



**CITY OF LODI
COUNCIL COMMUNICATION**

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AGENDA TITLE: Adopt ~~resolution~~ approving the ~~California~~ Statewide Communities Development Authority Vehicle License Fee Gap Loan Financing Program application.

MEETING DATE: February 2, 2005

PREPARED BY Finance Director

RECOMMENDED ACTION: Approve attached resolution for California Statewide Communities Development Authority Vehicle License Fee Gap Loan Financing.

BACKGROUND INFORMATION: The Council approved the application for financing at the January 5, 2005 meeting. The attached resolution formalizes the approval previously given by the City Council. There is no liability to the City of Lodi for the repayment of the debt used to finance the Vehicle License Gap Loan to the State of California. It is anticipated that the loan proceeds will not exceed \$941,837. The interest rate to be used on this financing, which will be settled at the time of sale (to take place later in the month), may fluctuate between now and that time. As a consequence, the net proceeds are not fixed and will vary depending on the interest rate settled upon. The stipulated minimum price (floor price) for this financing includes an interest rate set at 100 basis points (1.00%) above the stated interest rate of 3.75%. The anticipated net proceeds from this financing range between \$941,837 and \$925,942. The amount owed to the City of Lodi by the State of California for Vehicle License Fees, which were held by the State to help resolve its budget challenges, is \$1,026,272. The difference between this \$1,026,272 loan to the State of California and the net proceeds anticipated from this financing amount, includes prepaid interest and other issuance costs amounting to \$84,434-\$100,330. The proceeds from this financing will be used to offset the receivable that was booked in fiscal year 2003-04 (approximately \$596,000); and the additional amount of proceeds (\$329,942) will be used to adjust the beginning fund balance for the General Fund in fiscal year 2004-05.

The Finance Director's recommendation to approve this financing is based on several factors including the following:

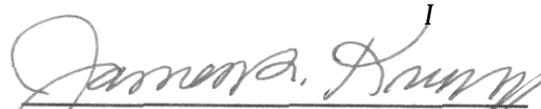
- 1) If the financing is not done the City will not be repaid the Vehicle License Fees (VLF) until August 2006 at the earliest. There is some question as to whether the VLF will be repaid in 2006; and in fact it may not be until 2008.
- 2) The interest rate at which the City is investing funds continues to increase and will likely surpass the prepaid interest cost on this financing over the course of the next three years. If the loan is not repaid in 2006, the additional interest cost is absorbed through an insurance policy which the lender is taking out in conjunction with the financing.
- 3) The positive effect on cash at this time is needed in order to help with ongoing cash flow needs.

APPROVED:

Blair King, City Manager

The City Attorney has reviewed the resolution and the attachments to the resolution and is satisfied as to the appropriateness of the transaction.

FUNDING: The costs of issuance and the prepaid interest in the range of 3.75%-4.75%, will be taken from the proceeds of the debt. There is no additional funding requirement for this financing.


James R. Krueger
Finance Director/Treasurer

**CITY OF LODI, CALIFORNIA,
as Seller**

and

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY ,
as Purchaser**

PURCHASE AND SALE AGREEMENT

Dated March 2,2005

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT, dated March 2, 2005 (this "Ameement"), is entered into by and between:

(1) CITY OF LODI, a municipal corporation of the State of California (the "Seller"); and

(2) CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Purchaser").

RECITALS

A. The Seller is the owner of the VLF Receivable (**as** defined below).

B. The Seller is willing to sell, and the Purchaser is willing to purchase, the VLF Receivable upon the terms specified in this Agreement.

C. The Purchaser will issue its taxable and tax-exempt notes (the "Notes") pursuant to an Indenture (the "Indenture"), between the Purchaser and Wells Fargo **Bank**, National Association, **as** trustee (the "Trustee"), and will use a portion of the proceeds thereof to purchase the VLF Receivable from the Seller.

D. The Purchaser will grant a security interest in such VLF Receivable to the Trustee and each Credit Enhancer to secure the Notes.

AGREEMENT

NOW, THEREFORE, in consideration of the above Recitals and the mutual covenants herein contained, the parties hereto hereby agree **as** follows:

1. Definitions and Interpretation.

(a) For all purposes of this Agreement, except **as** otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Exhibit A attached hereto and which is incorporated by reference herein.

(b) The words "hereof," "herein," "hereunder" and words of similar import **when** used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; section and exhibits references contained in this Agreement are references to sections and exhibits in or to this Agreement unless otherwise specified; and the term "including" shall mean "including without limitation."

(c) Any agreement, instrument or statute defined or referred to herein or in **any** instrument or certificate delivered in connection herewith means such agreement, instrument or statute **as** from time to time may be amended, modified or supplemented and includes (in the

case of agreements **or** instruments) references to all attachments and exhibits thereto and instruments incorporated therein; and any references to a Person are also to its permitted successors and assigns.

2. Agreement to Sell and Purchase: Conditions Precedent.

(a) The Seller agrees to sell, and the Purchaser agrees **to** purchase, on the Closing Date, for cash paid by the Purchaser in an amount equal to the amount determined pursuant to Section 3(a) (the "Final Purchase Price"), which shall be not less than \$\$952,942.00 (the "Minimum Purchase Price"), all future right, title and interest of the Seller in and to the "VLF Receivable" as defined in Section 6585(i) of the California Government Code (the "VLF Receivable"), namely, the right to payment of moneys due or to become due to the Seller out of funds payable in connection with vehicle license fees to a local agency pursuant to Section 10754.11 of the California Revenue and Taxation Code. The Purchaser shall pay the Final Purchase Price by transferring such Final Purchase Price directly to the Seller.

