED FROM ASSERTING AGAINST ANY ASSIGNEE ANY CLAIM IT MAY HAVE AS A RESULT OF ASSIGNEE'S BREACH OF ANY OF THE OBLIGATIONS OF LESSOR UNDER THIS AGREEMENT OCCURRING AFTER ANY SUCH ASSIGNMENT. Notwithstanding any of the foregoing, any such assignment (A) shall be subject to Lessee's right to possess and use the Energy Conservation Equipment so long as Lessee is not in default hereunder, and (B) shall not release any of Lessor's obligations under this Agreement, unless Lessee otherwise agrees in writing, or any claim which Lessee has against Lessor. Lessor acknowledges that the Agreement has not been, and will not be, registered under the Securities Act of 1933 or any state securities laws and that Lessee has not prepared, and will not prepare, any offering or disclosure materials or document for use in connection with any assignment under this Section. Any assignment under this Section shall be subject to the condition that Lessee shall incur no costs nor be required to provide or execute any documents (except as expressly provided in subsection (c) of this Section) or participate in any

manner in connection with such assignment, and Lessor and any such assignee shall be solely responsible for compliance with all securities and other laws in connection with such assignment.

(b) Unless to an affiliate controlling, controlled by or under common control with Lessor, no assignment, transfer or conveyance permitted by this Section 11.01 shall be effective until Lessee shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation with respect to the Rental Payments payable under this Agreement, it shall thereafter be sufficient that Lessee receives notice of the name and address of the bank or trust company as trustee or paying agent. During the Lease Term, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees designated in such register. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Lessee may have against Lessor or the Vendor, *provided* that any such claim, counterclaim or other right shall survive such assignment. Assignments in part may include without limitation assignment of all of Lessor's security interest in and to the Energy Conservation Equipment, the Acquisition Fund and the Delivery Costs Fund and all rights in, to and under this Agreement and the Acquisition Fund Agreement related to such Equipment and the Acquisition Fund and Delivery Costs Fund, respectively.

(c) If Lessor notifies Lessee of its intent to assign this Agreement, Lessee agrees that it shall execute and deliver to Lessor a Notice and Acknowledgement of Assignment substantially in the form of *Attachment E* attached hereto within ten (10) Business Days after its receipt of such request.

Section 11.02. Assignment and Subleasing by Lessee. None of Lessee's right, title and interest in, to and under this Agreement or any portion of the Energy Conservation Equipment or the Acquisition Fund Agreement, the Acquisition Fund or the Delivery Costs Fund may be assigned, encumbered or subleased by Lessee for any reason, and any purported assignment, encumbrance or sublease without Lessor's prior written consent shall be null and void.

ARTICLE XII

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

(a) Failure by Lessee to (i) pay any Rental Payment or other payment required to be paid under this Agreement within 10 days after the date when due as specified herein or (ii) maintain insurance as required herein;

(b) Failure by Lessee to observe and perform any covenant, condition or agreement contained in this Agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor,

unless Lessor shall agree in writing to an extension of such time prior to its expiration; *provided* that, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

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

(d) Any payment default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which Lessee is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by Lessor or any affiliate of Lessor, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregate amount in excess of \$10,000,000, in each case payable from the general fund;

(e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors or (iv) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization, moratorium or insolvency proceeding; or

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

Failure on the part of Lessee to make any payment, transfer or disbursement provided for in this Agreement or in the Acquisition Fund Agreement to be paid from moneys in Lessee's general fund that are legally available and duly appropriated by Lessee's governing body at its discretion and not at its obligation shall not be a default or Event of Default under this Agreement or the Acquisition Fund Agreement and no remedy is provided for any such failure.

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

(a) By written notice to Lessee, Lessor may without terminating this Agreement, take whatever action at law or in equity may appear necessary or desirable to

collect each Rental Payment payable by Lessee and other amounts payable by Lessee hereunder as they become due and payable;

(b) With or without terminating the Lease Term, Lessor may enter the premises where the Energy Conservation Equipment is located and retake possession of such Equipment or require Lessee at Lessee's expense to promptly return any or all of such Equipment to the possession of Lessor at such place within one hundred (100) miles from Lessee's business location as Lessor shall specify;

(c) Lessor may retain prior payments and sell or lease the Energy Conservation Equipment through public or private transaction after giving Lessee reasonable notice with or without having the Energy Conservation Equipment at any such sale or leasing. Lessor may purchase all or part of the Energy Conservation Equipment as a result of such transactions. The proceeds of any sale or leasing will be applied to the payment of the unpaid balance of Lessee's obligations under this Agreement. Lessee shall remain liable for any deficiency of unpaid payment for the current Fiscal Year of Lessee, or portion thereof, during which Lessee has quiet use and enjoyment of the Energy Conservation Equipment. Any excess obtained by Lessor at any sale or leasing of the Energy Conservation Equipment over the amounts owed by Lessee for the remainder of the Lease Term shall be paid to Lessee or to such other persons as is prescribed by law;

(d) Lessor may terminate the Acquisition Fund Agreement and apply any proceeds in the Acquisition Fund and the Delivery Costs Fund to the Rental Payments due hereunder;

(e) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement or the Acquisition Fund Agreement or as a secured party in any or all of the Energy Conservation Equipment or the Acquisition Fund or the Delivery Costs Fund; and

(f) By action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, obtain the issuance of a writ of mandamus enforcing, for each Fiscal Year *seriatim* during the entire balance of the remaining Lease Term, subject to Section 3.03, the duty of Lessee to appropriate and take all other administrative steps necessary for the payment of Rental Payments and other amounts due hereunder.

Section 12.03. No Remedy Exclusive; No Acceleration. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity; *provided* that Lessor shall have no right to accelerate any Rental Payment or otherwise declare any Rental Payment or other amount payable not then in default to be immediately due and payable. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In

order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice other than such notice as may be required in this Article.

ARTICLE XIII

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

Section 13.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement may only be amended by Lessor and Lessee in writing.

Section 13.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; *provided, however*, that only one counterpart of this Agreement shall constitute the original of this Agreement for purposes of the sale or transfer of this Agreement as chattel paper.

Section 13.06. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

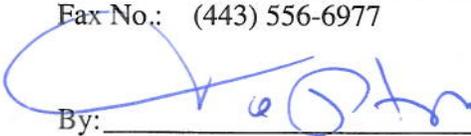
Section 13.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 13.08. Good Faith Discussions Regarding Refinancing. If Lessee determines that refinancing this Agreement on a federally tax-exempt basis is advisable or desirable for Lessee, Lessee may contact Lessor for the purpose of engaging Lessor in discussions regarding any such potential refinancing and Lessee and Lessor will discuss in good faith potential terms and conditions on which Lessor may be willing to provide banking services and funding to Lessee with respect to any such refinancing. Nothing in this Section 13.08 is intended, or shall be construed, to obligate Lessee or Lessor with respect to any such discussions or the terms and conditions for any possible refinancing, all of which shall be subject to negotiations and agreements of the parties at that time.

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

LESSOR:
Banc of America Leasing & Capital, LLC
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration
Fax No.: (443) 556-6977

LESSEE:
City of San Diego
202 "C" Street, 9th Floor
San Diego, California 92101
Attention: Chief Financial Officer
Fax No.: (619) 533-3215

By:  _____

Terri Preston
Vice President

By: _____

Mary Lewis
Chief Financial Officer

APPROVED AS TO FORM AND LEGALITY this 15th day of April, 2011.

By: _____

Brant Will
Deputy City Attorney

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

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

LESSOR:
Banc of America Leasing & Capital, LLC
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration
Fax No.: (443) 556-6977

LESSEE:
City of San Diego
202 "C" Street, 9th Floor
San Diego, California 92101
Attention: Chief Financial Officer
Fax No.: (619) 533-3215

By: _____
Terri Preston
Vice President

By:  _____
Mary Lewis
Chief Financial Officer

APPROVED AS TO FORM AND LEGALITY this 15th day of April, 2011.

By:  _____
Brant Will
Deputy City Attorney

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

LIST OF ATTACHMENTS AND SCHEDULES

- Attachment A — Rental Payments Schedule
- Attachment B — Form of Opinion of Counsel
- Attachment C — Form of Incumbency and Authorization Certificate
- Attachment D — Form of Self-Insurance Certificate
- Attachment E — Form of Notice and Acknowledgement of Assignment
- Attachment F — Form of Acquisition Fund and Account Control Agreement
- Attachment G — Vendor Tax Letter

ATTACHMENT A

RENTAL PAYMENTS SCHEDULE

RENTAL PAYMENT DATE	RENTAL PAYMENT AMOUNT	INTEREST COMPONENT	PRINCIPAL COMPONENT	OUTSTANDING BALANCE	PREPAYMENT PRICE (including prepayment premium)
3/30/12	\$1,526,065.76	\$775,792.23	\$750,273.53	\$12,391,322.76	NA
3/30/13	\$1,518,446.00	\$763,305.48	\$755,140.52	\$11,636,182.24	NA
3/30/14	\$1,490,060.27	\$716,788.83	\$773,271.44	\$10,862,910.80	NA
3/30/15	\$1,460,993.00	\$669,155.31	\$791,837.69	\$10,071,073.11	NA
3/30/16	\$1,431,227.82	\$620,378.10	\$810,849.72	\$9,260,223.39	NA
3/30/17	\$1,400,747.98	\$570,429.76	\$830,318.22	\$8,429,905.17	\$8,598,503.27
3/30/18	\$1,369,536.32	\$519,282.16	\$850,254.16	\$7,579,651.01	\$7,731,244.03
3/30/19	\$1,337,575.26	\$466,906.50	\$870,668.76	\$6,708,982.25	\$6,843,161.90
3/30/20	\$1,304,846.82	\$413,273.30	\$891,573.52	\$5,817,408.73	\$5,933,756.90
3/30/21	\$1,271,332.57	\$358,352.37	\$912,980.20	\$4,904,428.53	\$5,002,517.10
3/30/22	\$1,237,013.65	\$302,112.79	\$934,900.86	\$3,969,527.67	\$4,009,222.95
3/30/23	\$1,201,870.73	\$244,522.90	\$957,347.83	\$3,012,179.84	\$3,042,301.64
3/30/24	\$1,165,884.02	\$185,550.27	\$980,333.75	\$2,031,846.09	\$2,052,164.55
3/30/25	\$1,129,033.28	\$125,161.71	\$1,003,871.57	\$1,027,974.52	\$1,038,254.27
3/30/26	\$1,091,297.74	\$ 63,323.25	\$1,027,974.52	\$-	\$-

Contract Rate. The Contract Rate is 6.16% per annum, which has been calculated based on the method provided in the definition of such term.

Prepayment Option Commencement Date. For purposes of Section 10.01(a) of the Agreement, the Prepayment Option Commencement Date is March 30, 2017.

DATED this 15th day of April, 2011.

CITY OF SAN DIEGO, CALIFORNIA, as Lessee

By: Mary Lewis
Mary Lewis
Chief Financial Officer

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Lessor

By: _____
Terri Preston
Vice President

DATED this 15th day of April, 2011.

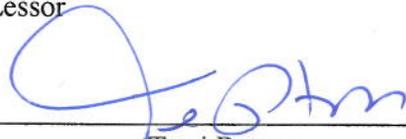
CITY OF SAN DIEGO, CALIFORNIA, as Lessee

By: _____

Mary Lewis
Chief Financial Officer

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Lessor

By: _____



Terri Preston
Vice President

ATTACHMENT B

FORM OF OPINION OF COUNSEL TO LESSEE
(to be typed on letterhead of counsel)

April 15, 2011

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Taxable QECB Equipment Lease Agreement
dated as of April 15, 2011, between
Banc of America Leasing & Capital, LLC, as Lessor, and
City of San Diego, California, as Lessee

Ladies and Gentlemen:

This office is counsel to the City of San Diego, California (the "*Lessee*") and in that capacity we have examined (a) an executed counterpart of that certain Agreement to Execute Lease dated March 25, 2011 (the "*Agreement to Execute Lease*") between Banc of America Leasing & Capital, LLC and the Lessee, (b) an executed counterpart of that certain Taxable QECB Equipment Lease Agreement, dated as of April 15, 2011 (the "*Agreement*"), and Attachments thereto, between Banc of America Leasing & Capital, LLC (the "*Lessor*") and the Lessee, which, among other things, provides for the lease of certain property (the "*Energy Conservation Equipment*"), (c) an executed counterpart of that certain Acquisition Fund and Account Control Agreement dated as of April 15, 2011 (the "*Acquisition Fund Agreement*") among the Lessor, the Lessee and Deutsche Bank National Trust Company, as Acquisition Fund Custodian, (d) a certified copy of the ordinance of the governing body of the Lessee with respect to the transaction contemplated by the Agreement to Execute Lease, the Agreement and the Acquisition Fund Agreement (collectively, the "*Transaction Documents*") and documents related thereto and (e) such other opinions, documents and matters of law as we have deemed necessary in connection with the following opinions. This opinion of counsel is delivered in accordance with Section 3.04(a)(vi) of the Agreement.

As a result of our examination of the Transaction Documents and such other examinations as we deemed appropriate, we have advised the Lessee and hereby indicate to Banc of America Leasing & Capital, LLC, as Lessor, that, in our opinion:

(1) The Lessee is a political subdivision of the State of California, duly organized, existing and operating under the Constitution and laws of the State of California and the City's home rule charter;

(2) The Lessee is authorized by the Constitution and the laws of the State of California to enter into the transactions contemplated by each of the Transaction Documents and to carry out its obligations thereunder;

(3) The Lessee's participation in the Transaction Documents and the performance of the Lessee's obligations thereunder have been duly authorized, approved and executed under all laws, regulations and procedures applicable to the Lessee;

(4) The Transaction Documents have been duly authorized, approved, executed and delivered by and on behalf of the Lessee, and are legal, valid and binding contracts of the Lessee enforceable in accordance with their respective terms, except to the extent limited by state and federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights;

(5) No approval, consent, or withholding of objection is required from any governmental authority with respect to the entering into or performance by the Lessee of the Transaction Documents or the transactions contemplated thereby, or if any such approval is required, it has been obtained;

(6) The entering into and the performance of the Transaction Documents will not violate any judgment, or order, applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of the Lessee other than the Energy Conservation Equipment subject to the Agreement pursuant to any instrument to which the Lessee is a party or by which it or its assets may be bound;

(7) To the knowledge of the Lessee, there is no litigation or proceeding pending or threatened against the Lessee or any other person affecting the right of the Lessee to execute the Transaction Documents or the ability of the Lessee to make the Rental Payments required under the Agreement or to otherwise comply with the obligations contained in the Transaction Documents; and

(8) Ordinance Number 0-20004 of the governing body of the Lessee was duly and validly adopted, modified or supplemented and remains in full force and effect.

This opinion may be relied upon by assignees of the Lessor's interest in the Agreement to the extent that such interest is assigned and transferred in accordance with Section 11.01 of the Agreement.

CITY OF SAN DIEGO, CALIFORNIA

Jan I. Goldsmith, City Attorney

By: _____
Deputy City Attorney

ATTACHMENT C

FORM OF INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, the duly elected or appointed and acting City Clerk of the City of San Diego, California, as lessee (“*Lessee*”), certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of Lessee and Lessee Representatives (as such term is defined in the Agreement described below) in the capacity set forth opposite their respective names below and that the facsimile signatures are true and correct as of the date hereof;

B. The Lessee Representatives are duly authorized, on behalf of Lessee, to negotiate, execute and deliver that certain Agreement to Execute Lease dated March 25, 2011 between Banc of America Leasing & Capital, LLC and Lessee, the Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, between Lessee and Banc of America Leasing & Capital, LLC (“*Lessor*”), the Acquisition Fund and Account Control Agreement dated as of April 15, 2011, among Lessor, Lessee and Deutsche Bank National Trust Company, as Acquisition Fund Custodian, and all documents related thereto and delivered in connection therewith (collectively, the “*Agreements*”), and the Agreements are each the binding and authorized agreements of Lessee, enforceable in all respects in accordance with their respective terms.

NAME OF LESSEE REPRESENTATIVE	TITLE	SIGNATURE
Mary Lewis	Chief Financial Officer	_____
Thomas Blair	Deputy Environmental Services Director	_____
Claudia CastilloDelMuro	Liability Claim Manager	_____

Dated: April 15, 2011

By: _____
Name: _____
Title: _____

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

ATTACHMENT D

FORM OF SELF-INSURANCE CERTIFICATE

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Taxable QECB Equipment Lease Agreement dated as of April 15,
2011 (the “*Agreement*”) between
Banc of America Leasing & Capital, LLC, as Lessor,
and City of San Diego, California, as Lessee

In connection with the above-referenced Agreement, the City of San Diego, California (the “*Lessee*”), warrants and represents to Banc of America Leasing & Capital, LLC the following information. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

1. The Lessee is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Energy Conservation Equipment. The dollar limit for such liability claims under the Lessee’s self-insurance program is \$4,000,000. The Lessee maintains an umbrella insurance policy for claims in excess of Lessee’s self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Energy Conservation Equipment in the amount of \$50,000,000.

2. The Lessee maintains a self-insurance fund. Monies in the self-insurance fund are not subject to annual appropriation. The total amount maintained in the self-insurance fund to cover Lessee’s self-insurance liabilities is \$17,000,000.

3. Attached hereto are copies of certificates of insurance with respect to policies maintained by Lessee.

LESSEE:
City of San Diego, California

By: _____
Claudia CastilloDelMuro
Liability Claim Manager

ATTACHMENT E

FORM OF NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

DATED _____

BANC OF AMERICA LEASING & CAPITAL, LLC (“Assignor”) hereby gives notice that it has assigned and sold to _____ (“Assignee”) all of Assignor’s right, title and interest in, to and under that certain Taxable QECB Equipment Lease Agreement dated as of April 15, 2011 (the “Agreement”), between Assignor and the City of San Diego, California (“Lessee”), together with all exhibits, schedules, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith, the Rental Payments and other amounts due under the Agreement, all of Assignor’s right, title and interest in the Energy Conservation Equipment (as defined in the Agreement), and all of Assignor’s right, title and interest in, to and under the Acquisition Fund and Account Control Agreement dated as of April 15, 2011, by and among Lessee, Assignor and Deutsche Bank National Trust Company, as Acquisition Fund Custodian, together with the Acquisition Fund and the Delivery Costs Fund related thereto (collectively, the “Assigned Property”). Assignor hereby represents and warrants to Lessee that the assignment of the Agreement to Assignee has been effected in compliance with the conditions set forth in Section 11.01(a) of the Agreement, including compliance by Assignor with all securities and other laws in connection with such assignment.

1. In accordance with the terms of the Agreement, Lessee hereby acknowledges the effect of the assignment of the Assigned Property and absolutely and unconditionally agrees, as provided in Section 11.01(a) of the Agreement, to pay directly to Assignee all Rental Payments and other amounts coming due under the Agreement in accordance with the terms thereof on and after the date of this Acknowledgment.

2. Lessee hereby agrees that: (i) Assignee shall have all the rights of Lessor under the Agreement and all related documents, including, but not limited to, the rights to issue or receive all notices and reports, to give all consents or agreements to modifications thereto, to receive title to the Energy Conservation Equipment in accordance with the terms of the Agreement, to declare a default and to exercise all remedies thereunder; and (ii) except as provided in Sections 3.03 and 4.01(b) of the Agreement, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained in the Agreement shall be absolute and unconditional in all events without diminution, deduction, set-off or defense. As provided in Section 11.01(a) of the Agreement, nothing herein or in the assignment of the Assigned Property shall release any of the original Lessor’s obligations under the Agreement, unless Lessee otherwise agrees in writing, or any claim which Lessee has against Assignor.

3. The Agreement remains in full force and effect and has not been amended.

4. Any inquiries of Lessee related to the Agreement and any requests for disbursements from the Acquisition Fund, if applicable, and all Rental Payments and other amounts coming due pursuant to the Agreement on and after the date of this Acknowledgment should be remitted to Assignee at the following address (or such other address as provided to Lessee in writing from time to time by Assignee):

ACKNOWLEDGED AND AGREED:

LESSEE: CITY OF SAN DIEGO, CALIFORNIA

By: _____

Name: _____

Title: _____

ASSIGNOR: BANC OF AMERICA LEASING & CAPITAL, LLC

By: _____

Name: _____

Title: _____

ATTACHMENT F

FORM OF ACQUISITION FUND AND ACCOUNT CONTROL AGREEMENT

This Acquisition Fund and Account Control Agreement (this “*Agreement*”), dated as of April 15, 2011, by and among Banc of America Leasing & Capital, LLC (hereinafter referred to as “*Lessor*”), the City of San Diego, California (hereinafter referred to as “*Lessee*”) and Deutsche Bank National Trust Company (hereinafter referred to as “*Acquisition Fund Custodian*”).

Reference is made to that certain Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, between Lessor and Lessee (hereinafter referred to as the “*Lease*”), covering the acquisition, installation and lease of certain Energy Conservation Equipment described therein (the “*Energy Conservation Equipment*”). It is a requirement of the Lease that the Acquisition Amount (\$13,141,596.29) be deposited into an escrow under terms satisfactory to Lessor, for the purpose of fully funding the Lease, and providing a mechanism for the application of such amounts to the acquisition and installation of and payment for the Energy Conservation Equipment and payment of the Delivery Costs.

The parties agree as follows:

1. *Creation of Acquisition Fund and Delivery Costs Fund.*

(a) There is hereby created a special trust fund to be known as the “City of San Diego, California, Energy Conservation Equipment Acquisition Fund” (the “*Acquisition Fund*”) to be held in trust by Acquisition Fund Custodian for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof.

(b) There is hereby created a special trust fund to be known as the “City of San Diego, California, Energy Conservation Equipment Delivery Costs Fund” (the “*Delivery Costs Fund*”) to be held in trust by Acquisition Fund Custodian for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof.

