

25184216



Rabobank

State and Local Government Lease-Purchase Agreement

LENDER/LESSOR Rabobank N A
 1111 Old Eagle School Road Wayne PA 19087
 PHONE 1 800 736 0220 • FACSIMILE 1 800 700 4643

LESSEE	Full Legal Name CITY OF REEDLEY		Phone Number (559) 637-4200
	DBA Name (if any)		Purchase Order/Requestion Number
Billing Address 1717 9TH ST		City REEDLEY	State Zip CA 93854
EQUIPMENT INFORMATION	Equipment Make	Model No.	Serial Number
	Description (Attach Separate Schedule if Necessary) SEE ATTACHED EQUIPMENT DESCRIPTION ATTACHMENT 2		
	TOTAL FINANCED AMOUNT INCLUDES \$500.00 ESCROW FEE TO BE PAID TO UMB BANK		
	Equipment Location (if not same as above) City State Zip		
PAYMENT INFORMATION	Number of Lease Payments 16	Lease Payments See Lease Payment Schedule Attached as Attachment 1	
	Full Lease Term (in Months) 48	Payment Frequency <input type="checkbox"/> Monthly <input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Semiannually <input type="checkbox"/> Annually <input type="checkbox"/> Other _____ End of Lease Option: \$1	
BANK QUALIFICATION			
By checking the box below YOU hereby designate this Lease as a "qualified (tax exempt) obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code and represent that the aggregate face amount of all tax-exempt obligations (excluding private activity bonds other than qualified 501 (c)(3) bonds) issued or to be issued by YOU and YOUR subordinate entities during the calendar year in which WE had this Lease is not reasonably expected to exceed \$10,000,000.			
<input checked="" type="checkbox"/> Bank Qualification Elected			

TERMS AND CONDITIONS

Please read YOUR copy of this State and Local Government Lease Purchase Agreement ("Lease") carefully and feel free to ask US any questions YOU may have about it. Words "YOU" and "YOUR" refer to the Lessee and the words "WE US" and "OUR" refer to Rabobank, N.A. its successors and assigns, as the "Lessor" of the Equipment.

1. **LEASE** WE agree to lease to YOU and YOU agree to lease from US the equipment listed above (and on any attached schedule) including all replacement parts, repairs, additions and accessories ("Equipment") on the terms and conditions of this Lease and on any attached schedule.

2. **TERM** This Lease is effective on the date that it is accepted and signed by US (the "Commencement Date") and continues thereafter for an original term ("Original Term") ending at the end of YOUR budget year in effect on the Commencement Date and may be continued by YOU for additional one year renewal terms ("Renewal Terms") coinciding with YOUR budget year up to the total number of months indicated above as the Full Lease Term. Provided, however, that at the end of the Original Term and at the end of each Renewal Term until the Full Lease Term has been completed, YOU shall be deemed to have continued this Lease for the next Renewal Term unless YOU shall have terminated this Lease pursuant to Section 5 or Section 17. Lease Payments will be due as set forth on Attachment 1 until the balance of the Lease Payments and any additional Lease Payments or expenses chargeable to YOU under this Lease are paid in full. As set forth in the Lease Payment Schedule, a portion of each Lease Payment is paid as and represents payment of interest. YOUR obligation to pay the Lease Payments and YOUR other Lease obligations are absolute and unconditional and are not subject to cancellation, reduction, setoff or counterclaim except as provided in Section 5. THIS LEASE IS NON-CANCELABLE EXCEPT AS PROVIDED IN SECTION 5.

3. **LATE CHARGES** If a Lease Payment is not made on the date when due, YOU will pay US a late charge at the rate of 18% per annum or the maximum amount permitted by law, whichever is less, from such date.

4. **CONTINUATION OF LEASE TERM** YOU currently intend, subject to Section 5, to continue this Lease through the Full Lease Term and to pay the Lease Payments hereunder. YOU reasonably believe that legally available funds in an amount sufficient to make all Lease Payments during the Full Lease Term can be obtained. YOUR responsible financial officer shall do all things lawfully within his or her power to obtain and maintain funds from which the Lease Payments may be made, including making provision for the Lease Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with YOUR applicable procedures and to exhaust all available reviews and appeals if that portion of the budget is not approved. Notwithstanding the foregoing, the decision whether to budget or appropriate funds and to extend this Lease for any Renewal Term is solely within the discretion of YOUR governing body.

5. **NONAPPROPRIATION** YOU are obligated only to pay such Lease Payments under this Lease as may lawfully be made from funds budgeted and appropriated for that purpose during YOUR then current budget year. If YOU fail to appropriate or otherwise make available funds to pay the Lease Payments required to be paid in the next occurring Renewal Term, this Lease shall be deemed terminated at the end of the then current Original Term or Renewal Term. YOU agree to deliver written notice to US of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the term of this Lease beyond the then current Original Term or Renewal Term. If this Lease is terminated in accordance with this Section, YOU agree, at YOUR cost and expense, to peacefully deliver the Equipment to US at the location or locations specified by US.

6. **WARRANTIES** WE are leasing the Equipment to YOU AS-IS and WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. WE transfer to YOU, without recourse for the term of this Lease, all warranties, if any made by the manufacturer. YOU ALSO ACKNOWLEDGE THAT NO ONE IS AUTHORIZED TO WAIVE OR CHANGE ANY TERM, PROVISION OR CONDITION OF THIS LEASE AND EXCEPT FOR THE MANUFACTURER WARRANTIES, MAKE ANY REPRESENTATION OR WARRANTY ABOUT THIS LEASE OR THE EQUIPMENT. WE SHALL NOT BE LIABLE FOR SPECIAL, RESULTING OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFIT OCCASIONED BY ANY BREACH OF WARRANTY OR REPRESENTATION OR RESULTING FROM THE USE OR PERFORMANCE OF THE EQUIPMENT. YOUR OBLIGATION TO PAY IN FULL ANY AMOUNT DUE UNDER THE LEASE WILL NOT BE AFFECTED BY ANY DISPUTE, CLAIM, COUNTERCLAIM, DEFENSE OR OTHER RIGHT WHICH YOU MAY HAVE OR ASSERT AGAINST THE SUPPLIER OR THE EQUIPMENT MANUFACTURER.

7. **DELIVERY AND ACCEPTANCE** YOU ARE RESPONSIBLE AT YOUR OWN COST TO ARRANGE FOR THE DELIVERY AND INSTALLATION OF THE EQUIPMENT (UNLESS THOSE COSTS ARE INCLUDED IN THE COSTS OF THE EQUIPMENT TO US). IF REQUESTED, YOU WILL SIGN A SEPARATE EQUIPMENT DELIVERY AND ACCEPTANCE CERTIFICATE. WE MAY AT OUR DISCRETION CONFIRM BY TELEPHONE THAT YOU HAVE ACCEPTED THE EQUIPMENT AND THAT TELEPHONE VERIFICATION OF YOUR ACCEPTANCE OF THE EQUIPMENT SHALL HAVE THE SAME EFFECT AS A SIGNED DELIVERY AND ACCEPTANCE CERTIFICATE.

(Terms and Conditions continued on the reverse side of this Lease.)

