



# Willows City Council Regular Meeting

October 22, 2019  
Willows City Hall  
7:00 p.m.

City Council  
Gary Hansen, Mayor  
Kerri Warren, Vice Mayor  
Lawrence Mello, Council Member  
Joe Flesher, Council Member  
Larry Domenighini, Council Member

Interim City Manager  
Wayne Peabody

City Clerk  
Tara Rustenhoven

201 North Lassen Street  
Willows, CA 95988  
(530) 934-7041

## Agenda

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1. **CALL TO ORDER- 7:00 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **CEREMONIAL MATTERS (Proclamations, Recognitions, Awards)**
  - a. Veterans Day Proclamation

5. **PUBLIC COMMENT/WRITTEN COMMUNICATIONS**

- a. Public Comments:

Members of the public wishing to address the Council on any item(s) not on the agenda may do so at this time when recognized by the Mayor/Vice Mayor; however, no formal action will be taken unless a majority consensus of the Council directs staff to place the item on a future agenda. Public is advised to limit discussion to one presentation per individual. While not required, please state your name and address for the record. (Oral communications will be limited to three minutes)

6. **CONSENT AGENDA**

Consent items are considered to be routine by the City Council and will be enacted in one motion. There will be no separate discussion on these items unless a Council Member requests, in which event the item will be removed from the consent agenda. It is recommended that the Council:

- a. Approval of general checking, payroll & direct deposit check registers 37307-37375, Z10281-Z10306, 38302-38326.
- b. Approval of minutes of the Regular City Council Meeting held on October 8, 2019.
- c. Approve the cancellation of the December 24<sup>th</sup>, 2019 City Council Meeting.

*Comments from the public are welcome. The Mayor will allow an opportunity for comments related to Public Hearings and each action item on the agenda. Please limit comments to three minutes per topic, and one comment per person per topic. Once comments conclude, please allow the Council the opportunity to continue its consideration of the item without interruption.*

**7. PUBLIC HEARING**

- a. Conduct a public hearing and consider reading by title only, passage of the second reading and adoption of the ordinance entitled;
  - i. **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS ADDING CHAPTER 1.10, "CIVIL PENALTIES" TO THE WILLOWS MUNICIPAL CODE, AND AMENDING SELECTED SECTIONS OF CHAPTER 8.10, NUISANCES, OF THE WILLOWS MUNICIPAL CODE.**

**8. REGULAR BUSINESS AGENDA/ITEMS REQUIRING COUNCIL ACTION**

- a. Approve conduit financing for the Sycamore Ridge Family Apartments Affordable Housing Project.
- b. Select two Council Members to serve as a Planning Commission Selection Subcommittee and approve the proposed schedule and procedures for the appointment of three individuals to fill the expiring terms of currently seated Dana Owens, Candis Woods and Robert Griffith and accept the resignation of Planning Commissioner Peggy White and appoint one individual for the remaining term to December 31, 2021.
- c. Adopt a Resolution entitled;
  - i. **A RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE FINANCING OF A PORTION OF THE COST OF THE SOUTH TEHAMA INFRASTRUCTURE PROJECT AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.**

**9. COUNCIL/ STAFF REPORTS/COMMENTS**

- a. Staff Reports/Comments:
  - City Manager will announce the two community members chosen for the Sewer Rate Ad Hoc Committee.
- b. Council Reports/Comments:

## 10. ADJOURNMENT

This agenda was posted on October 17, 2019

  
Tara Rustenhoven, City Clerk

A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall or the Willows Public Library at 201 North Lassen Street in Willows or on the City's website at [www.cityofwillows.org](http://www.cityofwillows.org).

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). The public should contact the City Clerk's office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

*The City of Willows is an Equal Opportunity Provider*



# CEREMONIAL MATTERS

# *City of Willows*

## *Proclamation*

**Whereas**, the 11th of November 1918, marked the end of the 'war to end all wars' and the cessation of the most destructive, sanguinary, and far reaching war in human annals and the resumption by the people of the United States of peaceful relations with other nations, which we hope may never again be severed; and

**Whereas**, it is fitting that the recurring anniversary of this date should be commemorated with thanksgiving and prayer and exercises designed to perpetuate peace through good will and mutual understanding between nations; and

**Whereas**, on June 1, 1954 Congress declared that Armistice Day should be Veterans Day to honor all who had served in all wars to preserve world peace and on October 8, 1954 President Dwight D. Eisenhower issued the first Veterans Day Proclamation; and

**Whereas**, to protect the Nation they love, our veterans stepped forward when America needed them most. In conflicts around the world, their sacrifice and resolve helped destroy the enemies of freedom and saved millions from oppression. In answering history's call with honor, decency, and resolve, our veterans have shown the power of liberty and earned the respect and admiration of a grateful Nation; and

**Whereas**, all of America's veterans have placed our Nation's security before their own lives, creating a debt that we can never fully repay. Our veterans represent the best of America, and they deserve the best America can give them;

**Now Therefore**; I, Gary Hansen, Mayor of the City of Willows and on behalf of the Willows City Council and the Citizens of Willows, do hereby proclaim November 11, 2019, as Veterans Day and urge all citizens of Willows to recognize the valor and sacrifice of our veterans through ceremonies and prayers.

**IN WITNESS WHEREOF**, I have hereunto set my hand and official seal this 22nd day of October, 2019.

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**Gary Hansen, Mayor**





# CONSENT AGENDA



Period

**10/5/2019 TO 10/16/2019**

**General Checking 37307 TO 37375**

**Payroll Direct Deposit Z10281 TO Z10306**

**Payroll Checks 38302 TO 38326**

**APPROVAL DATE 10/22/2019**

**APPROVED \_\_\_\_\_**

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
037307	10/05/19	ABF01	CERTIFIED/FORTRESS SECURI	78.00	.00	78.00	5393944	ALARM MONITORING 10/1-12/
037308	10/05/19	ABO00	STEVE ABOLD	200.00	.00	200.00	B91002	PUB. WKS. TOOL PARKS/PUB.
	10/05/19	CAL18	CALIFORNIA BUILDING STAND	86.40	.00	86.40	B91002	BSF JULY-SEPT 2019
037310	10/05/19	CHA00	LANCE CHAPMAN	215.00	.00	215.00	B91002	CLOTHING EXP. FIRE DEPART
037311	10/05/19	COR10	CORNING LUMBER CO., INC.	25.28	.00	25.28	B91002	AUG-SEPT STMT PER ATTACHE
037312	10/05/19	DEP01	DEPT. OF CONSERVATION	52.04	.00	52.04	B91002	SMIP JULY-SEPT 2019
037313	10/05/19	HOF02	SARAH HOFFMAN	100.00	.00	100.00	B91002	VEHICLE ALLOW. OCT 2019
037314	10/05/19	HUN02	ROBERT W HUNT	6277.50	.00	6277.50	19-10	GENERAL LEGAL SERVICES TH
037315	10/05/19	HUT00	JAKE HUTSON	215.00	.00	215.00	B91002	CLOTHING EXP. FIRE DEPART
037316	10/05/19	INT16	INTERSTATE BATTERY SYSTEM	51.35	.00	51.35	960022028	AED BATTERIES
037317	10/05/19	ITF01	INDUSTRIAL TRUCK & FARM	30.14	.00	30.14	534674	#10 JET VAC REPAIR
037318	10/05/19	JER00	JEREMY'S PEST STOMPERS	35.00	.00	35.00	101195	PEST CONTROL FD
037319	10/05/19	LAK00	LAKESHORE LEARNING MATERI	183.32	.00	183.32	183711091	SUPPLIES
037320	10/05/19	LAN03	LANNIE'S SEPTIC TANK SERV	95.45	.00	95.45	21077	PORTABLE TOILETS
037321	10/05/19	MAT01	MATSON & ISOM TECHNOLOGY	1377.84	.00	1377.84	23951IN	WORKSTATION
037322	10/05/19	MON02	NATHANIAL MONCK	215.00	.00	215.00	B91002	CLOTHING EXP. FIRE DEPART
037323	10/05/19	PEA00	WAYNE PEABODY	200.00	.00	200.00	B91002	TECHNOLOGY ALLOWANCE OCT
037324	10/05/19	PGE01	PG & E	12172.48	.00	12172.48	B91002	P.G. & E.8/15-9/15/19
037325	10/05/19	SAC08	SACRAMENTO VALLEY MIRROR	131.20	.00	131.20	16169	LEGAL ADS
037326	10/05/19	SAF03	SAFETY TIRE SERVICE	916.90	.00	916.90	40300	TIRES #1 PICKUP
				1013.77	.00	1013.77	40301	TIRES #11 LEAF TRUCK
			Check Total.....	1930.67	.00	1930.67		
037327	10/05/19	SAI02	TIMOTHY L. SAILSBERY	200.00	.00	200.00	B91002	VEHICLE ALLOW. FINANCE OC
037328	10/05/19	SEV00	INFRAMARK, LLC	62505.81	.00	62505.81	44975	WILLOWS OPERATION OCT 201
037329	10/05/19	STO01	STONY CREEK UNIFIED SCHOO	100.00	.00	100.00	B91002	RENT EC LIBRARY OCT 2019
037330	10/05/19	SUN07	SUN LIFE FINANCIAL	2561.45	.00	2561.45	B91002	GAP PREMIUM 9/1-9/30/19
037331	10/05/19	SYK01	GENE SYKES	215.00	.00	215.00	B91002	CLOTHING EXP. FIRE DEPART
037332	10/05/19	USB02	US BANK	361.79	.00	361.79	B91002	EQUIP. MAINT.LEASSE 9/20-
037333	10/05/19	USB04	U.S. BANK CORPORATE PAYME	3122.46	.00	3122.46	B91002	SEPT STMT PER ATTACHED
037334	10/05/19	WIL00	WILLOWS AUTOMOTIVE	22.50	.00	22.50	15682	SMOG #9 DUMP TRUCK
				22.50	.00	22.50	15684	SMOG #7 DUMP TRUCK
			Check Total.....	45.00	.00	45.00		
037335	10/05/19	WILHI	WILLOWS ACE HARDWARE	82.05	.00	82.05	B91002	SEPT STMT PER ATTACHED
037336	10/05/19	WILHM	WILLOWS UNIFIED SCHOOL DI	200.00	.00	200.00	B91002	WHS POOL RENTAL
037337	10/05/19	WILHQ	WILLOWS AUTO PARTS	1183.44	.00	1183.44	B91002	AUG-SEPT STMT PER ATTACHE
			Cash Account Total.....	94248.67	.00	94248.67		
			Total Disbursements.....	94248.67	.00	94248.67		
			Cash Account Total.....	.00	.00	.00		

RMPOR...: Oct 10 19 Thursday  
 RUN...: Oct 10 19 Time: 14:25  
 Run By.: JANE COLLINS

CITY OF WILLOWS  
 Cash Disbursement Detail Report  
 Check Listing for 10-19 Bank Account.: 1045

PAGE: 001  
 ID #: PY-DP  
 CTL.: WIL

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Payment Information	
							Invoice #	Description
037338	10/10/19	ALE02	ALBERE TOXICOLOGY SERVICES	42.25	.00	42.25	L222479	DRUG TEST
037339	10/10/19	AME02	AMERIPRIDE UNIFORM SVCS.	269.50	.00	269.50	B91008	SEPT STMT PER ATTACHED
				594.81	.00	594.81	B91010	SEPT STMT PER ATTACHED
			Check Total.....:	864.31	.00	864.31		
037340	10/10/19	COM16	COMCAST CABLE	145.94	.00	145.94	B91008	ADMIN INTERNET 9/29-10/28
037341	10/10/19	FGL00	FGL ENVIRONMENTAL	605.00	.00	605.00	978231A	INORGANIC ANALYSIS
037342	10/10/19	GAN01	GANDY-STALEY OIL CO.	1946.40	.00	1946.40	B91008	SEPT STMT PER ATTACHED
037343	10/10/19	MEN02	MENDES SUPPLY COMPANY	48.88	.00	48.88	R03821200	TISSUE
037344	10/10/19	MJB01	MJB WELDING SUPPLY, INC.	38.00	.00	38.00	01267405	CYLINDER RENTAL
037345	10/10/19	NEC00	NEC FINANCIAL SERVICES LL	268.08	.00	268.08	2251334	TELEPHONE LEASE
037346	10/10/19	OFF05	OFFICE DEPOT, INC.	60.40	.00	60.40	382643089	OFFICE SUPPLIES
037347	10/10/19	OSC01	OSCAR'S	215.50	.00	215.50	075493	JERSEYS
037348	10/10/19	PGE01	PG & E	19.05	.00	19.05	B91010	P.G. & E.1600 S TEHAMA
037349	10/10/19	POP00	POPULAR SUBSCRIPTION SERV	386.54	.00	386.54	SW03788	MAGAZINE SUBSCRIPTIONS
037350	10/10/19	SAC08	SACRAMENTO VALLEY MIRROR	145.28	.00	145.28	16193	LEGAL AD/CLASSIFIED AD
037351	10/10/19	TRA02	TRACTOR SUPPLY CREDIT PLA	289.55	.00	289.55	200199698	BOOTS
037352	10/10/19	VER02	VERIZON WIRELESS	189.80	.00	189.80	B91010	TELEPHONE EXP. 8/27-9/26/
037353	10/10/19	WILHD	WILLOWS HARDWARE, INC.	366.62	.00	366.62	B91008	SEPT STMT PER ATTACHED
			Cash Account Total.....:	5631.60	.00	5631.60		
			Total Disbursements.....:	5631.60	.00	5631.60		

REPORT.: Oct 15 19 Tuesday  
 RUN...: Oct 15 19 Time: 12:49  
 Run By.: JANE COLLINS

CITY OF WILLOWS  
 Cash Disbursement Detail Report  
 Check Listing for 10-19 Bank Account.: 1045

PAGE: 001  
 ID #: PY-DP  
 CTL.: WIL

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Payment Information	
							Invoice #	Description
ACH11	10/14/19	PER01	P.E.R.S.	400.00	.00	400.00	15780731H	PERS ANNUAL FEE SOCIAL SE
037354	10/15/19	CHA00	LANCE CHAPMAN	215.00	.00	215.00	B91015	CLOTHING EXP. FIRE DEPART
037355	10/15/19	HUT00	JAKE HUTSON	215.00	.00	215.00	B91015	CLOTHING EXP. FIRE DEPT O
037356	10/15/19	MON02	NATHANIAL MONCK	215.00	.00	215.00	B91015	CLOTHING EXP. FIRE DEPT O
Cash Account Total.....:				1045.00	.00	1045.00		
Total Disbursements.....:				1045.00	.00	1045.00		
Cash Account Total.....:				.00	.00	.00		

REPORT.: Oct 16 19 Wednesday  
 RUN...: Oct 16 19 Time: 14:40  
 Run By.: JANE COLLINS

CITY OF WILLOWS  
 Cash Disbursement Detail Report  
 Check Listing for 10-19 Bank Account.: 1045

PAGE: 001  
 ID #: PY-DP  
 CTL.: WIL

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
037357	10/16/19	ALL06	ALLCAL EQUIPMENT SERVICES	395.00	.00	395.00	57927	ANNUAL CERTIFICATION
037358	10/16/19	ALV03	ALVES DOOR COMPANY, INC.	183.28	.00	183.28	7110	INSTALL NEW GLASS
037359	10/16/19	BAK06	BAKER & TAYLOR BOOKS	175.96	.00	175.96	34830045	NEW PRINT MAT. LIBRARY
				310.45	.00	310.45	34831209	NEW PRINT MAT. LIBRARY
			Check Total.....:	486.41	.00	486.41		
037360	10/16/19	CAL13	CALIFORNIA WATER SERVICE	160309.00	.00	160309.00	104683	ENGINEERING & OVERHEAD DE
037361	10/16/19	CHA00	LANCE CHAPMAN	963.41	.00	963.41	AB91015	REIMBURSE INSTRUCTOR'S EX
037362	10/16/19	COL08	COLE HUBER LLP	944.00	.00	944.00	32833	LEGAL ADVISE NUISANCE ABA
037363	10/16/19	CSF00	CSFEWBC-VLSA	6300.00	.00	6300.00	2019-59	FIREFIGHTER AWARD PROGRAM
037364	10/16/19	DEN00	DE NOVO PLANNING GROUP	5120.00	.00	5120.00	2491	GENERAL PLAN UPDATE THROU
				11384.70	.00	11384.70	2539	GENERAL PLAN UPDATE THROU
			Check Total.....:	16504.70	.00	16504.70		
037365	10/16/19	FP000	FRANCOTYP-POSTALIA, INC.	83.66	.00	83.66	104221498	POSTBASE METER 10/1-12/31
037366	10/16/19	GAN01	GANDY-STALEY OIL CO.	609.74	.00	609.74	B91015	CARDLOCK SEPT 2019
037367	10/16/19	GLE13	GLENN CO. CLERK-RECORDER	125.00	.00	125.00	B91016	RUMIANO LLA RECORDING FEE
037368	10/16/19	INT16	INTERSTATE BATTERY SYSTEM	85.45	.00	85.45	30054731	#6 UTILITY REPAIR
				34.23	.00	34.23	30054752	AED BATTERIES
			Check Total.....:	119.68	.00	119.68		
037369	10/16/19	KNI03	KNIFE RIVER CONSTRUCTION	287.75	.00	287.75	219898	ASPHALT
037370	10/16/19	MAT01	MATSON & ISOM TECHNOLOGY	600.00	.00	600.00	70864	DESKTOP CONFIGURATION CIT
				2949.00	.00	2949.00	71173	MANAGED PARTNER AGREEMENT
				100.00	.00	100.00	71233	OFFSITE BACKUP OCT 2019
			Check Total.....:	3649.00	.00	3649.00		
037371	10/16/19	OBR01	O'BRIEN'S AUTO REPAIR	105.00	.00	105.00	38240	#4 FLATBED REPAIR
037372	10/16/19	SUN04	SUNRISE ENVIRONMENTAL	254.10	.00	254.10	102743	CLEANING PRODUCT
037373	10/16/19	THO04	THOMSON REUTERS/BARCLAYS	153.47	.00	153.47	840062834	SUBSCRIPTION 10/1/19-9/30
037374	10/16/19	TRU00	TRUE BLUE PROPANE	53.86	.00	53.86	5067	PROPANE FILL
037375	10/16/19	WILL17	WILLDAN	122.48	.00	122.48	2-21622	PLAN CHECK
				10465.08	.00	10465.08	2-21623	PLAN CHECK
				78.12	.00	78.12	2-21624	PLAN CHECK
			Check Total.....:	10665.68	.00	10665.68		
			Cash Account Total.....:	202192.74	.00	202192.74		
			Total Disbursements.....:	202192.74	.00	202192.74		



## ACTION MINUTES OF THE WILLOWS CITY COUNCIL REGULAR MEETING HELD OCTOBER 8, 2019

*Meeting audio is available at the City of Willows website. This is not a live feature. Audio recordings are posted the succeeding business day following the scheduled City Council Meeting.*

*Please visit [www.cityofwillows.org](http://www.cityofwillows.org) for free PodBean recordings.*

Mayor Hansen called the meeting to order at 7:00 p.m.