(c) Acquisition Fund Custodian shall invest and reinvest moneys on deposit in the Acquisition Fund and the Delivery Costs Fund in Qualified Investments (as hereinafter defined in this subsection) in accordance with written instructions received from Lessee. Lessee shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, State and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to Acquisition Fund Custodian for the reinvestment of any maturing investment. Accordingly, neither Acquisition Fund Custodian nor Lessor shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or

indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Acquisition Fund or the Delivery Costs Fund, and Lessee agrees to and does hereby release Acquisition Fund Custodian and Lessor from any such liability, cost, expenses, loss or claim. Interest on the Acquisition Fund and the Delivery Costs Fund shall become part of the respective Funds, and gains and losses on the investment of the moneys on deposit in the Acquisition Fund and the Delivery Costs Fund shall be borne by the respective Funds. For purposes of this Agreement, "Qualified Investments" means any investments which meet the requirements of California Government Code Sections 53600 *et seq.*

(d) Unless the Acquisition Fund is earlier terminated in accordance with the provisions of paragraph (f) below, amounts in the Acquisition Fund shall be disbursed by the Acquisition Fund Custodian in payment of amounts described in Section 2 hereof upon receipt of written authorization(s) from Lessor, as is more fully described in Section 2 hereof. Any moneys remaining in the Acquisition Fund on or after the earlier of the dates described in Section 4 hereof shall be applied as therein provided and in accordance with Section 4.05 of the Lease.

(e) Unless the Delivery Costs Fund is earlier terminated in accordance with the provisions of paragraph (f) below, amounts in the Delivery Costs Fund shall be applied to pay (or reimburse Lessee for payment of) Delivery Costs upon receipt by Acquisition Fund Custodian of written directions from Lessee that identify the payees and the amounts to be paid for Delivery Costs. Upon the earlier of August 1, 2011 or payment of all Delivery Costs, amounts in the Delivery Costs Fund shall be transferred to the Acquisition Fund and the Delivery Costs Fund shall thereupon be closed.

(f) The Acquisition Fund and the Delivery Costs Fund shall be terminated at the earliest of (i) the final distribution of amounts in the Acquisition Fund and the Delivery Costs Fund, including disbursement pursuant to Section 4 hereof and Section 4.05 of the Lease, or (ii) disbursement to Lessor of amounts in the Acquisition Fund and the Delivery Costs Fund pursuant to Section 12.02(d) of the Lease upon written notice given by Lessor of the occurrence of an Event of Default under the Lease, whereupon this Agreement shall terminate.

(g) The Acquisition Fund Custodian may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Acquisition Fund Custodian shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the

Acquisition Fund Custodian, and for the disposition of the same in accordance herewith.

(h) Unless Acquisition Fund Custodian is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees to and does hereby release and indemnify Acquisition Fund Custodian and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Acquisition Fund Custodian under this Agreement; and in connection therewith does (to the fullest extent authorized by State law, but only from moneys then in Lessee's general fund that are legally available and duly appropriated by Lessee's governing body at its discretion and not at its obligation for such purpose) indemnify Acquisition Fund Custodian against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

(i) If Lessee and Lessor shall be in disagreement about the interpretation of the Lease, or about the rights and obligations, or the propriety of any action contemplated by Acquisition Fund Custodian hereunder, Acquisition Fund Custodian may, but shall not be required to, file an appropriate civil action to resolve the disagreement.

(j) Acquisition Fund Custodian may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. Acquisition Fund Custodian shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct.

(k) Lessee shall reimburse Acquisition Fund Custodian for all reasonable costs and expenses, including those of Acquisition Fund Custodian's attorneys, agents and employees incurred for extraordinary administration of the Acquisition Fund and the Delivery Costs Fund and the performance of Acquisition Fund Custodian's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Acquisition Fund or the Delivery Costs Fund.

2. *Acquisition and Installation of Energy Conservation Equipment.*

(a) *Acquisition Contracts.* Lessee will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition and installation of the Equipment with moneys from the Acquisition Fund. Lessee represents that the estimated costs of the Energy Conservation Equipment are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor shall have no liability under any of the acquisition or construction contracts. Lessee shall obtain all necessary permits

and approvals, if any, for the acquisition, equipping and installation of the Energy Conservation Equipment, and the operation and maintenance thereof.

(b) *Authorized Acquisition Fund Disbursements.* Disbursements from the Acquisition Fund shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring and installing the Energy Conservation Equipment.

(c) *Requisition Procedure.* Prior to disbursement from the Acquisition Fund there shall be filed with the Acquisition Fund Custodian a requisition for such payment in the form of an Acceptance Certificate and Disbursement Request attached hereto as Schedule 1 (an “*Acceptance Certificate and Disbursement Request*”), stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due. Each such Acceptance Certificate and Disbursement Request shall be signed by an authorized representative of Lessee (an “*Authorized Representative*”) and approved by Lessor, shall be executed and delivered by Lessee to Lessor no later than the fifth Business Day next preceding the end of the Acquisition Period and shall be subject to the following:

1. Delivery to Lessor of a completed Acceptance Certificate and Disbursement Request executed by an Authorized Representative of Lessee and in substantially the form of Schedule 1 attached hereto.

2. Delivery to Lessor of invoices (and proof of payment of such invoices if Lessee seeks reimbursement) and any additional documentation reasonably requested by Lessor;

3. Delivery to Lessor of the signed Vendor Tax Letter(s) relating to the cost of acquiring and installing the portion of Energy Conservation Equipment for which payment is being sought; and

4. The disbursement shall occur during the Acquisition Period.

3. *Deposit to Acquisition Fund and Delivery Costs Fund.* Upon satisfaction of the conditions specified in Section 3.04 of the Lease, Lessor will cause the Acquisition Amount to be deposited as follows: (a) \$12,946,596.29 into the Acquisition Fund and (b) \$195,000.00 into the Delivery Costs Fund. Nothing in this Agreement is intended, or shall be construed, to require Lessor to deposit any moneys other than the Acquisition Amount into the Acquisition Fund, the Delivery Costs Fund or any other fund or account in the event that amounts in the Acquisition Fund are insufficient to pay the Equipment Costs in full for the Energy Conservation Equipment.

4. *Excess Acquisition Fund Moneys.* Any funds remaining in the Acquisition Fund (including any funds transferred from the Delivery Costs Fund pursuant to Section 1(e) hereof) on the earlier of the two dates provided in Section 4.05 of the Lease shall be applied by Acquisition Fund Custodian to the prepayment of Rental Payments under the Lease subject to and in accordance with Sections 4.05 and 10.01(e) of the Lease.

5. *Security Interest.* Acquisition Fund Custodian and Lessee acknowledge and agree that the Acquisition Fund, the Delivery Costs Fund and all proceeds thereof are being held by Acquisition Fund Custodian for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first priority security interest in the Acquisition Fund, the Delivery Costs Fund and all proceeds thereof and all investments made with any amounts in the Acquisition Fund and the Delivery Costs Fund. If the Acquisition Fund and the Delivery Costs Fund, or any part of either thereof, is converted to investments as set forth in this Agreement, such investments shall be made in the name of Acquisition Fund Custodian and Acquisition Fund Custodian hereby agrees to hold such investments as bailee for Lessor so that Lessor is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. *Control of Acquisition Fund and Delivery Costs Fund.* In order to perfect Lessor's security interest by means of control in (i) the Acquisition Fund established hereunder, (ii) the Delivery Costs Fund established hereunder, (iii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Acquisition Fund or the Delivery Costs Fund, as the case may be, (iv) all of Lessee's rights in respect of the Acquisition Fund and the Delivery Costs Fund, such securities entitlements, investment property and other financial assets, and (v) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "*Collateral*"), Lessor, Lessee and Acquisition Fund Custodian further agree as follows:

(a) All terms used in this Section 6 which are defined in the California Commercial Code (the "*Commercial Code*") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Acquisition Fund Custodian will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Acquisition Fund Custodian hereby represents and warrants that (i) the records of Acquisition Fund Custodian show that Lessee is the sole owner of the Collateral, (ii) Acquisition Fund Custodian has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Agreement, and (iii) Acquisition Fund Custodian is not presently obligated to accept any entitlement order from any person with respect to the Collateral,

except for entitlement orders that Acquisition Fund Custodian is obligated to accept from Lessor under this Agreement and entitlement orders that Acquisition Fund Custodian, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Acquisition Fund Custodian will not enter into any agreement by which Acquisition Fund Custodian agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Acquisition Fund Custodian shall promptly notify Lessor if any person requests Acquisition Fund Custodian to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(c) hereof, Acquisition Fund Custodian may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Acquisition Fund and the Delivery Costs Fund, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Acquisition Fund or the Delivery Costs Fund. Acquisition Fund Custodian acknowledges that Lessor reserves the right, by delivery of written notice to Acquisition Fund Custodian, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Acquisition Fund or the Delivery Costs Fund. Further, Acquisition Fund Custodian hereby agrees to comply with any and all written instructions delivered by Lessor to Acquisition Fund Custodian (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Acquisition Fund Custodian to comply with all instructions and entitlement orders delivered by Lessor to Acquisition Fund Custodian.

(g) Acquisition Fund Custodian will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Acquisition Fund Custodian will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Acquisition Fund Custodian and Lessee hereby agree that any property held in the Acquisition Fund and the Delivery Costs Fund shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code,

notwithstanding any contrary provision of any other agreement to which Acquisition Fund Custodian may be a party.

(i) Acquisition Fund Custodian is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth in Section 7 below, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Acquisition Fund and Delivery Costs Fund statements or reports issued or sent to Lessee with respect to the Acquisition Fund and the Delivery Costs Fund.

7. *Miscellaneous.* Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below:

If to Lessor: Banc of America Leasing & Capital, LLC
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration
Fax: (443) 556-6977

If to Lessee: City of San Diego
202 "C" Street, 9th Floor
San Diego, California 92101
Attn: Mary Lewis
Chief Financial Officer
Fax: (619) 533-3215

If to Acquisition
Fund Custodian: Deutsche Bank National Trust Company
200 South Tryon Street, Suite 550
Charlotte, NC 28202
Attn: Michael Weber
Phone: (704) 333-5744
Fax: (704) 333-5852

IN WITNESS WHEREOF, the parties have executed this Acquisition Fund and Account Control Agreement as of the date first above written.

Banc of America Leasing & Capital, LLC,
as Lessor

City of San Diego, California
as Lessee

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Deutsche Bank National Trust Company,
as Acquisition Fund Custodian

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SCHEDULE 1

TO THE ACQUISITION FUND AND ACCOUNT CONTROL AGREEMENT

FORM OF ACCEPTANCE CERTIFICATE AND DISBURSEMENT REQUEST

Re: Taxable QECCB Equipment Lease Agreement dated as of April 15, 2011 (the “*Lease*”), between Banc of America Leasing & Capital, LLC, as Lessor, and the City of San Diego, California, as Lessee (Capitalized terms not otherwise defined herein shall have the meanings set forth in the Lease.)

In accordance with the terms of the Acquisition Fund and Account Control Agreement, dated as of April 15, 2011 (the “*Acquisition Fund Agreement*”) by and among Banc of America Leasing & Capital, LLC (“*Lessor*”), the City of San Diego, California (“*Lessee*”) and Deutsche Bank National Trust Company (“*Acquisition Fund Custodian*”), the undersigned on behalf of Lessee hereby (a) accepts for purposes of the Lease (described above) the Energy Conservation Equipment described below as of the Acceptance Date identified below and (b) requests that the Acquisition Fund Custodian pay the following persons (or reimburse Lessee) the following amounts from the Acquisition Fund created under the Acquisition Fund Agreement:

PAYEE’S NAME AND ADDRESS	INVOICE NUMBER	DOLLAR AMOUNT	DESCRIPTION OF ENERGY CONSERVATION EQUIPMENT ACCEPTED AND FOR WHICH DISBURSEMENT IS REQUESTED

The undersigned hereby certifies as follows:

(i) The Acceptance Date for the Energy Conservation Equipment for which disbursement is hereby requested is _____, 20____.

(ii) The Energy Conservation Equipment for which disbursement is hereby requested has been delivered to Lessee and installed at the locations listed or identified on the attached schedule, has been fully and finally accepted by Lessee and has been found by Lessee to be in good working order.

(iii) An obligation in the stated amount has been incurred by Lessee, is a proper charge against the Acquisition Fund for Equipment Costs related to the Energy Conservation Equipment identified above and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof). Attached hereto is the original invoice with respect to such obligation.

(iv) The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(v) This requisition contains no item representing payment on account, or any retained percentages, which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

(vi) The Energy Conservation Equipment for which disbursement is hereby requested is insured in accordance with Section 7.02 of the Lease. All signed Vendor Tax Letters relating to the Energy Conservation Equipment for which disbursement is hereby requested are attached hereto as required by the Lease and the Acquisition Fund Agreement.

(vii) No Material Adverse Change has occurred since the Funding Date. No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the Lease has occurred and is continuing at the date hereof.

(viii) The disbursement shall occur during the Acquisition Period.

(ix) The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

[(x) IF APPLICABLE: Lessee hereby notifies Lessor and Acquisition Fund Custodian that, after payment or reimbursement of Equipment Costs for accepted Energy Conservation Equipment pursuant to this Acceptance Certificate and Disbursement Request, Lessee intends not to seek payment or reimbursement for any further Equipment Costs for Energy Conservation Equipment pursuant to the Lease, *provided* that Lessee need not deliver such an Acceptance Certificate and Disbursement Request as described in this clause (x) if Lessee has determined that application of amounts then remaining on deposit in the Acquisition Fund to prepayment of Rental Payments could adversely affect treatment of the Lease as a "*qualified energy conservation bond*" for federal

income tax purposes. Upon delivery of such an Acceptance and Disbursement Request as described in this clause (x), any balance in the Acquisition Fund shall be applied to prepayment of Rental Payments as provided in Section 4 of the Acquisition Fund Agreement and Sections 4.05 and 10.01(e) of the Lease.]

Dated: _____

CITY OF SAN DIEGO, CALIFORNIA

By: _____
Authorized Representative

Disbursement of funds from the Acquisition Fund in accordance with the foregoing Acceptance Certificate and Disbursement Request hereby is authorized

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Lessor under the Lease

By: _____
Name: _____
Title: _____

ATTACHMENT G
VENDOR TAX LETTER

(To be printed on Vendor Letterhead)

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Hunt Valley, MD 21031

Re: City of San Diego, California
Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, between Banc of America Leasing & Capital, LLC, as Lessor, and City of San Diego, California, as Lessee (the "QECB Lease")

Gentlemen:

The **[Name of Vendor Contract]** dated _____ between **[Vendor]** and the City of San Diego, California, in the amount of \$_____, is financed with \$_____ of proceeds of the QECB Lease (defined above) for the purchase and installation of Cobra-head replacement light fixtures for approximately 28,700 street lights and related improvements and equipment (the "*Project*") as part of the City of San Diego, California's energy efficient Broad Spectrum Street Lighting program.

The Project-related invoice(s) (attached hereto) for the total amount of \$_____ dated _____ included California sales/use tax on such items where sales/use tax is due. The sales/use tax for such invoice(s) is \$_____.

Such sales/use tax was (will be) remitted to California on _____ **[At a minimum provide a date range or the quarter in which sales/use tax will be remitted]** under **[Vendor]**'s California sales/use tax registration number of _____.

[Vendor Signature Block]

By: _____
Name: _____
Title: _____

ACQUISITION FUND AND ACCOUNT CONTROL AGREEMENT

This Acquisition Fund and Account Control Agreement (this “*Agreement*”), dated as of April 15, 2011, by and among Banc of America Leasing & Capital, LLC (hereinafter referred to as “*Lessor*”), the City of San Diego, California (hereinafter referred to as “*Lessee*”) and Deutsche Bank National Trust Company (hereinafter referred to as “*Acquisition Fund Custodian*”).

Reference is made to that certain Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, between Lessor and Lessee (hereinafter referred to as the “*Lease*”), covering the acquisition, installation and lease of certain Energy Conservation Equipment described therein (the “*Energy Conservation Equipment*”). It is a requirement of the Lease that the Acquisition Amount (\$13,141,596.29) be deposited into an escrow under terms satisfactory to Lessor, for the purpose of fully funding the Lease, and providing a mechanism for the application of such amounts to the acquisition and installation of and payment for the Energy Conservation Equipment and payment of the Delivery Costs.

The parties agree as follows:

1. *Creation of Acquisition Fund and Delivery Costs Fund.*

(a) There is hereby created a special trust fund to be known as the “City of San Diego, California, Energy Conservation Equipment Acquisition Fund” (the “*Acquisition Fund*”) to be held in trust by Acquisition Fund Custodian for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof.

(b) There is hereby created a special trust fund to be known as the “City of San Diego, California, Energy Conservation Equipment Delivery Costs Fund” (the “*Delivery Costs Fund*”) to be held in trust by Acquisition Fund Custodian for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof.

(c) Acquisition Fund Custodian shall invest and reinvest moneys on deposit in the Acquisition Fund and the Delivery Costs Fund in Qualified Investments (as hereinafter defined in this subsection) in accordance with written instructions received from Lessee. Lessee shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, State and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to Acquisition Fund Custodian for the reinvestment of any maturing investment. Accordingly, neither Acquisition Fund Custodian nor Lessor shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Acquisition Fund or the Delivery Costs Fund, and Lessee agrees to and does hereby release Acquisition Fund Custodian

and Lessor from any such liability, cost, expenses, loss or claim. Interest on the Acquisition Fund and the Delivery Costs Fund shall become part of the respective Funds, and gains and losses on the investment of the moneys on deposit in the Acquisition Fund and the Delivery Costs Fund shall be borne by the respective Funds. For purposes of this Agreement, "Qualified Investments" means any investments which meet the requirements of California Government Code Sections 53600 *et seq.*

(d) Unless the Acquisition Fund is earlier terminated in accordance with the provisions of paragraph (f) below, amounts in the Acquisition Fund shall be disbursed by the Acquisition Fund Custodian in payment of amounts described in Section 2 hereof upon receipt of written authorization(s) from Lessor, as is more fully described in Section 2 hereof. Any moneys remaining in the Acquisition Fund on or after the earlier of the dates described in Section 4 hereof shall be applied as therein provided and in accordance with Section 4.05 of the Lease.

(e) Unless the Delivery Costs Fund is earlier terminated in accordance with the provisions of paragraph (f) below, amounts in the Delivery Costs Fund shall be applied to pay (or reimburse Lessee for payment of) Delivery Costs upon receipt by Acquisition Fund Custodian of written directions from Lessee that identify the payees and the amounts to be paid for Delivery Costs. Upon the earlier of August 1, 2011 or payment of all Delivery Costs, amounts in the Delivery Costs Fund shall be transferred to the Acquisition Fund and the Delivery Costs Fund shall thereupon be closed.

(f) The Acquisition Fund and the Delivery Costs Fund shall be terminated at the earliest of (i) the final distribution of amounts in the Acquisition Fund and the Delivery Costs Fund, including disbursement pursuant to Section 4 hereof and Section 4.05 of the Lease, or (ii) disbursement to Lessor of amounts in the Acquisition Fund and the Delivery Costs Fund pursuant to Section 12.02(d) of the Lease upon written notice given by Lessor of the occurrence of an Event of Default under the Lease, whereupon this Agreement shall terminate.

(g) The Acquisition Fund Custodian may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Acquisition Fund Custodian shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Acquisition Fund Custodian, and for the disposition of the same in accordance herewith.

(h) Unless Acquisition Fund Custodian is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees to and does hereby release and indemnify Acquisition Fund Custodian and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Acquisition Fund Custodian under this Agreement; and in connection therewith does (to the fullest extent authorized by State law, but only from moneys then in Lessee's general fund that are legally available and duly appropriated by Lessee's governing body at its discretion and not at its obligation for such purpose) indemnify Acquisition Fund Custodian against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

(i) If Lessee and Lessor shall be in disagreement about the interpretation of the Lease, or about the rights and obligations, or the propriety of any action contemplated by Acquisition Fund Custodian hereunder, Acquisition Fund Custodian may, but shall not be required to, file an appropriate civil action to resolve the disagreement.

(j) Acquisition Fund Custodian may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. Acquisition Fund Custodian shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct.

(k) Lessee shall reimburse Acquisition Fund Custodian for all reasonable costs and expenses, including those of Acquisition Fund Custodian's attorneys, agents and employees incurred for extraordinary administration of the Acquisition Fund and the Delivery Costs Fund and the performance of Acquisition Fund Custodian's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Acquisition Fund or the Delivery Costs Fund.

2. *Acquisition and Installation of Energy Conservation Equipment.*

(a) *Acquisition Contracts.* Lessee will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition and installation of the Equipment with moneys from the Acquisition Fund. Lessee represents that the estimated costs of the Energy Conservation Equipment are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor shall have no liability under any of the acquisition or construction contracts. Lessee shall obtain all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Energy Conservation Equipment, and the operation and maintenance thereof.

(b) *Authorized Acquisition Fund Disbursements.* Disbursements from the Acquisition Fund shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring and installing the Energy Conservation Equipment.

(c) *Requisition Procedure.* Prior to disbursement from the Acquisition Fund there shall be filed with the Acquisition Fund Custodian a requisition for such payment in the form of an Acceptance Certificate and Disbursement Request attached hereto as Schedule 1 (an “*Acceptance Certificate and Disbursement Request*”), stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due. Each such Acceptance Certificate and Disbursement Request shall be signed by an authorized representative of Lessee (an “*Authorized Representative*”) and approved by Lessor, shall be executed and delivered by Lessee to Lessor no later than the fifth Business Day next preceding the end of the Acquisition Period and shall be subject to the following:

1. Delivery to Lessor of a completed Acceptance Certificate and Disbursement Request executed by an Authorized Representative of Lessee and in substantially the form of Schedule 1 attached hereto.

2. Delivery to Lessor of invoices (and proof of payment of such invoices if Lessee seeks reimbursement) and any additional documentation reasonably requested by Lessor;

3. Delivery to Lessor of the signed Vendor Tax Letter(s) relating to the cost of acquiring and installing the portion of Energy Conservation Equipment for which payment is being sought; and

4. The disbursement shall occur during the Acquisition Period.

3. *Deposit to Acquisition Fund and Delivery Costs Fund.* Upon satisfaction of the conditions specified in Section 3.04 of the Lease, Lessor will cause the Acquisition Amount to be deposited as follows: (a) \$12,946,596.29 into the Acquisition Fund and (b) \$195,000.00 into the Delivery Costs Fund. Nothing in this Agreement is intended, or shall be construed, to require Lessor to deposit any moneys other than the Acquisition Amount into the Acquisition Fund, the Delivery Costs Fund or any other fund or account in the event that amounts in the Acquisition Fund are insufficient to pay the Equipment Costs in full for the Energy Conservation Equipment.