LESSEE SIGNATURE	YOU agree to all of the terms and conditions contained in both sides of this Lease and in any attachments to same (all of which are included by reference) and become part of this Lease. YOU acknowledge to have read and agreed to all the terms and conditions.	
	You agree that this is a non-cancelable lease. The Equipment is: <input checked="" type="checkbox"/> NEW <input type="checkbox"/> USED	
	Signature Paul M. L. Zian	Date 6/18/12
	Title Director of Administrative Services	
	Print Name PAUL A. MELIKIAN	
Legal Name of Corporation CITY OF REEDLEY		
(LEASE MUST BE SIGNED BY AUTHORIZED OFFICIAL OF LESSEE)		

LESSOR	Lessor Signature 	Date 6/18/12
	Print Name Tammy Karpa	
	Title Contract Specialist	
	For RABOBANK, N A	
	Lease Number PUB 11137	
	Lease Date JUNE 22 2012	
	Vendor ID Number F8492 ESCROW FUNDING	

8. TITLE PERSONAL PROPERTY LOCATION INSPECTION NO MODIFICATIONS OR ALTERATIONS WE have title to the Equipment, provided that title to the Equipment will immediately and without any action by US vest in YOU upon termination of this Lease pursuant to Section 17. It is the intent of the parties hereto that any transfer of title to YOU pursuant to this Section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. WE shall nevertheless execute and deliver any such instruments as YOU may request to evidence such transfer. As security for YOUR obligations hereunder WE retain a security interest in YOUR interest in the Equipment and all proceeds thereof. YOU have the right to use the Equipment during the term of this Lease except as otherwise expressly set forth in this Lease. Although the Equipment may become attached to real estate, it remains personal property. YOU agree not to alter or modify the Equipment or permit a lien to be placed upon YOUR interest in the Equipment or to remove the Equipment without OUR prior written consent. If WE feel it is necessary YOU agree to provide US with waivers of interest or liens from anyone claiming any interest in the real estate on which any items of Equipment is located. WE also have the right, at reasonable times to inspect the Equipment.

9. MAINTENANCE YOU are required at YOUR own cost and expense to keep the Equipment in good repair condition and working order except for ordinary wear and tear and YOU will supply all parts and servicing required. All replacement parts used or installed and repairs made to the Equipment will become OUR property.

YOU ACKNOWLEDGE THAT WE ARE NOT RESPONSIBLE FOR PROVIDING ANY REQUIRED MAINTENANCE AND/OR SERVICE FOR THE EQUIPMENT. YOU WILL MAKE ALL CLAIMS FOR SERVICE AND/OR MAINTENANCE SOLELY TO THE SUPPLIER AND/OR MANUFACTURER AND SUCH CLAIMS WILL NOT AFFECT YOUR OBLIGATION TO MAKE ALL REQUIRED LEASE PAYMENTS.

10. ASSIGNMENT YOU AGREE NOT TO TRANSFER, SELL, SUBLEASE, ASSIGN, PLEDGE OR ENCUMBER ANY RIGHTS UNDER THIS LEASE OR INTEREST IN THE EQUIPMENT WITHOUT OUR PRIOR WRITTEN CONSENT. YOU agree that WE may sell, assign or transfer this Lease and if WE do the new owner will have the same rights and benefits that WE now have and will not have to perform any of OUR obligations and the rights of the new owner will not be subject to any claims, counter claims, defenses or set-offs that YOU may have against US. YOU hereby appoint Municipal Registrar Services (the Registrar) as YOUR agent for the purpose of maintaining a written record of each assignment in form necessary to comply with Section 149(a) of the Internal Revenue Code of 1986 as amended. No such assignment shall be binding on YOU until the Registrar has received written notice from the assignor of the name and address of the assignee.

11. LOSS OR DAMAGE. YOU are responsible for the risk of loss or destruction of or damage to the Equipment. No such loss or damage relieves YOU from any obligation under this Lease. If any of the Equipment is damaged by fire or other casualty or title to, or the temporary use of, any of the Equipment is taken under the exercise of the power of eminent domain, the net proceeds (Net Proceeds) of any insurance claim or condemnation award will be applied to the prompt replacement, repair, restoration, modification or improvement of that Equipment, unless YOU have exercised YOUR option to purchase the Equipment pursuant to Section 17. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to YOU.

12. INDEMNITY WE are not responsible for any losses or injuries caused by the manufacture, acquisition, delivery, installation, ownership, use, lease, possession, maintenance, operation or rejection of the Equipment or defects in the Equipment. To the extent permitted by law, YOU agree to reimburse US for and to defend US against any claim for losses or injuries relating to the Equipment. This indemnity will continue even after the termination of this Lease.

13. TAXES YOU agree to pay all applicable license and registration fees, sale and use taxes, personal property taxes and all other taxes and charges relating to the ownership, leasing, rental, sale, purchase, possession or use of the Equipment (except those based on OUR net income). YOU agree that if WE pay any taxes or charges, YOU will reimburse US for all such payments and will pay US interest and a late charge (as calculated in Section 3) on such payments with the next Lease Payment plus a fee for OUR collecting and administering any taxes, assessments or fees and remitting them to the appropriate authorities.

14. INSURANCE During the term of this Lease, YOU will keep the Equipment insured against all risks of loss or damage in an amount not less than the replacement cost of the Equipment, with out deductible and without co-insurance. YOU will also obtain and maintain for the term of this Lease comprehensive public liability insurance covering both personal injury and property damage of at least \$100,000 per person and \$300,000 per occurrence or bodily injury and \$50,000 for property damage. WE will be the sole named loss payee on the property insurance and named as an additional insured on the public liability insurance. YOU will pay all premiums for such insurance and must deliver proof of insurance coverage satisfactory to US. If YOU do not provide such insurance, YOU agree that WE have the right, but not the obligation, to obtain such insurance and add an insurance fee to the amount due from you, on which we make a profit.

15. DEFAULT Subject to Section 5, YOU are in default of this Lease if any of the following occurs: (a) YOU fail to pay any Lease Payment or other sum when due; (b) YOU breach any warranty or other obligation under this Lease or any other agreement with US; (c) YOU become insolvent or unable to pay YOUR debts when due; YOU make an assignment for the benefit of creditors or YOU undergo a substantial deterioration in YOUR financial condition; or (d) YOU file or have filed against YOU a petition for liquidation, reorganization, adjustment of debt or similar relief under the Federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law or a trustee, receiver or liquidator is appointed for YOU or a substantial part of YOUR assets.

16. REMEDIES WE have the following remedies if YOU are in default of this Lease. WE may declare the entire balance of the unpaid Lease Payments for the then current Original Term or Renewal Term immediately due and payable, sue for and receive all Lease Payments and any other payments then accrued or accelerated under this Lease, charge YOU interest on all monies due US at the rate of eighteen percent (18%) per year from the date of default until paid, but in no event more than the maximum rate permitted by law; charge YOU a return-check or non-sufficient funds charge ("NSF Charge") of \$25.00 for a check that is returned for any reason and require that YOU return the Equipment to US and if YOU fail to return the Equipment, enter upon the premises peacefully with or without legal process where the Equipment is located and repossess the Equipment. Such return or repossession of the Equipment will not constitute a termination of this Lease unless WE expressly notify YOU in writing. If the Equipment is returned or repossessed by US and unless WE have terminated this Lease, WE will sell or re-rent the Equipment to any persons with any terms WE determine at one or more public or private sales, with or without notice to YOU, and apply the net proceeds after deducting the costs and expenses of such sale or re-rent to YOUR obligations with YOU remaining liable for any deficiency and with any excess over the amounts described in this Section plus the then applicable Purchase Price to be paid to YOU.

YOU are also required to pay (i) all expenses incurred by US in connection with the enforcement of any remedies, including all expenses of repossessing, storing, shipping, repairing and selling the Equipment and (ii) reasonable attorneys' fees.