The meeting opened with the Pledge of Allegiance led by Council Member Mello.

### **Roll Call:**

**Council Members Present:** Council Members Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

**Council Members Absent:**

**Staff Present:** Interim City Manager Wayne Peabody, City Attorney Robert Hunt and City Clerk Tara Rustenhoven

### **Public Comment/ Written Communications:**

Jose Hansen, resident of Willows, wanted to say he is a better person because of the people in the room and thank you.

### **Consent Agenda:**

- a. Approval of general checking, payroll & direct deposit check registers 37261-37306, Z10251-Z10280 and 38278-38301.
- b. Approval of minutes of the Regular City Council Meeting held on September 24, 2019.

### **Action:**

Motion: Council Member Mello/Second: Council Member Domenighini

*Moved to approve the Consent Agenda as presented above and the following item(s).*

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

NOES:

ABSENT:

ABSTAIN:

### **Ordinances:**

- a. Introduction and first reading of Ordinance Adding Chapter 1.10. "Civil Remedies" and Amending Certain Sections of Chapter 8.10 of the Willows Municipal Code Regarding Abatement of Nuisances in the City of Willows.

**Action:**

Motion: Council Member Mello/Second: Council Member Flesher

*Moved to approve the Ordinance next in line be read by "Title Only".*

The motion passed unanimously 5/0 carried by the following roll call vote:

AYES: Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

NOES:

ABSENT:

ABSTAIN:

**Action:**

Motion: Council Member Mello/Second: Council Member Flesher

*Moved to pass the first reading of the ordinance next in line entitled, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS ADDING CHAPTER 1.10, CIVIL PENALTIES, TO THE WILLOWS MUNICIPAL CODE AND AMENDING SELECTED SECTIONS OF CHAPTER 8.10, NUISANCES, OF THE WILLOWS MUNICIPAL CODE.*

The motion passed unanimously 5/0 carried by the following roll call vote:

AYES: Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

NOES:

ABSENT:

ABSTAIN:

**Regular Business:**

- a. Adopt the Resolution of the City Council, Adopting the 2019 Glenn County Operational Area Emergency Operations Plan. (OA EOP)

**Action:**

Motion: Council Member Domenighini/Second: Vice Mayor Warren

*Moved to adopt the Resolution entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, ADOPTING THE 2019 GLENN COUNTY OPERATIONAL AREA EMERGENCY OPERATIONS PLAN. (OA EOP)*

The motion passed unanimously 5/0 carried by the following roll call vote:

AYES: Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

NOES:

ABSENT:

ABSTAIN:

- b. Adopt the Resolution of the City Council of the City of Willows approving the agreement for dispatch services between the City of Willows and California Department of Forestry and Fire Protection.

**Action:**

Motion: Council Member Domenighini/Second: Council Member Flesher

*Moved to adopt the Resolution entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS APPROVING THE AGREEMENT FOR DISPATCH SERVICES BETWEEN THE CITY OF WILLOWS AND CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION FOR SERVICES FROM JULY 1, 2019 TO JUNE 30, 2020.*

The motion passed unanimously 5/0 carried by the following roll call vote:

AYES: Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

ABSENT:

ABSTAIN:

- c. By motion, approve the purchase of a new HME Ahrens Fox Model Type 1 fire apparatus through the State of California OES Bid cooperative in an estimated amount of (sales price and sales tax) of \$537,776. Direct staff to negotiate final terms of the sales agreement and authorizes the Interim City Manager to sign the sales agreement. Council further directs the Administrative Services Director to negotiate the best possible lease financing terms and return to Council with financing documents.

**Action:**

Motion: Council Member Domenighini/Second: Council Member Flesher

*Approve my motion, the purchase of a new HME Ahrens Fox Model Type 1 fire apparatus through the State of California OES Bid cooperative in an estimated amount of (sales price and sales tax) of \$537,776, and direct staff to negotiate final terms of the sales agreement and authorize the Interim City Manager to sign the sales agreement.*

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

NOES:

ABSENT:

ABSTAIN:

- d. By motion, approve to enter into a Memorandum of Understanding between City of Willows and 3Core Inc. and authorize the Interim City Manager to sign the agreement and provide all documents that are requested.

**Action:**

Motion: Council Member Flesher/Second: Council Member Mello

*By motion, approve to enter into a Memorandum of Understanding between City of Willows and 3Core Inc. and authorize the Interim City Manager to sign the agreement and provide all documents that are requested.*

The motion passed unanimously 5/0 carried by the following voice vote:

AYES: Flesher, Domenighini, Mello, Vice Mayor Warren, Mayor Hansen

ABSENT:

ABSTAIN:

**Council/Staff Reports/Comments:**

**a. Staff Reports/Comments:**

- City Manager announced that the City will be taking community request for involvement for an Ad Hoc Committee for the Sewer Rate Study.
- City of Willows will not be a part of the planned power outage. The Glenn County Sheriff's Office website and Facebook page will have more information. Please stay clear of all down trees or powerlines.
- Saturday is the Fire Department Fire Prevention Pancake Breakfast, starting at 7am.

**b. City Council Reports Comments:**

**Council Member Mello:**

- Had a comment on PG&E being the new normal of shutting down power.
- Has spoken to Paradise Camp Fire Survivors that have relocated to Willows, and in the last 6 months he hasn't met one person that had anything negative to say about Willows, and that the people are friendly and the town is clean.

**Recess to Closed Session:**

- a. PUBLIC COMMENT-Pursuant to Government Code Section §54954.3, the public will have an opportunity to directly address the legislative body on the item below prior to the Council convening into closed session. Public Comments are generally restricted to three minutes.
- b. CONFERENCE WITH LEGAL COUSEL-ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Gov. Code Section §54956.9:  
Number of cases: 2

**Entered into closed session at 7:51 p.m.**

**Council reconvened into open session at 8:34 p.m.**

**Announcement of any action taken in closed session:**

Mayor Hansen reported on Item 9b, the property located at 249 N. Humboldt known as the Golden Pheasant Inn, that there is a purchase agreement in the works and the current owner has removed weeds, trash and has removed all feral cats from the property.

**Adjournment:**

The Meeting was adjourned at 8:35 p.m.

Dated: October 14, 2019

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Tara Rustenhoven, City Clerk

**AGENDA ITEM**

**TO:** Honorable Mayor Hansen and Members of City Council  
**FROM:** Wayne Peabody, Interim City Manager  
**SUBJECT:** City Council Meeting scheduled to be held on December 24, 2019.

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**RECOMMENDATION**

Approve the cancellation of the December 24<sup>th</sup>, 2019, City Council Meeting.

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**SITUATION (or BACKGROUND)**

In previous years it has been Council's practice to cancel the second meeting in December. This year a Council Meeting is scheduled to occur on December 24, 2019. Due to the light schedule of activities typically experienced during the Christmas Holiday, along with employee absences/vacations, it would be staff's recommendation that the meeting to be held on December 24, 2019, be cancelled.

**FINANCIAL CONSIDERATIONS**

None at this time

**NOTIFICATION**

Post a Notice of Cancellation and notify media if approved.

**ALTERNATE ACTIONS:**

- 1: Request additional information from staff
- 2: Reject staff recommendation and/or direct item to be returned

**RECOMMENDATION**

Approve the cancellation of the December 24<sup>th</sup>, 2019, City Council Meeting.

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Respectfully submitted,



Wayne Peabody  
Interim City Manger



# PUBLIC HEARING

October 22, 2019

**AGENDA ITEM**

**TO:** Hon. Mayor and City Council Members

**FROM:** Robert W. Hunt, City Attorney

**SUBJECT:** Adoption of Ordinance Adding Chapter 1.10, "Civil Remedies", and Amending Certain Sections of Chapter 8.10 of the Willows Municipal Code Regarding Abatement of Nuisances in the City of Willows

**SUMMARY**

This proposed Ordinance:

1. Adds Chapter 1.10, "Civil Remedies," to the Willows Municipal Code creating the availability of the imposition of civil remedies as encouragement to property owners or occupants to abate nuisances, establishes civil remedies in amounts sufficient to incentivize both commercial and residential property owners or occupants to promptly abate nuisances, and creates an appeal and hearing process.
2. Amends Chapter 8.10.010, "Definitions".
3. Amends Chapter 8.10.080, "Notice to Abate".
4. Adds Chapter 8.10.085, "Appeal Hearing".
5. Amends Chapter 8.10.090, "Abatement of Nuisance Prior to Scheduled Hearing".
6. Amends Chapter 8.10.100, "Manner of Conducting Hearing".

**BACKGROUND**

The City of Willows has been working with various property owners in the City to clean up unsightly conditions on their properties, or to demolish buildings that are potentially hazardous to the public. During this effort, it has become apparent that several provisions of the Willows Municipal Code are in need of updating not only to comply with current law but also to make the processes involved in these abatement efforts more effective.

The proposed amendments to Chapter 8.10, "Nuisances", are generally intended to create a clearer notice and appeal process, while giving property owners every opportunity to abate nuisances and ensuring that they retain significant due process rights.

Current WMC provides that failure to abate nuisances may lead, through the processes set forth in the WMC, to the imposition of criminal penalties at the misdemeanor level. Although such remedies are sometimes necessary and need to be retained as an option available to the City, it is believed that instituting measures that encourage property

owner compliance are more effective. In creating such measures, however, it must also be recognized that nuisances on commercial and residential properties likely have differing impacts on the City and its residents. In addition, the level of reasonable penalties assessed against owners of residential properties are frequently insufficient to incentivize owners of commercial properties to abate nuisances.

### **ANALYSIS**

Staff believes that current WMC provisions relating to nuisances, their abatement and available penalties can be costly, delay abatement efforts, and are less than effective. The proposed Ordinance makes “clean up” amendments to various provisions of chapter 8.10. For purposes of cost, timeliness and efficiency, these amendments eliminate the automatic hearing triggered by a Notice of Violation under the current WMC, yet still provide an appeal on request and ensure that property owners retain all due process rights.

Current penalties (see Chap. 1.05.080 and 1.05.090) are too costly and time consuming for the City to pursue on a routine basis. For those reasons they are seldom utilized and, thus, property owners have little incentive to abate nuisances. The proposed Ordinance adds an entire new section to the Willows Municipal Code—Chapter 1.10, “Civil Penalties.” This chapter creates a section and process, including the right to appeal, authorizing the imposition of monetary penalties of up to \$1,000 per day when property owners fail or refuse to abate nuisances on their properties. The chapter details the various criteria on which the amount of the penalty would be based, and in doing so permits consideration of the distinctions between residential and commercial properties, their respective owners and the amount of penalty that may be sufficient to encourage prompt abatement.

### **FINANCIAL CONSIDERATIONS**

None known at this time

### **NOTIFICATION**

Notice of the October 22, 2019 City Council introducing the proposed Ordinance was published in the Sacramento Valley Mirror on October 12, 2019.

### **ALTERNATE ACTIONS**

1. Take no action and allow the nuisance provisions in the current WMC to stand.
2. Direct staff to revise the proposed Ordinance as directed.
3. Adopt the proposed Ordinance as written.

**RECOMMENDATION:**

Conduct a public hearing and upon conclusion, it is recommended that Council read by title only and pass the second reading of Ordinance 2019-\_\_\_\_, **“AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS ADDING CHAPTER 1.10, “CIVIL PENALTIES”, TO THE WILLOWS MUNICIPAL CODE, AND AMENDING SELECTED SECTIONS OF CHAPTER 8.10, NUISANCES, OF THE WILLOWS MUNICIPAL CODE,”** generally regarding the City’s abatement of nuisances in the City of Willows and assessment of civil penalties.

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Respectfully submitted,

/s/Robert W. Hunt

Robert W. Hunt  
City Attorney

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Attachment:

Proposed **“AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS ADDING CHAPTER 1.10, “CIVIL PENALTIES”, TO THE WILLOWS MUNICIPAL CODE, AND AMENDING SELECTED SECTIONS OF CHAPTER 8.10, NUISANCES, OF THE WILLOWS MUNICIPAL CODE.”**

**ORDINANCE NO. 2019-\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS  
ADDING CHAPTER 1.10, CIVIL PENALTIES, TO THE WILLOWS  
MUNICIPAL CODE, AND AMENDING SELECTED SECTIONS OF  
CHAPTER 8.10, NUISANCES, OF THE WILLOWS MUNICIPAL CODE.**

Adopted by the City Council of the

**CITY OF WILLOWS**

on Date of \_\_\_\_\_, 2019

**WHEREAS**, over the years the City Council of the City of Willows has enacted a comprehensive scheme to prevent nuisances within the City of Willows; and

**WHEREAS**, the City Council of the City of Willows has enacted ordinance(s) providing for the abatement of nuisances and means of enforcement in the event such nuisances are not timely abated by property owners or occupants; and

**WHEREAS**, the municipal code of the City of Willows currently provides for the imposition of criminal penalties in the event nuisances are not abated by property owners or occupants; and

**WHEREAS**, the City of Willows finds that existing enforcement mechanisms may in some circumstances be undesirable or ineffective; and

**WHEREAS**, the City of Willows desires to enact civil penalties in order to encourage property owners and/or occupants to promptly and fully abate nuisances; and

**WHEREAS**, the City of Willows desires to establish an appellate process to ensure that property owners and/or occupants have adequate due process prior to the imposition of penalties; and

**WHEREAS**, the City Council finds and determines that the enactment of this Ordinance is exempt from environmental review pursuant to California Environmental Quality Act Guidelines Section 15061(b)(3) in that there is nothing in this Ordinance or its implementation that could have a foreseeable significant effect on the environment,

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WILLOWS  
DOES ORDAIN** as follows:

1. The above recitals are true and correct, and incorporated herein.
2. Chapter 1.10. is hereby added the Willows Municipal Code to read:

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**1.10.010 Definitions.**

"Enforcement officer" shall mean any officer or employee, including his or her designee, with the authority to enforce this code, its adopted codes or applicable state codes.

"Hearing officer" shall mean the hearing officer or officers appointed by the City Manager. The hearing officer(s) may be a city employee, but in that event the hearing officer(s) shall not have had any responsibility for the investigation, prosecution or enforcement of this chapter and shall not have had any personal involvement in the proceeding to be heard within the past twelve months or possess any disqualifying interest in the outcome of the proceeding. In the event more than one person is appointed hearing officer for a proceeding, all decisions shall be made by a majority vote of all hearing officers.

"Notice and Order or Notice of Violation" shall mean the written notice provided to a responsible person to inform that person of a violation of this code, its adopted codes or applicable state codes.

"Responsible person" shall mean either of the following:

- (1) Any individual or legal entity who is the owner, tenant, co-tenant, lessee, sub-lessee, occupant or other person with any right to possession of the real property, owner or authorized agent of any business, company or entity, or the parent or the legal guardian of any person under the age of eighteen years, who causes, permits or maintains a violation of this code, its adopted codes or applicable state codes.
- (2) Any individual, legal entity or the parent or the legal guardian of any person under the age of eighteen years, who causes, permits or maintains a violation of this code, its adopted codes or applicable state codes.