4. *Excess Acquisition Fund Moneys.* Any funds remaining in the Acquisition Fund (including any funds transferred from the Delivery Costs Fund pursuant to Section 1(e) hereof) on the earlier of the two dates provided in Section 4.05 of the Lease shall be applied by Acquisition Fund Custodian to the prepayment of Rental Payments

under the Lease subject to and in accordance with Sections 4.05 and 10.01(e) of the Lease.

5. *Security Interest.* Acquisition Fund Custodian and Lessee acknowledge and agree that the Acquisition Fund, the Delivery Costs Fund and all proceeds thereof are being held by Acquisition Fund Custodian for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first priority security interest in the Acquisition Fund, the Delivery Costs Fund and all proceeds thereof and all investments made with any amounts in the Acquisition Fund and the Delivery Costs Fund. If the Acquisition Fund and the Delivery Costs Fund, or any part of either thereof, is converted to investments as set forth in this Agreement, such investments shall be made in the name of Acquisition Fund Custodian and Acquisition Fund Custodian hereby agrees to hold such investments as bailee for Lessor so that Lessor is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. *Control of Acquisition Fund and Delivery Costs Fund.* In order to perfect Lessor's security interest by means of control in (i) the Acquisition Fund established hereunder, (ii) the Delivery Costs Fund established hereunder, (iii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Acquisition Fund or the Delivery Costs Fund, as the case may be, (iv) all of Lessee's rights in respect of the Acquisition Fund and the Delivery Costs Fund, such securities entitlements, investment property and other financial assets, and (v) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "*Collateral*"), Lessor, Lessee and Acquisition Fund Custodian further agree as follows:

(a) All terms used in this Section 6 which are defined in the California Commercial Code (the "*Commercial Code*") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Acquisition Fund Custodian will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Acquisition Fund Custodian hereby represents and warrants that (i) the records of Acquisition Fund Custodian show that Lessee is the sole owner of the Collateral, (ii) Acquisition Fund Custodian has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Agreement, and (iii) Acquisition Fund Custodian is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Acquisition Fund Custodian is obligated to accept from Lessor under this Agreement and entitlement orders that Acquisition Fund Custodian, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Acquisition Fund Custodian will not enter into any agreement by which Acquisition Fund Custodian agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Acquisition Fund Custodian shall promptly notify Lessor if any person requests Acquisition Fund Custodian to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(c) hereof, Acquisition Fund Custodian may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Acquisition Fund and the Delivery Costs Fund, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Acquisition Fund or the Delivery Costs Fund. Acquisition Fund Custodian acknowledges that Lessor reserves the right, by delivery of written notice to Acquisition Fund Custodian, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Acquisition Fund or the Delivery Costs Fund. Further, Acquisition Fund Custodian hereby agrees to comply with any and all written instructions delivered by Lessor to Acquisition Fund Custodian (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Acquisition Fund Custodian to comply with all instructions and entitlement orders delivered by Lessor to Acquisition Fund Custodian.

(g) Acquisition Fund Custodian will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Acquisition Fund Custodian will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Acquisition Fund Custodian and Lessee hereby agree that any property held in the Acquisition Fund and the Delivery Costs Fund shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Acquisition Fund Custodian may be a party.

(i) Acquisition Fund Custodian is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth in Section 7 below,

concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Acquisition Fund and Delivery Costs Fund statements or reports issued or sent to Lessee with respect to the Acquisition Fund and the Delivery Costs Fund.

7. *Miscellaneous.* Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below:

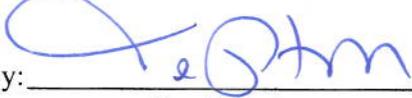
If to Lessor: Banc of America Leasing & Capital, LLC
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration
Fax: (443) 556-6977

If to Lessee: City of San Diego
202 "C" Street, 9th Floor
San Diego, California 92101
Attn: Mary Lewis
Chief Financial Officer
Fax: (619) 533-3215

If to Acquisition
Fund Custodian: Deutsche Bank National Trust Company
200 South Tryon Street, Suite 550
Charlotte, NC 28202
Attn: Michael Weber
Phone: (704) 333-5744
Fax: (704) 333-5852

IN WITNESS WHEREOF, the parties have executed this Acquisition Fund and Account Control Agreement as of the date first above written.

Banc of America Leasing & Capital, LLC,
as Lessor

By: 
Terri Preston
Vice President

City of San Diego, California
as Lessee

By: _____
Mary Lewis
Chief Financial Officer

Deutsche Bank National Trust Company,
as Acquisition Fund Custodian

By: _____
Name: _____
Title: _____

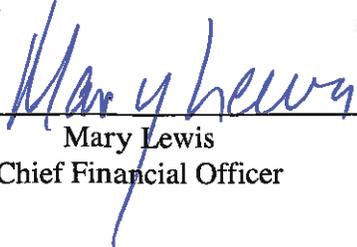
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Acquisition Fund and Account Control Agreement as of the date first above written.

Banc of America Leasing & Capital, LLC,
as Lessor

City of San Diego, California
as Lessee

By: _____
Terri Preston
Vice President

By: _____

Mary Lewis
Chief Financial Officer

Deutsche Bank National Trust Company,
as Acquisition Fund Custodian

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Acquisition Fund and Account Control Agreement as of the date first above written.

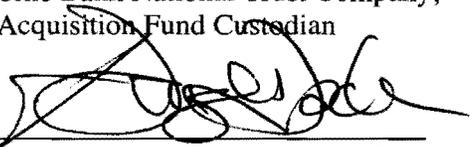
Banc of America Leasing & Capital, LLC,
as Lessor

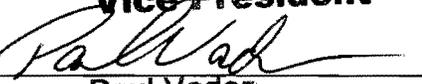
City of San Diego, California
as Lessee

By: _____
Terri Preston
Vice President

By: _____
Mary Lewis
Chief Financial Officer

Deutsche Bank National Trust Company,
as Acquisition Fund Custodian

By: 
Name: **J. Douglas McDade**
Title: **Vice President**

By: 
Name: **Paul Vaden**
Title: **Trust Officer**

SCHEDULE 1

TO THE ACQUISITION FUND AND ACCOUNT CONTROL AGREEMENT

FORM OF ACCEPTANCE CERTIFICATE AND DISBURSEMENT REQUEST

Re: Taxable QECB Equipment Lease Agreement dated as of April 15, 2011 (the “*Lease*”), between Banc of America Leasing & Capital, LLC, as Lessor, and the City of San Diego, California, as Lessee (Capitalized terms not otherwise defined herein shall have the meanings set forth in the Lease.)

In accordance with the terms of the Acquisition Fund and Account Control Agreement, dated as of April 15, 2011 (the “*Acquisition Fund Agreement*”) by and among Banc of America Leasing & Capital, LLC (“*Lessor*”), the City of San Diego, California (“*Lessee*”) and Deutsche Bank National Trust Company (“*Acquisition Fund Custodian*”), the undersigned on behalf of Lessee hereby (a) accepts for purposes of the Lease (described above) the Energy Conservation Equipment described below as of the Acceptance Date identified below and (b) requests that the Acquisition Fund Custodian pay the following persons (or reimburse Lessee) the following amounts from the Acquisition Fund created under the Acquisition Fund Agreement:

PAYEE’S NAME AND ADDRESS	INVOICE NUMBER	DOLLAR AMOUNT	DESCRIPTION OF ENERGY CONSERVATION EQUIPMENT ACCEPTED AND FOR WHICH DISBURSEMENT IS REQUESTED

The undersigned hereby certifies as follows:

(i) The Acceptance Date for the Energy Conservation Equipment for which disbursement is hereby requested is _____, 20____.

(ii) The Energy Conservation Equipment for which disbursement is hereby requested has been delivered to Lessee and installed at the locations listed or identified on the attached schedule, has been fully and finally accepted by Lessee and has been found by Lessee to be in good working order.

(iii) An obligation in the stated amount has been incurred by Lessee, is a proper charge against the Acquisition Fund for Equipment Costs related to the Energy Conservation Equipment identified above and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof). Attached hereto is the original invoice with respect to such obligation.

(iv) The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(v) This requisition contains no item representing payment on account, or any retained percentages, which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

(vi) The Energy Conservation Equipment for which disbursement is hereby requested is insured in accordance with Section 7.02 of the Lease. All signed Vendor Tax Letters relating to the Energy Conservation Equipment for which disbursement is hereby requested are attached hereto as required by the Lease and the Acquisition Fund Agreement.

(vii) No Material Adverse Change has occurred since the Funding Date. No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the Lease has occurred and is continuing at the date hereof.

(viii) The disbursement shall occur during the Acquisition Period.

(ix) The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

[(x) IF APPLICABLE: Lessee hereby notifies Lessor and Acquisition Fund Custodian that, after payment or reimbursement of Equipment Costs for accepted Energy Conservation Equipment pursuant to this Acceptance Certificate and Disbursement Request, Lessee intends not to seek payment or reimbursement for any further Equipment Costs for Energy Conservation Equipment pursuant to the Lease, *provided* that Lessee need not deliver such an Acceptance Certificate and Disbursement Request as described in this clause (x) if Lessee has determined that application of amounts then remaining on deposit in the Acquisition Fund to prepayment of Rental Payments could adversely affect treatment of the Lease as a "*qualified energy conservation bond*" for federal

income tax purposes. Upon delivery of such an Acceptance and Disbursement Request as described in this clause (x), any balance in the Acquisition Fund shall be applied to prepayment of Rental Payments as provided in Section 4 of the Acquisition Fund Agreement and Sections 4.05 and 10.01(e) of the Lease.]

Dated: _____

CITY OF SAN DIEGO, CALIFORNIA

By: _____
Authorized Representative

Disbursement of funds from the Acquisition Fund in accordance with the foregoing Acceptance Certificate and Disbursement Request hereby is authorized

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Lessor under the Lease

By: _____
Name: _____
Title: _____

(iii) An obligation in the stated amount has been incurred by Lessee, is a proper charge against the Acquisition Fund for Equipment Costs related to the Energy Conservation Equipment identified above and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof). Attached hereto is the original invoice with respect to such obligation.

(iv) The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(v) This requisition contains no item representing payment on account, or any retained percentages, which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

(vi) The Energy Conservation Equipment for which disbursement is hereby requested is insured in accordance with Section 7.02 of the Lease. All signed Vendor Tax Letters relating to the Energy Conservation Equipment for which disbursement is hereby requested are attached hereto as required by the Lease and the Acquisition Fund Agreement.

(vii) No Material Adverse Change has occurred since the Funding Date. No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the Lease has occurred and is continuing at the date hereof.

(viii) The disbursement shall occur during the Acquisition Period.

(ix) The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

[(x) IF APPLICABLE: Lessee hereby notifies Lessor and Acquisition Fund Custodian that, after payment or reimbursement of Equipment Costs for accepted Energy Conservation Equipment pursuant to this Acceptance Certificate and Disbursement Request, Lessee intends not to seek payment or reimbursement for any further Equipment Costs for Energy Conservation Equipment pursuant to the Lease, *provided* that Lessee need not deliver such an Acceptance Certificate and Disbursement Request as described in this clause (x) if Lessee has determined that application of amounts then remaining on deposit in the Acquisition Fund to prepayment of Rental Payments could adversely affect treatment of the Lease as a "*qualified energy conservation bond*" for federal

income tax purposes. Upon delivery of such an Acceptance and Disbursement Request as described in this clause (x), any balance in the Acquisition Fund shall be applied to prepayment of Rental Payments as provided in Section 4 of the Acquisition Fund Agreement and Sections 4.05 and 10.01(e) of the Lease.]

Dated: _____

CITY OF SAN DIEGO, CALIFORNIA

By: _____
Authorized Representative

Disbursement of funds from the Acquisition Fund in accordance with the foregoing Acceptance Certificate and Disbursement Request hereby is authorized

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Lessor under the Lease

By: _____
Name: _____
Title: _____

AGREEMENT TO EXECUTE LEASE

This Agreement to Execute Lease (this “*Agreement*”) is entered into on March 25, 2011 (the “*Purchase Contract*”) by and between Banc of America Leasing & Capital, LLC, a Delaware limited liability company (“*BAL*”), and the City of San Diego, a charter city duly organized and existing under the laws of the State of California (the “*City*”).

RECITALS:

WHEREAS, the City desires to lease from BAL replacement light fixtures for approximately 28,700 street lights and related improvements and equipment as part of the City’s energy efficient Broad Spectrum Street Lighting program (collectively, the “*Energy Conservation Equipment*”) pursuant to that certain Taxable QECB Equipment Lease Agreement (the “*Lease*”) to be entered into between BAL, as lessor, and the City, as lessee, the substantially final form of which is attached to this Agreement as *Exhibit A*; and

WHEREAS, BAL and the City desire to enter into this Agreement to create a binding written contract under which BAL and the City agree to execute and deliver the Lease as herein provided;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements hereinafter contained, BAL and the City hereby covenant, agree and bind themselves as follows:

1. *Defined Terms.* Capitalized terms defined in the first paragraph of this Agreement and in the Recitals above shall have the same meaning when such terms are used in this Agreement. Capitalized terms used, but not defined, herein shall have the same meaning as when such terms are used in the Lease.

2. *Agreement to Execute and Deliver the Lease; Deposit of Acquisition Amount.* Subject to the terms and conditions of this Agreement, BAL hereby agrees to execute and deliver to the City, and the City agrees to execute and deliver to BAL, the Lease for the purpose of paying (or reimbursing) costs to acquire and install the Energy Conservation Equipment and paying (or reimbursing) Delivery Costs in an amount that does not exceed the applicable 2% limitation. The original aggregate Principal Component of Rental Payments under the Lease shall be \$13,141,596.29, the interest component of Rental Payments shall be calculated based on the Contract Rate of 6.16% per annum and Rental Payments (including the principal component and interest component thereof) shall be payable on the dates and in the amounts as provided in *Exhibit B* attached hereto. Simultaneously with execution and delivery of the Lease and satisfaction of the conditions set forth in Section 3.04(a) of the Lease, BAL shall deposit the amount of \$13,141,596.29 with the Acquisition Fund Custodian for deposit into the Acquisition Fund and the Delivery Costs Fund as provided in the Acquisition Fund Agreement.

3. *Prepayment Provisions.* Rental Payments under the Lease will not be subject to prepayment by the City prior to the final Rental Payment Date shown on *Exhibit B* attached

hereto, except as provided in Section 10.01 of the Lease, including optional prepayment by the City in whole pursuant to Section 10.01(a) of the Lease at the Prepayment Prices on the dates as shown under the column titled “*Prepayment Price*” on such *Exhibit B*.

4. *U.S. Treasury Direct Cash Subsidy Payments; Taxable Interest Component.* (a) The City may designate the Lease as a “*qualified energy conservation bond*” within the meaning of Section 54D(a) of the Internal Revenue Code of 1986, as amended (the “*Code*”). If the City treats the Lease as a qualified energy conservation bond, it shall be solely responsible to calculate the amount of the direct cash subsidy payment (the “*Direct Subsidy*”) from the United States Department of the Treasury, apply for the Direct Subsidy and comply with applicable provisions of the Code during the Lease Term to obtain payment of the Direct Subsidy from the United States Department of the Treasury.

(b) BAL hereby acknowledges and agrees for itself and its successors and assigns that (i) neither BAL nor its successors or assigns will be entitled to a tax credit as a result of any interest it may have in the Energy Conservation Equipment or the Lease and (ii) the interest component of Rental Payments will be subject to federal income taxation.

5. *Closing Date.* Execution and delivery of the Lease and the deposit by BAL with the Acquisition Fund Custodian shall take place simultaneously on April 15, 2011 (the “*Closing Date*”), unless BAL and the City agree to a different date.

6. *Closing Conditions.* The respective obligations of BAL and the City to execute and deliver the Lease as provided in Section 2 hereof and BAL’s obligation to deposit funds with the Acquisition Fund Custodian as provided in Section 2 hereof are subject to satisfaction, on or before the Closing Date, of the conditions provided in Section 3.04 of the Lease. BAL’s obligation to enter into the Lease and make such deposit is further subject to the condition that there shall not have occurred any (a) change in the City’s creditworthiness that could have a material adverse effect on the financial condition or operations of the City or the City’s ability to perform its obligations under the Lease, (b) international or national crisis or banking moratorium materially affecting, in the reasonable opinion of BAL, the market value of the Lease or (c) new restrictions on the extension of credit by banks or other lending institutions by any federal or state agency.

7. *BAL’s Investment Representations.* In connection with its execution and delivery of this Agreement and the execution and delivery of the Lease as herein provided, BAL hereby represents to the City that BAL (a) is a “*qualified institutional buyer*” within the meaning of Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended; (b) has conducted its own investigation of the financial condition of the City, the purpose for which the Lease will be entered into and of the security for payment of the Rental Payments under the Lease and has obtained such information regarding the Lease and the City and its operations, financial condition and financial prospects as BAL deems necessary or desirable to make an informed investment decision with respect to executing and delivering the Lease; (c) will be investing in the Lease for its own account and without a present intention to sell any portion thereof to any other person, *provided* that BAL retains the right at any time to dispose of the Lease or any interest therein as it may determine to be in its best interests and that any subsequent resale shall

be made only in accordance with Section 11.01 of the Lease and applicable securities laws, compliance with which will be the sole responsibility of the BAL; and (d) acknowledges and agrees that the obligation of the City to pay Rental Payments under the Lease shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Lease constitute a pledge of the full faith and credit or taxing power of the City.

8. *Fees and Expenses.* The City shall pay fees and expenses related to this transaction, including fees and expenses of counsel to City and counsel to BAL, subject to a limitation of \$50,000 with respect to fees to be paid to counsel to BAL; *provided* that such obligation of the City to pay fees and expenses as provided in this Section 8 shall be contingent upon closing of this transaction as provided in this Agreement. Any such fees and expenses paid to the persons entitled thereto or reimbursed to the City from proceeds of the City shall not exceed the 2% limitation on such costs of issuance under the Code, *provided* that the City may pay such fees and expenses from sources other than the proceeds of the Lease.

9. *Continuing Disclosure.* The City and BAL agree that, with respect to the Lease, the City will not be required to comply with the continuing disclosure requirements of SEC Rule 15c2-12(b).

10. *Integration Clause.* This Agreement constitutes the complete and entire contract between the City and BAL, and all prior communications and correspondence (including the Proposal Letter previously submitted to the City) between the City and BAL with respect to the subject matter of this Agreement, whether written or oral, are superseded by this Agreement.

11. *Governing Law.* This Agreement will be governed by, and construed in accordance with, the laws of the State of California.

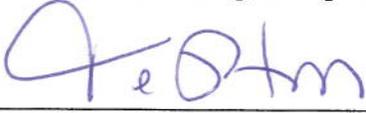
[Remainder of Page Intentionally Left Blank]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to Execute Lease to be executed in their names by their duly authorized representatives as of the date first above written.

Banc of America Leasing & Capital, LLC

City of San Diego, California

By: 
Terri Preston
Vice President

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM AND LEGALITY this 25th day of March, 2011.

By: _____
(Name)

Deputy City Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to Execute Lease to be executed in their names by their duly authorized representatives as of the date first above written.

Banc of America Leasing & Capital, LLC

City of San Diego, California

By: _____

By: Mary Lewis

Name: _____

Name: MARY LEWIS

Title: _____

Title: CFO

APPROVED AS TO FORM AND LEGALITY this 25th day of March, 2011.

By: Brant Will
(Name)

[Signature]
Deputy City Attorney

EXHIBIT A

[DELIVERED SEPARATELY TO EACH OF THE PARTIES]

EXHIBIT B**RENTAL PAYMENTS SCHEDULE**

Rental Payment Date	Rental Payment Amount	Interest Component	Principal Component	Outstanding Balance	Prepayment Price (including prepayment premium)
3/30/12	\$1,526,065.76	\$775,792.23	\$750,273.53	\$12,391,322.76	NA
3/30/13	\$1,518,446.00	\$763,305.48	\$755,140.52	\$11,636,182.24	NA
3/30/14	\$1,490,060.27	\$716,788.83	\$773,271.44	\$10,862,910.80	NA
3/30/15	\$1,460,993.00	\$669,155.31	\$791,837.69	\$10,071,073.11	NA
3/30/16	\$1,431,227.82	\$620,378.10	\$810,849.72	\$9,260,223.39	NA
3/30/17	\$1,400,747.98	\$570,429.76	\$830,318.22	\$8,429,905.17	\$8,598,503.27
3/30/18	\$1,369,536.32	\$519,282.16	\$850,254.16	\$7,579,651.01	\$7,731,244.03
3/30/19	\$1,337,575.26	\$466,906.50	\$870,668.76	\$6,708,982.25	\$6,843,161.90
3/30/20	\$1,304,846.82	\$413,273.30	\$891,573.52	\$5,817,408.73	\$5,933,756.90
3/30/21	\$1,271,332.57	\$358,352.37	\$912,980.20	\$4,904,428.53	\$5,002,517.10
3/30/22	\$1,237,013.65	\$302,112.79	\$934,900.86	\$3,969,527.67	\$4,009,222.95
3/30/23	\$1,201,870.73	\$244,522.90	\$957,347.83	\$3,012,179.84	\$3,042,301.64
3/30/24	\$1,165,884.02	\$185,550.27	\$980,333.75	\$2,031,846.09	\$2,052,164.55
3/30/25	\$1,129,033.28	\$125,161.71	\$1,003,871.57	\$1,027,974.52	\$1,038,254.27
3/30/26	\$1,091,297.74	\$ 63,323.25	\$1,027,974.52	\$-	\$-

TAX CERTIFICATE

The City of San Diego (the “Lessee”) hereby makes the following representations of facts and expectations and covenant to comply with the requirements of this Tax Certificate in connection with the Lessee’s Taxable QECB Equipment Lease Agreement in the aggregate principal amount of \$13,141,596.29, by and between Banc of America Leasing & Capital, LLC, a Delaware limited liability company, as lessor (the “Purchaser”) and the Lessee (the “Lease”). These representations and covenants are in furtherance of the covenants contained in the Lease and in part are made pursuant to Treasury Regulations Section 1.148-2(b). Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Lease.

I.

GENERAL

1.1 **The Issuer.** The Lessee is a political subdivision of the State of California with the power of eminent domain.

1.2 **Delivery of the Lease.** On the date hereof, in exchange for receipt of good funds, the Lessee is delivering the Lease to the Purchaser to hold for its own account.

1.3 **Purpose of Tax Certificate.** The Lessee is delivering this Tax Certificate to assist to establish that the Lease is a “Qualified Energy Conservation Bond” under Section 54D of the Internal Revenue Code of 1986 (the “Code”).