(b) The performance by the Purchaser of its obligations hereunder shall be conditioned upon:

- (i) Transaction Counsel receiving on or before the date the Notes are sold (the "Pricing Date"), to be held in escrow until the Closing Date and then delivered to the Purchaser on the Closing Date, the following documents duly executed by the Seller or its counsel, as applicable: (1) an opinion of counsel to the Seller dated the Pricing Date in substantially the form attached hereto as Exhibit B1, (2) certificates dated the Pricing Date in substantially the forms attached hereto as Exhibit C1 and Exhibit C2, (3) irrevocable instructions to the Controller dated **as** of the Closing Date in substantially the form attached hereto as Exhibit D, (4) this Agreement, (5) a certified copy of the resolution of the Seller's City Council approving this Agreement, the transactions contemplated hereby and the documents attached hereto as exhibits, and (6) an escrow instruction letter in substantially the form attached hereto as Exhibit F;
- (ii) Transaction Counsel receiving on or before the Closing Date, (1) a bringdown opinion **of counsel** to the Seller dated **as of** the Closing Date in substantially the form attached hereto as Exhibit B2, and (2) a bill of sale and bringdown certificate of the Seller (the "Bill of Sale") in substantially the form attached hereto as Exhibit C3: provided that the Purchaser may waive in its sole discretion the requirements of Section 2(b)(i)(1); and
- (iii) the Purchaser issuing notes in an amount which will be sufficient to pay the Final Purchase Price.

(c) The performance by the Seller of its obligations hereunder shall be conditioned solely upon the Purchaser's payment of the Final Purchase Price as set **forth** in this Agreement and no other act **or** omission on the part of the Purchaser or any other party shall excuse the Seller from performing its obligations hereunder.

(d) The Final Purchase Price shall be an amount that satisfies the conditions of Section 2 of the Resolution referred to in Section 2(b)(i)(5) above.

3. Conveyance of VLF Receivable and Payment of Final Purchase Price.

(a) Upon pricing of the Notes by the Purchaser, the Purchaser will inform the Seller of the Final Purchase Price, which shall be an amount at least equal to the Minimum Purchase Price, and which shall be determined by the Purchaser based on the final interest rates, costs of credit enhancement and issuance and terms of the Notes. Upon pricing of the Notes, the Purchaser shall deliver a certificate to the Seller indicating the Final Purchase Price to be paid to the Seller on the Closing Date.

(b) In consideration of the payment and delivery by the Purchaser to the Seller of the Final Purchase Price, the Seller agrees to (a) transfer, grant, bargain, sell, assign, convey, set over and deliver to the Purchaser, absolutely and not as collateral security, without recourse except as expressly provided herein, and the Purchaser agrees to purchase, accept and receive, the VLF Receivable, and (b) assign to the Purchaser, to the extent permitted by law (as to which no representation is made), all present or future rights, if any, of the Seller to enforce or cause the enforcement of payment of the VLF Receivable pursuant to the Act and other applicable law.

4. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Seller that, as of the date hereof, (a) it is duly organized, validly existing and in good standing under the laws of the State of California, (b) it has full power and authority to enter into this Agreement and to perform its obligations hereunder, (c) neither the execution and delivery by the Purchaser of this Agreement, nor the performance by the Purchaser of its obligations hereunder, shall conflict with or result in a breach or default under any of its organizational documents, any law, rule, regulation, judgment, order or decree to which it is subject or any agreement or instrument to which it is a party, and (d) this Agreement, and its execution, delivery and performance hereof have been duly authorized by it, and **this** Agreement has been duly executed and delivered by it and constitutes its valid and binding obligation enforceable against it in accordance with the terms hereof, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally or the application of equitable principles in any proceeding, whether at law or in equity.

5. Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Purchaser, as of the date hereof, as follows:

(a) The Seller is a municipal corporation validly existing under the laws and constitution of the State of California, with full power and authority to execute and deliver **this** Agreement and to **carry out** its terms.

(b) The Seller has full power, authority and legal right to sell and assign the VLF Receivable to the Purchaser and has duly authorized such sale and assignment to the Purchaser by all necessary action; and the execution, delivery and performance by the Seller of this Agreement has been duly authorized by the Seller by all necessary action.

(c) This Agreement has been, and as of the Closing Date the Bill of Sale will have been, duly executed and delivered by the Seller and, assuming the due authorization, execution and delivery of this Agreement by the Purchaser, constitutes a legal, valid and binding obligation of the Seller enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally or the application of equitable principles in any proceeding, whether at law or in equity.

(d) All approvals, consents, authorizations, elections and orders **of** or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would adversely affect, the sale by the Seller of the VLF Receivable or the performance by the Seller of its obligations under the Resolution and the Transaction Documents and any other applicable agreements, have been obtained and are in full force and effect.

(e) Insofar as it would materially adversely affect the Seller's ability to enter into, carry out and perform its obligations under any or all of the Transaction Documents to which it is a party, or consummate the transactions contemplated by the same, the Seller is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and, to the best of the knowledge of the Seller, 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, and the adoption of the Resolution and the execution and delivery by the Seller of the Transaction Documents to which it is a party, and compliance by the Seller with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Seller a breach of or default under any agreement or other instrument to which the Seller is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Seller is subject.