**1.10.020 Civil penalties established.**

(1) The Council finds that there is a need for alternative methods of enforcement of the Willows Municipal Code and applicable state codes in addition to the penalties provided by §§1.05.080 and 1.05.090. The Council further finds that the assessment of civil penalties is a necessary alternative method of code enforcement. The administrative assessment of civil penalties established in this section is in addition to any other remedies established by law which may be pursued to address Municipal Code or state law violations.

(2) Civil penalties may be assessed against a responsible party for continued violations of the Municipal Code or applicable state codes, whether of the same section or any combination, that reflect a continuing disregard for the requirements of such laws. The enforcement officer may issue a notice and order or notice of violation to the responsible party stating the violation, including a description of the conditions that give rise to the violation, and assessing a civil penalty pursuant to this section. The civil penalty shall not begin to accrue until thirty (30) days after the date of the notice and order or notice of violation. The notice and order or notice of

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violation shall state the City's intention to assess a civil penalty and the amount of such penalty. The civil penalty may be enforced as a lien or special assessment pursuant to subsection (e) of this section.

(3) Notwithstanding subsection (b), the City may provide less than thirty (30) days' notice to remedy a condition before imposing a civil penalty if the City determines that a specific condition of the property threatens public health or safety and provided that notice of that determination and time for compliance is given.

(4) Civil penalties may be assessed at a daily rate not to exceed One Thousand Dollars (\$1,000) per day. The actual amount assessed, up to One Thousand Dollars (\$1,000) per day, shall be set by the City Manager, based upon a civil penalties schedule set by the Council. In determining the amount to be imposed on a daily rate, or the actual final amount to be assessed, the City Manager or his or her designee shall consider the following factors:

- (a) Duration of violation.
- (b) Frequency of occurrence of the violation or other similar violations.
- (c) Seriousness of the violation in relation to its threat or impact upon public health, welfare, or safety.
- (d) History of violations.
- (e) Action taken by the responsible party to obstruct or interfere with correction of the violation.
- (f) Good faith or bad faith efforts by the responsible party to comply.
- (g) The impact of the violation on the surrounding property and community.
- (h) The financial ability of the responsible party to have corrected the violation in a timely fashion.

(5) Civil penalties, as confirmed by resolution of the City Council, shall constitute a special assessment against the property to which it relates, and after its recording, as thus made and confirmed, the same shall constitute a lien on the property in the amount of such assessment. The notices of such special assessment, and any other notice required by this section, shall be provided to the owner by certified mail, as determined from County Assessor's or County Recorder's records. The assessment shall be collected at the same time and in the same manner as ordinary city taxes are collected and shall be subject to the same penalties and the same procedure and sale in case of delinquency as provided for ordinary city taxes. All laws applicable to the levy, collection and enforcement of city taxes shall be applicable to the special assessment. If any real property to which the cost of abatement relates has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrance for value has been created and attaches thereon, prior to the date on which the first installment of taxes would become delinquent, then the cost of abatement shall not result in a lien against the real property but shall instead be transferred to the unsecured roll for collection. The City may conduct a sale of vacant residential developed property for which payment of such assessment made pursuant to

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this subdivision is delinquent. Notices or instruments relating to the abatement proceeding or special assessment may be recorded.

(6) Appeals. Upon request by the owner, lessee, occupant, or person having charge of the affected premises and if received by the City Manager or his or her designee within ten (10) days after mailing the final notice and order or notice of violation, which includes the imposition of civil penalties to be assessed, the City Manager or his or her designee (Hearing Officer) shall hold a hearing, which shall be open to the public. The Hearing Officer shall hear and consider objections and/or protests from any owner, lessee, occupant, person having charge of the affected premises, or other interested persons relative to the accrual of civil penalties. The Hearing Officer shall hear and receive all relevant evidence and testimony relative to the violations upon which the civil penalties are based and shall consider all of the factors listed in subsection (d) of this section. This hearing may be continued from time to time. Upon or after the conclusion of the hearing, the Hearing Officer shall determine the amount of civil penalties to be assessed. This decision shall be final.

(7) Unpaid civil penalties may be assessed against the affected premises as specified in § 1.10.010(e).

**1.10.030 Right to appeal.**

Except where an appeals procedure is otherwise specifically provided in this Code, any person excepting to the denial, suspension, or revocation of a permit applied for or held by him pursuant to any of the provisions of this Code, or to any administrative decision made by any official of the City, if the denial, suspension, or revocation of such permit or the determination of such administrative decision involves the exercise of administrative discretion or personal judgment exercised pursuant to any of the provisions of this Code, may appeal in writing to the Council by filing with the City Clerk a written notice of such appeal, setting forth the specific grounds.

No appeal may be taken to any such administrative decision made by an official of the City pursuant to the provisions of this chapter unless such decision to appeal has been first taken up with the department head concerned.

No right of appeal to the Council from any administrative decision made by an official of the City pursuant to any of the provisions of this Code shall exist when such decision is ministerial and thus does not involve the exercise of administrative discretion or personal judgment exercised pursuant to any of the provisions of this Code, whether the administrative decision involves the denial, suspension, or revocation of a permit or any other administrative decision.

**1.10.040 Time limit for filing.**

The appellant shall file a notice of appeal with the City Clerk within fourteen (14) days after receipt of the notice of the administrative decision concerned.

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**1.10.050 Hearings; Notices.**

Upon receipt of the filing of the notice of appeal in proper form, the City Clerk shall place the matter as soon as reasonably possible on the Council agenda for a regular meeting of the City Council which will be held no later than thirty (30) days from the date of the filing of the notice of appeal. Except in cases of emergency when the Council may determine the matter immediately, the Council shall set the matter for hearing at the next regularly scheduled meeting. The City Clerk shall cause written notice of the hearing to be given to the applicant not less than ten (10) days prior to such hearing, unless such notice is waived in writing by the applicant.

**1.10.060 Hearings.**

At such hearing the appellant shall show cause on the ground specified in the notice of appeal why the action appealed from should not be approved. The Council may continue the hearing from time to time, and its findings on the appeal shall be final and conclusive in the matter.

**1.10.070 Appeal hearing for special assessments.**

Wherever the Willows Municipal Code provides for collection of a citation, fee, fine, penalty, or reimbursement of costs by special assessment as allowed by Cal. Gov't Code § 38773.5, § 53069.4, or § 54988, notice and hearing shall be as specified in this section.

(a) Notice. The notice of assessment shall be served, by certified mail, to the property owner, if the property owner's identity can be determined from the County Assessor's or County Recorder's records. The notice of assessment shall specify that the property may be sold after three or more years by the tax collector for unpaid delinquent assessments, in accordance with state law or Glenn county ordinance. The notice of assessment shall also provide that the person receiving the notice is entitled to request a hearing to contest the assessment as provided in § 1.10.010(f), so long as such request is received by the City Manager within thirty (30) days after mailing the notice of assessment.

(b) Hearing. Upon request by any person or entity entitled to notice pursuant to § 1.10.060(a) and if received by the City Manager within thirty (30) days after mailing the notice of assessment, the City Manager or his or her designee shall hold a hearing, which shall be open to the public. The City Manager or his or her designee shall hear and consider objections and/or protests to the assessment itself or the amount of the assessment. The City Manager or his or her designee shall hear and receive all relevant evidence and testimony relative to the assessment of costs, fees, fines, or penalties. This hearing may be continued from time to time. Upon or after the conclusion of the hearing, the City Manager or his or her designee shall, based upon the evidence presented at the hearing, determine whether all or part of the abatement costs, fees, fines, or penalties shall be assessed against the affected parcel. The decision of the City Manager or his or her designee shall be provided either at the hearing or in writing to the person or entity requesting the appeal at the address provided in the request for appeal and shall be final. Any further appeals shall be in accord with Cal. Code of Civil Proc. §§ 1094.5 or 1094.6, and/or Cal. Gov't Code § 53069.4, as applicable.

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(c) Resolution and assessment. If the City Manager or his or her designee determines that the property should be assessed, and the amount to be assessed has not been paid within thirty (30) days of the final decision, the City Council may approve the amount of the special assessment, as determined by the City Manager or his or her designee, by resolution, and cause the same to be recorded on the assessment roll. The assessment shall be collected at the same time and in the same manner as ordinary municipal taxes are collected, and shall be subject to the same penalties and the same procedure and sale in case of delinquency as provided for ordinary municipal taxes. All laws applicable to the levy, collection and enforcement of city taxes shall be applicable to the special assessment. Notices or instruments relating to the abatement proceeding or special assessment may be recorded with the County Recorder.

**1.10.080 Attorney's fees.**

(1) In any action, administrative proceeding, or special proceeding initiated by the City to abate a nuisance, the prevailing party may recover attorneys' fees. Recovery of attorneys' fees by the prevailing party is limited to those individual actions or proceedings in which the City elects, at the initiation of that individual action or proceeding, to seek recovery of its own attorneys' fees. The award of attorneys' fees to the prevailing party shall in no circumstances exceed the amount of reasonable attorneys' fees incurred by the City in the action or proceeding.

(2) Upon entry of a second or subsequent civil or criminal judgment within a two-year period finding that a property owner is responsible for a condition which may be abated as a nuisance, the court may order the property owner to pay treble (three times) the cost of abatement. This section shall not apply to conditions abated pursuant to section 17980 of the California Health and Safety Code.

3. Chapter 8.10.010 of the Willows Municipal Code is hereby amended in its entirety to read:

**8.10.010 Definitions.**

The following definitions shall apply in this chapter:

"Appeals Board". The city council of the city of Willows is designated to act as the appeals board.

"Cannabis" means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. The terms "cannabis" and "marijuana" may be used interchangeably herein, and both shall have the meaning specified here.

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“Cannabis business” means a business or enterprise engaged in commercial cannabis activity.

“City manager” shall mean the chief executive officer of the city of willows or his or her designee.

“Commercial cannabis activity” includes cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, labeling, transportation, research and development, delivery or sale of cannabis or cannabis products for commercial purposes, whether for profit or nonprofit.

“Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, trimming, or processing of cannabis.

“Deliver” or “delivery” shall have the same meaning as set forth in Business and Professions Code Section 26001 and Health and Safety Code Section 11009. “Deliver” or “delivery” as used in this chapter shall not include the transfer of cannabis to a patient by a primary caregiver, or the transfer of bulk cannabis or cannabis product to a licensed dispensary or retail business for resale.

“Dispensary” means a retail establishment, facility or location holding an M-license issued by the state of California where the primary purpose is to dispense medical cannabis or medical cannabis products. A “dispensary” shall not include dispensing of medical cannabis by primary caregivers to qualified patients in the following locations and uses, as long as the location of such uses is otherwise regulated by this code or applicable law: a qualified patient’s or caregiver’s place of residence, a clinic licensed pursuant to Health and Safety Code Division 2, Chapter 1, a health care facility licensed pursuant to Health and Safety Code Division 2, Chapter 2, a residential care facility for persons with chronic life-threatening illness licensed pursuant to Health and Safety Code Division 2, Chapter 3.01, a residential care facility for the elderly licensed pursuant to Health and Safety Code Division 2, Chapter 3.2, a residential hospice, or a home health agency licensed pursuant to Health and Safety Code Division 2, Chapter 8, as long as any such use complies strictly with applicable law including, but not limited to, Health and Safety Code Section 11362.5 et seq.

"Enforcement officer" shall mean any officer or employee, including his or her designee, with the authority to enforce this code, its adopted codes or applicable state codes.

"Hearing officer" shall mean the hearing officer or officers appointed by the City Manager. The hearing officer(s) may be a city employee, but in that event the hearing officer(s) shall not have had any responsibility for the investigation, prosecution or enforcement of this chapter and shall not have had any personal involvement in the proceeding to be heard within the past twelve months or possess any disqualifying interest in the outcome of the proceeding. In the event more than one person is appointed hearing officer for a proceeding, all decisions shall be made by a majority vote of all hearing officers.

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“Highway” means a way or place of whatever nature, publicly maintained and open to the use of the public for purposes of vehicular travel. Highway includes streets and alleys.

“Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

“Marijuana” as used in this chapter shall have the same meaning as “cannabis” set forth in this section. The terms “cannabis” and “marijuana” may be used interchangeably, and both shall have the meaning specified here.

“Marijuana processing” means any method used to prepare marijuana or its byproducts for commercial retail and/or wholesale, including but not limited to: drying, cleaning, curing, packaging, and extraction of active ingredients to create marijuana-related products and concentrates.

“Medicinal or medical cannabis” or “medicinal or medical cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Health and Safety Code Section 11362.5, by a medicinal cannabis patient in California who possesses an identification card issued by the California Department of Public Health.

“Notice and Order or Notice of Violation” shall mean the written notice provided to a responsible person to inform that person of a violation of this code, its adopted codes or applicable state codes.

“Nuisance” means anything which is injurious to health, or is indecent or offensive to the senses, or an obstruction to the free use of property so as to interfere with the comfortable enjoyment of life or property, or unlawfully obstructs the free passage or use, in the customary manner, of any navigable lake, or river, bay, stream, canal, or basin, or any public park, square, street or highway.

“Permit” refers to a permit issued to a person as described in Article III of Chapter 9.20 WMC.

“Permittee” means any person or entity holding a permit issued by the city of Willows to engage in cultivation of not more than six cannabis plants in accordance with Article III of Chapter 9.20 WMC.

“Person” includes any individual, firm, partnership, joint venture, association, corporation, collective, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

“Primary caregiver” has the same meaning as in Health and Safety Code Section 11362.7 and who holds a valid caregiver identification card issued by the California Department of Health.

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“Private nuisance” means every nuisance not applicable to “public nuisance.”

“Public nuisance” means any nuisance affecting at the same time an entire community or neighborhood, or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal.

“Qualified patient” shall have the same definition as Health and Safety Code Sections 11362.7(c) and (f).

"Responsible person" shall mean either of the following:

(1) Any individual or legal entity who is the owner, tenant, co-tenant, lessee, sub-lessee, occupant or other person with any right to possession of the real property, owner or authorized agent of any business, company or entity, or the parent or the legal guardian of any person under the age of eighteen years, who causes, permits or maintains a violation of this code, its adopted codes or applicable state codes.

(2) Any individual, legal entity or the parent or the legal guardian of any person under the age of eighteen years, who causes, permits or maintains a violation of this code, its adopted codes or applicable state codes.

“Retail” means the sale of either medical or nonmedical cannabis or cannabis products to the public in relatively small quantities for use or consumption rather than for resale.

“Retail business” or “retail/dispensary cannabis business” means (1) the commercial activity of engaging in the retail sales of cannabis or cannabis products, or (2) the location upon or from which the retail sales of cannabis or cannabis products are made.

“School” means an institution of learning for minors, whether public or private, which offers instruction in those courses of study required by the California Education Code or which is maintained pursuant to standards set by the State Board of Education. This definition includes a nursery school, kindergarten, elementary school, junior high school, senior high school, or a special institution of learning under the jurisdiction of the State Department of Education, or a site that is planned for such school uses in the city’s general plan, but it does not include a vocational or professional institution or any institution of higher education, including a community or junior college, college or university.

“Vehicle” means a device by which any person or property may be propelled, moved or drawn upon a highway, except a device moved by human power or used exclusively upon stationary rails or tracks.

“Youth-oriented facility” shall mean elementary school, middle school, high school, public park, and any establishment that advertises in a manner that identifies the establishment as catering to or providing services primarily intended for minors, or the individuals who regularly patronize, congregate or assemble at the establishment are predominantly minors. This shall not include a

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licensed daycare or preschool facility that provides supervision of eight or fewer minor children, or children under 10 years of age.

4. Chapter 8.10.080 of the Willows Municipal Code is hereby amended in its entirety to read:

**8.10.080 Notice to abate.**

(1) Upon discovery of any public nuisance as defined in WMC 8.10.020, the enforcement officer shall issue the owner and/or any responsible person a notice and order to abate the nuisance(s) conditions on the property within the timelines set forth in the notice. The notice shall give the responding party twenty days from the date of the notice to make a request in writing for a hearing on the allegations. If a hearing is not requested within twenty days, the allegations shall be deemed true and the right to any and all administrative hearings shall be deemed waived. The notice and order shall also advise the owner and/or responsible person that if the nuisance conditions are not abated that the nuisance may be abated by the city at such person's expense

If a hearing is requested and set, the owner and any responsible person shall appear at the stated time and place to show cause why there should be no abatement. The enforcement officer may delegate this authority under this section to such city officers and employees he deems appropriate.

(2) The notice to appear or abate shall be substantially in the following form:

NOTICE TO ABATE PUBLIC NUISANCE

YOU ARE HEREBY NOTIFIED as the owner, agent, lessee or other person occupying or having control of the premises at (address), that pursuant to Section \_\_\_\_\_ of the Willows Code of Ordinances, the undersigned has determined that there exists upon the above-referenced premises a public nuisance, specifically (description of condition constituting nuisance). A copy of Section \_\_\_\_\_ is attached.