1.4 **Purpose of Financing.** The Lease is being issued to (a) finance the acquisition and installation of Cobra-head replacement light fixtures for approximately 28,700 street lights and related improvements and equipment as part of the Lessee’s energy efficient Broad Spectrum Street Lighting program (the “Project”), and (b) pay costs of issuing the Lease.

1.5 **Single Issue.** The Lease was sold to the Purchaser on March 25, 2011 (the “Sale Date”). No other governmental obligations which are expected to be paid out of substantially the same source of funds as the Lease have been or will be sold within the 31-day period beginning 15 days before the Sale Date pursuant to the same plan of financing.

1.6 **Definitions.** Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Lease. Unless the context otherwise requires, the following capitalized terms have the following meanings:

“*Available Project Proceeds*” has the meaning used in Section 54A(e)(4) of the Code, and generally means Sale Proceeds plus Investment Proceeds, less amounts used to pay costs of issuance (in an amount not exceeding 2% of the Sale Proceeds).

“*Bona Fide Debt Service Funds*” means those funds and accounts (or portions of those funds and accounts) identified in Section 3.4 of this Tax Certificate.

“*Bond Year*” means the period beginning on the Closing Date and ending on April 15, 2012 (or on an earlier date selected by Lessee in accordance with Treasury

Regulations Section 1.148-1(b)) and each successive one-year period thereafter. The last Bond Year will end on the last day on which the Lease is outstanding for Federal tax purposes.

“*Capital Expenditures*” means a cost of a Project that is of a type properly chargeable to the capital account of the Project under general federal income tax principles. Generally, Capital Expenditures are costs to acquire, construct, or improve property, or to adapt the property to a new or different use. The property must have a useful life longer than one year. Capital Expenditures include design and planning costs related to the Project, and include architectural, engineering, surveying, soil testing, environmental, and other similar costs incurred in the process of acquiring, constructing, improving or adapting the property. Capital Expenditures do not include operating expenses of the Project or incidental or routine repair or maintenance of the Project, even if the repair or maintenance will have a useful life longer than one year. This definition of Capital Expenditures may differ from state law definitions of capital costs or capital expenditures. The only interest expense that constitutes a Capital Expenditure is interest expense on the Lease accruing during and allocable to the construction period of the Project. If portions of the Project were or are placed in service, or were or will be available to be placed in service, on various dates, this item reflects that circumstances. In such a case, as a portion of the Project is placed in service, or available to be placed in service, a proportionate amount of the total interest expense ceases to be treated as a Capital Expenditure.

“*Closing Date*” means the date of this Tax Certificate, April 15, 2011.

“*Code*” means the Internal Revenue Code of 1986 (including amendments thereto).

“*Governmental Unit*” means any State, or political subdivision of a State, but excludes the United States and its agencies or instrumentalities.

“*Gross Proceeds*” has the meaning used in Section 1.148-1(b) of the Treasury Regulations, and generally means all proceeds derived from or relating to the Lease, including Sale Proceeds, Investment Proceeds and other amounts expected to be used to pay debt service on the Lease.

“*Investment Proceeds*” means earnings received from investing and reinvesting Sale Proceeds and from investing and reinvesting such earnings.

“*Investment Property*” means any security or obligation, any annuity contract, or any other investment-type property.

“*Nongovernmental Person*” means any person or entity other than a Governmental Unit.

“*Nonpurpose Investment*” means any Investment Property in which Gross Proceeds are invested.

“*Sale Proceeds*” means the amount of \$13,141,596.29, comprising the principal amount of the Lease.

“*Yield*” means that discount rate described in Section 3.12 of this Tax Certificate.

“*Yield Reduction Payment Fund*” means the fund established in Section 3.5 of this Tax Certificate.

1.7 **Reliance.** With respect to certain matters contained in this Tax Certificate, Lessee specifically relies upon certifications of the Purchaser outlined in the Purchaser’s Certificate, attached hereto as Exhibit A. Lessee is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or in the Exhibits hereto.

II.

GENERAL TAX LIMITATIONS

2.1 **Application of Sale Proceeds and Certain Other Moneys.** The Sale Proceeds shall be applied as follows:

Acquisition Fund	\$12,946,596.29
Delivery Costs Fund	<u>\$195,000.00</u>
Total	\$13,141,596.29

2.2 **Expenditure of Gross Proceeds.** For purposes of this Tax Certificate, Available Project Proceeds will be treated as spent when they are used to pay disbursements by Lessee that are Capital Expenditures for the Project paid by the Lessee on or after the Closing Date.

2.3 **Qualified Energy Conservation Bond Status.** The Project consists of replacing street light fixtures located in the City of San Diego with reduced wattage broad spectrum technology lighting that includes energy-saving technologies such as LED. The Lessee expects that there will be an average of 40% energy saving for street light fixtures retrofitted under this program and that every retrofitted street light fixture will achieve at least 20% energy savings. The Project would convert approximately 60% of the City of San Diego’s street lights.

2.4 **Governmental Bond Status.** Lessee will not loan more than 5% of the proceeds of the Lease to one or more Nongovernmental Persons. Lessee will not allow more than 10% of Sale Proceeds and Investment Proceeds of the Lease, or of the Project to be privately used directly or indirectly by any Nongovernmental Person in any trade or business, other than as a member of the general public. For purposes of the preceding sentence, “10%” is reduced to “5%” for nongovernmental use of any facilities financed from the proceeds of the Lease which are disproportionate to or not related to the governmental purposes of the Lease. For purposes of

this Section 2.4, a Nongovernmental Person is treated as “privately using” proceeds of the Lease to the extent the Nongovernmental Person

- (i) borrows proceeds of the Lease, or
- (ii) uses the Project (e.g., as owner, lessee, service provider, operator or manager).

2.4.1 Management and Service Contracts. The Lessee may, from time to time, enter into various arrangements with persons or organizations (other than state or local governmental units) which provides for such person or organization to manage, operate or provide services with respect to certain of the facilities which constitute the Project (a “**Service Contract**”). The Lessee will not enter into any Service Contract which could cause the amount of private use of the Project to exceed the limitations set forth in Section 2.4 above unless the guidelines set forth in Revenue Procedure 97-13, as amended by Revenue Procedure 2001-39 (the “**Guidelines**”), are satisfied, except to the extent the Lessee obtains a private letter ruling from the Internal Revenue Service which allows for a variation from the Guidelines. Service Contracts that relate to the use or operation of portions of the Project by individuals, organizations, or other “service providers,” as that term is used in the Guidelines (the “**Service Providers**”), will satisfy the Guidelines if and only if the requirements of each of the following Subsections is satisfied:

(i) The compensation of the Service Provider under the contract must be reasonable for the services rendered.

(ii) The contract must not provide for any compensation for services, based in whole or in part, on a share of net profits from the operation of the Project. Generally, compensation is not based on a share of net profits if such compensation is based on a “capitation fee” or a “per-unit fee.” Under the Guidelines, “capitation fee” means a fixed periodic amount for each person for whom the Service Provider assumes the responsibility to provide all needed services for a specified period (so long as the quantity and type of services actually provided to covered persons varies substantially). Under the Guidelines, a “per-unit fee” means a fee based on a unit of service provided (e.g., a stated dollar amount for each specified medical procedure performed).

(iii) The contract must provide for a compensation and term arrangement for the Service Provider that satisfies any one of the following five paragraphs:

(a) At least 95% of the compensation for services for each annual period during the term of the Service Contract is based on a periodic fixed fee and the contract has a term, including renewal options, that is not longer than 15 years.

(b) At least 80% of the compensation for services for each annual period during the term of the Service Contract is based on a periodic fixed fee and the contract has a term, including renewal options, that is not longer than 10 years.

(c) At least 50% of the compensation for services for each annual period during the term of the Service Contract is based on a periodic fixed fee and the contract has a term,

including renewal options, that is not longer than 5 years. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Lessee on reasonable notice, without penalty or cause, at the end of the third year of the contract term.

(d) All of the compensation for services is based on a “capitation fee” or a combination of a “capitation fee” and a periodic fixed fee and the contract has a term, including renewal options, that is not longer than 5 years. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Lessee on reasonable notice, without penalty or cause, at the end of the third year of the contract term.

(e) If the contract has a term, including renewal options, that is not longer than 3 years, all of the Service Provider’s compensation may be based on “per-unit fee” or a combination of a “per-unit fee” and a periodic fixed fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Lessee on reasonable notice, without penalty or cause, at the end of the second year of the contract term. In addition, the amount of the “per-unit fee” must be specified in the service contract or otherwise specifically limited by the Lessee.

(iv) Under the Guidelines, contract termination penalties include (1) a limitation on the Lessee’s right to compete with the Service Provider; (2) a requirement that the Lessee purchase equipment, goods or services from the Service Provider; and (3) a requirement that the Lessee pay liquidated damages for cancellation of the service contract. However, the Guidelines generally do not treat the following as contract termination penalties: (1) a requirement, effective on cancellation of the contract, that the Lessee reimburse the Service Provider for ordinary and necessary expenses; and (2) a restriction on the Lessee against hiring key personnel of the Service Provider.

(vi) The Service Provider does not have a role or relationship with the Lessee that, in effect, substantially limits the ability of the Lessee to exercise its rights, including cancellation rights, under the Service Contract. Accordingly, not more than 20% of the voting power of the governing body of the Lessee in the aggregate may be vested in the Service Provider and its directors, officers, shareholders and employees. In addition, not more than 20% of the voting power of the governing body of the Service Provider in the aggregate may be vested in the Lessee and any of their directors, officers, shareholders and employees. Furthermore, the group of persons belonging to both the governing boards of the Lessee and the Service Provider may not include the chief executive officers of the Lessee and the Service Provider, or their respective governing bodies. Finally, the Lessee may not be a member of the same “controlled group” (within the meaning of Treasury Regulations § 1.150-1(f)) or “related persons” (within the meaning of Code § 144(a)(3)) as the Service Provider.

2.5 Change in Use. Lessee reasonably expects to use all Lease proceeds and all facilities that are financed or refinanced with Lease proceeds as set forth in Sections 2.3 and 2.4 of this Tax Certificate for the entire stated term to maturity of the Lease. Lessee in fact will use all Lease proceeds and each facility financed or refinanced with Lease proceeds as set forth in Sections 2.3 and 2.4 of this Tax Certificate.

2.6 Volume Allocation. The Lessee is one of the large local governments described in Section 54D(e)(2) of the Code and automatically allocated \$13,141,596.29 of the

national volume limitation for qualified energy conservation bonds. The Lessee hereby irrevocably allocates \$13,141,596 of such amount to the Lease.

2.7 **Designation.** Pursuant to Section 54D(a)(3) of the Code, the Lessee hereby designates the Lease as a qualified energy conservation bond.

2.8 **Information Reporting.** The Lessee will cause a properly completed and executed IRS Form 8038-TC to be filed with respect to the Lease no later than August 15, 2011. The Lessee estimates the aggregate investment earnings on Available Project Proceeds to be \$26,000. The Lessee expects all of the Available Project Proceeds (\$12,972,596.29) to be used to construct structures and pay related Capital Expenditures. The amount of Available Project Proceeds the Lessee expects to use to reimburse itself for Project expenditures paid prior to the Closing Date is \$0.

2.9 **No Refunding.** None of the proceeds of the Lease will be used to pay principal of or interest on any obligations other than the Lease.

2.10 **Maturity Limitation.** The Lease matures on March 30, 2026, which is less than 15 years from the Closing Date.

2.11 **Conflicts of Interest.** The Lessee certifies that applicable State of California and local law requirements, if any, governing conflicts of interest are satisfied with respect to the Lease, and if the Secretary of Treasury prescribes additional conflicts of interest rules governing the appropriate Members of Congress, federal, State of California, and local officials, and their spouses, such additional rules are satisfied with respect to the Lease.

2.12 **Retention of Records.** Lessee covenants to maintain all records relating to the requirements of the Code and the representations, certifications and covenants set forth in this Tax Certificate until the date three years after the Lease has been retired. The records that must be retained include, but are not limited to:

- (i) Basic records and documents relating to the Lease (including the Lease, this Tax Certificate, and the Form 8038-TC);
- (ii) Documentation evidencing the expenditure of proceeds of the Lease;
- (iii) Documentation evidencing the use of the Project by public and private sources (i.e., copies of management contracts, research agreements, leases, sales of parking permits or passes, etc.);
- (iv) Documentation evidencing all sources of payment or security for the Lease; and
- (v) Documentation pertaining to any investment of Lease proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).

2.13 **Direct Payment Bonds.**

2.13.1 **General.** The Lease is intended to qualify as a “qualified bond,” as described in Section 6431(f) of the Code, and more specifically, as direct payment tax credit

bonds described in IRS Notice 2010-35 (“Direct Payment Tax Credit Bonds”) for which the Lessee will receive a credit under Section 6431 of the Code with respect to the Lease. The certifications below are intended to meet the additional requirements for qualifying as Direct Payment Tax Credit Bonds.

2.13.2 **Elections.** The Lessee hereby makes the irrevocable election described in Section 6431(f)(3)(B) of the Code to have Section 6431(f) apply to the Lease.

2.13.3 **Calculation of Yield.** The calculation of Yield on the Lease, as described in Section 3.12 of this Tax Certificate, will also include a reduction due to the credit allowed to the Lessee under Section 6431 of the Code.

2.13.4 **Information Reporting.** In addition to filing Form 8038-TC with respect to the Lease in connection with the delivery of the Lease, the Lessee understands that it must periodically file Forms 8038-CP in order to receive payments from the Internal Revenue Service pursuant to Section 6431(f) of the Code. The Lessee acknowledges that Bond Counsel is not responsible for filing Forms 8038-CP unless later engaged to do so in writing.

2.13.5 **De Minimis Limitation.** As set forth in Exhibit A, the Lease has been sold with no premium.

III.

ARBITRAGE

3.1 **Reasonable Expectations.** This Article III states Lessee’s reasonable expectations with respect to the amounts and uses of Lease proceeds and certain other moneys.

3.2 **Reoffering Price.** Lessee is delivering the Lease to the Purchaser on the date hereof in exchange for payment of \$13,141,596.29, which represents the total amount of Sale Proceeds. As set forth in Exhibit A, the Purchaser is acquiring the Lease for its own account.

3.3 **Funds and Accounts.** The following funds and accounts have been or may be established and maintained:

Acquisition Fund

Delivery Fund

Yield Reduction Payment Fund

Lessee expects that neither itself nor any other person benefiting from the issuance of the Lease will use any moneys in any fund or account other than, to the extent amounts therein are transferred to the Purchaser to pay debt service on the Lease, the City’s General Fund (such portion of the City’s General Fund shall hereinafter be referred to as the “Debt Service Fund”) to pay principal of, redemption premium on, or interest on the Lease; nor is any other fund or account, however established, other than the Debt Service Fund, so pledged as security for the Lease that there is a reasonable assurance that amounts held in such other fund or account will be available if needed to pay debt service on the Lease.

3.4 Debt Service Funds. Bona Fide Debt Service Funds. Lessee will accumulate revenues in the Debt Service Fund in order to pay debt service on the Lease. The Lease is payable from general revenues of Lessee. Amounts to be used currently to pay debt service are paid into the Debt Service Fund. Lessee anticipates paying the Lease from its general revenues or from energy cost savings generated by the Project. Amounts actually used to make payments on the Lease in less than one year from the date first received are referred to herein as “Current Amounts.”

To the extent of the Current Amounts used to pay the Lease, the Debt Service Fund will be depleted at least once a year except for a reasonable carryover amount in the aggregate not to exceed the greater of the earnings on such funds for the immediately preceding Bond Year or 1/12th of the principal and interest payments on the Lease for the immediately preceding Bond Year. Current Amounts deposited to such funds will be spent within 13 months after the date of receipt by or on behalf of Lessee and any amounts received from the investment or reinvestment of Current Amounts held in such funds will be expended within 1 year after the date of accumulation thereof in such funds. Current Amounts deposited in such funds will be invested without regard to yield. Amounts used to make Base Rental Payments that are not Current Amounts, as defined in the preceding paragraph, will be invested pursuant to Section 3.15 hereof (i.e., to the extent such amounts exceed \$100,000, the excess will be invested at a yield not exceeding the yield on the Lease.)

3.5 Yield Reduction Payment Fund. A special fund designated the “Yield Reduction Payment Fund” is hereby established. Lessee is required to keep the Yield Reduction Payment Fund separate and apart from all other funds and moneys held by it. Lessee has covenanted not to use moneys on deposit in any fund or account in connection with the Lease in a manner which would cause the Lease to be arbitrage bonds within the meaning of Section 148 of the Code. The amount required to be held in the Yield Reduction Payment Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and Treasury Regulations Section 1.148-5(c). Moneys in the Yield Reduction Payment Fund are neither pledged to nor expected to be used to pay debt service in respect of the Lease. Sale Proceeds and Investment Proceeds held in the Yield Reduction Payment Fund shall be invested as set forth in Section 3.15 of this Tax Certificate. All other amounts in the Yield Reduction Payment Fund will be invested without regard to yield.

3.6 Three-Year Temporary Period. As of the Closing Date:

3.6.1 Lessee reasonably expects that 100 percent of the Available Project Proceeds of the Lease will be allocated from the Acquisition Fund to expenditures for the Project within three years after the Closing Date

3.6.2 Lessee has incurred or expects to incur within six months after the Closing Date a substantial binding obligation to a third party for the Project involving an expenditure of at least 5 percent of the Available Project Proceeds of the Lease.

3.6.3 Lessee reasonably expects that completion of the Project and the allocation of the Available Project Proceeds of the Lease to costs of the Project will proceed with due diligence.

Available Project Proceeds will be used to pay (or reimburse Lessee) for costs chargeable to the capital account of the Project (or that would be so chargeable with a proper election). Available Project Proceeds of the Lease will be invested without regard to yield until three years after the Closing Date. All Available Project Proceeds not spent on April 15, 2014, and any investment earnings thereafter earned on such amounts will be used to redeem a portion of the Lease in accordance with the requirements of Section 54A(d)(2)(B) of the Code. If the Lessee receives an extension of the April 15, 2014 date from the Secretary of the Treasury, the date in the preceding sentence will instead be the last date of such extension period.

3.7 **[RESERVED]**.

3.8 **No Excess Proceeds or Overissuance.** The amount of Sale Proceeds and Investment Proceeds will not exceed the amount needed to pay the costs of the Project and costs of issuance.

3.9 **No Other Replacement Proceeds.** Neither Lessee nor any related person will use any Gross Proceeds of the Lease directly or indirectly to replace funds of Lessee or any related person, which funds are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Lease. The weighted average maturity of the Lease (8.39 years) does not exceed 120% of the expected weighted average economic useful life of the Project (estimated by the Lessee to be at least 15 years).

3.10 **No Abusive Arbitrage Device.** The Lease is not and will not be part of a transaction or series of transactions that (a) enables Lessee or any related person to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (b) overburdens the market for tax-exempt obligations in any manner, including, without limitation, by selling bonds that would not otherwise be sold, or selling more bonds, or issuing bonds sooner, or allowing bonds to remain outstanding longer, than otherwise would be necessary.

3.11 **No Expected Sale.** It is not expected that the Project or any part thereof financed in whole or in part by the Lease will be sold or otherwise disposed of before March 30, 2026, the last scheduled maturity date of the Lease.

3.12 **Yield.** For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(b) of the Code and Treasury Regulations Sections 1.148-4 and 1.148-5, including the adjustment to yield due to the credit under Section 6431 of the Code for Direct Payment Tax Credit Bonds. Thus, yield on the Lease or yield on Investment Property generally means that discount rate which, when used in computing the present value of all unconditionally payable payments representing principal, interest and costs of qualified guarantees produces an amount equal to the issue price of the Lease or the purchase price of the Investment Property, as appropriate. The aggregate issue price of the Lease is \$13,141,596.29, which represents the price at which the Lease was sold to the Purchaser as represented by the Purchaser in Exhibit A hereto. The yield on the Lease has been calculated to be at least 2.386909%.

3.13 **No Qualified Hedges.** No contract has been, and no contract will be entered into such that failure to take the contract into account would distort the yield on the Lease or otherwise would fail clearly to reflect the economic substance of the transaction.

3.14 **No Arbitrage Rebate Requirement.** The Lessee has been advised that, as long as the requirements and covenants of this Article III are satisfied, the arbitrage rebate requirements of Section 148(f) of the Code will not be applicable to Gross Proceeds of the Lease.

3.15 **Yield Restriction.** If the sum of (A) any amounts held in Bona Fide Debt Service Funds and remaining unexpended after 13 months from the date of accumulation in any such funds, plus (B) all Available Project Proceeds unspent as of April 15, 2014, at any time in the aggregate exceeds \$100,000, such amount will be invested either (i) in Investment Property with a yield not exceeding the yield on the Lease, (ii) in assets that are not treated as Investment Property (e.g., Tax-Exempt Bonds), or (iii) in assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c), subject to the limitation set forth in Section 1.148-10(b)(1)(ii).

IV.

OTHER MATTERS

4.1 The undersigned is an authorized representative of the Lessee, and are acting for and on behalf of the Lessee in executing this Tax Certificate. 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.

4.2 Notwithstanding any provision of this certificate, Lessee may amend this certificate and thereby alter any actions allowed or required by this certificate if such amendment is based on an Opinion of Bond Counsel.

Dated: April 15, 2011

LESSEE:
City of San Diego
202 "C" Street, 9th Floor
San Diego, California 92101

By Mary Lewis
Title CFO

EXHIBIT A

CERTIFICATE OF THE PURCHASER

Banc of America Leasing & Capital, LLC, a Delaware limited liability company, (the “Purchaser”) is the initial purchaser of the Taxable QECB Equipment Lease Agreement, dated as of April 15, 2011, by and between the City of San Diego, as lessee, and the Purchaser, as lessor in the aggregate principal amount of \$13,141,596.29 (the “Lease”). The Purchaser hereby certifies and represents the following:

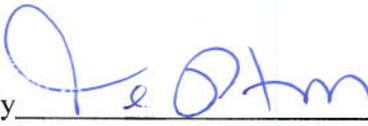
1. The Purchaser has agreed to purchase the Lease for \$13,141,596.29, which price is not more than the fair market value of the Lease.

[Remainder of Page Intentionally Left Blank]

2. The Purchaser is acquiring the Lease for its own account and without a present view towards resale. The Purchaser is not acting in the capacity as an underwriter or other intermediary with respect to the Lease.