(f) To the best of the knowledge of the Seller, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Seller affecting the existence of the Seller or the titles **of** its City Council members or officers to their respective offices, or seeking to restrain or to enjoin the sale of the VLF Receivable or to direct the application of the proceeds of the sale thereof, or in any way contesting or affecting the validity or enforceability of any of the Transaction Documents or any other applicable agreements or any action of the Seller contemplated by any of said documents, or in any way contesting the powers of the Seller or its authority with respect to the Resolution or the Transaction Documents to which the Seller is a party or any other applicable agreement, or any action on the part of the Seller contemplated by the Transaction Documents, or in any way seeking to enjoin or restrain the Seller from selling the VLF Receivable or which if determined adversely to the Seller would have an adverse effect upon the Seller's ability to sell the VLF Receivable, nor to the knowledge of the Seller is there any basis therefor.

(g) Prior to the sale of the VLF Receivable to the Purchaser, the Seller was the sole owner of the VLF Receivable, and has such right, title and interest as provided in the Act. From and after the conveyance of the VLF Receivable by the Seller to Purchaser on the Closing Date, the Seller shall have no interest in the VLF Receivable. Except as provided in this Agreement, the Seller has not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the VLF Receivable, nor has the Seller created, or to the knowledge of the Seller permitted the creation of, any lien, pledge, security interest or any other encumbrance (a "Lien") thereon. Prior to the sale of the VLF Receivable to the Purchaser, the Seller held title to the VLF Receivable free and clear of any Liens. As of the Closing Date, this Agreement, together with the Bill of Sale, constitutes a valid sale to the Buyer of the Seller's right, title and interest in and to the VLF Receivable.

(h) The Seller acts solely through its authorized officers or agents.

(i) The Seller maintains records and books of account separate from those of the Purchaser.

(j) The Seller maintains its respective assets separately from the assets of the Purchaser (including through the maintenance of separate bank accounts); the Seller's funds and assets, and records relating thereto, have not been and are not commingled with those of the Purchaser.

(k) The Seller's principal place of business and chief executive office is located at 221 W. Pine Street, Lodi, CA 95241.

(l) The Seller has received reasonably equivalent value for the VLF Receivable.

(m) The Seller does not act as an agent of the Purchaser in any capacity, but instead presents itself to the public as an entity separate from the Purchaser.

(n) The Seller has not guaranteed and shall not guarantee the obligations of the Purchaser, nor **shall** it hold itself out or permit itself to be held out **as** having agreed to pay or as being liable **for** the debts of the Purchaser; and the Seller has not received nor shall the Seller accept any credit **or** financing **from** any Person who is relying upon the availability of the assets of the Purchaser to satisfy the claims of such creditor.

(o) All transactions **or** among the Seller, on the one hand, and the Purchaser on the other hand (including, without limitation, transactions governed by contracts for services and facilities, such as payroll, purchasing, accounting, legal and personnel services and office space), whether existing on the date hereof or entered into after the date hereof, shall be on terms and conditions (including, without limitation, terms relating to amounts to be paid thereunder) which are believed by each such party thereto to be both fair and reasonable and comparable to those available on an arms-length basis **from** Persons who are not affiliates.

6. Covenants of the Seller.

(a) The Seller shall not take any action or omit to take any action which adversely affect the interests of the Purchaser in the VLF Receivable and in the proceeds thereof. The Seller shall not take any action or omit to take any action that shall adversely affect the ability of the Purchaser, and any assignee of the Purchaser, to receive payments made under the Act.

(b) The Seller shall not take any action **or** omit to take any action that would impair the validity or effectiveness of the Act, nor, without the prior written consent of the Purchaser or its assignee, amend, modify, terminate, waive or surrender, or agree to any amendment, modification, termination, waiver or surrender of, the terms of the Act, or waive timely performance or observance under the Act, in each case if the effect thereof would be materially adverse to the Purchaser or to the Noteholders or any Credit Enhancer as assignees of the Purchaser. Nothing in this agreement shall impose a duty on the Seller to seek to enforce the Act or to seek enforcement thereof by others, or to prevent others from modifying, terminating, discharging or impairing the validity or effectiveness of the Act.

(c) Upon request of the Purchaser or its assignee, (i) the Seller shall execute and deliver such further instruments and do such further acts (including being named as a plaintiff in an appropriate proceeding) as may be reasonably necessary or proper to carry out more effectively the **purposes** and intent of this Agreement, and (ii) the Seller shall take all actions necessary to preserve, maintain and protect the title of the Purchaser to the VLF Receivable, provided that such acts shall not impose any additional cost on the Seller that is not reimbursed.

(d) On or before the Closing Date, the Seller shall send (or cause to be sent) an irrevocable instruction to the Controller pursuant to Section 6588.5(c) of California Government Code to cause the Controller to disburse all payments of the VLF Receivable to the Trustee, together with notice of the sale of the VLF Receivable to the Purchaser and the assignment of all or a portion of such assets by the Purchaser to the Trustee. Such notice and instructions shall be in the form of Exhibit D hereto. The Seller shall not take any action to revoke or which would have the effect of revoking, in whole or in part, such instructions to the Controller. The Seller hereby relinquishes and waives any control over the VLF Receivable, any authority to collect the VLF Receivable, and any power to revoke or amend the instructions to the Controller contemplated by this paragraph. The Seller shall not rescind, amend or modify the instruction described in the first sentence of **this** paragraph. The Seller shall cooperate with the Purchaser or its assignee in giving instructions to the Controller if the Purchaser or its assignee transfers the VLF Receivable. In the event that the Seller receives any proceeds of the VLF Receivable, the Seller shall hold the same in trust for the benefit of the Purchaser and the Trustee and each Credit Enhancer, as assignees of the Purchaser, and shall promptly remit the same to the Trustee.