17. PURCHASE OPTION Provided YOU are not in default, YOU shall have the option to purchase all but not less than all of the Equipment (a) on the date the last Lease Payment is due (assuming this Lease is renewed at the end of the Original Term and each Renewal Term), if this Lease is still in effect on that day upon payment in full of Lease Payments and all other amounts then due and the payment of One Dollar to US; (b) on the last day of the Original Term or any Renewal Term then in effect, upon at least 60 days prior written notice to US and payment in full to US of the Lease Payments and all other amounts then due plus the then applicable Purchase Price set forth on the Lease Payment

Schedule; or (c) if substantial damage to or destruction or condemnation of substantially all of the Equipment has occurred on the day specified in YOUR written notice to US of YOUR exercise of the purchase option, upon at least 60 days prior notice to US and payment in full to US of the Lease Payments and all other amounts then due plus the then applicable Purchase Price set forth on the Lease Payment Schedule.

18. REPRESENTATIONS AND WARRANTIES YOU warrant and represent as follows: (a) YOU are a public body corporate and politic duly organized and existing under the constitution and laws of YOUR State with full power and authority to enter into this Lease and the transactions contemplated hereby and to perform all of YOUR obligations hereunder; (b) YOU have duly authorized the execution and delivery of this Lease by proper action by YOUR governing body at a meeting duly called, regularly convened and attended throughout by the requisite majority 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 Lease; (c) YOU have complied with such public bidding requirements as may be applicable to this Lease and the acquisition by YOU of the Equipment; (d) all authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by YOU of this Lease or in connection with the carrying out by YOU of YOUR obligations hereunder have been obtained; (e) this Lease constitutes the legal, valid and binding obligation of YOU enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally; (f) YOU have, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Lease Payments scheduled to come due during the current budget year and to meet YOUR other obligations under this Lease for the current budget year, and those funds have not been expended for other purposes; (g) the Equipment is essential to YOUR functions or to the services YOU provide to YOUR citizens; YOU have an immediate need for the Equipment and expect to make immediate use of the Equipment; YOUR need for the Equipment is not temporary and YOU do not expect the need for any item of the Equipment to diminish in the foreseeable future, including the Full Lease Term, and the Equipment will be used by YOU only for the purpose of performing one or more of YOUR governmental or proprietary functions consistent with the permissible scope of YOUR authority and will not be used in the trade or business of any other entity or person; and (h) YOU have never failed to appropriate or otherwise make available funds sufficient to pay rental or other payments coming due under any lease purchase, installment sale or other similar agreement.

19. UCC FILINGS AND FINANCIAL STATEMENTS YOU authorize US to file a financing statement with respect to the Equipment. If WE feel it is necessary, YOU agree to submit financial statements (audited if available) on a quarterly basis.

20. UCC ARTICLE 2A PROVISIONS YOU agree that this Lease is a Finance Lease as that term is defined in Article 2A of the Uniform Commercial Code ("UCC"). YOU acknowledge that WE have given YOU the name of the Supplier of the Equipment. WE hereby notify YOU that YOU may have rights under the contract with the Supplier and YOU may contact the Supplier for a description of any rights or warranties that YOU may have under this supply contract. YOU also waive any and all rights and remedies granted YOU under Sections 2A-508 through 2A-522 of the UCC.

21. TAX EXEMPTION YOU will comply with all applicable provisions of the Internal Revenue Code of 1986 as amended, including without limitation Sections 103 and 148 thereof and the applicable regulations thereunder to maintain the exclusion of the interest portion of the Lease Payments from gross income for purposes of federal income taxation.

22. BANK QUALIFICATION If YOU checked the Bank Qualification Elected box on the front page of this Lease, YOU and all YOUR subordinate entities will not issue in excess of \$10,000,000 of qualified tax-exempt obligations (including this Lease but excluding private activity bonds other than qualified 501(c)(3) bonds) during the calendar year in which WE fund this Lease without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations acceptable to US that the designation of this Lease as a qualified tax-exempt obligation will not be adversely affected.

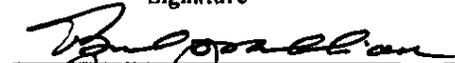
23. CHOICE OF LAW, JURY TRIAL WAIVER This Lease shall be governed and construed in accordance with the laws of the state where YOU are located. To the extent permitted by law, YOU agree to waive YOUR rights to a trial by jury.

24. ENTIRE AGREEMENT; SEVERABILITY WAIVERS This Lease contains the entire agreement and understanding. No agreements or understandings are binding on the parties unless set forth in writing and signed by the parties. Any provision of this Lease which for any reason may be held unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective without invalidating the remaining provisions of this Lease. THIS LEASE IS NOT INTENDED FOR TRANSACTIONS WITH AN EQUIPMENT COST OF LESS THAN \$1,000.

25. FACSIMILE DOCUMENTATION YOU agree that a facsimile copy of this Lease with facsimile signatures may be treated as an original and will be admissible as evidence of this Lease.

INCUMBENCY CERTIFICATE

The undersigned, a duly authorized representative of CITY OF REEDLEY (hereinafter "Lessee"), in connection with the Escrow Agreement dated contemporaneously herewith by and among CITY OF REEDLEY, RABOBANK, N.A. and UMB Bank n a (hereinafter the 'Escrow Agreement') HEREBY CERTIFIES that the persons whose names, titles and signatures appear below are duly qualified and acting representatives of Lessee on the date hereof. Each holds the office set forth beside his/her name, and the signature appearing opposite his/her name is the genuine signature of such representative. Each is authorized to act on behalf of Lessee with respect to all matters requiring the direction, consent or other action of Lessee as set forth in the Escrow Agreement. UMB Bank, n a is entitled to rely on this certification until receipt of written notice to the contrary.

Name	Signature	Title
<u>Paul Melikyan</u>		<u>Administrative Services Director</u>
<u>Nicole R Zieba</u>		<u>City Manager</u>
_____	_____	_____
_____	_____	_____

25th IN WITNESS WHEREOF the undersigned has executed this Certificate for and on behalf of Lessee on this day of June 2012

CITY OF REEDLEY
LESSEE

By 
Title City Manager

ATTACHMENT 1

STATE AND LOCAL GOVERNMENT LEASE-PURCHASE AGREEMENT

Lease Payment Schedule

LESSOR RABOBANK N A

LESSEE CITY OF REEDLEY

LEASE NUMBER PUB 11137

LEASE DATE JUNE 22, 2012

Payment Number	Payment Date	Rental Payment	Interest Portion	Principal Portion	Balance	Purchase Price
Loan	06/22/2012	0 00	0 00	0 00	245 752 59	0 00
1	07/08/2012	16 472 59	399 87	16 072 92	229 679 67	236 570 06
2	10/08/2012	16 472 59	2 130 27	14 342 32	215 337 35	221 797 47
3	01/08/2013	16 472 59	1 997 25	14 475 34	200 862 01	208 887 87
4	04/08/2013	16 472 59	1 862 99	14 608 60	186 252 41	191 839 98
5	07/08/2013	16 472 59	1 727 49	14 745 10	171 507 31	176 652 53
6	10/08/2013	16 472 59	1 590 73	14 881 86	156 625 45	161 324 21
7	01/08/2014	16 472 59	1 452 70	15 019 89	141 605 56	145 853 73
8	04/08/2014	16 472 59	1 313 39	15 159 20	126 446 36	130 239 75
9	07/08/2014	16 472 59	1 172 79	15 299 80	111 146 56	114 480 96
10	10/08/2014	16 472 59	1 030 88	15 441 71	95 704 85	98 576 00
11	01/08/2015	16 472 59	887 66	15 584 93	80 119 92	82 523 52
12	04/08/2015	16 472 59	743 11	15 729 48	64 390 44	66 322 15
13	07/08/2015	16 472 59	597 22	15 875 37	48 515 07	49 970 52
14	10/08/2015	16 472 59	449 98	16 022 81	32 492 46	33 467 23
15	01/08/2016	16 472 59	301 37	16 171 22	16 321 24	16 810 88
16	04/08/2016	16 472 59	151 35	16 321 24	0 00	0 00
Grand Totals		263 561 44	17 808 85	245 752 59		