Dated: April 15, 2011.

**BANC OF AMERICA LEASING & CAPITAL,
LLC, a Delaware limited liability company**

By  _____
Authorized Representative



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 311
SACRAMENTO, CA 95814
TELEPHONE: (916) 653-3255
FAX: (916) 653-6827
www.treasurer.ca.gov/cdlac

MEMBERS

Bill Lockyer, Chairman
State Treasurer
Arnold Schwarzenegger
Governor
John Chiang
State Controller

Sean L. Spear
Executive Director

February 15, 2010

Tom Blair
Deputy Director, Environmental Services
City of San Diego
9601 Ridgeway Court, Suite 210
San Diego, CA 92123-1636

**RE: NOTICE OF COMPLIANCE OF PLAN OF ISSUANCE
(City of San Diego Qualified Energy Conservation Bonds)**

Dear Mr. Blair,

This letter is to confirm that on January 4, 2010, your office was notified that the California Debt Limit Allocation Committee (CDLAC) approved the dissemination of proposed revisions to the CDLAC Procedures relating to the Recovery Zone Bond (RZB) and Qualified Energy Conservation Bond (QECB) reallocation processes. Also, to the extent a local agency plans to use its allocation, the locality will be required to submit a Plan of Issuance to CDLAC no later than January 31, 2010.

CDLAC staff is in receipt of your appeal letter dated February 10, 2010 and has approved it. The required Plan of Issuance for Qualified Energy Conservation Bonds along with the required information has been reviewed. CDLAC has deemed your Plan complete and in full compliance with the CDLAC procedures.

We ask that you keep CDLAC informed as to the progress of your identified projects, and any changes to the list of projects you intend to issue these bonds for. Please also note that additional information for outstanding bond issuances will be required no later than August 15, 2010.

Should you have any questions, please contact the Qualified Energy Conservation Bond program analyst, Richard Fischer, at (916) 654-0184.

Sincerely,

Sean L. Spear
Executive Director

Tom Blair
F&I



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 311
SACRAMENTO, CA 95814
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Kep

MEMBERS

Bill Lockyer, Chairman
State Treasurer
Arnold Schwarzenegger
Governor
John Chiang
State Controller

RECEIVED SEP 10 2010

Sean L. Spear
Executive Director

August 31, 2010

Chris Gonaver
Environmental Services Director
City of San Diego
9601 Ridgehaven Ct, Ste 210
San Diego, CA 92123

**RE: COMPLETE PLAN OF ISSUANCE
(City of San Diego – Qualified Energy Conservation Bonds)**

Dear Mr. Gonaver,

The California Debt Limit Allocation Committee ("Committee") is in receipt of your required August 15, 2010 Plan of Issuance information for Qualified Energy Conservation Bonds. The Committee has now deemed your plan complete and in full compliance with the Committee's Regulations.

We ask that you keep the Committee informed as to the progress of your identified projects for which you still intend to issue bonds. A Report of Action Taken will be required for all bond issuances associated with your Qualified Energy Conservation Bond allocation.

Should you have any questions, please contact the Qualified Energy Conservation Bond Program Analyst, Brady Hill at (916)651-7449.

Sincerely,

Sean L. Spear
Executive Director



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 311
SACRAMENTO, CA 95814
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MEMBERS

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State Controller

RECEIVED SEP 10 2010

Sean L. Spear
Executive Director

August 31, 2010

Chris Gonaver
Environmental Services Director
City of San Diego
9601 Ridgehaven Ct, Ste 210
San Diego, CA 92123

RE: COMPLETE PLAN OF ISSUANCE
(City of San Diego – Qualified Energy Conservation Bonds)

Dear Mr. Gonaver,

The California Debt Limit Allocation Committee ("Committee") is in receipt of your required August 15, 2010 Plan of Issuance information for Qualified Energy Conservation Bonds. The Committee has now deemed your plan complete and in full compliance with the Committee's Regulations.

We ask that you keep the Committee informed as to the progress of your identified projects for which you still intend to issue bonds. A Report of Action Taken will be required for all bond issuances associated with your Qualified Energy Conservation Bond allocation.

Should you have any questions, please contact the Qualified Energy Conservation Bond Program Analyst, Brady Hill at (916)651-7449.

Sincerely,

Sean L. Spear
Executive Director

QECCB Totals
California's Allocation of Qualified Energy Conservation Bonds
\$381,329,000
Maximum Allocation for Private Activity use
\$114,398,700
Minimum Allocation for Governmental use
\$266,930,300
Total State Population*
36,756,666
Total Population of Counties and Municipalities**
35,456,770
Estimated Total Allocation to Counties and Municipalities
\$367,843,336
Estimated Total Allocation to State
\$12,746,103
Estimated Total Allocation to Tribal Governments
\$739,561

*Total State Population is based on information released by the United States Census Bureau released before the beginning of 2009, which consists of state population information as of July 1, 2008.

**Total Population of Counties and Municipalities is based on information released by the United States Census Bureau for the period that is closest in time to that used for the State and consists of information as of July 1, 2007.

Exhibit A

ESTIMATED QUALIFIED ENERGY CONSERVATION BOND APPORTIONMENTS FOR STATE			
	Population	% of Total Population	Allocation
ALLOCATION TO STATE	1,228,609	3%	\$12,746,103
ALLOCATION TO TRIBAL GOVERNMENTS	71,287	Less than 1%	\$739,561
ALLOCATION TO COUNTIES AND MUNICIPALITIES	35,456,770	96%	\$367,843,336

Exhibit B

PROJECTED QUALIFIED ENERGY CONSERVATION BOND APPORTIONMENTS FOR MUNICIPALITIES

Eligible Municipalities	Population	Share of QECB Allocation	Share of Private Activity Use of QECB Allocation	Required Minimum Use of QECB Allocation for Governmental Projects / Programs
Berkeley (Alameda County)	101,377	\$1,051,727.33	\$315,518.20	\$736,209.13
Fremont (Alameda County)	201,334	\$2,088,722.98	\$626,616.89	\$1,462,106.08
Hayward (Alameda County)	140,943	\$1,462,201.53	\$438,660.46	\$1,023,541.07
Oakland (Alameda County)	401,489	\$4,165,214.52	\$1,249,564.36	\$2,915,650.16
Concord (Contra Costa County)	120,844	\$1,253,686.11	\$376,105.83	\$877,580.28
Richmond (Contra Costa County)	101,454	\$1,052,526.16	\$315,757.85	\$736,768.31
Fresno (Fresno County)	470,508	\$4,881,246.44	\$1,464,373.93	\$3,416,872.51
Bakersfield (Kern County)	315,837	\$3,276,624.91	\$982,987.47	\$2,293,637.44
Burbank (Los Angeles)	103,286	\$1,071,532.09	\$321,459.63	\$750,072.46
Downey (Los Angeles)	108,109	\$1,121,567.90	\$336,470.37	\$785,097.53
El Monte (Los Angeles)	122,272	\$1,268,500.78	\$380,550.23	\$887,950.55
Glendale (Los Angeles)	196,979	\$2,043,542.39	\$613,062.72	\$1,430,479.67
Inglewood (Los Angeles)	113,376	\$1,176,209.96	\$352,862.99	\$823,346.97
Lancaster (Los Angeles)	143,616	\$1,489,932.35	\$446,979.70	\$1,042,952.64
Long Beach (Los Angeles)	466,520	\$4,839,873.26	\$1,451,961.98	\$3,387,911.29
Los Angeles (Los Angeles)	3,834,340	\$39,779,044.10	\$11,933,713.23	\$27,845,330.87
Norwalk (Los Angeles)	103,720	\$1,076,034.59	\$322,810.38	\$753,224.21
Palmdale (Los Angeles)	140,882	\$1,461,568.69	\$438,470.61	\$1,023,098.08
Pasadena (Los Angeles)	143,400	\$1,487,691.47	\$446,307.44	\$1,041,384.03
Pomona (Los Angeles)	152,631	\$1,583,457.72	\$475,037.32	\$1,108,420.41
Santa Clarita (Los Angeles)	169,951	\$1,763,142.63	\$528,942.79	\$1,234,199.84
Torrance (Los Angeles)	141,420	\$1,467,150.13	\$440,145.04	\$1,027,005.09
West Covina (Los Angeles)	106,388	\$1,103,713.53	\$331,114.06	\$772,599.47
Salinas (Monterey)	143,517	\$1,488,905.28	\$446,671.58	\$1,042,233.70
Anaheim (Orange)	333,249	\$3,457,264.27	\$1,037,179.28	\$2,420,084.99
Costa Mesa (Orange)	108,978	\$1,130,583.27	\$339,174.98	\$791,408.29
Fullerton (Orange)	132,066	\$1,370,107.83	\$411,032.35	\$959,075.48
Garden Grove (Orange)	165,610	\$1,718,107.29	\$515,432.19	\$1,202,675.10
Huntington Beach (Orange)	192,885	\$2,001,069.52	\$600,320.86	\$1,400,748.67
Irvine (Orange)	201,160	\$2,086,917.83	\$626,075.35	\$1,460,842.48
Orange (Orange)	134,299	\$1,393,273.90	\$417,982.17	\$975,291.73
Santa Ana (Orange)	339,555	\$3,522,685.34	\$1,056,805.60	\$2,465,879.74
Roseville (Placer)	108,759	\$1,128,311.28	\$338,493.38	\$789,817.89
Corona (Riverside)	150,308	\$1,559,357.95	\$467,807.38	\$1,091,550.56
Moreno Valley (Riverside)	188,936	\$1,960,100.95	\$588,030.28	\$1,372,070.66
Riverside (Riverside)	294,437	\$3,054,612.37	\$916,383.71	\$2,138,228.66
Elk Grove (Sacramento)	131,212	\$1,361,248.07	\$408,374.42	\$952,873.65
Sacramento (Sacramento)	460,242	\$4,774,742.67	\$1,432,422.80	\$3,342,319.87
Fontana (San Bernardino)	183,502	\$1,903,726.37	\$571,117.91	\$1,332,608.46
Ontario (San Bernardino)	170,936	\$1,773,361.43	\$532,008.43	\$1,241,353.00
Rancho Cucamonga (San Bernardino)	170,266	\$1,766,410.57	\$529,923.17	\$1,236,487.40
San Bernardino (San Bernardino)	199,285	\$2,067,465.80	\$620,239.74	\$1,447,226.06
Victorville (San Bernardino)	107,221	\$1,112,355.42	\$333,706.63	\$778,648.80
Chula Vista (San Diego)	217,478	\$2,256,207.58	\$676,862.27	\$1,579,345.30
Escondido (San Diego)	136,246	\$1,413,472.89	\$424,041.87	\$989,431.02
Oceanside (San Diego)	168,602	\$1,749,147.54	\$524,744.26	\$1,224,403.28
San Diego (San Diego)	1,266,731	\$13,141,596.29	\$3,942,478.89	\$9,199,117.40
Stockton (San Joaquin)	287,245	\$2,979,999.56	\$893,999.87	\$2,085,999.69
Daly City (San Mateo)	100,882	\$1,046,591.99	\$313,977.60	\$732,614.39
San Jose (Santa Clara)	939,899	\$9,750,904.66	\$2,925,271.40	\$6,825,633.26
Santa Clara (Santa Clara)	109,756	\$1,138,654.57	\$341,596.37	\$797,058.20
Sunnyvale (Santa Clara)	131,140	\$1,360,501.11	\$408,150.33	\$952,350.78
Fairfield (Solano)	103,992	\$1,078,856.43	\$323,656.93	\$755,199.50
Vallejo (Solano)	115,552	\$1,198,784.69	\$359,635.41	\$839,149.29
Santa Rosa (Sonoma)	154,241	\$1,600,160.53	\$480,048.16	\$1,120,112.37
Modesto (Stanislaus)	203,955	\$2,115,914.33	\$634,774.30	\$1,481,140.03
Visalia (Tulare)	118,603	\$1,230,437.04	\$369,131.11	\$861,305.93
Oxnard (Ventura)	184,725	\$1,916,414.28	\$574,924.28	\$1,341,489.99
San Buenaventura (Ventura)	103,219	\$1,070,837.00	\$321,251.10	\$749,585.90
Simi Valley (Ventura)	120,464	\$1,249,743.83	\$374,923.15	\$874,820.68
Thousand Oaks (Ventura)	123,349	\$1,279,674.03	\$383,902.21	\$895,771.82
Totals	16,403,178	\$170,173,417	\$51,052,025	\$119,121,392

Exhibit C

**ESTIMATED QUALIFIED
ENERGY CONSERVATION
BOND APPORTIONMENTS
FOR COUNTIES**

Eligible Counties	Gross Population	Net Population	Share of QECB Allocation	Share of Private Activity Use of QECB Allocation	Required Minimum Use of QECB Allocation for Governmental Projects / Programs
Alameda	1,453,646	608,503	\$6,312,864.19	\$1,893,859.26	\$4,419,004.93
Butte	218,185	218,185	\$2,263,542.29	\$679,062.69	\$1,584,479.60
Contra Costa	1,014,687	792,389	\$8,220,574.33	\$2,466,172.30	\$5,754,402.03
El Dorado	175,199	175,199	\$1,817,587.58	\$545,276.27	\$1,272,311.30
Fresno	894,748	424,240	\$4,401,242.89	\$1,320,372.87	\$3,080,870.02
Humboldt	128,614	128,614	\$1,334,295.34	\$400,288.60	\$934,006.74
Imperial	160,830	160,830	\$1,668,517.57	\$500,555.27	\$1,167,962.30
Kern	787,179	471,342	\$4,889,898.71	\$1,466,969.61	\$3,422,929.09
Kings	148,232	148,232	\$1,537,820.66	\$461,346.20	\$1,076,474.46
Los Angeles	9,807,870	3,760,980	\$39,017,976.83	\$11,705,393.05	\$27,312,583.78
Madera	145,654	145,654	\$1,511,075.41	\$453,322.62	\$1,057,752.79
Marin	246,932	246,932	\$2,561,775.67	\$768,532.70	\$1,793,242.97
Merced	244,218	244,218	\$2,533,619.50	\$760,085.85	\$1,773,533.65
Monterey	404,646	261,129	\$2,709,061.27	\$812,718.38	\$1,896,342.89
Napa	131,781	131,781	\$1,367,151.12	\$410,145.33	\$957,005.78
Orange	2,976,742	1,368,940	\$14,201,955.13	\$4,260,586.54	\$9,941,368.59
Placer	332,121	223,362	\$2,317,250.65	\$695,175.19	\$1,622,075.45
Riverside	2,064,365	1,430,684	\$14,842,513.17	\$4,452,753.95	\$10,389,759.22
Sacramento	1,380,232	788,778	\$8,183,112.31	\$2,454,933.69	\$5,728,178.62
San Bernardino	2,002,208	1,170,998	\$12,148,422.18	\$3,644,526.65	\$8,503,895.52
San Diego	2,959,734	1,170,677	\$12,145,091.99	\$3,643,527.60	\$8,501,564.39
San Francisco	799,185	799,185	\$8,291,078.87	\$2,487,323.66	\$5,803,755.21
San Joaquin	667,886	380,641	\$3,948,928.66	\$1,184,678.60	\$2,764,250.06
San Luis Obispo	261,766	261,766	\$2,715,669.78	\$814,700.93	\$1,900,968.84
San Mateo	701,675	600,793	\$6,232,877.43	\$1,869,863.23	\$4,363,014.20
Santa Barbara	402,092	402,092	\$4,171,470.29	\$1,251,441.09	\$2,920,029.20
Santa Clara	1,731,958	551,163	\$5,717,995.09	\$1,715,398.53	\$4,002,596.56
Santa Cruz	250,655	250,655	\$2,600,399.63	\$780,119.89	\$1,820,279.74
Shasta	179,068	179,068	\$1,857,726.20	\$557,317.86	\$1,300,408.34
Solano	407,042	187,498	\$1,945,182.54	\$583,554.76	\$1,361,627.78
Sonoma	462,290	308,049	\$3,195,828.94	\$958,748.68	\$2,237,080.26
Stanislaus	509,068	305,113	\$3,165,369.66	\$949,610.90	\$2,215,758.76
Tulare	419,172	300,569	\$3,118,228.30	\$935,468.49	\$2,182,759.81
Ventura	792,456	260,699	\$2,704,600.27	\$811,380.08	\$1,893,220.19
Yolo	194,634	194,634	\$2,019,214.38	\$605,764.31	\$1,413,450.07
Totals	35,456,770	19,053,592	\$197,669,919	\$59,300,976	\$138,368,943

Net Population: The population of large municipalities (100,000 or more) was taken out of a county's population to determine a county's fair share of the Qualified Energy Conservation Bond Allocation.

Exhibit D

ESTIMATED QUALIFIED ENERGY CONSERVATION BOND APPORTIONMENTS FOR TRIBAL GOVERNMENTS

Tribal Governments	Population*	Share of QECB Allocation	Share of Private Activity Use of QECB Allocation	Required Minimum Use of QECB Allocation for Governmental Projects / Programs
Agua Caliente Band of Cahuilla	412	\$4,274.26	\$1,282.28	\$2,991.98
Alturas Indian Rancheria	9	\$93.37	\$28.01	\$65.36
Augustine Band of Cahuilla Mission	8	\$83.00	\$24.90	\$58.10
Barona Group-Capitan Grande Band	494	\$5,124.96	\$1,537.49	\$3,587.47
Bear River Band-Rohnerville Ranch.	122	\$1,265.68	\$379.70	\$885.98
Berry Creek Rancheria of Maidu	464	\$4,813.73	\$1,444.12	\$3,369.61
Big Lagoon Rancheria of Smith River	18	\$186.74	\$56.02	\$130.72
Big Pine Band-Owens Valley Paiute	414	\$4,295.01	\$1,288.50	\$3,006.51
Big Sandy Rancheria-Mono Indians	298	\$3,091.58	\$927.47	\$2,164.10
Big Valley Rancheria-Pomo & Pit Riv.	502	\$5,207.96	\$1,562.39	\$3,645.57
Blue Lake Rancheria	86	\$892.20	\$267.66	\$624.54
Bridgeport Paiute Indian Colony	87	\$902.57	\$270.77	\$631.80
Buena Vista Rancheria of Me-Wuk*	12	\$124.49	\$37.35	\$87.15
Cabazon Band of Mission Indians	46	\$477.22	\$143.17	\$334.06
Cachil DeHe Band of Wintun Indians	117	\$1,213.81	\$364.14	\$849.66
Cahto Indian Tribe-Laytonville	293	\$3,039.70	\$911.91	\$2,127.79
Cahuilla Band of Mission Indians	286	\$2,967.08	\$890.13	\$2,076.96
California Valley Me-Wuk Tribe	5	\$51.87	\$15.56	\$36.31
Campo Band-Diegueno Mission Ind.	332	\$3,444.31	\$1,033.29	\$2,411.01
Cedarville Rancheria	36	\$373.48	\$112.04	\$261.44
Chemehuevi Tribe	190	\$1,971.14	\$591.34	\$1,379.80
Cher-Ae Heights-Trinidad Rancheria	162	\$1,680.66	\$504.20	\$1,176.46
Chicken Ranch Rancheria--Me-Wuk	23	\$238.61	\$71.58	\$167.03
Cloverdale Rancheria-Pomo Indians	414	\$4,295.01	\$1,288.50	\$3,006.51
Cold Springs Rancheria-Mono Ind.	213	\$2,209.75	\$662.93	\$1,546.83
Cortina Indian Rancheria-Wintun Ind.	152	\$1,576.91	\$473.07	\$1,103.84
Coyote Valley Band-Pomo Indians	320	\$3,319.81	\$995.94	\$2,323.87
Cuyapaipe Community of Diegueno	8	\$83.00	\$24.90	\$58.10
Death Valley Timbi-Sha Shoshone*	270	\$2,801.09	\$840.33	\$1,960.76
Dry Creek Rancheria of Pomo Ind.*	519	\$5,384.32	\$1,615.30	\$3,769.03
Elem Indian Colony of Pomo Indians	241	\$2,500.23	\$750.07	\$1,750.16
Elk Valley Rancheria	50	\$518.72	\$155.62	\$363.10
Enterprise Rancheria-Maidu Ind.*	438	\$4,543.99	\$1,363.20	\$3,180.80
Federated Indians Graton Rancheria	425	\$4,409.13	\$1,322.74	\$3,086.39
Fort Bidwell Indian Community	277	\$2,873.71	\$862.11	\$2,011.60
Fort Mojave Indian Tribe	528	\$5,477.69	\$1,643.31	\$3,834.38
Ft. Independence Indian Community	108	\$1,120.44	\$336.13	\$784.31
Greenville Rancheria-Maidu Indians	145	\$1,504.29	\$451.29	\$1,053.00
Grindstone Indian Rancheria-Wintun	168	\$1,742.90	\$522.87	\$1,220.03
Guidville Rancheria	114	\$1,182.68	\$354.81	\$827.88
Hoopa Valley Tribe*	1,983	\$20,572.47	\$6,171.74	\$14,400.73
Hopland Band of Pomo Indians	692	\$7,179.10	\$2,153.73	\$5,025.37
Inaja Band of Diegueno Mission Ind.	19	\$197.11	\$59.13	\$137.98
Ione Band of Miwok Indians	652	\$6,764.12	\$2,029.24	\$4,734.88
Jackson Rancheria--Me-Wuk Indians	26	\$269.73	\$80.92	\$188.81
Jamul Indian Village	53	\$549.84	\$164.95	\$384.89
Karuk Tribe	5,250	\$54,465.69	\$16,339.71	\$38,125.98
La Jolla Band of Luiseno Mission	493	\$5,114.59	\$1,534.38	\$3,580.21
La Posta Band of Diegueno Mission	49	\$508.35	\$152.50	\$355.84
Los Coyotes Band of Cahuilla Mis.	288	\$2,987.83	\$896.35	\$2,091.48
Lytton Rancheria	273	\$2,832.22	\$849.66	\$1,982.55
Manchester Band of Pomo Indians	734	\$7,614.82	\$2,284.45	\$5,330.38
Manzanita Band of Mission Indians	74	\$767.71	\$230.31	\$537.39
Mechoopda Indian Tribe of Chico	409	\$4,243.14	\$1,272.94	\$2,970.20
Mesa Grande Band of Diegueno Mis.	111	\$1,151.56	\$345.47	\$806.09
Middletown Rancheria-Pomo*	156	\$1,618.41	\$485.52	\$1,132.89
Mooretown Rancheria-Maidu Indians	1,132	\$11,743.84	\$3,523.15	\$8,220.69