(e) The Seller hereby covenants and agrees that it will not at any time institute against the Purchaser, or join in instituting against the Purchaser, any bankruptcy, reorganization, arrangement, insolvency, liquidation, or similar proceeding under any United States or state bankruptcy or similar law.

(f) The financial statements and books and records of the Seller prepared after the Closing Date shall reflect the separate existence of the Purchaser.

(g) The Seller shall treat the sale of the VLF Receivable as a sale for regulatory and accounting purposes.

(h) From and after the date of this Agreement, the Seller shall not sell, transfer, assign, set over or otherwise convey any right, title or interest of any kind whatsoever in all or any portion of the VLF Receivable, nor shall the Seller create, or to the knowledge of the Seller permit the creation of, any Lien thereon.

7. Notices of Breach.

(a) Upon discovery by the Seller or the Purchaser that the Seller has breached any of its covenants or that any of the representations or warranties of the Seller or the Purchaser are materially false or misleading, in a manner that materially and adversely affects the value of the VLF Receivable, the discovering party shall give prompt written notice thereof to the other party and to the Trustee, as assignee of the Purchaser, who shall, pursuant to the Indenture, promptly thereafter notify each Credit Enhancer and the Rating Agencies.

(b) The Seller shall not be liable to the Purchaser, the Trustee, the Noteholders, or any Credit Enhancer for any loss, cost or expense resulting solely from the failure of the Trustee, any Credit Enhancer or the Purchaser to promptly notify the Seller upon the discovery by an authorized officer of the Trustee, any Credit Enhancer or the Purchaser of a breach of any covenant or any materially false or misleading representation or warranty contained herein.

8. Liability of Seller: Indemnification. The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Agreement. The Seller shall indemnify, defend and hold harmless the Purchaser, the Trustee and each Credit Enhancer, as assignees of the Purchaser, and their respective officers, directors, employees and agents from and against any and all costs, expenses, losses, claims, damages and liabilities to the extent that such cost, expense, loss, claim, damage or liability arose out of, or was imposed upon any such Person by the Seller's breach of any of its covenants contained herein or any materially false or misleading representation or warranty of the Seller contained herein. Notwithstanding anything to the contrary herein, the Seller shall have no liability for the payment of the principal of or interest on the Notes issued by the Purchaser.

9. Limitation on Liability.

(a) The Seller and any officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising hereunder. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action regarding the Act that is unrelated to its specific obligations under this Agreement.

(b) No officer or employee of the Seller shall have any liability for the representations, warranties, covenants, agreements or other obligations of the Seller hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Seller.

10. The Seller's Acknowledgment. The Seller hereby agrees and acknowledges that the Purchaser intends to assign and grant a security interest in all or a portion of (a) its rights hereunder and (b) the VLF Receivable, to the Trustee and each Credit Enhancer pursuant to the Indenture. The Seller further agrees and acknowledges that the Trustee, the Noteholders, and each Credit Enhancer have relied and shall continue to rely upon each of the foregoing representations, warranties and covenants, and further agrees that such Persons are entitled *so* to rely thereon. Each of the above representations, warranties and covenants shall survive any assignment and grant of a security interest in all or a portion **of** this Agreement or the VLF Receivable to the Trustee and each Credit Enhancer and shall continue in full force and effect, notwithstanding any subsequent termination of this Agreement and the other transaction documents. The above representations, warranties and covenants shall inure to the benefit **of** the Trustee and each Credit Enhancer.

11. Notices. All demands upon or, notices and communications to, the Seller, the Purchaser, the Trustee or the Rating Agencies under this Agreement shall be in Writing, personally delivered or mailed by certified mail, return receipt requested, to such party at the appropriate notice address, and shall be deemed to have been duly given upon receipt.

12. Amendments. **This** Agreement may be amended by the Seller and the Purchaser, with (a) the consent of the Trustee, (b) the consent **of** each Credit Enhancer, and (c) a Rating Agency Confirmation, but without the consent of any of the Noteholders, for the purpose of adding any provisions to or changing in any manner *or* eliminating any **of the** provisions **of** this Agreement.

Promptly after the execution of any such amendment, the Purchaser shall furnish written notification of the substance **of** such amendment to the Trustee and to the Rating Agencies.

13. Successors and Assigns. **This** Agreement shall be binding **upon** and inure to the benefit of the Seller, the Purchaser and their respective successors and permitted assigns. The Seller may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Purchaser. Except **as** specified herein, the Purchaser may not assign or transfer any of its rights or obligations **under** this Agreement without the prior written consent **of** the Seller.

14. Third Party Rights. The Trustee and each Credit Enhancer are express and intended third party beneficiaries under this Agreement. Nothing expressed in **or** to be implied **from this** Agreement **is** intended to give, or shall be construed to give, **any** Person, other **than the** parties hereto, the Trustee and each Credit Enhancer, and their permitted successors and assigns hereunder, any benefit or legal **or** equitable right, remedy or claim under or by virtue **of this** Agreement or under or by virtue of any provision herein.