Signature *Paul Melivan* Date 6/18/12
 Print Name Paul Melivan, Director of Administrative Services

08RABOP007AV5

ATTACHMENT 2

**STATE AND LOCAL GOVERNMENT LEASE-PURCHASE AGREEMENT
EQUIPMENT DESCRIPTION**

Quantity	Description/Serial No./Model No	Location
5	2011 Ford Crown Victoria Police Sedans	
	VIN 2FABP7BV2BX182672	
	VIN 2FABP7BV9BX182667	
	VIN 2FABP7BV7BX182666	
	VIN 2FABP7BV8BX182688	
	VIN 2FABP7BV5BX182665	
3	2013 FORD TAURUS	
	VIN _____	
	VIN _____	
	VIN _____	

LESSEE Signature: *Paul Melikian* Date: 6/18/12
Print Name: PAUL MELIKIAN, Director of Administrative Services

10PFD0C169v1

251 84016

Form **8038-G**
(Rev. May 2010)
Department of the Treasury
Internal Revenue Service

Information Return for Tax Exempt Governmental Obligations

> Under Internal Revenue Code Section 140(e)
> See separate instructions.
Caution: If the issue price is under \$100,000, use Form 8038-GC

OMB No. 1545-0720

Part I Reporting Authority Amended Return check here

1 Issuer's Name
CITY OF REEDLEY

2 Issuer's employer identification number (EIN)
74-6000702

3 Number and street (or P.O. box if mail is not delivered to street address) Room/Suite
1717 8TH ST

4 Report number (For IRS Use Only)

5 City, town, or post office, state and ZIP code
REEDLEY, CA 93854

6 Date of issue

7 Name of Issue
STATE AND LOCAL GOVERNMENT LEASE PURCHASE AGREEMENT DATED JUNE 8, 2012

8 CUSIP Number

9 Name and title of officer or legal representative whom the IRS may call for more information
PAUL A MELIKIAN, Dir Admin SVCS

10 Telephone number of officer or legal representative
(559) 637 4200 ext 300

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 Education

12 Health and hospital

13 Transportation **police cars**

14 Public safety

15 Environment (including sewage bonds)

16 Housing

17 Utilities

18 Other Describe > **ESCROW**

19 If obligations are TANs or RANs check box 19a > If obligations are BANs check box 19b

20 If obligations are in the form of a lease or installment sale check box

11	
12	
13	
14	
15	
16	
17	
18	\$245,752.59

Part III Description of Obligations (Complete for the entire issue for which this form is being filed)

21	(a) Final Maturity date	(b) Issue Price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
				Years	3.71 %

Part IV Use of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest

23 Issue price of entire issue (enter amount from line 21 column (b))

24 Proceeds used for bond issuance costs (including underwriters' discount)

25 Proceeds used for credit enhancement

26 Proceeds allocated to reasonably required reserve or replacement bond

27 Proceeds used to currently refund prior issues

28 Proceeds used to advance refund prior issues

29 Total (add lines 24 through 28)

30 Nonrefunding proceed of the issue (subtract line 29 from line 23 and enter amount here)

22	
23	
24	
25	
26	
27	
28	
29	\$0.00
30	

Part V Description of Refunded Bonds (Complete this part only for refunding bonds)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded years

33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)

34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)

36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)

b Enter the final maturity date of the GIC >

37 Pooled financing a Proceeds of this issue that are to be used to make loans to other governmental units

b If the issue is a loan made from the proceeds of another tax-exempt issue check box > and enter the name of the issuer > and the date of the issue >

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception) check box >

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate check box >

40 If the issuer has identified a hedge check box >

Signature and Consent

Under the penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information as necessary to process this return to the person that I have authorized above.

Signature of issuer's authorized representative _____ Date _____ Type or print name and title _____

Paid Preparer's Use Only

Preparer's signature > _____ Date _____ Check if self-employed Preparer's SSN or PTIN _____

Firm's name (or yours if self-employed) address and ZIP code > _____ EIN _____

Phone no _____

issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for obligations issued under a draw-down loan that meets the requirements of the preceding sentence, obligations issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first obligation. Likewise, obligations (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first obligation.

Arbitrage rebate. Generally, interest on a state or local bond is not tax exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

Construction issue. This is an issue of tax exempt bonds that meets both of the following conditions:

1. At least 75% of the available construction proceeds are to be used for construction expenditures with respect to property to be owned by a governmental unit or a 501(c)(3) organization; and

2. All the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1½% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

Specific Instructions

Part I—Reporting Authority

Amended return. An issuer may file an amended return to change or add to the information reported on a previously filed return for the same date of issue. If you are filing to correct errors or change a previously filed return, check the **Amended Return** box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new or corrected information. Attach an explanation of the reason for the amended return and write across the top **Amended Return Explanation**.

Line 1. The issuer's name is the name of the entity issuing the obligations, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

Line 2. An issuer that does not have an employer identification number (EIN) should apply for one on Form SS-4, Application for Employer Identification Number. This form may be obtained at Social Security Administration offices or by calling 1-800-TAX-FORM (1-800-829-3676). You can also get this form on the IRS website at www.irs.gov. You may receive an EIN by telephone by following the instructions for Form SS-4.

Line 4. This line is for IRS use only. Do not make any entries in this box.

Line 6. The date of issue is generally the date on which the issuer physically exchanges the bonds that are part of the issue for the underwriter's (or other purchaser's) funds. For a lease or installment sale, enter the date interest starts to accrue.

Line 7. If there is no name of the issue, please provide other identification of the issue.

Line 8. Enter the CUSIP (Committee of Uniform Securities Identification Procedure) number of the bond with the latest maturity. If the issue does not have a CUSIP number, write "None."

Lines 9 and 10. Enter the name, title, and telephone number of the officer of the issuer whom the IRS may call for more information. If the issuer wishes to designate a person other than an officer of the issuer (including a legal representative or paid preparer) whom the IRS may call for more information with respect to this return, enter the name, title, and telephone number of such person here.

Note. By authorizing a person other than an authorized officer of the issuer to communicate with the IRS and whom the IRS may call for more information with respect to this return, the issuer authorizes the IRS to communicate directly with the individual listed in line 9 and consents to the disclosure of the issuer's return information to that individual, as necessary, in order to process this return.

Part II—Type of Issue



Elections referred to in Part II are made on the original bond documents, not on this form.

Identify the type of obligations issued by entering the corresponding issue price (see **Issue price** under **Definitions** on page 1). Attach a schedule listing names and EINs of organizations that are to use proceeds of these obligations, if different from those of the issuer. Include a brief summary of the use and indicate whether or not such user is a governmental or nongovernmental entity.

Line 18. Check the box on this line only if lines 11 through 17 do not apply. Enter a description of the issue in the space provided.

Line 19. If the obligations are short term tax anticipation notes or warrants (TANs) or short term revenue anticipation notes or warrants (RANs), check box 19a. If the obligations are short term bond anticipation notes (BANs) issued with the expectation that they will be refunded with the proceeds of long term bonds at some future date, check box 19b. Do not check both boxes.

Line 20. Check this box if property other than cash is exchanged for the obligation, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of obligation is sometimes referred to as a municipal lease.) Also check this box if real property is directly acquired in exchange for an obligation to make periodic payments of interest and principal. Do not check this box if the proceeds of the obligation are received in the form of cash, even if the term lease is used in the title of the issue.