Tribal Governments	Population*	Share of QECB Allocation	Share of Private Activity Use of QECB Allocation	Required Minimum Use of QECB Allocation for Governmental Projects / Programs
Morongo Band of Cahuilla Mission	1,542	\$15,997.35	\$4,799.21	\$11,198.15
Northfork Rancheria of Mono*	753	\$7,811.94	\$2,343.58	\$5,468.36
Paiute-Shoshone Indians-Bishop*	914	\$9,482.22	\$2,844.67	\$6,637.55
Paiute-Shoshone Indians-Lone Pine	350	\$3,631.05	\$1,089.31	\$2,541.73
Pala Band of Luiseno Mission Ind.	1,033	\$10,716.77	\$3,215.03	\$7,501.74
Paskenta Band of Nomlaki Indians*	185	\$1,919.27	\$575.78	\$1,343.49
Pauma Band of Luiseno Mission	120	\$1,244.93	\$373.48	\$871.45
Pechanga Band of Luiseno Mission*	943	\$9,783.08	\$2,934.92	\$6,848.15
Picayune Rancheria-Chukchansi Ind	798	\$8,278.79	\$2,483.64	\$5,795.15
Pinoleville Rancheria-Pomo Indians	237	\$2,458.74	\$737.62	\$1,721.12
Pit River Tribe	9,515	\$98,712.58	\$29,613.77	\$69,098.81
Potter Valley Rancheria of Pomo Ind.	33	\$342.36	\$102.71	\$239.65
Quartz Valley Indian Community	194	\$2,012.64	\$603.79	\$1,408.85
Quechan Tribe of the Fort Yuma*	2,668	\$27,678.95	\$8,303.68	\$19,375.26
Ramona Band or Village of Cahuilla	7	\$72.62	\$21.79	\$50.83
Redding Rancheria	4,364	\$45,273.96	\$13,582.19	\$31,691.77
Redwood Valley Rancheria of Pomo*	158	\$1,639.16	\$491.75	\$1,147.41
Resighini Rancheria	87	\$902.57	\$270.77	\$631.80
Rincon Band of Luiseno Mission Ind.	585	\$6,069.03	\$1,820.71	\$4,248.32
Robinson Rancheria-Pomo Indians*	433	\$4,492.12	\$1,347.64	\$3,144.49
Round Valley Indian Tribes	3,574	\$37,078.17	\$11,123.45	\$25,954.72
Rumsey Indian Rancheria of Wintun*	44	\$456.47	\$136.94	\$319.53
San Manuel Band of Serrano Mis.	131	\$1,359.05	\$407.71	\$951.33
San Pasqual Band of Diegueno Mis.	294	\$3,050.08	\$915.02	\$2,135.06
Santa Rosa Band of Cahuilla Mis.	209	\$2,168.25	\$650.48	\$1,517.78
Santa Rosa Indian Community	421	\$4,367.63	\$1,310.29	\$3,057.34
Santa Ynez Band of Chumash Mis.	400	\$4,149.77	\$1,244.93	\$2,904.84
Santa Ysabel Band of Diegueno Mis.	656	\$6,805.62	\$2,041.69	\$4,763.93
Scotts Valley Band of Pomo Indians	183	\$1,898.52	\$569.56	\$1,328.96
Sherwood Valley Rancheria of Pomo	401	\$4,160.14	\$1,248.04	\$2,912.10
Shingle Springs Band of Miwok Ind.	310	\$3,216.07	\$964.82	\$2,251.25
Smith River Rancheria	3,254	\$33,758.35	\$10,127.51	\$23,630.85
Soboba Band of Luiseno Mission	679	\$7,044.23	\$2,113.27	\$4,930.96
Stewarts Point Rancheria	511	\$5,301.33	\$1,590.40	\$3,710.93
Susanville Indian Rancheria	1,757	\$18,227.85	\$5,468.36	\$12,759.50
Sycuan Band of Diegueno Mission	138	\$1,431.67	\$429.50	\$1,002.17
Table Bluff Rancheria of Wiyot	108	\$1,120.44	\$336.13	\$784.31
Table Mountain Rancheria*	115	\$1,193.06	\$357.92	\$835.14
Torres-Martinez Band-Cahuilla Mis.	521	\$5,405.07	\$1,621.52	\$3,783.55
Tule River Indian Tribe	1,450	\$15,042.91	\$4,512.87	\$10,530.03
Tuolumne Band of Me-Wuk Indians*	2,700	\$28,010.93	\$8,403.28	\$19,607.65
Twenty-Nine Palms Band of Luiseno	13	\$134.87	\$40.46	\$94.41
United Auburn Indian Community	214	\$2,220.13	\$666.04	\$1,554.09
Upper Lake Band of Pomo Indians	165	\$1,711.78	\$513.53	\$1,198.25
Utu Utu Gwaitu Paiute Tribe-Benton*	67	\$695.09	\$208.53	\$486.56
Viejas(Baron Long)Capitan Grande*	271	\$2,811.47	\$843.44	\$1,968.03
Washoe Tribe*	1,580	\$16,391.58	\$4,917.47	\$11,474.11
Yurok Tribe	5,002	\$51,892.84	\$15,567.85	\$36,324.99
Totals	71,287	\$739,561	\$221,868	\$517,693

*Population is based on the 2003 Bureau of Indian Affairs Population and Labor Force Report.

**Information Return for Tax Credit Bonds
 and Specified Tax Credit Bonds**
 ▶ Under Internal Revenue Code section 149(e)
 ▶ See separate instructions.

OMB No. 1545-2160

Part I Reporting Authority		Check if Amended Return ▶ <input type="checkbox"/>
1 Issuer's name City of San Diego		2 Issuer's employer identification number (EIN) 95-6000776
3 Name of person (other than the issuer) with whom the IRS may communicate about this return (See Instructions.) Gail Granewich, City Treasurer		4 Report number (For IRS Use Only)
5 Number and street (or P.O. Box if mail is not delivered to street address) 1200 3rd Avenue, Suite 100 MS 51-T		
6 City, town, or post office, state, and ZIP code San Diego, CA 92101		7 Date of issue (MM/DD/YYYY) 04 / 15 / 2011
8 Name of Issue Taxable QECB Equipment Lease		9 CUSIP number Private Placement
10 Name and title of officer of issuer whom the IRS may call for more information (See instructions.) Gail Granewich, City Treasurer		11 Telephone number of officer or other person 619-236-7157

Part II Type of Issue	
1 Tax Credit Bond Code (See instructions, enter three digit code for the type of issue)	▶ 1 0 3
2 Description: Qualified Energy Conservation Bond	
3 Has the issuer made an irrevocable election to apply section 6431(f)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
4 Enter the first interest payment date (MM/DD/YYYY) ▶ 03 / 30 / 2012	
5 Interest payment date frequency (Check box; see instructions and attach debt service schedule):	
a <input checked="" type="checkbox"/> annual,	
b <input type="checkbox"/> semi-annual,	
c <input type="checkbox"/> quarterly,	
d <input type="checkbox"/> monthly, or	
e <input type="checkbox"/> other	
f If line 5a above is checked, please describe the payment frequency:	

Part III Description of Obligations	
1 Issue price	1 13,141,596
2 Stated redemption price at maturity	2 13,141,596
3 Final maturity date (enter date MM/DD/YYYY) ▶ 03 / 30 / 2026	
4 Applicable credit rate	4 5 3 7 %
5 Maximum term	5 1 5 0 0 years
6 Permitted Sinking Fund Yield	6 4 9 5 0 0 %
7 Enter the interest rate on the bonds	7 6 1 6 0 0 %
8 If the issue is a variable rate issue, check box 8a ▶ <input type="checkbox"/> Enter the frequency rates are reset 8b ▶	

Part IV Proceeds of Issue (Including underwriters' discount)		Amount
1 Sale Proceeds	1	13,141,596
2 Proceeds used for bond issuance cost (including underwriters' discount)	2	195,000
3 Estimated investment proceeds	3	26,000
4 Expected available project proceeds (Subtract line 2 from line 1 and add line 3)	4	12,972,596
5 Matching pledged funds	5	
6 Other (describe) ▶	6	
7 Total proceeds (Add lines 4 through 6)	7	12,972,596

Part V Description of Use of Proceeds for Qualified Purpose Expenditures		Amount
1a Loans to qualified borrower(s)		1a
b If a written loan commitment was obtained prior to issue date, check box ▶ <input type="checkbox"/>		
c Name of borrower ▶		
d EIN of borrower ▶ (Attach list if more than one)		
2 Land	2	
3 Buildings and structures	3	12,972,596
4 Furniture or equipment with recovery period of more than 5 years	4	
5 Furniture or equipment with recovery period of 5 years or less	5	
6 Grants	6	
7 Demonstration projects	7	
8 Public education campaigns	8	
9 Repairs or other rehabilitation expenditures	9	

Description of Use of Proceeds for Qualified Purpose Expenditures (Continued)

Table with 17 rows detailing expenditures: 10 Developing course materials and/or staff training expenditures, 11 Pay principal, interest, or premiums on qualified bonds, 12 Refinance a qualified indebtedness, 13 Other (describe), 14 Total qualified purpose expenditures (Sum of lines 1a through 13), 15 Percentage of total proceeds to be used for qualified purpose expenditures, 16 If some portion of proceeds was used to reimburse issuer for amounts paid for a qualified purpose, enter the amount of reimbursement, 17 If some portion of proceeds was to reimburse issuer for amounts paid for a qualified purpose, enter the date the official intent was adopted (MM/DD/YYYY).

Part VI Allocation of National, State, Tribal, or Local Bond Limitation Amount (Enter source and amount of allocation and attach copy of certificate)

Table for Part VI: 1a Volume cap allocation amount (13,141,596.29), Year of Allocation (NA), Amount of Carryforward, National, State, Tribal, or Local check boxes, and State abbreviation (CA).

Part VII Miscellaneous

- 1 Arbitrage questions: a If there is a reserve or sinking fund that is expected to repay the issue at maturity, check box; b If 1a is checked and the reserve or sinking fund is funded in equal periodic installments, check box; c If either the funding of the reserve or sinking fund is expected to result in an amount greater than the amount necessary to repay the issue; or, if the yield on such fund is greater than the permitted sinking fund yield from line 6, Part III, check box; d If the issuer established written procedures to monitor the requirements of section 148 with respect to these bonds, check box; 2 If all federal, state, and local requirements governing conflicts of interest are satisfied with respect to this issue, check box; 3 If the entitlements to credits with respect to this bond issue are expected to be stripped, check box; 4 If the issuer established written procedures to ensure that all nonqualified bonds at the end of the applicable period are redeemed within 90 days, check box; 5 Other:

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(s) that I have authorized above.

Signature of issuer's authorized representative: Gail R. Granewich, Date: 4/20/11, Type or print name and title: GAIL R. GRANEWICH, CITY TREASURER

Paid Preparer's Use Only

Preparer's signature: [Signature], Date: 4/25/11, Check if self-employed: [], Preparer's SSN or PTIN: P01065109, Firm's name (or yours if self-employed), address, and ZIP code: Orrick, Herrington & Sutcliffe LLP, 405 Howard Street, San Francisco, CA 94105, EIN: 94-2952627, Phone no.: 415 773-5938

Part VIII Consent to Disclosure of Certain Information from this Return

- 1 Does the issuer give the IRS consent to publish, through a website or in a publication, its name and address, employer identification number, name and description of bond issue, date of issuance, CUSIP number, issue price, final maturity date, stated redemption price at maturity, applicable credit rate, and maximum term, to assist in the proper reporting of interest, tax credits, or other benefits under IRC section 6049 and Regulations thereunder. Yes [] No []

Under penalties of perjury, I declare that I am an officer of the above named issuer and that I am authorized to give consent on behalf of the above named issuer for the IRS to publish the items of information described in line 1 of Part VIII of this form to assist in the reporting obligations under IRC section 6049.

Sign Here

Signature _____ Date _____ Type or print name and title _____

Issuer's name:

Issuer's employer identification number (EIN):

Schedule A **Schedule for New Clean Renewable Energy Bonds (New CREBs)**
 ▶ Under Internal Revenue Code sections 54A and 54C
 ▶ See separate instructions.

Tax Credit Bond Code

102

Part I Issuer Questions

	Yes	No
1 Is the issuer a public power provider?	1	
2 Is the issuer a cooperative electric company?	2	
3 Is the issuer a governmental body?	3	
4 Is the issuer a clean renewable energy bond lender?	4	
5 Is the issuer a not-for-profit electric utility which has received a loan/loan guarantee under the Rural Electrification Act?	5	
6 Have proceeds been used to acquire existing facilities? (See instructions.)	6	
7 Have proceeds been used to refinance existing facilities? (See instructions.)	7	
8 Is the issue date of the issue on or before the date that is 3 years after the volume cap allocation date? (See instructions.)	8	
9 Has the issuer designated these bonds as New CREBs for purposes of section 54C?	9	

Part II

1 (For IRS Use Only)	1	Amount
----------------------	---	--------

Part III List of Qualified Renewable Energy Facilities

List the type of qualified renewable energy facilities (see instructions) to be financed by the bonds, the location, the owner of such facility, the owner's EIN, and the amount of available project proceeds to be used for that facility. (If more than one, attach schedule.)

Type of Facility: _____

Location of Facility: _____

Owner's Name: _____

Owner's EIN: _____

Amount of Available Project Proceeds \$: _____

Schedule B **Schedule for Qualified Energy Conservation Bonds (QECBs)**
 ▶ Under Internal Revenue Code sections 54A and 54D
 ▶ See separate instructions.

Tax Credit Bond Code

103

Part I Issuer and Project Questions

	Yes	No
1 Has the issuer designated these bonds as QECBs for purposes of section 54D?	1	✓
2 Has the allocation been reallocated from a large local government to a State?	2	✓
3 Is the issuer a large local government?	3	✓
4 Is the issuer an Indian tribal government?	4	✓
5 Are all proceeds to be used within the jurisdiction of the issuer?	5	✓
6 If the issuer issued the bonds based on a volume cap allocation received by another authorized entity (that allocated volume cap to the issue), check "Yes." If not, check "No." Provide the name of such authorized entity. Attach schedule if more than one entity's volume cap is used (See instructions.)	6	✓

Part II

1 (For IRS Use Only)	1	Amount
----------------------	---	--------

Part III List of Conservation Purposes, Location of the Facilities, Amount of Proceeds Used for the Purpose, Private Activity User, and Private User's EIN.

1 List the type of qualified conservation purpose described under section 54D(f) financed with the proceeds of the bonds, the location of the facility financed with the proceeds of the bond, and the amount of available project proceeds to be used for the qualified conservation purpose. If the bonds are private activity bonds, provide the name and EIN of all private users. (If the issuer is issuing bonds for more than one purpose or facility attach schedule.)

Type of qualified conservation purpose: Green Community Program

Location of facility financed with bond proceeds: Various Public Streets within City of San Diego

Amount of proceeds to be used for this purpose \$: _____

Are the bonds private activity bonds? Yes No

If "Yes," provide the name and EIN of each private user _____

Issuer's name:

Issuer's employer identification number (EIN):

Schedule C
Schedule for Qualified Zone Academy Bonds (QZABs)
 ▶ Under Internal Revenue Code sections 54A and 54E
 ▶ See separate instructions.

Tax Credit Bond Code
104

Part I Academy and Issuer Information		Yes	No
1	Is the school located in an empowerment zone?	1	
2	Is the school located in an enterprise community?	2	
3	Is it expected that at least 35% of students attending the school or program will be eligible for free or reduced-cost lunches under the school lunch program established by the National School Lunch Act?	3	
4	Was the comprehensive educational plan of the school or program approved by the eligible local education agency?	4	
5	Is a carryover of unused limitation being used for this issue? If "Yes," enter the year in which the limitation arose. (See instructions.) ▶	5	
6	Are the bonds issued by a state or local government within the jurisdiction of which the academy is located?	6	
7	Does the issuer have written commitments from private business entities to make qualified private business contributions having a present value of not less than 10% of the proceeds of this issue?	7	
8	Was the bond issuance approved in writing by the eligible local education agency?	8	
9	Have these bonds been designated by the issuer as QZABs for purposes of section 54E?	9	
10	Enter the name of the eligible local education agency:	10	

Part II Description of the Private Business Contribution (Enter the value of the amount of contribution in each type)		Amount	
1	Equipment	1	
2	Technical assistance	2	
3	Services of donor's employees as volunteers	3	
4	Opportunities for students outside of the academy	4	
5	Other:	5	

Part III Private Business Contributor Information (Attach a schedule if more than five donors)	
1a	Enter the name of the first donor: _____
b	Enter the EIN of the first donor: _____
2a	Enter the name of the second donor: _____
b	Enter the EIN of the second donor: _____
3a	Enter the name of the third donor: _____
b	Enter the EIN of the third donor: _____
4a	Enter the name of the fourth donor: _____
b	Enter the EIN of the fourth donor: _____
5a	Enter the name of the fifth donor: _____
b	Enter the EIN of the fifth donor: _____

Issuer's name:

Issuer's employer identification number (EIN):

Schedule D
Schedule for Qualified School Construction Bonds (QSCBs)
 ▶ Under Internal Revenue Code sections 54A and 54F
 ▶ See separate instructions.

Tax Credit Bond Code

105

Part I Use of Proceeds		Yes	No
1	Are the proceeds to be used for an Indian school? (See instructions.)	1	
2	Are all proceeds to be used within the jurisdiction of the issuer?	2	
3	Have these bonds been designated as QSCBs by the issuer for purposes of section 54F?	3	
4	Are the proceeds of the issue to be spent on costs of acquisition of furniture or equipment? If the answer is "No," skip line 5	4	
5	Is such furniture or equipment to be used in portions of the public school facility being constructed, rehabilitated, or repaired with the proceeds of the issue?	5	
6	Are the proceeds of the issue to be spent on the costs of land acquisition? If the answer is "No," skip line 7	6	
7	Are proceeds of the issue also to be spent on the costs of construction of a public school facility on such land?	7	

Part II	Amount
1 (For IRS Use Only)	1

Part III Issuer Information (Does not apply to issuers that are Indian tribal governments.)

- 1 If the issuer of the bonds is not the local educational agency in the jurisdiction of which the public school facility is located, please provide the name of such local educational agency. Attach schedule if more than one. (See instructions.)

- 2 If the issuer issued the bonds based on a volume cap allocation received by another authorized entity (that allocated volume cap to the issue), provide the name of such authorized entity. Attach schedule if more than one entity's volume cap is used. (See instructions.)

PART II - Attachment
City of San Diego QECB Payment Schedule

QECBs Financed Amount	\$ 13,141,596.29
Taxable Interest Rate	6.16%
Federal Tax Credit Rate (as of 3/25/11)	5.37%
70% of Federal Tax Credit Rate	3.76%

Pmt. No.	Payment Date	Taxable Outstanding Balance	Taxable Principal Portion	Taxable Interest Portion	US Treasury Subsidy Amount
1	3/30/12	\$ 12,391,322.76	\$ 750,273.53	\$ 775,792.23	\$ 473,409.58
2	3/30/13	\$ 11,636,182.24	\$ 755,140.52	\$ 763,305.48	\$ 465,789.82
3	3/30/14	\$ 10,862,910.80	\$ 773,271.44	\$ 716,788.83	\$ 437,404.09
4	3/30/15	\$ 10,071,073.11	\$ 791,837.69	\$ 669,155.31	\$ 408,336.82
5	3/30/16	\$ 9,260,223.39	\$ 810,849.72	\$ 620,378.10	\$ 378,571.64
6	3/30/17	\$ 8,429,905.17	\$ 830,318.22	\$ 570,429.76	\$ 348,091.80
7	3/30/18	\$ 7,579,651.01	\$ 850,254.16	\$ 519,282.16	\$ 316,880.14
8	3/30/19	\$ 6,708,982.25	\$ 870,668.76	\$ 466,906.50	\$ 284,919.08
9	3/30/20	\$ 5,817,408.73	\$ 891,573.52	\$ 413,273.30	\$ 252,190.64
10	3/30/21	\$ 4,904,428.53	\$ 912,980.20	\$ 358,352.37	\$ 218,676.39
11	3/30/22	\$ 3,969,527.67	\$ 934,900.86	\$ 302,112.79	\$ 184,357.47
12	3/30/23	\$ 3,012,179.84	\$ 957,347.83	\$ 244,522.90	\$ 149,214.55
13	3/30/24	\$ 2,031,846.09	\$ 980,333.75	\$ 185,550.27	\$ 113,227.84
14	3/30/25	\$ 1,027,974.52	\$ 1,003,871.57	\$ 125,161.71	\$ 76,377.09
15	3/30/26	\$ -	\$ 1,027,974.52	\$ 63,323.25	\$ 38,641.56
			\$ 13,141,596.29		\$ 4,146,088.51

Part VI – Attachment

Allocation Certificate



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 311
SACRAMENTO, CA 95814
TELEPHONE: (916) 653-3255
FAX: (916) 653-6827
www.treasurer.ca.gov/cdlac

Sean L. Spear
Executive Director

MEMBERS

*Bill Lockyer, Chairman
State Treasurer*

*Arnold Schwarzenegger
Governor*

*John Chiang
State Controller*

To: State and Large Local Governments
From: Sean L. Spear, Executive Director
Date: October 7, 2009
Re: Qualified Energy Conservation Bond Allocation

The American Recovery and Reinvestment Act of 2009 provides authority to state and large local governments to issue Qualified Energy Conservation Bonds (QECBs) for expenditures within their jurisdiction. QECBs may be issued to finance a broad array of "green" expenditures including, green community programs, grants to support research in emerging energy technologies, rail and bus facilities, public education programs, renewable energy facilities, and demonstration projects for emerging energy technologies. If you are in receipt of this email, your city or county may have received an award of a Qualified Energy Conservation Bond allocation. **Please be aware that the Qualified Energy Conservation Bond program expires on January 1, 2011.**

Qualified Energy Conservation Bonds

Qualified Energy Conservation Bonds are traditional "tax credit bonds" designed to provide the issuer with a 70% interest subsidy through tax credits to bondholders. The balance of any interest is paid by the issuer. Under existing rules, at least 70% of each local agency's allocation must be used for bond financings that do not meet either the "private business use test" or the "private loan test." Accordingly, up to 30% of the volume cap may be used for private activity bonds, meaning that proceeds may be loaned to private companies and/or used for privately owned or operated purposes. **Please note the portion of QECBs issued as private activity bonds would be the debt obligation of the private borrower and not the city or county.** Federal Davis-Bacon prevailing wage rules apply to all projects financed with proceeds of QECBs.

