

PLEASE RECORD, AND
WHEN RECORDED, RETURN TO:

William H. Madison, Esq.
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108

SITE LEASE

Dated as of December 1, 2013

by and between the

**CITY OF SANTA ROSA,
as Lessor**

and the

**PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA,
as Lessee**

(Fire Station Project)

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SITE LEASE

THIS SITE LEASE, dated for convenience as of December 1, 2013, by and between the CITY OF SANTA ROSA, a chartered municipal corporation duly organized and existing under the Constitution and laws of the State of California, as lessor (the "City"), and the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation duly formed, organized and acting pursuant to the laws of the State of California (the "Corporation"), as lessee; and

WITNESSETH:

WHEREAS, the City desires to finance the acquisition and construction of a new fire station to be located at the southeast corner of Newgate and Fountaingrove Parkway in the City (the "Project") and in connection with such financing the City will, pursuant to this Site Lease, lease to the Corporation the City's existing Fire Station No. 3, located at 3311 Coffey Lane, Fire Station #4, located at 1775 Yulupa Avenue, Fire Station #5, located at 3480 Parker Hill Road, and Fire Station #11, located at 550 Lewis Road, all in the City, more particularly described in Exhibit A attached hereto and made a part hereof, or any property substituted therefor in accordance with Section 8.3(a) of the Lease Agreement (defined below) (the "Leased Property");

WHEREAS, the Corporation proposes to lease the Leased Property back to the City pursuant to a Lease Agreement, dated as of December 1, 2013, between the City and the Corporation, and recorded concurrently herewith (the "Lease Agreement") and to assign its right to receive lease payments under the Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interests and rights under the Lease Agreement in the event of a default hereunder by the City, to Compass Bank, an Alabama banking corporation (the "Bank"), pursuant to that certain Assignment Agreement, dated as of December 1, 2013, by and between the Corporation and the Bank, and recorded concurrently herewith;

WHEREAS, the proceeds of the Assignment will be deposited with U.S. Bank National Association (the "Custodian") pursuant to the Custodian Agreement and deposited into the Acquisition and Construction Fund, and applied to (i) finance the costs of the acquisition and construction of the Project, and (ii) pay delivery costs incurred in connection with the execution, delivery and sale of the Lease.

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. All terms specifically defined in the Lease Agreement shall have the same respective meanings when used herein. In addition, the following terms defined in this Section 1.01 shall have the respective meanings herein set forth when used herein.

“Lease Agreement” means the Lease Agreement, dated as of November 1, 2013, by and between the Corporation as lessor and the City as lessee, together with any duly authorized and executed amendments thereto.

“Leased Property” means: (i) initially, the Original Leased Property; and (ii) any other property substituted therefor in accordance with Section 8.3(a) of the Lease Agreement.

“Original Leased Property” means Fire Station #2, located at 65 Stony Point Road, Fire Station No. 3, located at 3311 Coffey Lane, and Fire Station #5, located at 3480 Parker Hill Road, more particularly described in Exhibit A hereto and made a part hereof.

“Permitted Encumbrances” means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent; (ii) the Assignment Agreement; (iii), this Site Lease and the Lease Agreement; (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date on which the Lease Agreement is delivered to the Bank and which the City certifies in writing will not materially impair the use of the Leased Property; and (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of this Site Lease and to which the Corporation, the Bank and the City consent in writing.

“Site Lease” means this Site Lease, together with any duly authorized and executed amendments hereto.

“Site Lease Payment” means the payment required to be paid by the Corporation on the Closing Date pursuant to Section 3.03.

Section 1.02. Article and Section Headings. Unless otherwise specified, references to Articles, Sections, and other subdivisions of this Site Lease are to be designated Articles, Sections, and other subdivisions of this Site Lease as originally executed. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

Section 1.03. References to Agreement. The words “hereof”, “herein”, “hereunder”, and words of similar import refer to this Site Lease as a whole.

Section 1.04. Number and Gender. The singular form of any word used herein, including terms defined as provided in Section 1.01, shall include the plural, and vice versa. The use of a word of any gender shall include all genders.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Corporation as follows:

(a) Due Organization and Existence. The City is a chartered municipal corporation duly organized and existing under the Constitution and laws of the State.

(b) Authorization. The laws of the State authorize the City to enter into this Site Lease and to enter into the transactions contemplated by and to carry out its obligations under this Site Lease, and the City has duly authorized and executed this Site Lease.

(c) No Violations. Neither the execution and delivery of this Site Lease nor the fulfillment of or compliance with the terms and conditions hereof nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the Leased Property or assets of the City, or upon the Leased Property, except Permitted Encumbrances.