You are hereby required to abate this condition to the satisfaction of the undersigned within \_\_\_\_\_ days of the date of this notice or request a hearing to appear at the office of the City Manager at 201 North Lassen, Willows, California. If a hearing is requested, the owner or responsible party shall appear at the stated time and place noticed by the City, to show cause, if any exists, why the condition or use should not be abated by the City, and the expenses thereof charged to you as a personal obligation and/or made a lien upon the property.

Abatement is to be accomplished in the following manner: (description of what needs to be done to remedy situation).

(Name of Department and Department Head)

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By: \_\_\_\_\_

(3) The enforcement officer shall post at least one copy of the notice in a conspicuous place on the property in question. In addition, the enforcement officer shall send by certified mail one copy of the notice to the owner of the property as shown in the latest assessment rolls and to any other responsible person.

(4) After giving notice as required above, the enforcement officer shall file a copy of the notice, together with an affidavit or certificate stating the time and manner in which such notice was given in the office of the city clerk. The failure of the owner or any other responsible person to receive such notice shall not affect in any manner the validity of any proceedings pursuant to this title.

5. Chapter 8.10.085 is hereby added to the Willows Municipal Code to read:

**8.10.085 Appeal hearing.**

(1) If the property owner or responsible party requests a hearing, the City Manager or his or her designee shall send a notice to all interested parties setting the time and place of the hearing.

(2) If the property owner or responsible party does not request a hearing, the City shall abate the property in the manner stated in the Notice to Abate Public Nuisance.

(3) If the property owner or responsible party does not appear and attend the hearing, the City shall abate the property in the manner stated in the Notice to Abate Public Nuisance.

6. Chapter 8.10.090 of the Willows Municipal Code is hereby amended in its entirety to read:

**8.10.090 Abatement of nuisance prior to scheduled hearing.**

In the event that a hearing is requested, any owner or responsible person may, at their own expense and prior to the scheduled hearing, abate a declared nuisance in accordance with the provisions of the notice sent by the enforcement officer; provided, that all necessary permits are first obtained. If the enforcement officer determines that the nuisance has been abated, the proceedings under this title shall be terminated.

7. Chapter 8.10.100 of the Willows Municipal Code is hereby amended in its entirety to read:

**8.10.100 Manner of conducting hearing.**

(1) At the time and place designated for the hearing, the city manager, or his or her designee, shall hear and consider all relevant evidence, including, but not limited to, applicable staff reports, oral, physical and documentary evidence regarding the alleged nuisance and proposed method of abatement. The hearing may be continued from time to time.

**CITY OF WILLOWS**  
**ORDINANCE \_\_\_\_\_ 2019**

(2) The enforcement officer shall bear the burden of proving by a preponderance of the evidence that a public nuisance exists.

(3) All oral evidence shall be heard only on oath or affirmation.

(4) The owner or any responsible person may be represented by anyone of their choice or may represent themselves.

(5) The hearing shall not be conducted according to the formal rules of evidence. Any relevant evidence shall be admitted if it is the type of evidence which reasonable persons are accustomed to rely on in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions in courts of competent jurisdiction in this state. However, irrelevant or unduly repetitious evidence shall be excluded.

(6) Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence, but hearsay evidence shall not be sufficient by itself to support a finding unless it would be admissible over objections in civil actions in courts of competent jurisdiction in this state.

(7) The parties in the hearing shall have the following rights:

(a) To call and examine witnesses or any matter relevant to the issues of the hearing;

(b) To cross-examine opposing witnesses on any matter relevant to the issues of the hearing;

(c) To impeach any witness regardless of which party first called such witness to testify;

(d) To rebut evidence against such parties;

(e) To request the hearing officer to take official notice of any fact which would be subject to judicial notice by the courts of this state.

(8) Within 10 days after the conclusion of the hearing, the city manager shall issue a written decision and, where applicable, an order of abatement. This decision shall set forth the factual findings made by the city manager, a conclusion as to whether a public nuisance exists, and the manner and timing of the abatement.

8. Chapter 8.10.110 of the Willows Municipal Code is hereby amended in its entirety to read:

**8.10.110      Appeal to city council.**

The property owner or other responsible person may appeal the decision of the city manager, or his or her designee, to the city council within 10 days of the date of the decision by submitting a written appeal. The city clerk shall set a hearing before the city council within 30 days of receipt

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of the appeal. At least 10 days before the hearing, notice of the time and place of the hearing shall be mailed to the owner and any responsible person by certified mail.

The city council shall conduct the appeal hearing in the manner set forth in WMC 8.10.100. The city council may continue the hearing from time to time as it deems necessary.

The decision of the city council shall be final.

This ordinance was introduced at a regular meeting of the City Council of the City of Willows, held on \_\_\_\_\_, 2019, and adopted at a regular meeting of the City Council of Willows, held on the \_\_\_\_\_, 2019, by the following vote, to wit:

AYES, COUNCILMEMBERS \_\_\_\_\_

\_\_\_\_\_

NOES, COUNCILMEMBERS \_\_\_\_\_

\_\_\_\_\_

ABSENT COUNCILMEMBERS \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
GARY HANSEN, MAYOR

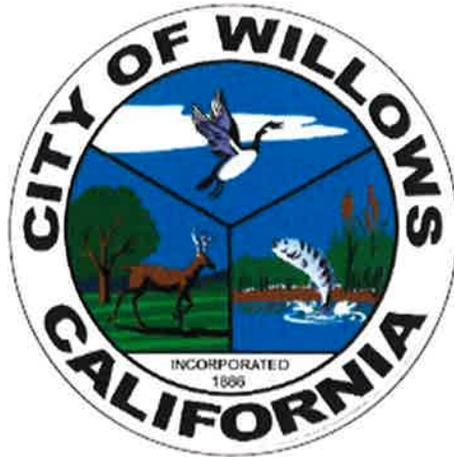
APPROVED AS TO FORM:

THE CITY ATTORNEY'S OFFICE

\_\_\_\_\_  
ROBERT HUNT, CITY ATTORNEY

ATTEST:

\_\_\_\_\_  
TARA RUSTENHOVEN, CITY CLERK



# REGULAR BUSINESS

## **AGENDA ITEM**

October 22, 2019

**TO:** Mayor Hansen and Members of City Council

**FROM:** Karen Mantele, Principal Planner

**SUBJECT:** Approving conduit financing for the Sycamore Ridge Family Apartments Affordable Housing Project

## **RECOMMENDATION**

Staff recommends that the City Council conduct a public hearing under the requirement of the Tax and Equity Fiscal Responsibility Act ("TEFRA") and the Internal Revenue Code of 1986, as amended (the "Code") in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority ("CMFA") and adopt the attached resolution to approve the financing of the Project (Sycamore Ridge Family Apartments) by the CMFA.

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## **SUMMARY/BACKGROUND**

Willows Family Associates, a California Limited Partnership (the "Borrower") a partnership of which Pacific West Communities, Inc. (the "Developer") or a related person to the Developer is the general partner requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$8,000,000 of tax-exempt revenue bonds.(the "Bonds"). Proceeds of the Bonds will be used to finance or refinance the acquisition, construction, improvement and equipping of a 24-unit multifamily rental housing project located at 1245 West Sycamore Street, Willows, California (the "Project").

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Willows must conduct a public hearing (the "TEFRA Hearing") providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

## **CALIFORNIA MUNICIPAL FINANCE AUTHORITY:**

The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 300 municipalities, including the City of Willows, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

**FINANCIAL CONSIDERATIONS -**

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the City of Willows, it is expected that that a portion of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.

**NOTIFICATION**

Cameron Johnson, of Pacific West Communities, Inc project developer.

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**RECOMMENDATION**

Staff recommends that the City Council (1) Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the "Code") and (2) Adopt the resolution approving the issuance of the Bonds by the CMFA for the benefit of Willows Family Associates, a California Limited Partnership (the "Borrower"), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

Respectfully submitted,



Karen Mantele  
Principal Planner

Approved by:



Wayne Peabody  
Interim City Manager

Attachments:

1. Draft Resolution approving bonds issuance

**DRAFT RESOLUTION**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS APPROVING  
THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY  
MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL  
AMOUNT NOT TO EXCEED \$8,000,000 FOR THE PURPOSE OF FINANCING OR  
REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND  
EQUIPPING OF SYCAMORE RIDGE FAMILY APARTMENTS AND CERTAIN OTHER  
MATTERS RELATING THERETO**

**WHEREAS**, Willows Family Associates, a California Limited Partnership (the “Borrower”) a partnership of which Pacific West Communities, Inc. (the “Developer”) or a related person to the Developer is the general partner, has requested that the California Municipal Finance Authority (the “Authority”) adopt a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the “Code”) in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$8,000,000 in aggregate principal amount (the “Bonds”), to finance or refinance the acquisition, construction, improvement and equipping of a 24-unit multifamily rental housing project located at 1245 West Sycamore Street, Willows, California (the “Project”); and

**WHEREAS**, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the City of Willows (the “City”) because the Project is located within the territorial limits of the City; and

**WHEREAS**, the City Council of the City of Willows (the “City”) is the elected legislative body of the City and is one of the “applicable elected representatives” required to approve the issuance of the Bonds under Section 147(f) of the Code; and

**WHEREAS**, the Authority has requested that the City Council (the “City”) approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the City; and

**WHEREAS**, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Willows as follows:

Section 1. The foregoing resolution is true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds by the Authority. It is

the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 4. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

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

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council on this 22<sup>nd</sup> day of October, 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTESTED:

\_\_\_\_\_  
Gary Hansen, Mayor

\_\_\_\_\_  
Tara Rustenhoven, City Clerk

**AGENDA ITEM**

TO: Honorable Mayor Gary Hansen and Members of the City Council

FROM: Tara Rustenhoven, City Clerk

SUBJECT: Planning Commission Vacancies/Appointments

**RECOMMENDATION:**

Select two Council Members to serve as a Planning Commission Selection Subcommittee and Possible approval for the proposed schedule and procedures for the appointment of three individuals to fill the expiring terms of currently seated Dana Owens, Candis Woods and Robert Griffith and accept the resignation of Planning Commissioner Peggy White and appoint one individual for the remaining term to December 31, 2021.

---

**SUMMARY:**

In accordance with the Willows City Code, appointments to the Planning Commission are made by the Mayor with approval of the City Council.

Proposed schedule presented for Council's consideration:

- October 22, 2019 – Selection of two Council members to act as Selection Committee to review applications and conduct interviews.
- Provide notice of the upcoming Planning Commission vacancies to the local news media and post on City Website.
- October 28th, 2019 through 4:00 p.m. on November 25th, 2019 – Accept letters of interest and/or applications.
- November 25th, 2019 through December 4, 2019 – Review of applications and interview of Candidates by the Selection Committee.
- December 10th, 2019 – Anticipated appointments to be made by the City Council.

**FINANCIAL CONSIDERATIONS:**

None at this time.

**NOTIFICATION:**

-Notify current Planning Commission Seat Holders with expiring terms. (Dana Owens, Candis Woods & Robert Griffith)

-Publish Notifications of vacancies to both the Media and City Website

**ALTERNATE ACTIONS:**

October 22, 2019

No Alternatives are recommended.

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**RECOMMENDATION:**

Select two Council Members to serve as a Planning Commission Selection Subcommittee and Possible approval for the proposed schedule and procedures for the appointment of three individuals to fill the expiring terms of currently seated Dana Owens, Candis Woods and Robert Griffith and accept the resignation of Planning Commissioner Peggy White and appoint one individual for the remaining term to December 31, 2021.

Respectfully Submitted,



Tara Rustenhoven  
City Clerk

Approved by:



Wayne Peabody  
Interim City Manager/Fire Chief

**AGENDA ITEM**

**TO:** Wayne Peabody, Interim City Manager  
**FROM:** Tim Sailsbery, Administrative Services Director  
**SUBJECT:** Sale/Leaseback Financing for South Willows Infrastructure Project

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**RECOMMENDATION**

Adopt the Resolution of the City Council of the City of Willows Approving the Form and Authorizing the Execution of Certain Lease Financing Documents in Connection with the Financing of a Portion of the Cost of the South Tehama Infrastructure Project and Authorizing and Directing Certain Actions With Respect Thereto.

**SITUATION (or BACKGROUND):**

At the September 10 meeting, the City Council approved the term sheet associated with this loan financing to cover temporary liquidity gaps in the South Willows Infrastructure project. More specifically, this loan provides gap funding while the conditions of the CDBG-OTC Grant (\$850,000) are being completed and it terms out for 6 years (can go up to 10 if necessary) Basin Street's remaining commitment to the project (\$540,000) which will be paid to the City in installments in year 2-5 post completion of the infrastructure. The total of these two items (\$1,390,000) was the basis for seeking \$1,400,000 in financing.

These loans will be collateralized under a "sale/leaseback" transaction, in which a City asset (the fire station in this case) is pledged as collateral. Please note that this is also how the sewer treatment plant loan is collateralized. In addition, the grant funds will provide secondary collateralization for the operating line of credit.

Staff is requesting that Council adopt the resolution (Exhibit A) provided to approve and authorize the execution of the sale/leaseback transaction and to authorize the Mayor, CM, or Administrative Services Director to sign on the City's behalf. Exhibits B-D are draft documents that will be subject to final review and signature once the resolution is passed.

Please note that Staff has spoken with Bond Counsel regarding the items in the document that reflect a "maximum annual payment" limitation. Bond Counsel has assured Staff that the payment terms are flexible under the concept of being able to make lease prepayments above and beyond the maximum annual lease payment concept.

**FINANCIAL CONSIDERATIONS:**

Interest on the line of credit and take-out financing (TBD, based upon length of time that grant funds become available for paydown)

\$17,500 bond counsel services

\$2,500 sale/leaseback transaction third party

\$8,500 Bank legal review fee

**ALTERNATE ACTIONS**

1. Adopt the Resolution as requested
2. Request additional information from staff.
3. Reject financing

**RECOMMENDATION**

Adopt the Resolution of the City Council of the City of Willows Approving the Form and Authorizing the Execution of Certain Lease Financing Documents in Connection with the Financing of a Portion of the Cost of the South Tehama Infrastructure Project and Authorizing and Directing Certain Actions With Respect Thereto

Respectfully submitted,

/s/ Tim Sailsbery

Tim Sailsbery  
Administrative Services Director

Attachments:

- A-Resolution
  - B-Purchase Agreement
  - C-Lease Document
  - D-Lease Agreement
-

CITY OF WILLOWS

RESOLUTION NO. \_\_\_\_

**RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE FINANCING OF A PORTION OF THE COST OF THE SOUTH TEHAMA INFRASTRUCTURE PROJECT AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the City Council (the "Council") of the City of Willows (the City") as follows:

WHEREAS, the City has determined at this time, due to prevailing interest rates and for other reasons to finance, prior to the receipt of grant proceed, a portion of the cost the South Willows Roadway and Utilities Infrastructure Improvement Project being (a) underground utilities (water, sewer, storm drain, electricity, natural gas, and telephone) extended along South Tehama Street, (b) pavement improvements to South Tehama Street, (c) construction of a bridge across the Willows Drain Channel, (d) construction of West Harvest Drive, and (e) extension of all utilities and stubs underground on West Harvest Drive (collectively, the "Project");

WHEREAS, it is in the public interest and for the public benefit that the Council authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other financing documents in connection therewith to implement a lease financing for the purpose of financing the Project; and

WHEREAS, the documents below specified have been filed with the Council and the members of the Council, with the aid of its staff, have reviewed said documents;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

*Section 1.* The Council hereby approves the financing of the Project.

*Section 2.* The below-enumerated documents, in the forms on file with the City Clerk, be and are hereby approved, and the Mayor, the City Manager or the Administrative Services Director, or the designee thereof, are hereby individually authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such officials, and the City Clerk is hereby authorized and directed to attest to such official's signature:

(a) a letter agreement for purchase, by and between Umpqua Bank, as purchaser (the "Purchaser"), and the City, whereby the Purchaser agrees to acquire certain rights of the Corporation (hereinafter defined), including but not limited to the lease payments to be made by the City under the Lease Agreement and the rights of the Corporation under the Site and Facility Lease (hereinafter defined);

(b) a site and facility lease, by and between the City, as lessor, and the Public Property Financing Corporation of California (the "Corporation"), as lessee (the "Site and Facility Lease"), pursuant to which the City will lease certain real property and improvements (the "Property") to the Corporation; and

(c) a lease agreement, by and between the Corporation, as lessor, and the City, as lessee (the "Lease Agreement"), pursuant to which the Corporation will lease the Property back to the City and pursuant to which the City will agree to make semi-annual lease payments (the "Lease Payments"), so long as the principal amount of the Lease Agreement is not greater than \$1,400,000, the maximum annual Lease Payments are not greater than \$130,000 (subject to the effect of the Taxable Rate and the Default Rate if either is applicable) and the term of the Lease Agreement does not extend beyond November 1, 2029 (subject to the extension described in the Lease Agreement).