Part III—Description of Obligations

Line 21. For column (a), the final maturity date is the last date the issuer must redeem the entire issue.

For column (b), see **Issue price** under **Definitions** on page 1.

For column (c), the stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. For a lease or installment sale, write "N/A" in column (c).

For column (d), the weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions) divided by the issue price of the entire issue (from line 21, column (b)). For a lease or installment sale, enter instead the total number of years the lease or installment sale will be outstanding.

For column (e), the yield, as defined in section 148(h), is the discount rate that, when used to compute the present value of all payments of principal and interest to be paid on the obligation, produces an amount equal to the purchase price including accrued interest. See Regulations section 1.148-4 for specific rules to compute the yield on an issue. If the issue is a variable rate issue, write "VR" as the yield of the issue. For other than variable rate issues, carry the yield out to four decimal places (for example, 5.3125%). If the issue is a lease or installment sale, enter the effective rate of interest being paid.

Part IV—Uses of Proceeds of Bond Issue

For a lease or installment sale write N/A in the space to the right of the title for Part IV

Line 22 Enter the amount of proceeds that will be used to pay interest from the date the bonds are dated to the date of issue

Line 24 Enter the amount of the proceeds that will be used to pay bond issuance costs including fees for trustees and bond counsel. If no bond proceeds will be used to pay bond issuance costs, enter zero. Do not leave this line blank.

Line 25 Enter the amount of the proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for example, bond insurance premiums and certain fees for letters of credit).

Line 26 Enter the amount of proceeds that will be allocated to such a fund.

Line 27 Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds within 90 days of the date of issue.

Line 28. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds after 90 days of the date of issue including proceeds that will be used to fund an escrow account for this purpose.

Part V—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax exempt bonds. For a lease or installment sale write "N/A" in the space to the right of the title for Part V.

Lines 31 and 32 The remaining weighted average maturity is determined without regard to the refunding. The weighted average maturity is determined in the same manner as on line 21 column (d).

Line 34 If more than a single issue of bonds will be refunded enter the date of issue of each issue. Enter the date in an MM/DD/YYYY format.

Part VI—Miscellaneous

Line 35 An allocation of volume cap is required if the nonqualified amount with respect to the issue exceeds \$15 million

but does not exceed the amount which would cause the issue to be private activity bonds.

Line 36 If any portion of the gross proceeds of the issue are or will be invested in a guaranteed investment contract (GIC) as defined in Regulations section 1.148-1(b) enter the amount of the gross proceeds so invested as well as the final maturity date of the GIC.

Line 37a Enter the amount of this issue used to fund a loan to another governmental unit the interest of which is tax-exempt.

Line 39 Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038 T for each 6 month period after the date the bonds are issued. Do not make any payment of penalty in lieu of arbitrage rebate with this form. See Rev. Proc. 92-22, 1992-1 CB 736 for rules regarding the "election document."

Line 40 Check this box if the issuer identified a hedge on its books and records in accordance with Regulations sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5). These regulations permit an issuer of tax exempt bonds to identify a hedge for it to be included in yield calculations for computing arbitrage.

Signature and Consent

An authorized officer of the issuer must sign Form 8038 G and any applicable certification. Also print the name and title of the person signing Form 8038 G. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return to the person(s) that have been designated in Form 8038 G.

Note If authority is granted in line 8 for the IRS to communicate with a person other than an officer of the issuer by signing this form the issuer's authorized representative consents to the disclosure of the issuer's return information as necessary to process this return to such person.

Paid Preparer

If an authorized officer of the issuer filled in this return the paid preparer's space should remain blank. Anyone who prepares the return but does not charge

the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full time employee of the issuer such as a clerk, secretary, etc. should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer's Use Only* area of the return.

- The paid preparer must:
- Sign the return in the space provided for the preparer's signature,
 - Enter the preparer information, and
 - Give a copy of the return to the issuer.

Privacy Act and Paperwork Reduction Act Notice We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws. Section 6109 requires paid preparers to provide their identifying number.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential as required by section 6103.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

Learning about the law or the form	2 hr 41 min
Preparing, copying, assembling, and sending the form to the IRS	3 hr 3 min

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service Tax Products Coordinating Committee, SE W CAR M P T T SP 1111, Constitution Ave. NW, IR 6526, Washington, DC 20224. Do not send the form to this office. Instead, see *Where To File* on page 1.

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement") dated as of June 22 2012 and entered into among Rabobank N A a Delaware limited liability company ("Lessor") City of Reedley a public body corporate and politic existing under the laws of California ("Lessee") and UMB Bank n a a national banking corporation as escrow agent (Escrow Agent)

Name of Acquisition Fund " _____
Equipment Acquisition Fund Account No _____
Amount of Deposit into the Acquisition Fund \$245 752 59 (This includes the \$500 00 Escrow fee to UMB)

TERMS AND CONDITIONS

1 This Escrow Agreement relates to and is hereby made a part of the State and Local Government Lease Purchase Agreement dated as of June 22 2012 (the "Agreement") between Lessor and Lessee

2 Except as otherwise defined herein all terms defined in the Agreement shall have the same meaning for the purposes of this Escrow Agreement as in the Agreement

3 Lessor Lessee and Escrow Agent agree that Escrow Agent will act as sole Escrow Agent under the Agreement and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement Escrow Agent shall not be deemed to be a party to the Agreement and this Escrow Agreement shall be deemed to constitute the entire agreement between Lessor and Lessee and Escrow Agent

4 There is hereby established in the custody of Escrow Agent a special trust fund designated as set forth above (the "Acquisition Fund") to be held and administered by Escrow Agent in trust for the benefit of Lessor and Lessee in accordance with this Escrow Agreement Lessee hereby grants to Lessor a security interest in the cash and negotiable instruments from time to time comprising the Acquisition Fund (the "Security Interest") To the limited extent required to perfect the Security Interest Lessor hereby appoints Escrow Agent as its security agent and Escrow Agent accepts the appointment as security agent and agrees to hold physical possession of such cash and negotiable instruments on behalf of Lessor

5 Lessor shall deposit in the Acquisition Fund the amount specified above Moneys held by Escrow Agent hereunder shall be invested and reinvested by Escrow Agent upon written direction of an authorized representative of Lessee in Qualified Investments (as hereinafter defined) maturing or subject to redemption at the option of the holder thereof prior to the date on which it is expected that such funds will be needed Escrow Agent may act as purchaser or agent in the making or disposing of any investment Escrow Agent shall have no obligation to invest or reinvest moneys if deposited with Escrow Agent after 11 00 a m (E S T) on such day of deposit Instructions received after 11 00 a m (E S T) will be treated as if received on the following business day Escrow Agent shall have no responsibility for any investment losses resulting from the investment reinvestment or liquidation of funds held in the Acquisition Fund Any interest or other income received on such investment and reinvestment of such funds shall become part of the Acquisition Fund and any losses incurred on such investment and reinvestment of such funds shall be debited against the Acquisition Fund If the authorized representative of Lessee does not provide the Escrow Agent with written instructions directing the investment or reinvestment of such funds the Escrow Agent may invest such funds in money market funds of a type described in Section 6(a)(iv) or Section 6(b)(vi) as appropriate until the Escrow Agent has received appropriate written instructions from the authorized representative It is agreed and understood that the entity serving as Escrow Agent may earn fees associated with the investments described herein in accordance with the terms of such investments Notwithstanding the foregoing Escrow Agent shall have the power to sell or liquidate the foregoing investments whenever Escrow Agent shall be required to pay or disburse all or any portion of the funds held hereunder pursuant to the provisions hereof In no event shall Escrow Agent be deemed an investment manager or adviser in respect of any selection of investments hereunder