15. Partial Invalidity. If at any time any provision of **this** Agreement is **or** becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

16. Counterparts. This Agreement may be executed in any number of identical counterparts, any set of which signed by all the parties hereto shall be deemed to constitute a complete, executed original for all purposes.

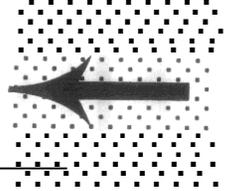
17. Entire Agreement. This Agreement sets forth the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes any and all oral or written agreements or understandings between the parties **as** to the subject matter hereof.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Purchase and Sale Agreement to be duly executed as of the date first written above.

CITY OF LODI, as Seller

By: _____
Authorized Officer



CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY, as Purchaser

By: _____
Member

EXHIBIT A DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings set forth below.

“Act” means Section **10754.11** of the California Revenue and Taxation Code.

“Bill of Sale” has the meaning give to that term in Section 2(b)(ii) hereof.

“Credit Enhancer” means any municipal bond insurance company, bank or other financial institution or organization which is performing in all material respects its obligations under any Credit Support Instrument for some or all of the Notes.

“Credit Support Instrument” means a policy of insurance, a letter of credit, a stand-by purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Enhancer provides credit or liquidity support with respect to the payment of interest, principal or the purchase price of the Notes.

“Closing Date” means the date the Notes are issued.

“Controller” means the Controller of the State.

“Final Purchase Price” has the meaning ascribed thereto in Section 2.

“Minimum Purchase Price” has the meaning ascribed thereto in Section 2.

“Noteholder” means, with respect to any Note, the person in whose name such Note is registered.

“Outstanding” has the meaning given *to* that term in the Indenture

“Pricing Date” means the date the Notes are sold.

“Rating Agency” means any nationally recognized rating agency then providing or maintaining a rating on the Notes at the request of the Purchaser.

“Rating Agency Confirmation” means written confirmation from each Rating Agency that any proposed action will not, in and of itself, cause the Rating Agency to lower, suspend or withdraw the rating then assigned by such Rating Agency to any Outstanding Notes.

“Resolution” means the resolution adopted by the City Council approving the sale of the VLF Receivable.

“State” means the State of California,

“Transaction Counsel” means Orrick, Hemngton & Sutcliffe LLP.

“Transaction Documents” mean this Agreement, the **Bill of Sale**, the Indenture, and the Notes.

**OPINION OF COUNSEL
to
CITY OF LODI**

March 2, 2005

California Statewide Communities Development Authority
Sacramento, California

Wells Fargo *Bank*, National Association
Los Angeles, California

Re: Sale of VLF Receivable

Ladies & Gentlemen:

This Office acted **as** counsel for the City of Lodi (the “Seller”) in connection with the adoption of that certain resolution (the “Resolution”) of the City Council of the Seller (the “Governing Body”) pursuant to which the Seller authorized the sale to the California Statewide Communities Development Authority (the “Purchaser”) of the Seller’s “VLF Receivable”, **as** defined in and pursuant to the Purchase and Sale Agreement dated March 2, 2005 (the “Sale Agreement”) between the Seller and the Purchaser. In connection with these transactions, the Seller has issued certain Irrevocable Instructions For Disbursement of the Seller’s VLF Receivable to the Controller of the State of California (the “Disbursement Instructions” and collectively with the Sale Agreement, the “Transaction Documents”). Unless the context otherwise requires, capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Sale Agreement.

I have examined and **am** familiar with those documents relating to the existence, organization, and operation of the Seller, the Resolution, the Transaction Documents and such certified proceedings, certifications of officers of the Seller and others, and such other agreements, instruments and documents, and have satisfied myself as to such other matters, **as** I deem necessary in order to render the following opinions.

Based upon the foregoing, I am of the opinion that:

1. The Seller is a municipal corporation of the State of California, duly organized and validly existing pursuant to laws and the Constitution of the State of California.
2. The Seller has full power and authority to adopt the Resolution and to execute and deliver the Transaction Documents.

3. The Seller has duly authorized and executed the Transaction Documents and, assuming delivery, each Transaction Document will be legal, valid, and binding against the Seller, and enforceable against the Seller in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or laws relating to or affecting creditors' rights, and the application of equitable principles and the exercise of judicial discretion in appropriate areas.

4. The Resolution was duly adopted at a meeting of the Governing Body which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting when the Resolution was adopted.

5. The Resolution is in full force and effect and has not been amended, modified, supplemented or rescinded.

6. To the best of my knowledge, **no** action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Seller affecting the existence of the Seller or the titles of its Governing Body members or officers to their respective offices, or seeking to restrain or to enjoin the sale of the VLF Receivable or to direct the application of the proceeds of the sale thereof, or in any way contesting or affecting the validity or enforceability of the Resolution, the Transaction Documents or any other applicable agreements or any action of the Seller contemplated by any of said documents, or in any way contesting the powers of the Seller or its authority with respect to the Resolution or the Transaction Documents or any other applicable agreement, or any action on the part of the Seller contemplated by any of said documents, or in any way seeking to enjoin or restrain the Seller from selling the VLF Receivable or which if determined adversely to the Seller would have a material and adverse effect upon the Seller's ability to sell the VLF Receivable, nor to my knowledge is there any basis therefor.