*Section 3.* The Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized.

*Section 4.* This Resolution shall take effect upon its adoption by the Council.

\*\*\*\*\*

PASSED AND ADOPTED by the City Council of the City of Willows this 22<sup>nd</sup> day of October 22, 2019, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

ATTESTED:

\_\_\_\_\_  
Gary Hansen, Mayor

\_\_\_\_\_  
Tara Rustenhoven, City Clerk

**LETTER AGREEMENT FOR PURCHASE**

October 23, 2019

City of Willows  
201 North Lassen Street  
Willows, CA 95988  
Attention: Administrative Services Director

Re: Up to \$1,400,000 Lease Agreement, dated as of November 1, 2019, by and between the Public Property Financing Corporation of California and the City of Willows, assigned to Umpqua Bank

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Ladies and Gentlemen:

The undersigned, Umpqua Bank (including its successors and assigns, the "Purchaser"), offers, upon the following terms, to acquire (i) the rights, title and interest of Public Property Financing Corporation of California (the "Corporation") under the Lease Agreement (hereinafter defined), including its rights to receive Lease Payments to be made by the City of Willows (the "City") under the Lease Agreement, dated as of November 1, 2019 (the "Lease Agreement"), by and between the City and the Corporation; provided that the Corporation's rights to indemnification and payment or reimbursement for any costs or expenses thereunder have been retained by the Corporation to the extent such rights accrue to the Corporation and shall have been assigned to the Purchaser, as assignee, to the extent such rights accrue to the Purchaser, by entering into an assignment agreement, dated as of November 1, 2019 (the "Assignment Agreement"), with the Corporation, and (ii) except for the Corporation's obligation under Section 4 thereof, the rights, title and interest of the Corporation under the Site and Facility Lease, dated as of November 1, 2019 (the "Site and Facility Lease"), by and between the City and the Corporation.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Lease Agreement.

1. *Purchase and Purchase Price; Terms of Corporation's Obligations.* The City and the Corporation agree to execute and deliver the Site and Facility Lease and the Lease Agreement, and the Purchaser agrees to purchase the Corporation's rights, title and interest under the Lease Agreement, as described more specifically above and in the Assignment Agreement, at an aggregate purchase price of up to \$1,400,000. The Lease Payments under the Lease Agreement and the interest rates applicable thereto shall be as shown in Exhibit A hereto.

The City acknowledges that:

(a) The Purchaser is acting in this transaction solely for its own loan account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor;

(b) The Purchaser has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the City (including the

municipal advisor engaged by the City) with respect to the structuring of the financing or the execution and delivery of the Lease Agreement;

(c) The Purchaser has no fiduciary duty pursuant to section 15B of the Securities Exchange Act of 1934, as amended, to the City with respect to the transactions relating to the structuring of the financing or the execution and delivery of the Lease Agreement and the discussions, undertakings, and procedures leading thereto;

(d) The City has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the lease financing transaction from its financial, legal, and other advisors (and not the Purchaser or its affiliates) to the extent that the City or its municipal advisor desires to, should, or needs to obtain such advice;

(e) The Purchaser has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the City's municipal advisor, with respect to any such matters; and

(f) the transactions between the City and the Purchaser are arm's length, commercial transactions in which the Purchaser is acting and has acted solely as a principal and for its own interest, and the Purchaser has not made recommendations to the City with respect to the transactions relating to the Lease Agreement.

2. *Use of Funds.* The purchase price paid by the Purchaser shall be used by the Corporation to pay the City an amount equal to an advance rental of \$1,400,000.00, pursuant to Section 4 of the Site and Facility Lease. The City shall use such advance rental payment received from the Corporation to finance, prior to the receipt of grant proceed, a portion of the cost the South Willows Roadway and Utilities Infrastructure Improvement Project being (a) underground utilities (water, sewer, storm drain, electricity, natural gas, and telephone) extended along South Tehama Street, (b) pavement improvements to South Tehama Street, (c) construction of a bridge across the Willows Drain Channel, (d) construction of West Harvest Drive, and (e) extension of all utilities and stubs underground on West Harvest Drive (the "Project").

3. *Disposition of Proceeds.* On the Closing Date, the Purchaser shall transfer \$50,001.00, constituting the first advance under the Lease Agreement to the City (wire instructions to be provided).

4. *Closing.* At 10:00 a.m. Pacific Daylight time, on November 5, 2019, or at such other time or on such earlier or later date as the Purchaser, the Corporation and the City mutually agree upon (the "Closing Date"), the City will deliver (or cause to be delivered) the Site and Facility Lease and the Lease Agreement executed by the City and the Corporation, and the Assignment Agreement executed by the Corporation and the Purchaser, and the Purchaser will pay the purchase price for the Corporation's rights, title and interest in the Site and Facility Lease and the Lease Agreement as set forth in Section 1 hereof in federal or other immediately available funds.

5. *Representations and Warranties of the City.* The City represents and warrants to the Purchaser that:

(a) The City is a municipal corporation and general law city organized and existing under the Constitution and the laws of the State of California (the "State"), and has all necessary

power and authority to enter into and perform its duties under this Agreement, the Site and Facility Lease and the Lease Agreement (collectively, the "City Documents").

(b) Neither the execution and delivery of the City Documents, nor the execution of this Agreement, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

(c) The City Documents have been duly authorized by the City, and, assuming due authorization, execution and delivery by the other parties thereto, will constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against cities in the State of California.

(d) There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the execution and delivery of the City Documents or the consummation by the City of the other transactions contemplated by the City Documents.

(e) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the City or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a Material Adverse Effect upon the consummation of the transactions contemplated by or the validity of the City Documents or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would have a Material Adverse Effect on the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the City and on the City's ability to make the Lease Payments.

(f) By official action of the City prior to or concurrently with the execution hereof, the City has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by this Agreement.

(g) The City is not in breach of or default under any material applicable law or administrative regulation of the State or the United States or any material applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject and in connection with which the City is obligated to make payments from its own funds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a

default or an event of default under any such instrument the consequence of which could be to materially and adversely affect the performance of the City under the City Documents.

(h) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Purchaser and this Agreement.

(i) Any certificate of the City delivered to the Purchaser shall be deemed a representation and warranty by the City to the Purchaser as to the statements made therein.

(j) As of the time of acceptance hereof and as of the Closing Date the City does not and will not have outstanding any indebtedness which is secured by a lien on the City's general fund or the Property, except as disclosed to the Purchaser.

(k) The financial statements of, and other financial information regarding the City delivered to the Purchaser fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth and the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(l) Between the date of this Agreement and the Closing Date, the City will not, without the prior written consent of the Purchaser, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on the City's general fund.

(m) The City does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under the City Agreements or the Assignment Agreement. To the extent the City has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the City hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to the City Documents or the Assignment Agreement.

6. *Conditions Precedent to the Closing.* Other conditions precedent to the Closing are:

(a) The delivery by the City of a certified copy of (i) the resolution of the City Council authorizing the execution and delivery by the City of the Site and Facility Lease and the Lease Agreement, together with an incumbency certificate of the City, and (ii) the resolution of the Board of Directors of the Corporation authorizing the execution and delivery by the Corporation of the Site and Facility Lease, the Lease Agreement and the Assignment Agreement, together with an incumbency certificate of the Corporation;

(b) The delivery by the City of fully executed copies of the Site and Facility Lease, the Lease Agreement and Assignment Agreement in form and substance acceptable to the Purchaser;

(c) Delivery of a legal opinion addressed to the City, with a reliance letter to the Purchaser, dated the Closing Date, of Quint & Thimmig LLP, as Special Counsel, with respect to (i) the validity and enforceability of the Lease Agreement, the Site and Facility Lease, and the Assignment Agreement by and against the City and the Corporation (as applicable), (ii) the tax-exempt status of the interest component of the Lease Payments, and (iii) such other matters as may be requested by the Purchaser in form and substance acceptable to the Purchaser;

(d) The delivery of a certificate dated the Closing Date and signed by the Chief Executive Officer, or such other officer of the City as the City Council of the City may approve, to the effect that:

(i) to the best knowledge of the City, there are no actions or proceedings against the City pending and notice of which has been served on the City or threatened that materially adversely affect the City's ability to pay the Lease Payments or to perform its obligations under the Site and Facility Lease and Lease Agreement;

(ii) the representations and warranties of the City contained in this agreement and the Lease Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and

(iii) that the City acknowledges receipt from the Purchaser of the purchase price for the City's obligations under the Lease Agreement, including the Lease Payments;

(e) The delivery by the City of a title policy for the property that is the subject of the Site and Facility Lease and Lease Agreement in form acceptable to the Purchaser;

(f) The delivery by the Purchaser of a letter in form and substance as attached hereto as Exhibit B;

(g) Evidence of insurance required by the Lease Agreement;

(h) Such other documents as may be reasonably requested by the Purchaser.

7. *Events Permitting the Purchaser to Terminate.* The Purchaser may terminate its obligation to purchase the Corporation's rights, title and interest under the Site and Facility Lease and the Lease Agreement before the Closing Date if any of the following occurs:

(a) any legislative, executive or regulatory action (including the introduction of legislation) or any court decision that, in the judgment of the Purchaser, casts sufficient doubt on the legality of or the tax-exempt status of the interest component of obligations such as those represented by the Lease Agreement and the Lease Payments so as to materially reduce the price of such obligations, in the reasonable opinion of the Purchaser;

(b) any action by the Securities and Exchange Commission or a court that would require registration of the Lease Agreement under the Securities Act of 1933, as amended;

(c) any event occurs or becomes known that has a material adverse effect on the financial condition of the City or on the ability of the City or the Corporation to perform under the Site and Facility Lease, the Lease Agreement or the Assignment Agreement; or

(d) any of the representations or warranties of the City made in this Letter Agreement for Purchase are determined by the Purchaser to be untrue or materially inaccurate.

8. *Expenses.* The fees and disbursements of Special Counsel, the fees and disbursements of the municipal advisor to the City, CDIAC fees, fees of Purchaser's Counsel, title and escrow fees and other miscellaneous expenses of the City incurred in connection with the offering and delivery of the City Documents or the Assignment Agreement shall all be the obligation of the City. The Purchaser shall have no responsibility for any expenses associated with the City Documents or the Assignment Agreement, including, but not limited to, the expenses identified above as the obligation of the City.

9. *Applicable Law.* This Agreement shall be governed by the laws of the State of California, exclusive of the choice of law provisions thereof.

10. (a) TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF THE CITY AND THE PURCHASER IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE CITY FURTHER AGREES THAT, IN THE EVENT OF LITIGATION, IT WILL NOT PERSONALLY OR THROUGH ITS AGENTS OR ATTORNEYS SEEK TO REPUDIATE THE VALIDITY OF THIS SECTION 10, AND IT ACKNOWLEDGES THAT IT FREELY AND VOLUNTARILY ENTERED INTO THIS AGREEMENT TO WAIVE TRIAL BY JURY IN ORDER TO INDUCE THE PURCHASER TO ENTER INTO THIS AGREEMENT.

(b) To the extent the foregoing waiver of a jury trial is unenforceable under applicable California law, the parties agree to refer, for a complete and final adjudication, any and all issues of fact or law involved in any litigation or proceeding (including all discovery and law and motion matters, pretrial motions, trial matter and post-trial motions up to and including final judgment), brought to resolve any dispute (whether based on contract, tort or otherwise) between the parties hereto arising out of, in connection with or otherwise related or incidental to this Agreement to a judicial referee who shall be appointed under a general reference pursuant to California Code of Civil Procedure Section 638, which referee's decision will stand as the decision of the court. Such judgment will be entered on the referee's statement of judgment in the same manner as if the action had been tried by the court. The parties shall select a single neutral referee, who shall be a retired state or federal judge with at least five years of judicial experience in civil matters; provided that the event the parties cannot agree upon a referee, the referee will be appointed by the court. The City shall be solely responsible to pay all fees and expense of any referee appointed in such action or proceeding.

[Remainder of page intentionally left blank]

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

UMPQUA BANK, as Purchaser

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF WILLOWS

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT A**  
**SCHEDULE OF LEASE PAYMENTS**

Lease Payment Date	Principal Component (1)	Interest Component (2)	Total Lease Payment
5/1/20	\$ 106,394.71	(3)	(3)
11/1/20	108,160.86	(3)	(3)
5/1/21	109,956.33	\$19,678.38	\$129,634.71
11/1/21	111,781.61	17,853.10	129,634.71
5/1/22	113,637.18	15,997.53	129,634.71
11/1/22	115,523.56	14,111.15	129,634.71
5/1/23	117,441.25	12,193.46	129,634.71
11/1/23	119,390.78	10,243.93	129,634.71
5/1/24	121,372.66	8,262.05	129,634.71
11/1/24	123,387.45	6,247.26	129,634.71
5/1/25	125,435.68	4,199.03	129,634.71
11/1/25	127,517.91	2,116.80	129,634.71
<b>TOTAL</b>	<b>\$1,400,000.00</b>	<b>(3)</b>	<b>(3)</b>

- (1) If the City elects not to advance the full Authorized Amount, the Lease Payment schedule will be revised to reflect the final amount.
- (2) The applicable interest rate is 3.320% per annum. If the Default Rate or the Taxable Rate is in effect, interest will be computed by applying such alternate rate.
- (3) The interest payable on 5/1/20 and 11/1/20 will be based on the amount of principal advanced and for the period prior to such date.

## EXHIBIT B

### FORM OF PURCHASER'S LETTER

City of Willows  
201 North Lassen Street  
Willows, CA 95988  
Attention: Administrative Services Director

Re: Up to \$1,400,000 Lease Agreement, dated as of November 1, 2019, by and between the Public Property Financing Corporation of California and the City of Willows, assigned to Umpqua Bank

---

Ladies and Gentlemen:

The undersigned, Umpqua Bank (the "Purchaser"), has agreed to acquire (i) the rights, title and interest of Public Property Financing Corporation of California (the "Corporation") under the Lease Agreement, dated as of November 1, 2019 (the "Lease Agreement"), by and between the City of Willows (the "City") and the Corporation, including its rights to receive lease payments to be made by the City under the Lease Agreement. In connection with such purchase, the Purchaser hereby agrees and certifies to the Corporation and the City that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Lease Agreement to be able to evaluate the risks and merits of the rights, title and interest of the Corporation under the Lease Agreement.

(b) The Purchaser is acquiring the rights, title and interest of the Corporation under the Lease Agreement for its own account and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the rights, title and interest of the Corporation under the Lease Agreement or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of such rights, title and interest under the Lease Agreement; *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the rights, title and interest under the Lease Agreement in accordance with the Lease Agreement. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the rights, title and interest of the Corporation under the Lease Agreement.

(c) The Purchaser has made its own credit inquiry and analysis with respect to the City and the Lease Agreement and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the City set forth in the Lease Agreement and in the information set forth in any materials submitted to the Purchaser by the City. The City has furnished to the Purchaser of all the information which the Purchaser has requested of the City as a result of the Purchaser having attached significance thereto in making its decision with respect to the Lease Agreement, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the City and the Lease Agreement. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the rights, title and interest of the Corporation under the Lease Agreement.

(d) The Purchaser understands that the Lease Agreement has not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Lease Agreement by it, and further acknowledges that any current exemption from registration of the Lease Agreement does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the rights, title and interest of the Corporation under the Lease Agreement and to execute any instruments and documents required to be executed by the Purchaser in connection with the purchase of the rights, title and interest of the Corporation under the Lease Agreement. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein on behalf of the Purchaser.

(f) The Purchaser acknowledges that rights, title and interest of the Corporation under the Lease Agreement are transferable with certain requirements, as described in the Lease Agreement.

(g) The Purchaser acknowledges that the Lease Agreement is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the City has not undertaken to provide any continuing disclosure with respect to the Lease Agreement, but that the City has agreed to provide other ongoing information to the Purchaser.

UMPQUA BANK, as Purchaser

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Quint & Thimmig LLP

09/25/19

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP  
900 Larkspur Landing Circle, Suite 270  
Larkspur, CA 94939-1726  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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**SITE AND FACILITY LEASE**

**Dated as of November 1, 2019**

**by and between the**

**CITY OF WILLOWS, as Lessor**

**and the**

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

---

## SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE (this "Site and Facility Lease"), dated as of November 1, 2019, is by and between the CITY OF WILLOWS, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation organized and existing under and by virtue of the laws of the State of California (the "Corporation"), as lessee;

### WITNESSETH:

WHEREAS, pursuant to this Site and Facility Lease, the City proposes to lease those certain parcels of real property situated in Glenn County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Corporation, all for the purpose of enabling the City to finance, prior to the receipt of grant proceed, a portion of the cost the South Willows Roadway and Utilities Infrastructure Improvement Project being (a) underground utilities (water, sewer, storm drain, electricity, natural gas, and telephone) extended along South Tehama Street, (b) pavement improvements to South Tehama Street, (c) construction of a bridge across the Willows Drain Channel, (d) construction of West Harvest Drive, and (e) extension of all utilities and stubs underground on West Harvest Drive;

WHEREAS, the Corporation proposes to lease the Property back to the City pursuant to that certain Lease Agreement, dated as of November 1, 2019, a memorandum of which is recorded concurrently herewith (the "Lease Agreement") and to assign all of its rights, title and interest in, to and under this Site and Facility Lease and the Lease Agreement, including 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 interest and rights under the Lease Agreement in the event of a default thereunder by the City, to Umpqua Bank (the "Assignee"), pursuant to that certain assignment agreement, dated as of November 1, 2019, by and between the Corporation and the Assignee (the "Assignment Agreement"), and recorded concurrently herewith;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site and Facility Lease. The City hereby leases to the Corporation and the Corporation hereby leases from the City, on the terms and conditions hereinafter set forth, the Property.