6 'Qualified Investments' shall be defined for purposes of this Escrow Agreement as follows

- (a) For an Agreement not qualified for the arbitrage rebate exception for small governmental units under Section 148(f)(4)(C) of the Code "Qualified Investments" means to the extent the same are at the time legal for investment of the funds being invested (i) United States Treasury Bills or United States Treasury Notes traded on an open market or issued directly by the United States at a yield not exceeding 3.71% per annum, (ii) United States Treasury Obligations State and Local Government Series time deposit securities with a yield not exceeding 3.71% per annum (iii) obligations the interest of which is not includable in the gross income of the owner thereof for federal income tax purposes under Section 103 of the Code and which are rated AA or better by Standard & Poor's Corporation or Aa or better by Moody's Investors Service Inc (iv) shares of qualified regulated investment companies which distribute exempt interest dividends within the meaning of Section 852 of the Code and which are rated AA or better by Standard & Poor's Corporation or Aa or better by Moody's Investors Service Inc (tax-exempt mutual funds) or (v) United States Treasury Obligations State and Local Government Series demand deposit securities
- (b) For an Agreement qualified for the arbitrage rebate exception for small governmental units under Section 148(f)(4)(C) of the Code "Qualified Investments" means to the extent the same are at the time legal for investment of the funds being invested (i) direct general obligations of the United States of America (ii) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America (iii) general obligations of the agencies and instrumentalities of the United States of America acceptable to Lessor (iv) certificates of deposit time deposits or demand deposits with any bank or savings institution including Escrow Agent or any affiliate thereof provided that such certificates of deposit time deposits or demand deposits if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation are fully secured by obligations described in (i) (ii) or (iii) above (v) repurchase agreements with any state or national bank or trust company, including Escrow Agent or any affiliate thereof that are secured by obligations of the type described in (i) (ii) or (iii) above provided that such collateral is free and clear of claims of third parties and that Escrow Agent or a third party acting solely as agent for Escrow Agent has possession of such collateral and a perfected first security interest in such collateral or (vi) shares of money market funds which are registered under the Investment Act of 1940 as amended and which are rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service Inc

7 Moneys in the Acquisition Fund shall be used to pay for the cost of acquisition of the Equipment listed in the Agreement. Payment shall be made from the Acquisition Fund for the cost of acquisition of part or all of said Equipment listed in the Agreement upon presentation to Escrow Agent of one or more properly executed Payment Request and Acceptance Certificates a form of which is attached as Exhibit A executed by Lessee and approved for payment by Lessor, together with an invoice for the cost of the acquisition of said Equipment for which payment is requested and a written approval by Lessor of the vendor be paid.

8 The Acquisition Fund shall terminate upon the occurrence of the earlier of (a) the presentation of a proper Payment Request and Acceptance Certificate with the portion thereof designated "Final Acceptance Certificate" properly executed by Lessee or (b) the presentation of written notification by Lessor or if Lessor shall have assigned its interest under the Agreement then the assignees or subassignees of all of Lessor's interest under the Agreement or an Agent on their behalf that a default has occurred or that Lessee has terminated the Agreement pursuant to Section 5 of the Agreement. Upon termination as described in clause (a) of this paragraph any amount remaining in the Acquisition Fund shall be used to prepay the principal component of Lease Payments unless Lessor directs that payment of such amount be made in such other manner directed by Lessor that, in the opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Lessor, will not adversely affect the exclusion of the interest components of Lease Payments from gross income for federal income tax purposes. If any such amount is used to prepay principal the Exhibit A of Lease Payments appearing in the Agreement shall be revised accordingly as specified by Lessor. Upon termination as described in clause (b) of this

paragraph any amount remaining in the Acquisition Fund shall immediately be paid to Lessor or to any assignees or subassignees of Lessor's interest in this Escrow Agreement

9 Escrow Agent may at any time resign by giving at least 30 days written notice to Lessee and Lessor but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, Escrow Agent may be removed at any time with or without cause, by an instrument in writing executed by Lessor and Lessee. In the event of any resignation or removal of Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent. Thereupon such successor Escrow Agent shall, without any further act or deed, be fully vested with all the trusts, powers, rights, duties and obligations of Escrow Agent under this Escrow Agreement and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to such successor Escrow Agent.

10 Escrow Agent incurs no liability to make any disbursements pursuant to the Escrow Agreement except from funds held in the Acquisition Fund. Escrow Agent makes no representations or warranties as to the title to any Equipment listed in the Agreement or as to the performance of any obligations of Lessor or Lessee. Escrow Agent may consult legal counsel in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder and it shall incur no liability and shall be fully protected in acting in accordance with the opinion or instructions of such counsel. Lessee agrees to indemnify Escrow Agent for and to hold it harmless against any loss, liability or expense incurred in connection herewith without gross negligence or willful misconduct on the part of Escrow Agent, including without limitation legal or other fees arising out of or in connection with its entering into this Escrow Agreement and carrying out its duties hereunder, including without limitation the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. Escrow Agent shall be under no obligation to institute or defend any action, suit or legal proceeding in connection herewith, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that Escrow Agent shall not be indemnified against any loss, liability or expense arising out of its own gross negligence or willful misconduct. Such indemnity shall survive the termination or discharge of this Escrow Agreement or resignation of Escrow Agent.

11 This Escrow Agreement shall be governed by and construed in accordance with the laws of the State in which Escrow Agent is located.

12 In the event any provision of this Escrow 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.

13 This Escrow Agreement may not be amended except by a written instrument executed by Lessor, Lessee and Escrow Agent.

14 This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

15 Escrow Agent shall be entitled to fees and expenses for its regular services as Escrow Agent as agreed to in writing with the [Lessor/Lessee]. Escrow Agent is entitled to fees for extraordinary services and reimbursement of any out of pocket and extraordinary costs and expenses, including but not limited to attorneys' fees. Escrow Agent shall have a first lien upon the Acquisition Fund for the purpose of paying its fees and expenses. All of Escrow Agent's compensation, costs and expenses shall be paid by [Lessee/Lessor].

16 The parties hereto agree that for tax reporting purposes, all interest or other income, if any, attributable to the funds held by Escrow Agent pursuant to this Escrow Agreement shall be allocable to Lessee. Lessor and Lessee agree to provide Escrow Agent completed Forms W-9 and other forms and documents that Escrow Agent may reasonably request (collectively, 'Tax Reporting Documentation') at the time of execution of this

Escrow Agreement and any information reasonably requested by Escrow Agent to comply with the USA Patriot Act of 2001 as amended from time to time. Additionally, the parties shall complete the Incumbency Certificate attached to this Escrow Agreement and provide it to Escrow Agent upon the execution of this Escrow Agreement. The parties hereto understand that if such Tax Reporting Documentation is not so certified to Escrow Agent, Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by Escrow Agent pursuant to this Escrow Agreement.

IN WITNESS WHEREOF, Lessor, Lessee and Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives, all as of the ____ day of _____, 2012.