7. Insofar as it would materially adversely affect the Seller's ability to enter into, carry out and perform its obligations under any or all of the foregoing agreements, or consummate the transactions contemplated by the same, the Seller is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and, to the best of my knowledge, 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, and the adoption of the Resolution and the execution and delivery by the Seller of the Transaction Documents, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Seller a breach of or default under any agreement or other instrument to which the Seller is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Seller is subject.

8. Prior to the sale of the VLF Receivable to the Purchaser, the Seller was the sole owner of the VLF Receivable, and has such right, title and interest as provided in the Act. From and after the conveyance of the VLF Receivable by the Seller to Purchaser on the Closing

Date, the Seller shall have no interest in the VLF Receivable. Except as provided in the Sale Agreement, the Seller has not sold, transferred, assigned, set over or otherwise conveyed **any** right, title or interest of any kind whatsoever in all **or** any portion of the Seller's VLF Receivable, nor has the Seller created, or to my knowledge permitted the creation **of**, any Lien thereon. Prior to the sale of the VLF Receivable to the Purchaser, the Seller held title to the VLF Receivable free and clear of any Liens.

9. To the best of my knowledge, all approvals, consents, authorizations, elections and orders **of** or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the sale by the Seller of the VLF Receivable or the performance by the Seller of its obligations under the Resolution and the Transaction Documents and any other applicable agreements, have been obtained and are in full force and effect.

10. The Disbursement Instructions are irrevocable by the Seller, and comply with the requirements of Section 6588.5(c) of the California Government Code.

Each Credit Enhancer, the underwriters of the Notes and Transaction Counsel may rely upon this legal opinion as if it were addressed to them.

Very truly yours,

By: _____
Seller's Counsel

**OPINION OF COUNSEL
to
CITY OF LODI**

[ClosingDate]

California Statewide Communities Development Authority
Sacramento, California

Wells Fargo Bank, National Association
Los Angeles, California

Re: Sale of VLF Receivable (Bringdown Opinion)

Ladies & Gentlemen:

Pursuant to that certain Purchase and Sale Agreement dated March 2, 2005 (the “Sale Agreement”) between the City of Lodi (the “Seller”) and the California Statewide Communities Development Authority (the “Purchaser”), this Office delivered an opinion (the “Opinion”) dated the Pricing Date (as defined in the Sale Agreement) as counsel for the Seller in connection with the sale of the Seller’s VLF Receivable (as defined in the Sale Agreement), the execution of documents related thereto and certain other related matters.

I confirm that you may continue to rely upon the Opinion as if it were dated as of the date hereof. Each Credit Enhancer, the underwriters of the Notes and Transaction Counsel may rely upon this legal opinion as if it were addressed to them. This letter is delivered to you pursuant to Section 2(b)(ii)(1) of the Sale Agreement.

Very truly yours,

By: _____
Seller’s Counsel

EXHIBIT C1
CLERK'S CERTIFICATE

CERTIFICATE OF THE
CITY CLERK OF
CITY OF LODI, CALIFORNIA

Dated: March 2, 2005

The undersigned City Clerk of the City of Lodi, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. _____ duly adopted at a regular meeting of the City Council of said Seller duly and regularly and legally held at the regular meeting place thereof on the _____ day of _____, 2005, of which meeting all of the members of said City Council had due notice and at which all members thereof were present, and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN.

I do hereby further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office and that said resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes and that said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

I do hereby further certify that an agenda of said meeting was posted at least 72 hours before said meeting at a location in the City of Lodi, California freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

WITNESS my hand as of the day and year first above written.

By: _____
City Clerk of the City of Lodi, California

**EXHIBIT C2
SELLER CERTIFICATE**

SELLER CERTIFICATE

Dated: March 2,2005

We, the undersigned officers of the City of Lodi (the "Seller"), State of California, holding the respective offices herein below set opposite our signatures, do hereby certify that on the date hereof the following documents (the "Transaction Documents") were officially executed and delivered by the Authorized Officer or Officers whose names appear on the executed copies thereof, to wit:

Document

1. Purchase and Sale Agreement, dated March 2,2005 (the "Sale Agreement"), between the Seller and the California Statewide Communities Development Authority (the "Purchaser")
2. Irrevocable Instructions For Disbursement of Seller's VLF Receivable to the Controller of the State of California dated the Closing Date

Capitalized terms **used** herein and not defined herein shall have the meaning given such terms in the Sale Agreement.

We further certify **as** follows:

1. At the time of signing the Transaction Documents and the other documents and opinions related thereto, we held said offices, respectively, and we now hold the same.
2. The representations and warranties contained in the Transaction Documents are **true and correct as** of the date hereof in all material respects.
3. The City Council duly adopted its resolution (the "Resolution") approving the sale **of** the Seller's VLF Receivable at a meeting of the City Council which was duly called and held pursuant to law with all public notice required by law and at which a quorum was present and acting when the Resolution was adopted, and such Resolution is in full force and effect and has not been amended, modified, supplemented or rescinded.
4. To the best knowledge of the undersigned, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened, in any way against the Seller affecting the existence of the Seller **or** the titles of its City Council members or officers to their respective offices, or seeking to restrain or to enjoin the sale of the Seller's VLF Receivable **or** to direct the application thereof of the

proceeds of the sale thereof, **or** in any way contesting or affecting the validity or enforceability of the Resolution, the Transaction Documents, the Indenture, the Notes, or any other applicable agreements or any action of the Seller contemplated by any of said documents, or in any way contesting the powers of the Seller or its authority with respect to the Resolution or the Transaction Documents or any other applicable agreement, or any action on the part of the Seller contemplated by any of said documents, or which if determined adversely to the Seller would have a material and adverse effect upon the Seller's ability to sell the Seller's VLF Receivable, nor to our knowledge is there any basis therefor.