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the City of the County Recorder of Glenn County, State of California, and shall end on November 1, 2025, unless such term is extended or sooner terminated as hereinafter provided. If, on November 1, 2025, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid by reason of abatement, default or otherwise, or provision shall not have been made for their payment in accordance with the Lease Agreement, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than November 1, 2035. If, prior to November 1, 2025, all Lease

Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Advance Rental Payment. The City agrees to lease the Property to the Corporation in consideration of the payment by the Corporation of an advance rental payment of \$1,400,000. The City and the Corporation agree that by reason of the assignment of the Lease Payments to the Assignee under and pursuant to the Assignment Agreement, the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

Section 5. Purpose. The Corporation shall use the Property solely for the purpose of leasing the Property to the City pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however,* that in the event of default by the City under the Lease Agreement, the Corporation and its assigns, including the Assignee, may exercise the remedies provided in the Lease Agreement.

Section 6. City's Interest in the Property. The City covenants that it is the owner in fee of the Property.

Section 7. City Representations and Certifications to the Corporation and the Assignee. The City hereby certifies and represents, warrants, covenants and agrees as follows:

(a) This Site and Facility Lease is in full force and effect, and there have been no amendments, modifications, changes or additions since its execution.

(b) To the best of the City's knowledge, the Corporation is not and will not be, in any respect, in default under the terms and provisions of this Site and Facility Lease. Further, to the best of the City's knowledge, the City knows of no event which would, currently or with the passage of time or giving of notice, or both, constitute a default under the terms of this Site and Facility Lease by either the Corporation or the City.

(c) The City has not currently encumbered its fee interest in the Property to any lender or financial institution, whether by way of mortgage, deed of trust or other security instruments, except for this Site and Facility Lease and the Lease Agreement which is being recorded concurrently herewith and Permitted Encumbrances (as defined in the Trust Agreement).

(d) The City acknowledges hereby consents to the Lease Agreement.

(e) Upon the Event of Default under the Lease Agreement, the City will standstill and allow the Corporation or the Assignee to pursue any and all remedies available to the Corporation or Assignee under either this Site and Facility Lease or the Lease Agreement.

(f) Except for the rental payment referenced in Section 4, no additional rent is or will be due under this Site and Facility Lease by the Corporation through the term of this Site and Facility Lease and the Corporation has satisfied all of its obligations under this Site and Facility Lease.

(g) During the term of the Site and Facility Lease, the City will not consent to any amendment, modification or termination of this Site and Facility Lease without the prior written consent of the Assignee.

(h) During the term of this Site and Facility Lease, the City will not encumber its interest in the Site without the prior written consent of the Assignee.

(i) The City acknowledges that this Site and Facility Lease cannot be terminated by the City for any reason, except according to Section 3.

(j) Notwithstanding any Site and Facility Lease provisions to the contrary, policies of fire, casualty, and extended coverage insurance shall be carried and maintained by the City in accordance with the terms of the Lease Agreement covering the building or buildings constructed on the Site, with a loss payable clause to Assignee.

Section 8. Assignments and Subleases. Unless the City shall be in default under the Lease Agreement, the Corporation may not assign its rights under this Site and Facility Lease or sublet the Property, except as provided in the Lease Agreement and the Assignment Agreement, without the written consent of the City and the Assignee. The City consents to the assignment of the Corporation's interest in this Site and Facility Lease to the Assignee. If the City is in default under the Lease Agreement, the Assignee (including their successors and assigns under the Lease Agreement) may fully and freely assign and sublease the Property or any portion thereof, subject to this Site and Facility Lease.

Section 9. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 10. Termination. The Corporation agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

Section 11. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the City may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the City shall have no right to terminate this Site and Facility Lease as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the City will continue to pay the Lease Payments to the Assignee.

In the event of the occurrence of an Event of Default under the Lease Agreement or a breach or default of the certifications and representations, warranties and covenants of the City contained in Section 7, the Corporation and/or the Assignee may (i) exercise the remedies provided in the Lease Agreement, (ii) use the Property for any lawful purpose, subject to any applicable legal limitations or restrictions, and (iii) exercise all options provided herein.

Section 12. Quiet Enjoyment. The Corporation, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement.

Section 13. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Corporation are solely liabilities of the Corporation and the City hereby releases each and every board member, director, officer, employee and agent of the Corporation of and from any personal or individual liability under this Site and Facility Lease. No board member, director, officer, employee or agent of the Corporation shall at any time or under any

circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Corporation hereunder.

Section 14. Taxes. All assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Property or the Corporation's interest in the Property created by this Site and Facility Lease (including both land and improvements) will be paid by the City in accordance with the Lease Agreement.

Section 15. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid principal component of the Lease Payments, any then unpaid interest component of the Lease Payments and any premium due with respect to the prepayment of Lease Payments to the date such amounts are remitted to the Corporation or its assignee, and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the City. The City hereby waives, to the extent permitted by law, any and all rights that it has or may hereafter have to acquire the interest of the Corporation in and to the Property through the eminent domain powers of the City. However, the City hereby agrees, to the extent permitted by law, that the compensation to be paid in any condemnation proceedings brought by or on behalf of the City with respect to the Property shall be in an amount not less than the total unpaid principal component of Lease Payments, the interest component of Lease Payments accrued to the date of payment of all Lease Payments and any premium due with respect to the prepayment of Lease Payments under the Lease Agreement.

Section 16. Use of the Proceeds. The City and the Corporation hereby agree that the lease to the Corporation of the City's right and interest in the Property pursuant to Section 2 serves the public purposes of the City.

Section 17. Attorneys' Fees, Costs and Expenses. In any civil action or proceeding arising from or relating to this Site and Facility Lease or a party's performance under this Site and Facility Lease, the prevailing party shall be awarded its reasonable attorneys' fees, costs and expenses, including the reasonable attorneys' fees, costs and expenses incurred in collecting or executing upon any judgment, order or award.

Section 18. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses set forth in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 20. Binding Effect. This Site and Facility Lease shall inure to the benefit of and shall be binding upon the City and the Corporation and their respective successors and assigns. The Assignee is recognized as and shall be deemed to be an irrevocable third party beneficiary of this Site and Facility Lease and may enforce the provisions of this Site and Facility Lease as if it were a party hereto..

Section 21. Amendment. This Site and Facility Lease may not be amended except as permitted under the Lease Agreement.

Section 21. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 22. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

Section 23. No Merger. Neither this Site and Facility Lease, the Lease Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the City to the Property under this Site and Facility Lease and the City's leasehold interest therein under the Lease Agreement.

Section 24. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

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

CITY OF WILLOWS

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Attest:

\_\_\_\_\_  
Tara Rustenhoven  
City Clerk

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

By \_\_\_\_\_  
Stefan A. Morton  
Treasurer

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

## **EXHIBIT A**

### **DESCRIPTION OF THE SITE**

All that certain real property situated in City of Willows, Glenn County, State of California, described as follows:

LOTS 9, 10, 11, 12, 13 AND 14 IN BLOCK 6 OF SOUTH WILLOWS, WEST WILLOWS AND VILLA LOTS OF THE WILLOWS LAND AND IMPROVEMENT COMPANY, WILLOWS, CAL., FILED MARCH 20, 1894 IN BOOK 1 OF MAPS, AT PAGE 49 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF GLENN.

APN: 002-262-010-000

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of the City's Fire Station located at 445 South Butte Street in Willows, California. The station was built in 1962 and sits on the \_\_\_\_ acre Site. The station includes \_\_\_\_\_.

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**LEASE AGREEMENT**

**Dated as of November 1, 2019**

**by and between the**

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

**and the**

**CITY OF WILLOWS, as Sublessee**

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## LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease Agreement"), dated as of November 1, 2019, is by and between the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation organized and existing under the laws of the State of California, as sublessor (the "Corporation"), and the CITY OF WILLOWS, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California, as sublessee (the "City");

### WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of November 1, 2019 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in Glenn County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Corporation, all for the purpose of enabling the City to finance, prior to the receipt of grant proceeds, a portion of the cost the South Willows Roadway and Utilities Infrastructure Improvement Project being (a) underground utilities (water, sewer, storm drain, electricity, natural gas, and telephone) extended along South Tehama Street, (b) pavement improvements to South Tehama Street, (c) construction of a bridge across the Willows Drain Channel, (d) construction of West Harvest Drive, and (e) extension of all utilities and stubs underground on West Harvest Drive (the "Project");

WHEREAS, the Corporation proposes to lease the Property back to the City pursuant to this Lease Agreement and to assign all of its rights, title and interest in, to and under this Lease Agreement, including its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City and its rights under the Site and Facility Lease, to Umpqua Bank (the "Assignee"), pursuant to that certain assignment agreement, dated as of November 1, 2019, by and between the Corporation and the Assignee; and

WHEREAS, the City and the Corporation have agreed to enter into this Lease Agreement providing for Lease Payments with an aggregate principal component in the amount of up to \$1,400,000 for the purpose of implementing the financing transactions described above.

### AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS; RULES OF INTERPRETATION

Section 1.1. Definitions. All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Lease Agreement.

*"Additional Payments"* means the amounts specified as such in Section 4.3(b) of this Lease Agreement.

*"Applicable Environmental Laws"* means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 *et seq.*; the Federal Water Pollution Control Act, 33 USC Sections 1251 *et seq.*; the Clean Air Act, 42 USC Sections 7401 *et seq.*; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 *et seq.*; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 *et seq.*; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code Sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (a) the existence, cleanup, and/or remedy of contamination on property;
- (b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (c) the control of hazardous wastes; or
- (d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

*"Applicable Law"* means (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) constitutions, statutes, rules, regulations and orders of all Governmental Authorities, (ii) Applicable Environmental Laws, (iii) applicable seismic building code requirements at the time of construction, and (iv) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators.

*"Assignee"* means initially, Umpqua Bank, as assignee of all rights, title and interests of the Corporation hereunder, and (b) any other entity to whom the rights of the Corporation hereunder are assigned, including subsequent assignees of the Assignee.

*"Assignment Agreement"* means the Assignment Agreement, dated as of November 1, 2019, by and between the Corporation, as assignor, and the Assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

*"Bond Counsel"* means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

*"Business Day"* means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State.

*"Closing Date"* means the date this Lease Agreement or a memorandum thereof is recorded in the office of the County Recorder of Glenn County.

*"Contract"* means any indenture, trust agreement, contract, agreement (other than this Lease Agreement), other contractual restriction, lease, mortgage or instrument.

*"Corporation"* means the Public Property Financing Corporation of California, a nonprofit public benefit corporation, organized and existing under the laws of the State.

*"Corporation Representative"* means the Chairman or the Treasurer or the designee of any such official, or any other person authorized by resolution of the Corporation delivered to the Assignee to act on behalf of the Corporation under or with respect to the Site and Facility Lease, the Lease Agreement and the Assignment Agreement.

*"Default Rate"* means the rate of 5.87% per annum.

*"Event of Default"* means any of the events of default as defined in Section 8.1.

*"Facility"* means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement.

*"Federal Securities"* means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

*"Fiscal Year"* means each twelve-month period during the Term of this Lease Agreement commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the City as its fiscal year period.

*"Governmental Authority"* means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, city or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

*"Hazardous Substance"* means any substance that shall, at any time, be listed as "hazardous" or "toxic" in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 *et seq.*).

*"Lease Agreement "* means this Lease Agreement, dated as of November 1, 2019, between the Corporation and the City, as hereafter amended and supplemented.

*"Lease Payment Date"* means June 1 and December 1 in each year, commencing June 1, 2018, and on January 30, 2033, and continuing to and including the date on which the Lease Payments are paid in full.

*"Lease Payments"* means all payments required to be paid by the City under Section 4.3, including any prepayment thereof under Sections 9.2 or 9.3.

*"Material Adverse Effect"* means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the City, (b) the ability of the City to carry out its business in the manner conducted as of the date of this Lease Agreement or to meet or perform its obligations under this Lease Agreement on a timely basis, (c) the validity or enforceability of this Lease Agreement, or (d) the exemption of the interest component of the Lease Payments for state income tax purposes.

*"Material Litigation"* means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any Governmental Authority, (a) if determined adversely to the City, may have a Material Adverse Effect, (b) seek to restrain or enjoin any of the transactions contemplated by this Lease Agreement, or (c) may adversely affect (i) the exemption of the interest component of the Lease Payments for state income tax purposes or (ii) the ability of the City to perform its obligations under this Lease Agreement.

*"Net Proceeds"* means any insurance or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

*"City"* means the City of Willows, a municipal corporation and general law city organized and existing under the laws of the State.

*"City Representative"* means the Mayor, the City Manager or the Administrative Services Director or the designee of any such official, or any other person authorized by resolution delivered to the Corporation and the Assignee to act on behalf of the City under or with respect to the Site and Facility Lease and this Lease Agreement.

*"Permitted Encumbrances"* means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article VI of this Lease Agreement; (b) the Site and Facility Lease, this Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy received by the City in connection with its acquisition with respect to the Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Property for its intended purposes.

*"Project"* means the City's South Tehama Infrastructure Project being (a) underground utilities (water, sewer, storm drain, electricity, natural gas, and telephone) extended along South Tehama Street, (b) pavement improvements to South Tehama Street, (c) construction of a bridge across the Willows Drain Channel, (d) construction of West Harvest Drive, and (e) extension of all utilities and stubs underground on West Harvest Drive.

*"Property"* means, collectively, the Site and the Facility.

*"Rental Period"* means each period during the Term of the Lease commencing on and including November 2 in each year and extending to and including the next succeeding November 1. The first Rental Period begins on the Closing Date and ends on November 1, 2020.

*"Site"* means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

*"Site and Facility Lease"* means the Site and Facility Lease, dated as of November 1, 2019, by and between the City, as lessor, and the Corporation, as lessee, together with any duly authorized and executed amendments thereto.

*"State"* means the State of California.

*"Tax Code"* means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

*"Taxable Date"* means the date when a final determination is made by the Internal Revenue Service that the interest component of the Lease Payments is not excludible from the gross income of the Assignee for federal income tax purposes caused by the actions or omissions of the City.

*"Taxable Rate"* means the rate of 4.32% per annum.

*"Term of this Lease Agreement"* or *"Term"* means the time during which this Lease Agreement is in effect, as provided in Section 4.2.

#### Section 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the City. The City makes the following covenants, representations and warranties to the Corporation and the Assignee as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence*. The City is a municipal corporation and general law city, organized and existing under and by virtue of the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery by the City of the Site and Facility Lease and this Lease Agreement.

(b) *Due Execution*. The representative of the City executing the Site and Facility Lease and this Lease Agreement has been fully authorized to execute the same by a resolution duly adopted by the City Council of the City.

(c) *Valid, Binding and Enforceable Obligations*. The Site and Facility Lease and this Lease Agreement have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding agreements of the City enforceable against the City in accordance with their respective terms.

(d) *No Conflicts*. The execution and delivery of the Site and Facility Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease or this Lease Agreement or the financial condition, assets, properties or operations of the City.

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the City or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a Material Adverse Effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease and this Lease Agreement or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other

Governmental Authority, which default might have consequences that would have a Material Adverse Effect on the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the City and on the City's ability to make the Lease Payments.

(g) *Sufficient Funds.* The City reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) *No Defaults.* The City has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations.

(i) *Fee Title.* The City is the owner in fee of title to the Property. No lien or encumbrance on the Property materially impairs the City's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

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

(k) *Change in Financial Condition.* The City has experienced no material change in its financial condition since June 30, 2018.

(l) *Hazardous Substances.* The Property is free of all Hazardous Substances, and the City is in full compliance with all Applicable Environmental Laws.

(m) *Flooding Risk.* The Property is not located in a 100-year flood zone and has never been subject to material damage from flooding.

(n) *Value of Property.* The value of the Property (real property replacement cost) is not less than \$1,400,000,000.

(o) *Essential to City Operations.* The Property is essential to the City's efficient and economic operations and the lease thereof for use by the City is in the best interest of the City.

(p) *Financial Statements.* The statement of financial position of the City as of June 30, 2018, and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Assignee, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the City at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the City.