RABOBANK, N.A.
LESSOR

By _____

Title _____

CITY OF REEDLEY
LESSEE

By _____

Title _____

UMB BANK, n.a., as escrow agent
ESCROW AGENT

By _____

Title _____

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of June 22, 2012, and entered into among Rabobank N A a Delaware limited liability company ("Lessor"), City of Reedley a public body corporate and politic existing under the laws of California ('Lessee'), and UMB Bank, n a , a national banking corporation, as escrow agent ('Escrow Agent')

Name of Acquisition Fund _____"
Equipment Acquisition Fund Account No _____
Amount of Deposit into the Acquisition Fund \$245 752 59 (This includes the \$500 00 Escrow fee to UMB)

TERMS AND CONDITIONS

1 This Escrow Agreement relates to and is hereby made a part of the State and Local Government Lease Purchase Agreement dated as of June 22, 2012 (the "Agreement"), between Lessor and Lessee

2 Except as otherwise defined herein all terms defined in the Agreement shall have the same meaning for the purposes of this Escrow Agreement as in the Agreement

3 Lessor Lessee and Escrow Agent agree that Escrow Agent will act as sole Escrow Agent under the Agreement and this Escrow Agreement in accordance with the terms and conditions set forth in this Escrow Agreement Escrow Agent shall not be deemed to be a party to the Agreement, and this Escrow Agreement shall be deemed to constitute the entire agreement between Lessor and Lessee and Escrow Agent.

4 There is hereby established in the custody of Escrow Agent a special trust fund designated as set forth above (the "Acquisition Fund") to be held and administered by Escrow Agent in trust for the benefit of Lessor and Lessee in accordance with this Escrow Agreement Lessee hereby grants to Lessor a security interest in the cash and negotiable instruments from time to time comprising the Acquisition Fund (the "Security Interest") To the limited extent required to perfect the Security Interest Lessor hereby appoints Escrow Agent as its security agent and Escrow Agent accepts the appointment as security agent and agrees to hold physical possession of such cash and negotiable instruments on behalf of Lessor

5 Lessor shall deposit in the Acquisition Fund the amount specified above Moneys held by Escrow Agent hereunder shall be invested and reinvested by Escrow Agent upon written direction of an authorized representative of Lessee in Qualified Investments (as hereinafter defined) maturing or subject to redemption at the option of the holder thereof prior to the date on which it is expected that such funds will be needed Escrow Agent may act as purchaser or agent in the making or disposing of any investment Escrow Agent shall have no obligation to invest or reinvest moneys if deposited with Escrow Agent after 11 00 a m (E S T) on such day of deposit Instructions received after 11 00 a m (E S T) will be treated as if received on the following business day Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of funds held in the Acquisition Fund Any interest or other income received on such investment and reinvestment of such funds shall become part of the Acquisition Fund and any losses incurred on such investment and reinvestment of such funds shall be debited against the Acquisition Fund If the authorized representative of Lessee does not provide the Escrow Agent with written instructions directing the investment or reinvestment of such funds the Escrow Agent may invest such funds in money market funds of a type described in Section 6(a)(iv) or Section 6(b)(vi) as appropriate until the Escrow Agent has received appropriate written instructions from the authorized representative It is agreed and understood that the entity serving as Escrow Agent may earn fees associated with the investments described herein in accordance with the terms of such investments Notwithstanding the foregoing Escrow Agent shall have the power to sell or liquidate the foregoing investments whenever Escrow Agent shall be required to pay or disburse all or any portion of the funds held hereunder pursuant to the provisions hereof In no event shall Escrow Agent be deemed an investment manager or adviser in respect of any selection of investments hereunder

6 "Qualified Investments" shall be defined for purposes of this Escrow Agreement as follows

- (a) For an Agreement not qualified for the arbitrage rebate exception for small governmental units under Section 148(f)(4)(C) of the Code "Qualified Investments" means to the extent the same are at the time legal for investment of the funds being invested (i) United States Treasury Bills or United States Treasury Notes traded on an open market or issued directly by the United States at a yield not exceeding 3.71% per annum, (ii) United States Treasury Obligations State and Local Government Series time deposit securities with a yield not exceeding 3.71% per annum (iii) obligations the interest of which is not includable in the gross income of the owner thereof for federal income tax purposes under Section 103 of the Code and which are rated AA or better by Standard & Poor's Corporation or Aa or better by Moody's Investors Service, Inc , (iv) shares of qualified regulated investment companies which distribute exempt interest dividends within the meaning of Section 852 of the Code and which are rated AA or better by Standard & Poor's Corporation or Aa or better by Moody's Investors Service, Inc (tax-exempt mutual funds), or (v) United States Treasury Obligations State and Local Government Series demand deposit securities

- (b) For an Agreement qualified for the arbitrage rebate exception for small governmental units under Section 148(f)(4)(C) of the Code "Qualified Investments" means to the extent the same are at the time legal for investment of the funds being invested (i) direct general obligations of the United States of America, (ii) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, (iii) general obligations of the agencies and instrumentalities of the United States of America acceptable to Lessor (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution including Escrow Agent or any affiliate thereof provided that such certificates of deposit, time deposits or demand deposits if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in (i) (ii) or (iii) above, (v) repurchase agreements with any state or national bank or trust company, including Escrow Agent or any affiliate thereof that are secured by obligations of the type described in (i), (ii) or (iii) above, provided that such collateral is free and clear of claims of third parties and that Escrow Agent or a third party acting solely as agent for Escrow Agent has possession of such collateral and a perfected first security interest in such collateral, or (vi) shares of money market funds which are registered under the Investment Act of 1940 as amended, and which are rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service Inc

7 Moneys in the Acquisition Fund shall be used to pay for the cost of acquisition of the Equipment listed in the Agreement. Payment shall be made from the Acquisition Fund for the cost of acquisition of part or all of said Equipment listed in the Agreement upon presentation to Escrow Agent of one or more properly executed Payment Request and Acceptance Certificates, a form of which is attached as Exhibit A, executed by Lessee and approved for payment by Lessor together with an invoice for the cost of the acquisition of said Equipment for which payment is requested and a written approval by Lessor of the vendor be paid

8 The Acquisition Fund shall terminate upon the occurrence of the earlier of (a) the presentation of a proper Payment Request and Acceptance Certificate with the portion thereof designated "Final Acceptance Certificate" properly executed by Lessee, or (b) the presentation of written notification by Lessor, or if Lessor shall have assigned its interest under the Agreement then the assignees or subassignees of all of Lessor's interest under the Agreement or an Agent on their behalf, that a default has occurred or that Lessee has terminated the Agreement pursuant to Section 5 of the Agreement. Upon termination as described in clause (a) of this paragraph any amount remaining in the Acquisition Fund shall be used to prepay the principal component of Lease Payments unless Lessor directs that payment of such amount be made in such other manner directed by Lessor that in the opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Lessor will not adversely affect the exclusion of the interest components of Lease Payments from gross income for federal income tax purposes. If any such amount is used to prepay principal the Exhibit A of Lease Payments appearing in the Agreement shall be revised accordingly as specified by Lessor. Upon termination as described in clause (b) of this

paragraph, any amount remaining in the Acquisition Fund shall immediately be paid to Lessor or to any assignees or subassignees of Lessor's interest in this Escrow Agreement

9 Escrow Agent may at any time resign by giving at least 30 days written notice to Lessee and Lessor, but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, Escrow Agent may be removed at any time, with or without cause, by an instrument in writing executed by Lessor and Lessee. In the event of any resignation or removal of Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent. Thereupon such successor Escrow Agent shall without any further act or deed be fully vested with all the trusts, powers, rights, duties and obligations of Escrow Agent under this Escrow Agreement and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to such successor Escrow Agent.