5. Insofar as it would materially adversely affect the Seller's ability to enter into, carry out and perform its obligations under any or all of the Transaction Documents, or consummate the transactions contemplated by the same, the Seller is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California **or** the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and, to the best of our knowledge, 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, and the adoption of the Resolution and the execution and delivery by the Seller of the Transaction Documents, and compliance by the Seller with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Seller a breach of or default under any agreement or other instrument to which the Seller is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Seller is subject.
6. Prior to the sale of the VLF Receivable to the Purchaser, the Seller was the sole owner of the VLF Receivable, and has such right, title and interest **as** provided in the Act. From and after the conveyance of the VLF Receivable by the Seller to Purchaser on the Closing Date, the Seller shall have no interest in the VLF Receivable. Except as provided in the Sale Agreement, the Seller has not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the Seller's VLF Receivable, nor has the Seller created, or to **our** knowledge permitted the creation of, any Lien thereon. **Prior** to the sale of the VLF Receivable to the Purchaser, the Seller held title to the VLF Receivable free and clear of any Liens.
7. All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to or the absence of which would materially adversely affect, the sale by the Seller of the Seller's VLF Receivable or the performance by the Seller of its obligations under the Resolution and the Transaction Documents and any other applicable agreements, have been obtained and are in full force and effect.

Dated as of the date first above Written.

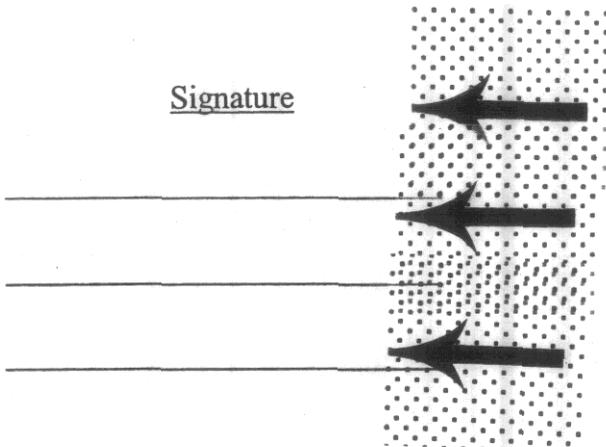
Name. Official Title _____

James R. Krueger, Finance Director/Treasurer

Janet Keeter, Interim City Manager

Susan Blackston, City Clerk

Signature



I HEREBY CERTIFY that the signatures **of** the officers **named** above **are** genuine.

Dated as of the date first above ~~written~~.

By: _____
City Clerk of the City of Lodi, California

EXHIBIT C3
BILL OF SALE AND BRINGDOWN CERTIFICATE

BILL OF SALE AND BRINGDOWN CERTIFICATE

In consideration of the payment and delivery by the California Statewide Communities Development Authority (the "Purchaser") to the undersigned (the "Seller") of \$[Final Purchase Price] (the "Final Purchase Price"), and pursuant to terms and conditions of the Purchase and Sale Agreement (the "Sale Agreement"), dated March 2, 2005, between the Seller and the Purchaser, the Seller does hereby (a) transfer, grant, bargain, sell, assign, convey, set over and deliver to the Purchaser, absolutely and not as collateral security, without recourse except **as** expressly provided in the Sale Agreement, the VLF Receivable as defined in the Sale Agreement (the "VLF Receivable"), and (b) assign to the Purchaser, to the extent permitted by law (as to which **no** representation is made), all present **or** future rights, if any, of the Seller to enforce **or** cause the enforcement of payment of the VLF Receivable pursuant to the Act (**as** defined in the Sale Agreement) and other applicable law.

The Seller hereby acknowledges receipt of the Final Purchase Price.

The Seller hereby certifies that the representations and warranties of the Seller set forth in the Certificate of the City Clerk dated March 2, 2005, the Seller Certificate dated March 2, 2005, and in the Transaction Documents (as such terms are defined in the Sale Agreement) are true and correct in all material respects as of the date hereof (except **for** such representations and warranties made **as of** a specified date, which are true and correct as of such date).

Dated: ——[Closing Date] ——

CITY OF LODI

By: _____
Authorized Officer

EXHIBIT D

IRREVOCABLE INSTRUCTIONS TO CONTROLLER

IRREVOCABLE INSTRUCTIONS FOR DISBURSEMENT
OF VLF RECEIVABLE OF
CITY OF LODI

_____, 2005

Office of the Controller
State of California
P.O. Box 942850
Sacramento, California 94250-5872

Re: Notice of Sale of VLF Receivable by the City of Lodi and
Wiring Instructions Information Form

Dear Sir or Madam:

Pursuant to Section 6588.5(c) of the California Government Code, City of Lodi (the "Seller") hereby notifies you of the sale by the Seller, effective as of the date of these instructions written above, of all right, title and interest of the Seller in and to the "VLF Receivable" as defined in Section 6585(i) of the California Government Code (the "VLF Receivable"), namely, the right to payment of moneys due or to become due to the Seller out of funds payable in connection with vehicle license fees to a local agency pursuant to Section 10754.11 of the California Revenue and Taxation Code.