(q) *No Material Adverse Change.* Since the most current date of the information, financial or otherwise, supplied by the City to the Assignee:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the City which might reasonably be anticipated to cause a Material Adverse Effect.

(ii) The City has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.

(iii) The City has not (A) incurred any material indebtedness, other than the Lease Payments, and trade accounts payable arising in the ordinary course of the City's business and not past due, or (B) guaranteed the indebtedness of any other person.

(r) *Accuracy of Information.* All information, reports and other papers and data furnished by the City to the Assignee were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon in entering into the transactions contemplated by this Lease Agreement. No fact is known to the City which has had or, so far as the City can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee by the City or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the City's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(s) *Facility.* The Facility complies with all applicable restrictive covenants, zoning ordinances, building laws and other Applicable Laws (including without limitation, the Americans with Disabilities Act, as amended).

(t) *Sovereign Immunity.* The City does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Lease Agreement. To the extent the City has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the City hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Lease Agreement.

(u) *Role of the Assignee.* The City acknowledges that (i) the Assignee under the Assignment Agreement, is acting solely for its own account and not as a fiduciary for the City or in the capacity of broker, dealer, placement agent, municipal securities underwriter or municipal advisor, (ii) the Assignee has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the City or with respect to the Lease Payments, and (iii) the Assignee has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, or the correctness of any legal interpretation made by counsel to any other party with respect to any such matters.

Section 2.2. Covenants, Representations and Warranties of the Corporation. The Corporation makes the following covenants, representations and warranties to the City and the Assignee as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The Corporation is a nonprofit public benefit corporation, duly organized and existing under the laws of the State, has full legal right, power and authority to enter into the Site and Facility Lease, this Lease Agreement and the Assignment Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery by the Corporation of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement.

(b) *Due Execution.* The representative of the Corporation executing the Site and Facility Lease, this Lease Agreement and the Assignment Agreement is fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.

(c) *Valid, Binding and Enforceable Obligations.* The Site and Facility Lease, this Lease Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Corporation or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(g) The Corporation is not acting as a municipal advisor or financial advisor to the City, and has no financial advisory relationship, as that term is defined under section 53590(c) of the California Government Code, and has not assumed any advisory responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto.

## ARTICLE III

### DARW DOWN AGREEMENT; DEPOSIT AND APPLICATION OF FUNDS

#### Section 3.1. Draw Down Agreement.

(a) This Lease Agreement is a draw down agreement. The total principal amount of this Lease Agreement is hereby expressly limited to \$1,400,000 (the "Authorized Amount"), provided that the principal component of the Lease Payments at any time shall include only those portions of the principal component of Lease Payments that have been advanced from time to time by the Assignee. The Assignee shall fund the purchase price of the principal component of the Lease Payments as requested by the City from time to time pursuant to the submittal by the City of an advance request, but not more frequently than twice a month, substantially in the form attached hereto as Exhibit C, approved by the Assignee. Such funded amount shall be transferred to the City pursuant to wire instructions provided by the City to the Assignee, (i) for deposit in an account designated by the City for the payment of costs of the Project, or (ii) to the City in reimbursement of previously expended costs of the Project. Amounts required to pay costs of the Project shall be paid by the City. Following each such draw-down, the aggregate principal component of Lease Payments shall be deemed outstanding and such amount so drawn down shall begin to accrue interest. The first draw-down, on the Closing Date, shall be the amount set forth in Section 3.2. If the total amount drawn is insufficient for the City to complete the Project, the City shall advance its own funds to assure such completion. Any draws shall reduce the Authorized Amount and no amounts drawn may be re-drawn for any purpose.

(b) On November 1, 2020, any portion of the Authorized Amount not yet advanced by the Assignee to the City, may, at the option of the City, (a) reduce the Authorized Amount to the total amount advanced to such date, at which time the amount advanced to date shall be the total principal amount of this Lease Agreement, or (b) the City shall submit a final advance request for all or a remaining portion of the Authorized Amount, and, from such date, interest shall apply to the final portion of the Authorized Amount as determined by the City. Such final draw will be funded into an Assignee-controlled interest bearing account in the name of the City and the funds will be released to the City as needed for future Project costs. To the extent the City's final advance request is for an amount less than the remaining portion of the Authorized Amount, the amount not so advanced shall lapse and the total amount advanced, including the amount of such final advance, shall be the total principal amount of this Lease Agreement. The lapsed amount shall reduce the principal component of Lease Payments in inverse order. On any date earlier than November 1, 2020, the City may inform the Assignee that no further advances will be required and the Authorized Amount shall be fixed to the total amount advanced to such date. If the final amount is less than the Authorized Amount, the City shall have a revised Lease Payment schedule prepared reflecting the final amount.

Section 3.2. Deposit of and Application of Funds. On the Closing Date, of the amount paid by the Assignee (\$50,001.00), constituting the first advance under the Lease Agreement, shall be remitted by the Assignee to the City.

## ARTICLE IV

### LEASE OF PROPERTY; LEASE PAYMENTS

#### Section 4.1. Sublease of Property by the Corporation Back to the City.

(a) The Corporation hereby subleases the Property to the City, and the City hereby subleases the Property from the Corporation, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the City to the Corporation pursuant to the Site and Facility Lease shall not affect or result in a merger of the City's subleasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Section 4.2. Term. The Term of this Lease Agreement commences on the date of recordation of this Lease Agreement or a memorandum hereof and ends on November 1, 2025, or the date on which all of the Lease Payments have been paid in full pursuant to the terms of this Lease Agreement. If on November 1, 2025, the Lease Payments payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the City shall have defaulted in its payment of Lease Payments hereunder or any Event of Default has occurred and continues without cure by the City, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder, not to exceed ten (10) years. The provisions of this Section 4.2 are subject to the provisions of Section 6.1 relating to the taking in eminent domain of the Property or any portion thereof.

#### Section 4.3. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of Sections 6.1 and 6.3 and the provisions of Article IX, the City agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit C attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Exhibit C; *provided, however,* that if any Lease Payment Date is not a Business Day, such Lease Payment shall be due on the next succeeding Business Day. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period.

The interest components of the Lease Payments have been calculated based on an interest rate of 3.320% per annum, on the basis of a 360-day year of twelve 30-day months. The City understands that the Assignee will send an invoice to the City in advance of each Lease Payment Date. Beginning on the Taxable Date, if applicable, the interest component of the Lease Payments shall be equal to the Taxable Rate, on the basis of a 360-day year of twelve 30-day months.

(b) *Additional Payments.* In addition to the Lease Payments set forth herein, the City agrees to pay as Additional Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Property or upon any interest of the Corporation therein or in this Lease Agreement; provided, however, the City may, at the

City's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Corporation shall notify the City that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property, or any portion thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes and assessments or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation;

(ii) insurance premiums, if any, on all insurance required under the provisions of Article V hereof; and

(iii) any other reasonable fees, costs or expenses incurred by the Corporation in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the City shall not be responsible for any costs incurred by the Corporation associated with any assignment made by the Assignee.

Amounts constituting Additional Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Corporation to the City stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the City prepays the Lease Payments in part but not in whole under Section 9.3, the remaining Lease Payments will be reduced in inverse order of payment date.

(d) *Rate on Upon Event of Default.* Upon the occurrence and continuation of an Event of Default, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay a rate equal to the Default Rate from the date of default to the date of payment.

(e) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(f) *Source of Payments; Budget and Appropriation.* The Lease Payments are payable from any source of legally available funds of the City, including but not limited to the grant proceeds received by the City for the Project, subject to the provisions of Sections 6.1 and 9.1. The City covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained constitute duties imposed by law and it is the duty of each and every public official of

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

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

(h) *No Offsets.* Notwithstanding any dispute between the Corporation, or Assignee as the Corporation's assignee, and the City, the City shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(i) *Assignment Agreement.* The City understands and agrees that all Lease Payments have been assigned by the Corporation to the Assignee under the Assignment Agreement executed concurrently herewith, and the City hereby consents to such assignment. The Corporation hereby directs the City, and the City hereby agrees, to pay to the Assignee (or to its assignees) all payments payable by the City under this Section 4.3 and all amounts payable by the City under Article IX. Lease Payments shall be paid to the Assignee as follows:

**Payments by wire:**

Umpqua Bank

ABA Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

Re: City of Willows

Loan Number: \_\_\_\_\_

Section 4.4. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Corporation will provide the City with quiet use and enjoyment of the Property and the City will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease Agreement. The Corporation will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation and the Assignee have the right to inspect the Property as provided in Sections 5.12(c) and 7.2.

Section 4.5. Title. At all times during the Term of this Lease Agreement, the City shall hold title to the Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease Agreement (other than under Section 8.2(b) hereof), all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the City. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the City of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the City. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer.

Section 4.6. Release of Excess Property. The City may, at any time and from time to time, release any portion of the Property (the "Released Property") from the Lease, with the prior written consent of the Assignee, which consent shall be at the Assignee's sole discretion, and

upon satisfaction of all of the following requirements which are conditions precedent to such release:

(a) The City shall certify to the Corporation and the Assignee that no Event of Default has occurred and is continuing, and no event giving rise to an abatement of Lease Payments under Section 6.3 has occurred or is continuing with respect to the Property to be remaining following release of the Released Property;

(b) The City shall file with the Corporation and the Assignee, and cause to be recorded in the office of the Glenn County Recorder, an amendment to this Lease Agreement which deletes the Released Property from the description of the Property;

(c) The City shall file with the Corporation and the Assignee a written certificate of the City stating the City's determination that the estimated value of the real property which will remain leased under this Lease Agreement following such release is at least equal to the original principal components of the Lease Payments and upon request of the Assignee, the City shall provide to the Assignee additional information and documents to evidence the value of the remaining portion of the Property;

(d) The City shall file with the Corporation and the Assignee a written certificate of the City stating the City's determination that the estimated fair rental value, for each remaining Rental Period and in the aggregate, of the Property remaining after release of the Released Property is at least equal to the remaining Lease Payments for each remaining Rental Period and in the aggregate; and

(e) The City shall file with the Corporation and the Assignee such other information, documents and instruments as the Corporation or the Assignee shall reasonably request, including (if requested by the Assignee) evidence of the insurable value of the Property to be remaining following release of the Released Property, indicating that such value is in excess of the then unpaid principal component of the Lease Payments and such endorsements to the title policy delivered on the Closing Date.

Upon the satisfaction of all such conditions precedent, the Term of this Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the City shall execute, deliver and cause to be recorded all documents required to discharge this Lease Agreement of record against the Released Property. The City shall be responsible for all costs, including the costs of the Assignee's legal counsel, related to such release.

#### Section 4.7. Substitution of Property.

(a) In the event of damage or destruction of the Property due to earthquake or other uninsured casualty for which rental interruption insurance is not available or in the event that following the condemnation of all or a portion of the Property the fair rental value of the Property remaining after such condemnation is less than the remaining Lease Payments due under this Lease Agreement, the City shall substitute under the Site and Facility Lease and this Lease Agreement one or more parcels of unimpaired and unencumbered essential real property, the fair rental value of which, for each remaining Rental Period and in the aggregate, shall be at least equal to the remaining Lease Payments hereunder. The City shall be responsible for all costs, including the costs of the Assignee's legal counsel, related to such substitution.

(b) If for any reason the City is unable to so substitute real property for the Property with a fair rental value at least equal to the remaining Lease Payments hereunder, the City shall use its best efforts to obtain other financing in an amount necessary to prepay the principal component of the Lease Payments not supported by the fair rental value of the substituted property, if any.

## ARTICLE V

### MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease Agreement.

The City will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the City affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City is obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City will promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The City shall promptly notify the Assignee of any tax, assessment, utility or other charge it elects to contest.

Section 5.2. Modification of Property. The City has the right, at its own expense, to make additions, modifications and improvements to the Property or any portion thereof. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and become subject to the provisions of this Lease Agreement. Such additions, modifications and improvements may not in any way damage the Property, or cause the Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

Section 5.3. Public Liability Insurance. The City shall maintain or cause to be maintained throughout the Term of this Lease Agreement a standard comprehensive general liability insurance policy or policies in protection of the City, the Assignee and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage with limits of at least \$1,000,000 per

occurrence, \$3,000,000 in the aggregate, for bodily injury and property damage coverage, and excess liability umbrella coverage of at least \$5,000,000, and in all events in form and amount (including any deductibles) satisfactory to the Assignee. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.4. Casualty Insurance. The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Property and owned by the City, in an amount at least equal to the greater of the replacement value of the insured buildings and the aggregate principal amount of the Lease Payments outstanding, with a lender's loss payable endorsement. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed \$50,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with the Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.5. Rental Interruption Insurance. The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such rental interruption insurance shall not be self-insured by the City. The City will apply the Net Proceeds of such insurance towards the payment of the Lease Payments as the same become due and payable.

Section 5.6. Worker's Compensation Insurance. If required by applicable California law, the City shall carry worker's compensation insurance covering all employees on, in, near or about the Property and, upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance.

Section 5.7. Recordation Hereof; Title Insurance. On or before the Closing Date, the City shall, at its expense, (a) cause this Lease Agreement, the Site and Facility Lease and the Assignment Agreement, or a memorandum hereof or thereof in form and substance approved by Special Counsel, to be recorded in the office of the Glenn County Recorder with respect to the Property, and (b) obtain a CLTA title insurance policy insuring the Assignee's interests in the leasehold estate established under the Site and Facility Lease and hereunder in the Property, subject only to Permitted Encumbrances, in an amount equal to the original principal

components of the Lease Payments. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.8. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this Article V and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 and provided by third party insurance carriers shall name the City and the Assignee as insured parties and the Assignee as loss payees and shall include a lender's loss payable endorsement for the benefit of the Assignee. Prior to the Closing Date, the City will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the City will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the City shall notify the Assignee of such fact.

Section 5.9. Installation of City's Personal Property. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City, in which the Corporation has no interest, and may be modified or removed by the City at any time. The City must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Property.

Section 5.10. Liens. The City will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Assignee do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Assignee provides its prior written approval, which approval shall be at Assignee's sole discretion. Except as expressly provided in this Article V, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City will reimburse the Assignee for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Advances. If the City fails to perform any of its obligations under this Article V, the Corporation may take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.3(c).

Section 5.12. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances.* The City will comply with all Applicable Environmental Laws with respect to the Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would

cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Property.

(b) *Notification of Assignee.* The City will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Property and any operations conducted thereon or any conditions existing thereon to the Assignee, and the City will notify the Assignee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Assignee.

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

Section 5.13. City Consent to Assignment Agreement. The Corporation's rights under this Lease Agreement (excluding the right to receive notices, the right to reimbursement of costs and to indemnification), including the right to receive and enforce payment of the Lease Payments, and the Site and Facility Lease, are being assigned to the Assignee pursuant to the Assignment Agreement. The City hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Assignee or its assignees to protect their interests in the Property and in this Lease Agreement.

## ARTICLE VI

### EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. Subject to the provisions of Sections 4.7 and 8.2, if all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement 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, and (2) there shall be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the City and the Assignee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

#### Section 6.2. Application of Net Proceeds.

##### (a) *From Insurance Award*.

(i) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the City in the event of any such damage or destruction shall be deposited by the City promptly upon receipt thereof in a special fund with the Assignee designated as the "Insurance and Condemnation Fund."

(ii) Within ninety (90) days following the date of such deposit, the City shall determine and notify the Corporation and the Assignee in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the City and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 9.3 hereof, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the unpaid principal component of the Lease Payments.

(iii) In the event the City's determination is as set forth in clause (A) of subparagraph (ii) above, such Net Proceeds shall be promptly applied to the prepayment of Lease Payments and other amounts pursuant to Section 9.3 of this Lease Agreement; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be so applied only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments, all accrued and unpaid interest, Prepayment Premiums described in Section 9.2, and all other costs related to such prepayments pursuant to Section 9.3 of this Lease Agreement and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be applied to the prepayment of Lease Payments only if the resulting Lease Payments following such prepayment from Net Proceeds represent fair consideration for the remaining portions of the Property and otherwise such Net Proceeds shall be applied to the prompt replacement, repair,

restoration, modification or improvement of the Property, evidenced by a certificate signed by an City Representative.

(iv) In the event the City's determination is as set forth in clause (B) of subparagraph (ii) above and the City certifies to the Assignee that such repair or replacement can be completed within 24 months, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the City, and until the Property has been restored to its prior condition, the City shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Assignee, at its sole discretion.

(b) *From Eminent Domain Award.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited by the City in the Insurance and Condemnation Fund and shall be applied and disbursed as follows:

(i) If the City has given written notice to the Corporation and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are not needed for repair or rehabilitation of the Property, the City shall so certify to the Corporation and the Assignee, and the City shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(ii) If the City has given written notice to the Corporation and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Property, the City shall so certify to the Corporation and the Assignee, and the City shall apply such amounts for such repair or rehabilitation.