California Debt Limit Allocation Committee Reporting Requirements and Re-allocation Process

CDLAC will have no immediate role in the administering of the QECB allocation to municipalities, counties and Indian tribal governments. However, to the extent a local agency recipient does not intend to utilize its award of Qualified Energy Conservation Bond allocation, each recipient has the option of reverting its allocation immediately to the California Debt Limit Allocation Committee for re-allocation to other projects throughout the state. It is anticipated that CDLAC will award its first re-allocations in spring 2010. To the extent a local agency plans to use its allocation, the locality will be required to submit a Plan of Issuance to CDLAC no later than January 31, 2010. The Plan shall include a description of the project(s) to be funded by QECBs along with a proposed timeline for issuance. **After July 1, 2010, allocations that have not been issued or included in a Plan of Issuance shall be automatically deemed waived and returned to CDLAC for re-allocation.**

For more information regarding the Qualified Energy Conservation Bond Program and the CDLAC re-allocation process, please contact CDLAC Analyst Brady Hill (bhill@treasurer.ca.gov) at (916)651-7449.

QECB Totals
California's Allocation of Qualified Energy Conservation Bonds
\$381,329,000
Maximum Allocation for Private Activity use
\$114,398,700
Minimum Allocation for Governmental use
\$266,930,300
Total State Population*
36,756,666
Total Population of Counties and Municipalities**
35,456,770
Estimated Total Allocation to Counties and Municipalities
\$367,843,336
Estimated Total Allocation to State
\$12,746,103
Estimated Total Allocation to Tribal Governments
\$739,561

*Total State Population is based on information released by the United States Census Bureau released before the beginning of 2009, which consists of state population information as of July 1, 2008.

**Total Population of Counties and Municipalities is based on information released by the United States Census Bureau for the period that is closest in time to that used for the State and consists of information as of July 1, 2007.

Exhibit A

ESTIMATED QUALIFIED ENERGY CONSERVATION BOND APPORTIONMENTS FOR STATE		
	1,228,609	3%
	71,287	Less than 1%
	35,456,770	96%
		\$12,746,103
		\$739,561
		\$367,843,336

Exhibit B

**PROJECTED QUALIFIED
ENERGY CONSERVATION
BOND APPORTIONMENTS
FOR MUNICIPALITIES**

Berkeley (Alameda County)	101,377	\$1,051,727.33	\$315,518.20	\$736,209.13
Fremont (Alameda County)	201,334	\$2,088,722.98	\$626,616.89	\$1,462,106.08
Hayward (Alameda County)	140,943	\$1,462,201.53	\$438,660.46	\$1,023,541.07
Oakland (Alameda County)	401,489	\$4,165,214.52	\$1,249,564.36	\$2,915,650.16
Concord (Contra Costa County)	120,844	\$1,253,686.11	\$376,105.83	\$877,580.28
Richmond (Contra Costa County)	101,454	\$1,052,526.16	\$315,757.85	\$736,768.31
Fresno (Fresno County)	470,508	\$4,881,246.44	\$1,464,373.93	\$3,416,872.51
Bakersfield (Kern County)	315,837	\$3,276,624.91	\$982,987.47	\$2,293,637.44
Burbank (Los Angeles)	103,286	\$1,071,532.09	\$321,459.63	\$750,072.46
Downey (Los Angeles)	108,109	\$1,121,567.90	\$336,470.37	\$785,097.53
El Monte (Los Angeles)	122,272	\$1,268,500.78	\$380,550.23	\$887,950.55
Glendale (Los Angeles)	196,979	\$2,043,542.39	\$613,062.72	\$1,430,479.67
Inglewood (Los Angeles)	113,376	\$1,176,209.96	\$352,862.99	\$823,346.97
Lancaster (Los Angeles)	143,616	\$1,489,932.35	\$446,979.70	\$1,042,952.64
Long Beach (Los Angeles)	466,520	\$4,839,873.26	\$1,451,961.98	\$3,387,911.29
Los Angeles (Los Angeles)	3,834,340	\$39,779,044.10	\$11,933,713.23	\$27,845,330.87
Norwalk (Los Angeles)	103,720	\$1,076,034.59	\$322,810.38	\$753,224.21
Palmdale (Los Angeles)	140,882	\$1,461,568.69	\$438,470.61	\$1,023,098.08
Pasadena (Los Angeles)	143,400	\$1,487,691.47	\$446,307.44	\$1,041,384.03
Pomona (Los Angeles)	152,631	\$1,583,457.72	\$475,037.32	\$1,108,420.41
Santa Clarita (Los Angeles)	169,951	\$1,763,142.63	\$528,942.79	\$1,234,199.84
Torrance (Los Angeles)	141,420	\$1,467,150.13	\$440,145.04	\$1,027,005.09
West Covina (Los Angeles)	106,388	\$1,103,713.53	\$331,114.06	\$772,599.47
Salinas (Monterey)	143,517	\$1,488,905.28	\$446,671.58	\$1,042,233.70
Anaheim (Orange)	333,249	\$3,457,264.27	\$1,037,179.28	\$2,420,084.99
Costa Mesa (Orange)	108,978	\$1,130,583.27	\$339,174.98	\$791,408.29
Fullerton (Orange)	132,066	\$1,370,107.83	\$411,032.35	\$959,075.48
Garden Grove (Orange)	165,610	\$1,718,107.29	\$515,432.19	\$1,202,675.10
Huntington Beach (Orange)	192,885	\$2,001,069.52	\$600,320.86	\$1,400,748.67
Irvine (Orange)	201,160	\$2,086,917.83	\$626,075.35	\$1,460,842.48
Orange (Orange)	134,299	\$1,393,273.90	\$417,982.17	\$975,291.73
Santa Ana (Orange)	339,555	\$3,522,685.34	\$1,056,805.60	\$2,465,879.74
Roseville (Placer)	108,759	\$1,128,311.28	\$338,493.38	\$789,817.89
Corona (Riverside)	150,308	\$1,559,357.95	\$467,807.38	\$1,091,550.56
Moreno Valley (Riverside)	188,936	\$1,960,100.95	\$588,030.28	\$1,372,070.66
Riverside (Riverside)	294,437	\$3,054,612.37	\$916,383.71	\$2,138,228.66
Elk Grove (Sacramento)	131,212	\$1,361,248.07	\$408,374.42	\$952,873.65
Sacramento (Sacramento)	460,242	\$4,774,742.67	\$1,432,422.80	\$3,342,319.87
Fontana (San Bernardino)	183,502	\$1,903,726.37	\$571,117.91	\$1,332,608.46
Ontario (San Bernardino)	170,936	\$1,773,361.43	\$532,008.43	\$1,241,353.00
Rancho Cucamonga (San Bernardino)	170,266	\$1,766,410.57	\$529,923.17	\$1,236,487.40
San Bernardino (San Bernardino)	199,285	\$2,067,465.80	\$620,239.74	\$1,447,226.06
Victorville (San Bernardino)	107,221	\$1,112,355.42	\$333,706.63	\$778,648.80
Chula Vista (San Diego)	217,478	\$2,256,207.58	\$676,862.27	\$1,579,345.30
Escondido (San Diego)	136,246	\$1,413,472.89	\$424,041.87	\$989,431.02
Oceanside (San Diego)	168,602	\$1,749,147.54	\$524,744.26	\$1,224,403.28
San Diego (San Diego)	1,266,731	\$13,141,596.29	\$3,942,478.89	\$9,199,117.40
Stockton (San Joaquin)	287,245	\$2,979,999.56	\$893,999.87	\$2,085,999.69
Daly City (San Mateo)	100,882	\$1,046,591.99	\$313,977.60	\$732,614.39
San Jose (Santa Clara)	939,899	\$9,750,904.66	\$2,925,271.40	\$6,825,633.26
Santa Clara (Santa Clara)	109,756	\$1,138,654.57	\$341,596.37	\$797,058.20
Sunnyvale (Santa Clara)	131,140	\$1,360,501.11	\$408,150.33	\$952,350.78
Fairfield (Solano)	103,992	\$1,078,856.43	\$323,656.93	\$755,199.50
Vallejo (Solano)	115,552	\$1,198,784.69	\$359,635.41	\$839,149.29
Santa Rosa (Sonoma)	154,241	\$1,600,160.53	\$480,048.16	\$1,120,112.37
Modesto (Stanislaus)	203,955	\$2,115,914.33	\$634,774.30	\$1,481,140.03
Visalia (Tulare)	118,603	\$1,230,437.04	\$369,131.11	\$861,305.93
Oxnard (Ventura)	184,725	\$1,916,414.28	\$574,924.28	\$1,341,489.99
San Buenaventura (Ventura)	103,219	\$1,070,837.00	\$321,251.10	\$749,585.90
Simi Valley (Ventura)	120,464	\$1,249,743.83	\$374,923.15	\$874,820.68
Thousand Oaks (Ventura)	123,349	\$1,279,674.03	\$383,902.21	\$895,771.82



ORRICK, HERRINGTON & SUTCLIFFE LLP
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405 HOWARD STREET
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fax +1-415-773-5759
WWW.ORRICK.COM

May 3, 2011

Roma I. Shupe
(415) 773-5699
rishupe@orrick.com

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Internal Revenue Service
1160 West 1200 South
Ogden, Utah 84201

Re: City of San Diego Taxable QECB Equipment Lease

Ladies and Gentlemen:

Enclosed for filing is the original and one acknowledgement copy of an Information Return for Tax Credit Bonds and Specified Tax Credit Bonds (Form 8038-TC) for the above-named issue.

Please file the original, mark the acknowledgement copy as received, and return the receipt-marked copy to us in the enclosed self-addressed, stamped envelope.

Sincerely,

Roma Shupe
Project Manager

RIS/lms
Enclosures

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Roma Shupe (9409)
Orrick Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105

40124-115(6608) City of San Diego GECP Equip. Lease

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent X <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p>
<p>1. Article Addressed to:</p> <p>Internal Revenue Service 1160 West 1200 South Ogden, UT 84201</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>40124-115(6608) City of San Diego GECP 7009 2820 0001 3158 1355</p>	

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL™



7009 2820 0001 3158 1355
 7009 2820 0001 3158 1355

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 1160 West 1200 South
 City, State, ZIP+4 Ogdén, UT 84201

PS Form 3800, August 2006 See Reverse for Instructions

R. STURUP (OFFICE)

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

11-7269567408

05/10/2011 11:58

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

National Corporate Research, Ltd.
 1107 9th Street, Suite 1025
 Sacramento, CA 95814
 P6-10034513 6001031



FILED
 CALIFORNIA
 SECRETARY OF STATE

SOS



2892436002 UCC 1 FILING

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME City of San Diego, California					
OR	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 202 "C" Street, 9th Floor		CITY San Diego	STATE CA	POSTAL CODE 92101	COUNTRY USA
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Governmental	1f. JURISDICTION OF ORGANIZATION California	1g. ORGANIZATIONAL ID #, if any <input checked="" type="checkbox"/> NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME Banc of America Leasing & Capital, LLC					
OR	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 11333 McCormick Road		CITY Hunt Valley	STATE MD	POSTAL CODE 21031	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A, attached hereto and made a part hereof.

5. ALTERNATIVE DESIGNATION (if applicable):	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR	SELLER/BUYER	AG. LIEN	NON-UCC FILING
---	---------------	---------------------	---------------	--------------	----------	----------------

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [OPTIONAL FEE]	All Debtors	Debtor 1	Debtor 2
---	--	-------------	----------	----------

8. OPTIONAL FILER REFERENCE DATA

Matter No. 2180263; Exhibit A DMS #2957775: t/b filed with the California Secretary of State

DEBTOR: City of San Diego, California
SECURED PARTY: Banc of America Leasing & Capital, LLC

EXHIBIT A

TO

UCC-1 FINANCING STATEMENT

DESCRIPTION OF COLLATERAL

The collateral consists of equipment and other property of Debtor, whether now owned or hereafter acquired and located in City of San Diego, California, which has been financed with the proceeds of the Taxable QECB Equipment Lease Agreement dated as of April 15, 2011 between Debtor and Secured Party (the "Agreement"), together with all amendments thereof and supplements and schedules thereto, including (without limitation) the following: (A)(i) any and all of the Energy Conservation Equipment (as defined in the Agreement) now existing or hereafter acquired with proceeds of the Agreement consisting of Cobra-head replacement light fixtures for approximately 28,700 street lights and related improvements and equipment as part of Debtor's energy efficient Broad Spectrum Street Lighting program, and all replacements, repairs, restorations, modifications and improvements thereof, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto as more particularly described in the Agreement; (ii) any property acquired in substitution, renewal, repair or replacement for or as additions, improvements, accessions and accumulations to any of the property described in clause (i); and (iii) any accessories, parts and appurtenances appertaining or attached to any of such property or from time to time incorporated therein or installed thereon; (B) moneys and investments held from time to time in the Acquisition Fund and the Delivery Costs Fund (each as defined in the Agreement); and (C) any proceeds of any of the foregoing.



SECRETARY OF STATE
STATE OF CALIFORNIA

UCC Filing Acknowledgement

05/13/2011

Page 1 of 1

NATIONAL CORPORATE RESEARCH
1107 9TH STREET STE 1025
SACRAMENTO CA 95814-3688

Filing Fee: \$10.00
Special Handling Fee: \$6.00
Total Fee: \$16.00

The California Secretary of State's Office has received and filed your document. The information below reflects the data that was indexed in our system. Please review the information for accuracy. Included is an image of the filed document to assist you in your review. If you find a potential error, please notify the UCC Section at the number listed below at your earliest convenience.

Filing Type: **Financing Statement**
Filing Number: **11-7269567408**

File Date: **05/10/2011**
Lapse Date: **05/10/2016**

File Time: **11:58**

Debtor(s):
ORGANIZATION

CITY OF SAN DIEGO, A CALIFORNIA

202 "C" STREET, 9TH FLOOR SAN DIEGO CA USA 92101

Secured Party(ies):
ORGANIZATION

BANC OF AMERICA LEASING & CAPITAL, LLC

11333 MCCORMICK RAOD HUNT VALLEY MD USA 21031

Filing by the Secretary of State is not conclusive proof that all conditions for securing priority have been met. Ensuring that accurate information is on the document to be filed is the responsibility of the filing party. If this filing is challenged, the Secretary of State does not guarantee that the filing is legally sufficient to secure priority under UCC Article 9 and expressly disclaims any liability for failure of the filing party to secure priority resulting from the information contained in the filed document, or the lack of information on the filed document.

CERTIFICATE NUMBER PROP-2063		EVIDENCE OF PROPERTY COVERAGE		ISSUE DATE (MM/DD/YYYY) 04/08/2011
THIS EVIDENCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BELOW. THIS EVIDENCE OF COVERAGE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND ADDITIONAL INTEREST.				
CSAC Excess Insurance Authority (CSAC EIA) C/O ALLIANT INSURANCE SERVICES, INC. PO BOX 6450 NEWPORT BEACH, CA 92658-6450 PHONE (949) 756-0271 / FAX (619) 699-0901 LICENSE #0C36861	COVERAGE AFFORDED		A - CSAC Excess Insurance Authority	
	COVERAGE AFFORDED		B -	
MEMBER CITY OF SAN DIEGO ATTN: CLAUDIA CASTILLO DEL MURO 1200 THIRD AVE., STE. 1000 (MS51-B) SAN DIEGO, CA 92101-4107	TOWER NUMBER		MEMORANDUM NUMBER	
	II		EIAPPR11-14	
	EFFECTIVE DATE (MM/DD/YYYY)	EXPIRATION DATE (MM/DD/YYYY)	CONT. UNTIL TERMINATED IF CHECKED <input type="checkbox"/>	
	03/31/2011	03/31/2012		
THIS REPLACES PRIOR EVIDENCE: AMENDED CERTIFICATE CANCELS AND REPLACES CERTIFICATE DATED 4/5/2011				
PROPERTY INFORMATION				
LOCATION / DESCRIPTION SEE ATTACHMENT A AMENDED CERTIFICATE CANCELS AND REPLACES CERTIFICATE DATED 4/5/2011				
THIS IS TO CERTIFY THAT THE MEMORANDUMS OF COVERAGE LISTED ABOVE HAVE BEEN ISSUED TO THE MEMBER NAMED ABOVE FOR THE PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE MAY BE ISSUED OR MAY PERTAIN. THE COVERAGE AFFORDED BY THE MEMORANDUMS DESCRIBED HEREIN IS SUBJECT TO ALL TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH MEMORANDUMS. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.				
COVERAGE INFORMATION				
COVERAGE / PERILS / FORMS			AMOUNT OF INSURANCE	
ALL RISK OF DIRECT PHYSICAL LOSS OR DAMAGE, INCLUDING FLOOD. EARTHQUAKE IS EXCLUDED. EARTHQUAKE LIMIT IS NOT APPLICABLE. REPAIR OR REPLACEMENT COST VALUATION SUBJECT TO MEMORANDUM OF COVERAGE PROVISIONS VEHICLE/BUSES ARE SUBJECT TO ACTUAL CASH VALUE OR REPLACEMENT COST PER SCHEDULE ON FILE WITH THE AUTHORITY ALL LIMITS ARE SHARED PER TOWER.			\$25,000,000 PER OCC FOR ALL RISK AND ANN AGG FOR FLOOD	
REMARKS (INCLUDING SPECIAL CONDITIONS)				
DEDUCTIBLES:				
ALL RISK OF DIRECT PHYSICAL LOSS OR DAMAGE (EXCLUDING FLOOD AND EARTHQUAKE): \$25,000 PER OCCURRENCE AS PER SCHEDULE ON FILE WITH THE AUTHORITY FLOOD: \$25,000 PER OCCURRENCE VEHICLES AND MOBILE EQUIPMENT: IF COVERAGE IS SCHEDULED AND PURCHASED, DEDUCTIBLE APPLIES PER SCHEDULE ON FILE WITH THE AUTHORITY.				
CANCELLATION				
SHOULD ANY OF THE ABOVE DESCRIBED MEMORANDUM(S) OF COVERAGE BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE MEMORANDUM(S) OF COVERAGE PROVISIONS.				
ADDITIONAL INTEREST				
NAME AND ADDRESS		NATURE OF INTEREST		
BANC OF AMERICA LEASING & CAPITAL, LLC AND ITS' ASSIGNS AS THEIR INTEREST MAY APPEAR P.O. BOX 4431 ATLANTA, GA 30302-4431		<input type="checkbox"/> MORTGAGEE <input checked="" type="checkbox"/> LOSS PAYEE <input type="checkbox"/> (OTHER)		
		AUTHORIZED REPRESENTATIVE  CSAC EXCESS INSURANCE AUTHORITY		

CSAC EXCESS INSURANCE AUTHORITY

CITY OF SAN DIEGO

TOWER II

CERTIFICATE # PROP-2063

ATTACHMENT "A"

04/08/11

**BANC OF AMERICA LEASING & CAPITAL, LLC
AND ITS' ASSIGNS AS THEIR INTEREST MAY APPEAR
P.O. BOX 4431
ATLANTA, GA 30302-4431**

AS RESPECTS TAXABLE QECB EQUIPMENT LEASE AGREEMENT BETWEEN BANC OF AMERICA LEASING & CAPITAL, LLC AND CITY OF SAN DIEGO. RENTAL INTERRUPTION IS INCLUDED FOR 12 MONTHS IN THE AMOUNT OF \$1,526,065.76. (LOC. 412)

BANC OF AMERICA LEASING & CAPITAL, LLC, ITS AFFILIATES, SUCCESSORS AND ASSIGNEES ARE NAMED AS LOSS PAYEE AS THEIR INTEREST MAY APPEAR.

LENDER'S LOSS PAYABLE ENDORSEMENT

1. Loss or damage, if any, under this policy, shall be paid to the Payee named on the first page of this policy, its successors and assigns, hereinafter referred to as "the Lender", in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this policy, including any and all riders now or hereafter attached thereto, by the named insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the named insured, excluding herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the insured to pay any premium or additional premium which shall be or become due under the terms of this policy or on account of any change in occupancy or increase in hazard not permitted by this policy, this Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of failure of the insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefore. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
4. Whenever this Company shall pay to the Lender any sum for loss or damage under this policy and shall claim that as to the insured no liability therefore exists, this Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the insured, whether secured or unsecured, (with refund of all interest not accrued), and this Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
5. If there be any other insurance upon the within described property, this Company shall be liable under this policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Company (pro rata with all other insurers contribution to said payment) to all of the Lender's rights of contribution under said other insurance.
6. This Company reserves the right to cancel this policy at any time, as provided by its terms, but in such case this policy shall continue in force for the benefit of the Lender for then (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this policy become vested in the Lender or its agents, insurance under this policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the insured under the terms and conditions of this policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be give by the Company to the Lender in connection with this policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the policy.

Approved:
Board of Fire Underwriters of the Pacific,
California Bankers' Association
Committee on Insurance

SELF-INSURANCE CERTIFICATE

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Taxable QECB Equipment Lease Agreement dated as of April 15,
2011 (the "Agreement") between
Banc of America Leasing & Capital, LLC, as Lessor,
and City of San Diego, California, as Lessee

In connection with the above-referenced Agreement, the City of San Diego, California (the "Lessee"), warrants and represents to Banc of America Leasing & Capital, LLC the following information. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

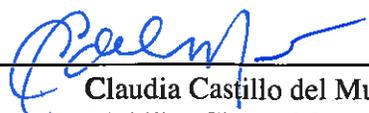
1. The Lessee is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Energy Conservation Equipment. The dollar limit for such liability claims under the Lessee's self-insurance program is \$4,000,000. The Lessee maintains an umbrella insurance policy for claims in excess of Lessee's self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Energy Conservation Equipment in the amount of \$50,000,000.

2. The Lessee maintains a self-insurance fund. Monies in the self-insurance fund are not subject to annual appropriation. The total amount maintained in the self-insurance fund to cover Lessee's self-insurance liabilities is \$17,000,000.