10 Escrow Agent incurs no liability to make any disbursements pursuant to the Escrow Agreement except from funds held in the Acquisition Fund. Escrow Agent makes no representations or warranties as to the title to any Equipment listed in the Agreement or as to the performance of any obligations of Lessor or Lessee. Escrow Agent may consult legal counsel in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder and it shall incur no liability and shall be fully protected in acting in accordance with the opinion or instructions of such counsel. Lessee agrees to indemnify Escrow Agent for and to hold it harmless against any loss, liability or expense incurred in connection herewith without gross negligence or willful misconduct on the part of Escrow Agent, including without limitation legal or other fees arising out of or in connection with its entering into this Escrow Agreement and carrying out its duties hereunder, including without limitation the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. Escrow Agent shall be under no obligation to institute or defend any action, suit, or legal proceeding in connection herewith, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that Escrow Agent shall not be indemnified against any loss, liability or expense arising out of its own gross negligence or willful misconduct. Such indemnity shall survive the termination or discharge of this Escrow Agreement or resignation of Escrow Agent.

11 This Escrow Agreement shall be governed by and construed in accordance with the laws of the State in which Escrow Agent is located.

12 In the event any provision of this Escrow 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.

13 This Escrow Agreement may not be amended except by a written instrument executed by Lessor, Lessee and Escrow Agent.

14 This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original. Copies, teletypes, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

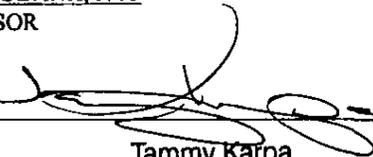
15 Escrow Agent shall be entitled to fees and expenses for its regular services as Escrow Agent as agreed to in writing with the [Lessor/Lessee]. Escrow Agent is entitled to fees for extraordinary services and reimbursement of any out of pocket and extraordinary costs and expenses, including, but not limited to, attorneys' fees. Escrow Agent shall have a first lien upon the Acquisition Fund for the purpose of paying its fees and expenses. All of Escrow Agent's compensation, costs and expenses shall be paid by [Lessee/Lessor].

16 The parties hereto agree that, for tax reporting purposes, all interest or other income, if any attributable to the funds held by Escrow Agent pursuant to this Escrow Agreement shall be allocable to Lessee. Lessor and Lessee agree to provide Escrow Agent completed Forms W-9 and other forms and documents that Escrow Agent may reasonably request (collectively "Tax Reporting Documentation") at the time of execution of this

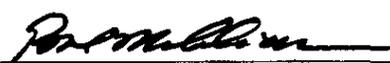
Escrow Agreement and any information reasonably requested by Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time. Additionally, the parties shall complete the Incumbency Certificate attached to this Escrow Agreement and provide it to Escrow Agent upon the execution of this Escrow Agreement. The parties hereto understand that if such Tax Reporting Documentation is not so certified to Escrow Agent, Escrow Agent may be required by the Internal Revenue Code as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by Escrow Agent pursuant to this Escrow Agreement.

IN WITNESS WHEREOF, Lessor, Lessee and Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives all as of the 18th day of June 2012.

RABOBANK, N.A.
LESSOR

By 
Title Tammy Karpa
Contract Specialist

CITY OF REEDLEY
LESSEE

By 
Title Director of Administrative Services

UMB BANK, n a , as escrow agent
ESCROW AGENT

By _____
Title _____

**FORM OF
PAYMENT REQUEST AND ACCEPTANCE CFRTIFICATE**

To UMB Bank n a as escrow agent
1010 Grand 4th Floor
Kansas City Missouri 64106

and

(LESSOR)

Re _____ Equipment Acquisition Fund No _____ established by the Escrow Agreement dated as of June 22 2012 (the "Escrow Agreement") among Rabobank N A ('Lessor") City of Reedley (Lessee") and UMB Bank n a as Escrow Agent (the ' Escrow Agent)

Ladies and Gentlemen

Escrow Agent is hereby requested to pay from the Acquisition Fund to the person or corporation designated below as Payee the sum set forth below in payment of a portion or all of the cost of the acquisition of the equipment described below The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the equipment and has not formed the basis of any prior request for payment The equipment described below is part or all of the Equipment that is listed in the State and Local Government Lease Purchase Agreement (the ' Agreement) described in the Escrow Agreement

<u>Quantity</u>	<u>Serial Number</u>	<u>Item</u>	<u>Amount</u>
-----------------	----------------------	-------------	---------------

Payee _____

Lessee hereby certifies and represents to and agrees with Lessor and Escrow Agent as follows

- (1) The Equipment described above has been delivered installed and accepted on the date hereof
- (2) Lessee has conducted such inspection and/or testing of said equipment as it deems necessary and appropriate and hereby acknowledges that it accepts said equipment for all purposes
- (3) Lessee is currently maintaining the insurance coverage required by **Section 14** of the Agreement

(4) No event or condition that constitutes, or with notice or lapse of time or both would constitute a default (as described in **Section 15** of the Agreement) exists at the date hereof

Dated _____ 20__

CITY OF REEDLEY
LFSSEE

By _____

Title _____

APPROVED FOR PAYMENT

RABOBANK, N.A.
LESSOR AND/OR ITS ASSIGNS

By _____

Title _____

FINAL ACCEPTANCE CERTIFICATE

[THIS CERTIFICATE IS TO BE EXECUTED ONLY WHEN ALL EQUIPMENT
HAS BEEN ACCEPTED]

The undersigned hereby certifies that the equipment described above, together with the equipment described in and accepted by Payment Request and Acceptance Certificates previously filed by Lessee with Escrow Agent and Lessor pursuant to the Escrow Agreement constitutes all of the Equipment

Dated _____

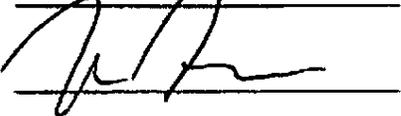
CITY OF REEDLEY
LESSEE

By _____

Title _____

INCUMBENCY CERTIFICATE

The undersigned, a duly authorized representative of CITY OF REEDLEY (hereinafter Lessee), in connection with the Escrow Agreement dated contemporaneously herewith by and among CITY OF REEDLEY, RABOBANK, N A and UMB Bank, n a (hereinafter the 'Escrow Agreement') HEREBY CERTIFIES that the persons whose names, titles and signatures appear below are duly qualified and acting representatives of Lessee on the date hereof. Each holds the office set forth beside his/her name and the signature appearing opposite his/her name is the genuine signature of such representative. Each is authorized to act on behalf of Lessee with respect to all matters requiring the direction, consent or other action of Lessee as set forth in the Escrow Agreement. UMB Bank, n a is entitled to rely on this certification until receipt of written notice to the contrary.

Name	Signature	Title
<u>Paul Melikian</u>		Administrative Services Director
<u>Nicole R Zieba</u>		City Manager
_____	_____	_____
_____	_____	_____

25th IN WITNESS WHEREOF the undersigned has executed this Certificate for and on behalf of Lessee on this day of June, 2012.

CITY OF REEDLEY
LESSEE

By 
Title City Manager

INCUMBENCY CERTIFICATE

The undersigned, a duly authorized representative of CITY OF REEDLEY (hereinafter Lessee) in connection with the Escrow Agreement dated contemporaneously herewith by and among CITY OF REEDLEY, RABOBANK N A and UMB Bank n a (hereinafter the Escrow Agreement) HEREBY CERTIFIES that the persons whose names, titles and signatures appear below are duly qualified and acting representatives of Lessee on the date hereof Each holds the office set forth beside his\her name and the signature appearing opposite his\her name is the genuine signature of such representative Each is authorized to act on behalf of Lessee with respect to all matters requiring the direction consent or other action of Lessee as set forth in the Escrow Agreement UMB Bank n a is entitled to rely on this certification until receipt of written notice to the contrary

Name	Signature	Title
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF the undersigned has executed this Certificate for and on behalf of Lessee on this ___ day of _____ 2012

CITY OF REEDLEY
LESSEE

*

By _____

Title _____