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Corporation and the Assignee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under the Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the City shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(iv) In making any determination under this Section 6.2(b), the City may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Corporation and the Assignee. Any such determination by the City shall be final.

(c) *From Title Insurance.* The Net Proceeds from a title insurance award shall be applied by the City towards the prepayment of Lease Payments required to be paid pursuant to Section 9.3 of this Lease Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the City of the Property or any portion thereof to the extent to be agreed upon by the City and the Assignee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit C, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of an City Representative to the Corporation and the Assignee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

## ARTICLE VII

### OTHER COVENANTS OF THE OFFICE

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CITY LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event is the Corporation liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the City.

Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry. The City agrees that the Corporation, and the Corporation's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the City, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The City further agrees that the Corporation, and the Corporation's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours written notice provided to the City, as may be reasonably necessary to cause the proper maintenance of the Property if the City fails to perform its obligations hereunder. Neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

The City further grants, conveys and confirms to the Corporation, for the use, benefit and enjoyment of the Corporation, its successors and assigns in interest to the Property, including the Assignee, and its sublessees, and their respective employees, invitees, agents, independent contractors, patrons, customers, guests and members of the public visiting the Property, a right of entry which shall be irrevocable for the Term of this Lease Agreement over, across and under the property of the City adjacent to the Property to and from the Property for the purpose of: (a) ingress, egress, passage or access to and from the Property by pedestrian or vehicular traffic; (b) installation, maintenance and replacement of utility wires, cables, conduits and pipes; and (c) other purposes and uses necessary or desirable for access to and from and for operation and maintenance of the Property.

Section 7.3. Release and Indemnification Covenants. The City hereby indemnifies the Corporation, the Assignee and their respective directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City or the City's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the City with respect to the Property, (e) the acquisition, construction, improvement and equipping of the Property, (f) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (g) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Corporation, the Assignee, or their respective officers, agents, employees, successors or assigns. The City and the

Corporation each agree to promptly give notice to each other and the Assignee of any claim or liability hereby indemnified against following learning thereof.

Section 7.4. Assignment by the Corporation. The Corporation's rights, title and interests under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City hereunder, have been assigned to the Assignee; provided that the Corporation's rights to indemnification and payment or reimbursement for any costs or expenses hereunder have been retained by the Corporation to the extent such rights accrue to the Corporation and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee. The City hereby consents to such assignment. Whenever in this Lease Agreement any reference is made to the Corporation, such reference shall be deemed to refer to the Assignee (including its assignees).

The Assignee may make additional assignments of its rights, title and interests herein, but no such assignment will be effective as against the City unless and until the Assignee has filed with the City prior written notice thereof and an executed copy of a letter addressed to the City and the Corporation substantially in the form of the letter delivered by the Assignee on the Closing Date. The City shall pay all Lease Payments hereunder to the Assignee, as provided in Section 4.3(h) hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the City. During the Term of this Lease Agreement, the City will keep a complete and accurate record of all such notices of assignment.

Section 7.5. Assignment and Subleasing by the City. This Lease Agreement may not be assigned, mortgaged, pledged or transferred by the City. The City may sublease the Property, or any portion thereof, with the prior written consent of the Assignee, at the Assignee's sole discretion, subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City, and any sublease shall be subject and subordinate to this Lease Agreement.

(b) The City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Assignee a true and complete copy of such sublease.

(c) No such sublease by the City may cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State.

(d) The City shall furnish the Corporation and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become subject to federal or State taxation.

(e) Any such sublease shall be subject and subordinate in all respects to the Site and Facility Lease and this Lease Agreement.

Notwithstanding the foregoing, in connection with any sublease entered into for financing purposes, the principal component of the then remaining Lease Payments plus the principal component of the sublease payments shall not exceed the fair market value of the Property.

Section 7.6. Amendment of Lease Agreement. This Lease Agreement may be amended with the prior written consent of the Corporation and the Assignee (at the Assignee's sole discretion) provided such amendment does not, in the Assignee's sole judgment, adversely affect the Assignee.

Section 7.7. Tax Covenants.

(a) *Generally.* The City will not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Lease Payments to become includable in gross income of the Assignee for federal income tax purposes and will deliver a tax certificate on the Closing Date.

(b) *Private Activity Bond Limitation.* The City will ensure that the proceeds of the Lease Payments are not so used as to cause the City's obligations hereunder to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Lease Payments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Lease Payments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) *Arbitrage Rebate.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Lease Payments.

(f) *Bank Qualification.* The City hereby designates this Lease Agreement for purposes of paragraph (3) of section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), this Lease Agreement, has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2019.

Section 7.8. Financial Statements; Budgets; Other Information. Within two hundred ten (210) days following the end of each Fiscal Year of the City during the Term of this Lease Agreement, the City will provide the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law. Within thirty (30) days following the completion thereof, the City will provide the Assignee with a copy of its interim financial statements. Within thirty (30) days of adoption, but in no case later than thirty (30) days the end of each fiscal year, the City will provide the Assignee with a copy of its annual budget for the following fiscal year, including evidence that the Lease Payments have been budgeted and appropriated for such fiscal year. The City hereby agrees to provide the Assignee with such other information as may be reasonably requested by the Assignee.

Section 7.9. Records and Accounts. The City covenants and agrees that it shall keep proper books of record and accounts of its operations in accordance with GASB, in which complete and correct entries shall be made of all transactions relating to the City. Said books

and records shall at all reasonable times be subject to the inspection of the Assignee upon 72 hours' prior notice.

Section 7.10. Observance of Laws and Regulations. The City will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations, regulations or Applicable Laws now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board, commission or Governmental Authority having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the City, including the City's right to exist and carry on business as a municipal corporation and general law city, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.11. Notices. During the Term of this Lease Agreement, the City shall provide to the Assignee:

(a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default or a Taxable Date under this Lease Agreement, together with a detailed statement by an City Representative of the steps being taken by the City to cure the effect of such Event of Default.

(b) prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority.

(c) with reasonable promptness, such other information respecting the City, and the operations, affairs and financial condition of the City as the Assignee may from time to time reasonably request.

(d) Notices of filings with the Municipal Securities Regulatory Board's EMMA system, other than regular annual filings.

(e) Notice of an event that could cause a Material Adverse Effect.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein, including the failure to prepay the Lease Payments if requested by the Assignee pursuant to Section 9.4 hereof.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, including failure to provide financial information referenced in Section 7.8, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Assignee. However, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the Corporation and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the City within such 30-day period and diligently pursued until the default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar federal or State act now existing or which may hereafter be enacted.

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

(e) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the City is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by the Assignee or any affiliate of the Assignee, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$300,000.

(f) Any default by the City to observe any covenant, condition or agreement on its part to be observed or performed under the Site and Facility Lease.

(g) Any court of competent jurisdiction shall find or rule that the Site and Facility Lease or this Lease Agreement is not valid or binding against the City.

(h) The City abandons any part of the Property.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Default Rate shall be applicable and the Corporation may exercise any and all remedies available under law or granted under this Lease Agreement; *provided, however*, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not

then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; provided, that no termination of this Lease Agreement shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the Corporation does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, if the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Corporation. The City hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the City to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in Glenn County for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Property upon demand of the Corporation for the purpose of enabling the Property to be re-let under this paragraph. Any rental obtained by the Corporation in excess of the sum of Lease Payments plus costs and expenses incurred by the Corporation for its services in re-leasing the Property shall be paid to the City.

(b) *Termination of Lease.* If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site and Facility Lease. If the Corporation terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the City (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the City nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re-leasing shall be applied by the Corporation to Lease Payments due under this Lease Agreement. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the City shall

be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the City of the election on the part of the Corporation to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property, or of the remainder of the Term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(c) *Proceedings at Law or In Equity.* If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

(d) *Remedies under the Site and Facility Lease.* If an Event of Default occurs and continues hereunder, the Corporation may exercise its rights under the Site and Facility Lease.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Lease Agreement defaults under any of the provisions hereof and the non-defaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party (including the Assignee) the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the non-defaulting party.

Section 8.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to the Assignee, to which assignment the City hereby consents.

Section 8.7. Judicial Reference.

(a) *Judicial Reference.* The Corporation and the City hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Lease Agreement, the Site and Facility Lease, the Property or any document related thereto (including the Assignment Agreement), any dealings between the City and the Corporation related to the subject matter of this Lease Agreement, the Site and Facility Lease or any related transactions, and/or the relationship that is being established between the City and the Corporation (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as

such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Corporation or the City, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The Corporation and the City agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Corporation and the City shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 8.7; (iv) either the Corporation or the City, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the Corporation and the City, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) *Selection of Referee; Powers.* The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Los Angeles City Superior Court, or of the U.S. District Court for the Southern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 8.7.

(c) *Provisional Remedies and Self Help.* No provision of this Section 8.7 shall limit the right of either the Corporation or the City, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Corporation or the City to the Reference pursuant to this Section 8.7(c).

(d) *Costs and Fees.* Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

## ARTICLE IX

### PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Assignee or a fiduciary reasonably satisfactory to the Assignee, in trust, an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Assignee, which cash so held is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit C, or (b) invested in whole in non-callable Federal Securities maturing not later than the dates such funds will be required to make Lease Payments or any prepayment in an amount which is sufficient, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Assignee and addressed and delivered to the Assignee), together with interest to accrue thereon and without reinvestment and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.3(a) or when due on any optional prepayment date under Section 9.2, as the City instructs at the time of said deposit; *provided, however*, that at or prior to the date on which any such security deposit is established, the City shall deliver to the Assignee an opinion of Bond Counsel (in form and substance acceptable to the Assignee) to the effect that any such security deposit will not adversely affect the excludability of the interest component of Lease Payments from gross income of the Assignee for federal income tax purposes. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (i) the Term of this Lease Agreement shall continue, (ii) all obligations of the City under this Lease Agreement, and all security provided by this Lease Agreement for said obligations, shall thereupon cease and terminate, excepting only (A) the obligation of the City to make, or cause to be made, all of the Lease Payments from such security deposit and, to the extent of any deficiency, as rent payable from other legally available funds of the City, and (B) the release and indemnification obligations of the City under subparagraphs (f) and (g) of Section 7.3, and (iii) under Section 4.5, the Corporation's leasehold interest in the Property will vest in the City on the date of said deposit automatically and without further action by the City or the Corporation. The City hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Assignee. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement and, notwithstanding anything to the contrary herein, Lease Payments therefrom shall not be subject to abatement under Section 6.3 hereof to the extent payable from the funds held by the Assignee or the fiduciary as described in the first sentence of this Section 9.1.

Section 9.2. Optional Prepayment. Between the Closing Date and October 31, 2020, the City may exercise its option to prepay the principal components of the Lease Payments in whole on any, upon 30 days' notice to the Assignee, by paying a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on or accrued to such date without a premium.

On and November 1, 2020, the City may exercise its option to prepay the principal components of the Lease Payments in whole on any date, upon 30 days' notice to the Assignee, by paying a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on or accrued to such date together with the premium set forth in the following table:

<u>Prepayment Period</u>	<u>Prepayment Premium</u>
November 1, 2020 through October 31, 2021	5%
November 1, 2021 through October 31, 2022	4
November 1, 2022 through October 31, 2023	3
November 1, 2023 through October 31, 2024	2
November 1, 2024 through October 31, 2025	1

Section 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the City on any date, together with any accrued and unpaid interest, and any other costs related to such prepayment, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.2. The City and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the City's obligations under this Section 9.3.

ARTICLE X  
MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the City and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Corporation:	Public Property Financing Corporation of California c/o Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361 Attention: Treasurer Phone: (805) 719-1237
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If to the City:	City of Willows 201 North Lassen Street Willows, CA 95988 Attention: Administrative Services Director Phone: (530) 934-7041
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If to the Assignee:	Umpqua Bank 2998 Douglas Blvd, Suite 100 Roseville, CA 95661 Attention: Corporate Loan Portfolio Manager Phone: (916) 774-3923
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Section 10.2. Binding Effect. This Lease Agreement inures to the benefit of and is binding upon the Corporation, the City and their respective successors and assigns.

Section 10.3. Severability. If any provision of this Lease Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement is a "net-net-net lease" and the City hereby agrees that the Lease Payments are an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. 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 Property hereby leased or intended to be so or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Assignee as Third Party Beneficiary. The Assignee is recognized as and shall be deemed to be an irrevocable third party beneficiary of this Lease Agreement and may enforce the provisions of this Lease Agreement as if it were a party hereto.

Section 10.7. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.8. Applicable Law. This Lease Agreement is governed by and construed in accordance with the laws of the State.

Section 10.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Lease Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Corporation and the City have caused this Lease Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA

By \_\_\_\_\_  
Stefan A. Morton  
Treasurer

CITY OF WILLOWS

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Attest:

\_\_\_\_\_  
Tara Rustenhoven  
City Clerk

**EXHIBIT A**

**DESCRIPTION OF THE SITE**

All that certain real property situated in City of Willows, Glenn County, State of California, described as follows:

LOTS 9, 10, 11, 12, 13 AND 14 IN BLOCK 6 OF SOUTH WILLOWS, WEST WILLOWS AND VILLA LOTS OF THE WILLOWS LAND AND IMPROVEMENT COMPANY, WILLOWS, CAL., FILED MARCH 20, 1894 IN BOOK 1 OF MAPS, AT PAGE 49 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF GLENN.

APN: 002-262-010-000

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of the City's Fire Station located at 445 South Butte Street in Willows, California. The station was built in 1962 and sits on the \_\_\_\_ acre Site. The station includes \_\_\_\_\_.

**EXHIBIT C**

**SCHEDULE OF LEASE PAYMENTS**

Lease Payment Date	Principal Component (1)	Interest Component (2)	Total Lease Payment
5/1/20	\$ 106,394.71	(3)	(3)
11/1/20	108,160.86	(3)	(3)
5/1/21	109,956.33	\$19,678.38	\$129,634.71
11/1/21	111,781.61	17,853.10	129,634.71
5/1/22	113,637.18	15,997.53	129,634.71
11/1/22	115,523.56	14,111.15	129,634.71
5/1/23	117,441.25	12,193.46	129,634.71
11/1/23	119,390.78	10,243.93	129,634.71
5/1/24	121,372.66	8,262.05	129,634.71
11/1/24	123,387.45	6,247.26	129,634.71
5/1/25	125,435.68	4,199.03	129,634.71
11/1/25	127,517.91	2,116.80	129,634.71
<b>TOTAL</b>	<b>\$1,400,000.00</b>	<b>(3)</b>	<b>(3)</b>

- (1) If the City elects not to advance the full Authorized Amount, the Lease Payment schedule will be revised to reflect the final amount.
- (2) The applicable interest rate is 3.320% per annum. If the Default Rate or the Taxable Rate is in effect, interest will be computed by applying such alternate rate.
- (3) The interest payable on 5/1/20 and 11/1/20 will be based on the amount of principal advanced and for the period prior to such date.

## EXHIBIT D

### FORM OF ADVANCE REQUEST

Up to \$1,400,000  
Lease Agreement,  
dated as of November 1, 2019,  
by and between the Public Property  
Financing Corporation of California and the  
City of Willows,  
Assigned to Umpqua Bank  
(Loan Reference Number: \_\_\_\_\_)

#### ADVANCE REQUEST

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting \_\_\_\_\_ of the City of Willows, a municipal corporation and general law city, duly organized and existing under the laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized to certify the same on behalf of the City;

(ii) that the undersigned is a duly designated City Representative, as such term is defined in that certain Lease Agreement, dated as of November 1, 2019, by and between the Public Property Financing Corporation of California and the City (the "Lease Agreement");

(iii) that the City hereby requests that Umpqua Bank, as Assignee (as defined in the Lease Agreement), advance the sum of \$\_\_\_\_\_ to the City, being a draw-down and additional purchase price of the principal component of the Lease Payments (as defined in the Lease Agreement), as contemplated by the Lease Agreement, with interest to accrue on such amount when advanced;

(iv) that such advance will be applied to the payment or reimbursement of the costs of the Project (as defined in the Lease Agreement) listed on Exhibit A attached to this Advance Request;

(v) advances shall be wired as follows:

(vi) that no Event of Default has occurred or is continuing under the Lease Agreement and each representation and warranty set forth in the Lease Agreement and the Assignment Agreement remains true and correct except for such representations and warranties that are no longer true due to the passage of time;

(vii) that the total amount drawn down to date is \$\_\_\_\_\_, as shown on Exhibit B attached to this Advance Request; and

(viii) that this advance request [IS] [IS NOT] the final advance request.

Dated: \_\_\_\_\_, 20\_\_

CITY OF WILLOWS

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

APPROVED:

UMPQUA BANK

By \_\_\_\_\_  
Name \_\_\_\_\_

**EXHIBIT D**

**DESCRIPTION OF REIMBURSEMENT OR PAYMENT OF ADVANCE**

**EXHIBIT D**  
**SCHEDULE OF ADVANCES**

Date of Advance	Amount of Advance	Total of All Advances	City Signature
11/5/19	\$50,001.00	\$50,001.00	