Section 2.02. Representations, Covenants and Warranties of Corporation. The Corporation represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation duly formed, operating and existing under the laws of the State; has power to enter into the Site Lease; is possessed of full power to sublease real and personal property; and has duly authorized the execution and delivery of this Site Lease.

(b) Authorization. The laws of the State authorize the Corporation to enter into this Site Lease and to enter into the transactions contemplated by and to carry out its obligations under this Site Lease, and the Corporation has duly authorized and executed this Site Lease.

(c) No Violations. Neither the execution and delivery of this Site Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the Leased Property or assets of the Corporation, or upon the Leased Property, except Permitted Encumbrances.

ARTICLE III

AGREEMENT TO LEASE; TERM OF SITE LEASE; SITE LEASE PAYMENT

Section 3.01. Lease. The City hereby leases the Leased Property to the Corporation, and the Corporation hereby leases the Leased Property from the City, upon the terms and conditions set forth in this Site Lease.

Section 3.02. Term. The term of this Site Lease shall commence on the Closing Date and shall end on _____, unless such term is extended as hereinafter provided. If on _____, the Lease Agreement shall not be discharged by its terms, then the Term of this Site Lease shall be extended until the Lease Agreement shall be discharged by its terms (but in no event beyond _____). If prior to _____, the Lease Agreement shall be discharged by its terms, the Term of this Site Lease shall thereupon end.

Section 3.03. Site Lease Payment. The Corporation hereby agrees to pay to the City, as rental for the use and occupancy of the Leased Property during the term of this Site Lease, the amount of \$_____, which shall be due and payable on the Closing Date, and shall be deemed to have been paid when the proceeds of the Assignment are deposited with the Custodian. No further amounts shall be due and payable by the Corporation to the City under this Site Lease.

Section 3.04. Title. Title to the Leased Property shall reside in the City, and during the term of this Site Lease, the City shall hold title to the Leased Property and any and all additions which comprise fixtures, repairs, replacements or modifications to the Leased Property, including those fixtures, repairs, replacements or modifications which are added to the Leased Property by the City at its own expense and which may be removed without damaging the Project and including any items added to the Leased Property by the City pursuant to Section 5.9 of the Lease Agreement.

Section 3.05. No Merger. It is the express intention of the parties hereto that this Site Lease and the obligations of the parties hereunder shall be and remain separate and distinct from the Lease Agreement and the obligations of the parties thereunder, and that during the term of the Lease no merger of title or interest occur or be deemed to occur as a result of the position of the City as lessee under the Lease Agreement and as lessor under this Site Lease, or the position of the Corporation as lessee under this Site Lease.

ARTICLE IV

EMINENT DOMAIN; NET PROCEEDS

Section 4.01. Eminent Domain. If all of the Leased Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of this Site Lease shall cease as of the day possession shall be so taken. If less than all of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily, under the power of eminent domain, this Site Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary.

Section 4.02. Application of Net Proceeds. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Property or any improvements thereon by fire or other casualty, and the Net Proceeds of any eminent domain award resulting from any event described in Section 4.01 hereof, shall be applied as set forth in Section 6.2 of the Lease Agreement. All such Net Proceeds shall be paid to the City or the Bank as their interests may appear under the Lease Agreement, and the Corporation hereby waives any and all right, title and interest which it may have in and to any such Net Proceeds by virtue of its estate in the Leased Property under this Site Lease.

With a copy to: Compass Bank
201 N. Hwy 183 (overnight delivery only)
Leander, TX 78646
P.O. Box 1190 (mail delivery only)
Leander, TX 78641
Attention: Nancy Allen

The Corporation, the Bank and the City, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 5.05. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the Corporation and the City and their respective successors and assigns.

Section 5.06. Severability. In the event any provision of this Site Lease 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 5.07. Further Assurances and Corrective Instruments. The Corporation and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Site Lease.

Section 5.08. Execution in Counterparts. This Site Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.09. Applicable Law. This Site Lease shall be governed by and construed in accordance with the laws of the State.

Section 5.10. Corporation and City Representatives. Whenever under the provisions of this Site Lease the approval of the Corporation or the City is required, or the Corporation or the City is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a Corporation Representative and for the City by a City Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 5.11. Captions. The captions or headings in this Site Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Site Lease.

* * * * *

IN WITNESS WHEREOF, the Corporation has caused this Site Lease to be executed in its name by its duly authorized officers; and the City has caused this Site Lease to be executed in its name by its duly authorized officers, as of the date first above written.

CITY OF SANTA ROSA, as Lessor

By _____

Attest:

By _____

City Clerk

PUBLIC PROPERTY FINANCING
CORPORATION OF CALIFORNIA, as Lessee

By _____

Secretary/Treasurer

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

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

WITNESS my hand and official seal.

EXHIBIT A
DESCRIPTION OF LEASED PROPERTY