3. Attached hereto are copies of certificates of insurance with respect to policies maintained by Lessee.

DATED: APRIL 15, 2011

LESSEE:
City of San Diego, California

By: 

Claudia Castillo del Muro
Liability Claims Manager

ORDINANCE NUMBER O- 20004 (NEW SERIES)

DATE OF FINAL PASSAGE NOV 16 2010

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING A TAXABLE QUALIFIED ENERGY CONSERVATION BOND EQUIPMENT LEASE AGREEMENT FOR THE PURPOSE OF FINANCING THE ACQUISITION OF CERTAIN ENERGY CONSERVATION EQUIPMENT IN A PRINCIPAL AMOUNT NOT TO EXCEED \$13.1 MILLION AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, on February 24, 2010, the City Council approved Resolution No. R-305594 authorizing the City to apply for state or federal funding to expand the City's energy efficient Broad Spectrum Street Lighting program; and

WHEREAS, the City received an allocation pursuant to the American Recovery and Reinvestment Act of 2009 to use \$13,141,596.29 of Qualified Energy Conservation Bonds (QECB), tax credit bonds that may be used to fund qualified energy conservation projects under Internal Revenue Code section 54D(f) (Code), as amended, for the purpose of financing the cost of expanding the Broad Spectrum Street Lighting program; and

WHEREAS, the City now desires to use its QECB allocation to expand the Broad Spectrum Street Lighting program by acquiring and leasing replacement street lights and related improvements and equipment that constitute a qualified energy conservation project (Project) under the Code; and

WHEREAS, the City solicited proposals to finance the acquisition of the Project and received a total of five proposals; and

WHEREAS, Banc of America Leasing & Capital, LLC (Purchaser) submitted a proposal to allow the City to acquire the Project by purchasing the City's QECBs through an equipment lease agreement and staff has determined that it would be advantageous for the City to accept the Purchaser's proposal; and

WHEREAS, the Purchaser's proposal does not require the use of a debt service reserve fund and the lack of a debt service reserve fund will not have an impact on the interest rate paid by the City under the Purchaser's proposal; and

WHEREAS, the City Council acknowledges that the proposal is an exception to the debt service reserve requirements of section 5.7 of the City's Debt Policy (2009);

WHEREAS, there has been presented to the City Council an agreement to enter into a binding lease agreement (Contract to Execute Lease), a Taxable QECB Equipment Lease Agreement (Lease Agreement), and an Acquisition Fund Agreement (Acquisition Fund Agreement), the forms of which are on file with the City Clerk's Office as Document Nos. 00-20004-1, Document No. 00-20004-2, and Document No. 00-20004-3 respectively; and

WHEREAS, the City Attorney's Office has, through a competitive process, selected the law firm of Orrick, Herrington & Sutcliffe to serve as Special Counsel to the City in connection with the QECBs; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor, Chief Operating Officer, or the Chief Financial Officer and each of them or any of their respective designees (each, an Authorized Signatory) is hereby authorized to execute for and on behalf of the City of San Diego, a Contract to Execute Lease, a

Lease Agreement, and an Acquisition Fund Agreement, all in substantially the form presented to this Council, with such additions and changes as any Authorized Signatory shall, in consultation with the City Attorney, recommend as being in the best interests of the City, including, without limitation, changes to the Acquisition Period, as such term is defined in the Lease Agreement, provided, however, that: (1) the principal component amount shall not exceed \$13.1 million; (2) the contract rate of the interest component shall not exceed seven percent (7%); (3) the lease term shall not exceed the expected useful life of the Project or the maximum permitted by law, whichever is less; and (4) the City Comptroller shall first certify that funds are available to make lease payments under the Lease Agreement.

Section 2. That the Chief Financial Officer is authorized to expend an amount not to exceed \$13.1 million from the issuance of the QECBs to fund the Project and to fund costs of issuance related to the QECBs.

Section 3. That the City Attorney is hereby authorized to appoint Orrick, Herrington & Sutcliffe, LLP as Special Counsel to the City in relation to the QECBs; and the City is authorized to pay the fees and expenses of Orrick, Herrington & Sutcliffe, LLP, in an amount not to exceed \$50,000, contingent upon the successful close of this transaction.

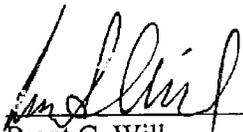
Section 4. That all actions taken by any officials, employees or agents of the City with respect to the QECBs or in connection with or related to any of the agreements referenced herein are hereby approved, confirmed, and ratified; and such other officials, employees, and agents of the City as may be authorized by an Authorized Signatory are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements, and other documents which they, or any of them, may deem necessary or advisable in order to consummate the transactions

contemplated herein and the disbursement of proceeds thereof in accordance with this Ordinance.

Section 5. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 6. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By  _____
Brant C. Will
Deputy City Attorney

BCW:jdf:jab
10/04/10
10/15/10 COR. COPY
Or.Dept: Debt Mgmt.

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of NOV 9 2010

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 11-26-10
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

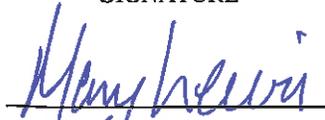
JERRY SANDERS, Mayor

INCUMBENCY AND AUTHORIZATION CERTIFICATE

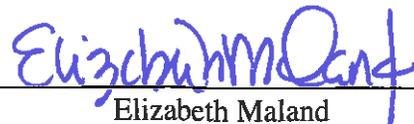
The undersigned, the duly elected or appointed and acting City Clerk of the City of San Diego, California, as lessee ("*Lessee*"), certifies as follows:

A. The following listed persons are duly elected or appointed and acting officials of Lessee and Lessee Representatives (as such term is defined in the Agreement described below) in the capacity set forth opposite their respective names below and that the facsimile signatures are true and correct as of the date hereof;

B. The Lessee Representatives are duly authorized, on behalf of Lessee, to negotiate, execute and deliver that certain Agreement to Execute Lease dated March 25, 2011 between Banc of America Leasing & Capital, LLC and Lessee, the Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, between Lessee and Banc of America Leasing & Capital, LLC ("*Lessor*"), the Acquisition Fund and Account Control Agreement dated as of April 15, 2011, among Lessor, Lessee and Deutsche Bank National Trust Company, as Acquisition Fund Custodian, and all documents related thereto and delivered in connection therewith (collectively, the "*Agreements*"), and the Agreements are each the binding and authorized agreements of Lessee, enforceable in all respects in accordance with their respective terms.

NAME OF LESSEE REPRESENTATIVE	TITLE	SIGNATURE
Mary Lewis	Chief Financial Officer	
Tom Blair	Deputy Environmental Services Director	
Claudia Castillo del Muro	Liability Claims Manager	

Dated: April 15, 2011

By: 
Elizabeth Maland
City Clerk

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

Acknowledgement Copy

RECEIVED
CDLAC
11 MAY -4 PM 4:26

REPORT OF ACTION TAKEN REGARDING THE ISSUANCE OF QUALIFIED ENERGY CONSERVATION BONDS

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

Please complete and mail form to the above address within 15 days of issuing Qualified Energy Conservation Bonds.

1. NAME OF DIRECT (U.S. TREASURY) ALLOCATION RECIPIENT or CDLAC RE-ALLOCATION AWARD RECIPIENT:
City of San Diego
Address/City/State/Zip: 202 "C" Street, 9th Floor, San Diego, CA 92101
Contact Person: Mary Lewis
Title: Chief Financial Officer
Phone: 619-236-5941
Fax: 619-533-3215
2. NAME OF ISSUER: City of San Diego
Address/City/State/Zip: 202 "C" Street, 9th Floor, San Diego, CA 92101
Contact Person: Mary Lewis
Title: Chief Financial Officer
Phone: 619-236-5941
Fax: 619-533-3215
3. ISSUER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER: 95-6000776
4. CUSIP (Committee on Uniform Securities Identification Procedures) NUMBER OF THE BOND WITH THE LATEST MATURITY (if issue does not have a CUSIP, enter "none"): None
5. PRINCIPAL AMOUNT OF BONDS ISSUED: \$ 13,141,596.29
AMOUNT OF TREASURY DIRECT ALLOCATION USED: \$ 13,141,596.29
AMOUNT OF CDLAC RE-ALLOCATION AWARD USED: \$ 0
AMOUNT OF CDLAC RE-ALLOCATION AWARD NOT USED: \$ 0

If the Principal Amount of Bonds Issued is different from the Amount of Treasury Direct Allocation and/or CDLAC Allocation Used, please briefly explain the difference:
6. DATE BONDS ISSUED: April 15, 2011
7. NAME OF BOND ISSUE: City of San Diego Taxable QECB Equipment Lease
8. PROJECT/PROGRAM NAME (identify former name if name has changed since allocation was awarded):
Broad Spectrum Street Lighting Conversion Program (formally Broad Spectrum Lighting Retrofit Program)
9. PRIVATE USER NAME (PRIVATE ACTIVITY BONDS ONLY): N/A
10. TYPE OF PROJECT (please circle) PRIVATE ACTIVITY GOVERNMENTAL USE
11. COUNTY(S) IN WHICH PROJECT(S) IS/ARE LOCATED: San Diego
12. CDLAC RESOLUTION NUMBER AWARDED THE RE-ALLOCATION (IF APPLICABLE): # N/A
CDLAC APPLICATION NUMBER SHOWN ON EXHIBIT "A" OF RESOLUTION (IF APPLICABLE): # N/A

For CDLAC use only:

Agenda _____

Greensheet _____

RAT Docs _____

(CONTINUED ON NEXT PAGE)

13. PERSON TO BE BILLED FOR CDLAC FEE: N/A

Title:
Firm:
Address/City/State/Zip:

Phone:
Fax:

14. UNDERWRITER/PLACEMENT AGENT: Banc of America Leasing & Capital, LLC

Address/City/State/Zip: 11333 McCormick Road, M/C MD5-032-07-05, Hunt Valley II, Hunt Valley, MD 21031
Contact Person: Contract Administration

Phone: 443-556-6723
Fax: 904-312-5709

15. BOND COUNSEL FIRM: Orrick, Herrington & Sutcliffe

Name of Attorney: Richard Moore
Address/City/State/Zip: 405 Howard Street, San Francisco, CA 94105
Contact Person: Richard Moore

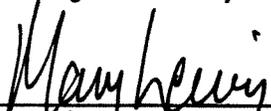
Phone: 415-773-5938
Fax: 415-773-5759

16. PERSON COMPLETING FORM (if different from #15 above):

Title:
Firm/Agency:
Address/City/State/Zip:

Phone:
Fax:

The undersigned do hereby certify to the accuracy of the information contained herein.



Signature of Issuer's Representative

Mary Lewis

Print Name of Issuer's Representative

Date:

4-18-11



Signature of Bond Counsel

Richard Moore, Esq.

Print Name of Bond Counsel

Date:

4/25/11

PURCHASER'S CERTIFICATE

I, Terri Preston, Vice President, of Banc of America Leasing & Capital, LLC (the "Purchaser") do hereby certify as follows with regard to the \$13,141,596.29 City of San Diego, California Taxable QECB Equipment Lease Agreement dated as of April 15, 2011 (the "Agreement") between the City of San Diego, California, as lessee (the "Lessee"), and Banc of America Leasing & Capital, LLC, as lessor (in such capacity, the "Lessor"):

1. The Purchaser has full power and authority to carry on its business as now conducted, deliver this certificate and make the representations and certifications contained herein.

2. The Purchaser is a lender that regularly extends credit by purchasing loans in the form of state and local government obligations such as the Agreement; has knowledge and experience in financial and business matters that make it capable of evaluating the Lessee, the Agreement and the risks associated with the purchase of the Agreement; has the ability to bear the economic risk of an investment in the Agreement; and is a "qualified institutional buyer" within the meaning of Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended. The Purchaser is not acting as a broker, dealer or municipal securities underwriter in connection with its purchase of the Agreement.

3. The Purchaser has conducted its own investigation of the financial condition of the Lessee, the purpose for which the Agreement is being entered into and of the security for the payment of the Rental Payments due under the Agreement, and has obtained such information regarding the Agreement and the Lessee and its operations, financial condition and financial prospects as the Purchaser deems necessary to make an informed investment decision with respect to the purchase of the Agreement.

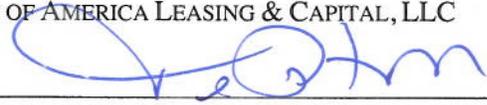
4. The Purchaser is purchasing the Agreement for its own account solely and not with a view to any distribution of the Agreement or any interest therein or portion thereof or without a present intention of distributing or selling the Agreement or any interest therein or portion thereof, provided that the Purchaser retains the right at any time to dispose of the Agreement or any interest therein or portion thereof as it may determine to be in its best interests. In the event that the Purchaser disposes of the Agreement or any part thereof in the future, the Purchaser understands that it has the responsibility for complying with any applicable federal and state securities laws and all rules and regulations promulgated pursuant thereto.

5. The Purchaser understands that the obligations of the Lessee to pay Rental Payments under the Agreement constitute a current expense of the Lessee and shall not in any way be construed to be a debt of the Lessee in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the Lessee, nor shall anything contained in the Agreement constitute a pledge of the full faith and credit or taxing power of the Lessee.

DATED this 15th day of April, 2011.

BANC OF AMERICA LEASING & CAPITAL, LLC

By: _____


Terri Preston
Vice President

MARY JO LANZAFAME
ASSISTANT CITY ATTORNEY

BRANT C. WILL
DEPUTY CITY ATTORNEY

OFFICE OF
THE CITY ATTORNEY
CITY OF SAN DIEGO

1200 THIRD AVENUE, SUITE 1620
SAN DIEGO, CALIFORNIA 92101-4178
TELEPHONE (619) 236-6220
FAX (619) 236-7215

Jan I. Goldsmith
CITY ATTORNEY

April 15, 2011

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Mail Code: MD5-032-07-05
Hunt Valley, MD 21031
Attn: Contract Administration

Re: Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, between Banc of America Leasing & Capital, LLC, as Lessor, and City of San Diego, California, as Lessee

Ladies and Gentlemen:

This office is counsel to the City of San Diego, California (the "*Lessee*") and in that capacity we have examined (a) an executed counterpart of that certain Agreement to Execute Lease dated March 25, 2011 (the "*Agreement to Execute Lease*") between Banc of America Leasing & Capital, LLC and the Lessee, (b) an executed counterpart of that certain Taxable QECB Equipment Lease Agreement, dated as of April 15, 2011 (the "*Agreement*"), and Attachments thereto, between Banc of America Leasing & Capital, LLC (the "*Lessor*") and the Lessee, which, among other things, provides for the lease of certain property (the "*Energy Conservation Equipment*"), (c) an executed counterpart of that certain Acquisition Fund and Account Control Agreement dated as of April 15, 2011 (the "*Acquisition Fund Agreement*") among the Lessor, the Lessee and Deutsche Bank National Trust Company, as Acquisition Fund Custodian, (d) a certified copy of the ordinance of the governing body of the Lessee with respect to the transaction contemplated by the Agreement to Execute Lease, the Agreement and the Acquisition Fund Agreement (collectively, the "*Transaction Documents*") and documents related thereto and (e) such other opinions, documents and matters of law as we have deemed necessary in connection with the following opinions. This opinion of counsel is delivered in accordance with Section 3.04(a)(vi) of the Agreement.

As a result of our examination of the Transaction Documents and such other examinations as we deemed appropriate, we have advised the Lessee and hereby indicate to Banc of America Leasing & Capital, LLC, as Lessor, that, in our opinion:

(1) The Lessee is a political subdivision of the State of California, duly organized, existing and operating under the Constitution and laws of the State of California and the City's home rule charter;

(2) The Lessee is authorized by the Constitution and the laws of the State of California to enter into the transactions contemplated by each of the Transaction Documents and to carry out its obligations thereunder;

(3) The Lessee's participation in the Transaction Documents and the performance of the Lessee's obligations thereunder have been duly authorized, approved and executed under all laws, regulations and procedures applicable to the Lessee;

(4) The Transaction Documents have been duly authorized, approved, executed and delivered by and on behalf of the Lessee, and are legal, valid and binding contracts of the Lessee enforceable in accordance with their respective terms, except to the extent limited by state and federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights;

(5) No approval, consent, or withholding of objection is required from any governmental authority with respect to the entering into or performance by the Lessee of the Transaction Documents or the transactions contemplated thereby, or if any such approval is required, it has been obtained;

(6) The entering into and the performance of the Transaction Documents will not violate any judgment, or order, applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of the Lessee other than the Energy Conservation Equipment subject to the Agreement pursuant to any instrument to which the Lessee is a party or by which it or its assets may be bound;

(7) To the knowledge of the Lessee, there is no litigation or proceeding pending or threatened against the Lessee or any other person affecting the right of the Lessee to execute the Transaction Documents or the ability of the Lessee to make the Rental Payments required under the Agreement or to otherwise comply with the obligations contained in the Transaction Documents; and

(8) Ordinance Number O-20004 of the governing body of the Lessee was duly and validly adopted, modified or supplemented and remains in full force and effect.

This opinion may be relied upon by assignees of the Lessor's interest in the Agreement to the extent that such interest is assigned and transferred in accordance with Section 11.01 of the Agreement.

CITY OF SAN DIEGO, CALIFORNIA

JAN I. GOLDSMITH, City Attorney

By: _____



Brant C. Will
Deputy City Attorney

BCW:jdf

CROSS RECEIPTS

CUSTODIAN RECEIPT OF ACQUISITION AMOUNT

Deutsche Bank National Trust Company, as custodian (the "Custodian"), under that certain Acquisition Fund and Account Control Agreement dated as of April 15, 2011 (the "Acquisition Fund Agreement"), among the City of San Diego, California (the "Lessee"), Banc of America Leasing & Capital, LLC (the "Lessor") and the Custodian, relating to that certain Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, between Lessor and Lessee (the "Agreement"), hereby certifies as follows:

1. The Custodian hereby acknowledges receipt, by wire transfer in federal funds, of the Acquisition Amount (as defined in the Lease) in the amount of \$13,141,596.29 for deposit into the City of San Diego, California, Energy Conservation Equipment Acquisition Fund (the "Acquisition Fund") created and held in trust under the Acquisition Fund Agreement.

2. In accordance with Section 3 of the Acquisition Fund Agreement, the Custodian has deposited a portion of the Acquisition Amount in the amount of (a) \$12,946,596.29 into the Acquisition Fund, and (b) \$195,000.00 into the Delivery Costs Fund, each such Fund being created and held in trust under the Acquisition Fund Agreement.

DATED: April 15, 2011.

DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Custodian

By: 
Name: Paul Vaden
Title: Trust Officer

By: 
Name: J. Douglas McDade
Title: Vice President

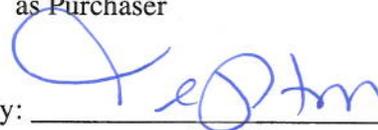
PURCHASER'S RECEIPT FOR CHATTEL PAPER

Banc of America Leasing & Capital, LLC, as purchaser (the "*Purchaser*"), hereby acknowledges, on the date hereof, receipt of the original executed Taxable QECB Equipment Lease Agreement dated as of April 15, 2011, the Equipment Schedule and the original executed Aggregate Rental Payments Schedule thereto (collectively, the "*Agreement*"), each between the City of San Diego, California, as lessee and Banc of America Leasing & Capital, LLC, as lessor, in exchange for delivery of the Acquisition Amount (as defined in the Agreement).

DATED: April 15, 2011.

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Purchaser

By: _____



Terri Preston
Vice President

WRITTEN REQUEST FOR PAYMENT FROM DELIVERY COSTS FUND

Re: Taxable QECB Equipment Lease Agreement dated as of April 15, 2011 (the “*Agreement*”), between Banc of America Leasing & Capital, LLC, as Lessor, and the City of San Diego, California, as Lessee (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.)

Deutsche Bank National Trust Company
 200 South Tryon Street, Suite 550
 Charlotte, NC 28202
 Attn: Michael Weber
 Phone: 704-333-5744
 Fax: 704-333-5852

Ladies and Gentlemen:

In accordance with the terms of the Acquisition Fund and Account Control Agreement, dated as of April 15, 2011 (the “*Acquisition Fund and Account Control Agreement*”) by and among Banc of America Leasing & Capital, LLC (“*Lessor*”), the City of San Diego, California (“*Lessee*”) and Deutsche Bank National Trust Company (the “*Acquisition Fund Custodian*”), the undersigned hereby requests the Acquisition Fund Custodian pay the following persons the following amounts from the respective subaccounts of the Delivery Costs Fund created under the Acquisition Fund and Account Control Agreement for the following purposes and hereby certifies that each item set forth below is a proper charge against respective subaccount of the Delivery Costs Fund and that each such item has not been paid.

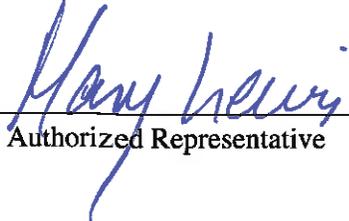
The amount hereby requested for disbursement is to be paid from the QECB Subaccount in the Delivery Costs Fund:

PAYEE’S NAME AND ADDRESS	INSTRUCTIONS FOR WIRE TRANSFER	DOLLAR AMOUNT	PURPOSE
Chapman and Cutler LLP	See attached invoice	\$50,000	For Legal Services Rendered as Special Counsel to the Lessor
Public Financial Management	See attached invoice	\$16,725	For Financial Advisory Services Rendered as Financial Advisor to the Lessor
City of San Diego	<u>Wire Payment To:</u> Bank of America 1455 Market St. San Francisco, CA 94103 Acct Title: City of San Diego ABA#: 026009593 Account #: 14506-80200	\$38,901.48	For Reimbursement of Staff Costs Debt Management \$36,236.37 Comptroller’s \$2,665.11

The amount hereby requested for disbursement is to be paid from the QECB Subaccount in the Delivery Costs Fund:

Dated: April 15, 2011

CITY OF SAN DIEGO, CALIFORNIA

By: 
Authorized Representative

Disbursement of funds from the identified Subaccount in the Delivery Costs Fund in accordance with the foregoing Disbursement Request hereby is authorized

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Lessor under the Lease

By: _____
Terri Preston
Vice President

The amount hereby requested for disbursement is to be paid from the Delivery Costs Fund:

Dated: April 15, 2011

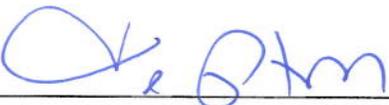
CITY OF SAN DIEGO, CALIFORNIA

By: _____

Authorized Representative

Disbursement of funds from the Delivery Costs Fund in accordance with the foregoing Disbursement Request hereby is authorized

BANC OF AMERICA LEASING & CAPITAL, LLC,
as Lessor under the Lease

By:  _____

Terri Preston
Vice President