By resolution, the Seller's City Council authorized the sale of the VLF Receivable to the California Statewide Communities Development Authority (the "Purchaser") pursuant to a Purchase and Sale Agreement, dated March 2, 2005 and a Bill of Sale, dated [Closing Date]. The VLF Receivable **has** been pledged and assigned by the Purchaser pursuant to an Indenture, dated March 2, 2005 (the "Indenture") between the Purchaser and Wells Fargo Bank, National Association, as Trustee (the "Trustee").

The Seller hereby irrevocably requests and directs that, commencing as of the date of these instructions Written above, all payments of the VLF Receivable (and documentation related thereto) be made directly to Wells Fargo Bank, National Association, as Trustee, in accordance with the wire instructions and bank routing information set forth below.

Please note that the sale of the VLF Receivable by the Seller is irrevocable and that (i) the Seller has no power to revoke or amend these instructions at any time, (ii) the Purchaser shall have the power to revoke or amend these instructions only if there are no notes of the Purchaser outstanding under the Indenture and the Indenture has been discharged, and (iii) so long as the Indenture has not been discharged, these instructions cannot be revoked or amended by the Purchaser without the consent of the Trustee.

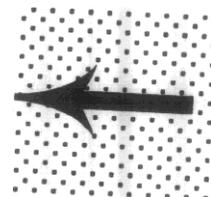
Bank Name: Wells Fargo N.A.
Bank ABA Routing #: 121000248
Bank Account #: 0001038377
Bank Account Name: Corporate Trust Clearing
Further Credit To: CSCDA VLF #16914200
Bank Address: Wells Fargo Bank
707 Wilshire Blvd., 17 Floor
Los Angeles, CA 90017
Bank Telephone #: (213) 614-3353
Bank Contact Person: Robert Schneider

Please do not hesitate to call the undersigned if you have any questions regarding this transaction. Thank you for your assistance in **this** matter.

Very truly yours,

CITY OF LODI

By: _____
Authorized Officer



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**EXHIBIT E
RESERVED**

EXHIBIT F
ESCROW INSTRUCTION LETTER

PARTICIPATION AGREEMENT
AND
ESCROW INSTRUCTION LETTER

March 2, 2005

California Statewide Communities Development Authority
1100 K Street
Sacramento, CA 95814

Re: VLFF Receivable Financing

Dear Sir or Madam:

The City of Lodi (the "Seller") hereby notifies you of its agreement to participate in the California Statewide Communities Development Authority VLF Receivable Financing. By adoption of a resolution (the "Resolution") authorizing the sale of its VLF Receivable, the Seller's City Council has agreed to sell to the California Statewide Communities Development Authority, for a purchase price that meets the conditions set forth in the Resolution, all of its right, title and interest in the VLF Receivable.

Enclosed herewith are the following documents which have been duly approved and executed by the Seller and which are to be held in escrow by Orrick, Herrington & Sutcliffe LLP, as transaction counsel ("Transaction Counsel"), as instructed below:

1. certified copy of the Resolution, together with a certificate of the City Clerk, dated March 2, 2005;
2. the Seller Certificate, dated March 2, 2005;
3. the Opinion of Seller's Counsel, dated March 2, 2005;
4. the Purchase and Sale Agreement, dated March 2, 2005; and
5. the Irrevocable Instructions to the Controller, undated.

The foregoing documents are to be held in escrow by Transaction Counsel and shall be delivered only upon payment to the Seller on or before April 29, 2005, of the Final Purchase Price (as defined in the Purchase and Sale Agreement) that meets the conditions of the Resolution. Upon such payment, Transaction Counsel is hereby authorized to fill in the closing date on the Irrevocable Instructions to the Controller.

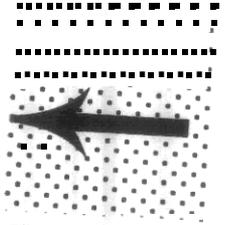
If the Final Purchase Price meeting the conditions of the Resolution is not paid to the Seller on or before April 29, 2005, this agreement shall terminate and Transaction Counsel shall return all of the enclosed documents to the Seller.

Very truly yours,

CITY OF LODI

By: _____

Authorized Officer



Enclosures

cc: Omck, Herrington & Sutcliffe LLP

RESOLUTION NO. 2005-25

CITY COUNCIL
OF THE
CITY OF LODI

A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S VEHICLE LICENSE FEE RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, certain public agencies within the State of California (the "State") are entitled to receive certain payments payable by the State to each such local agency on or before August 15, 2006, in connection with vehicle license fees pursuant to Section 10754.11 of the California Revenue and Taxation Code ("VLF Gap Repayments");

WHEREAS, the City of Lodi (the "Seller") is entitled to and has determined to sell all right, title and interest of the Seller in and to the "VLF Receivable", as defined in Section 6585(i) of the California Government Code (the "VLF Receivable"), namely, the right to payment of moneys due or to become due to the Seller out of funds payable in connection with vehicle license fees to a local agency pursuant to Section 10754.11 of the California Revenue and Taxation Code;

WHEREAS, the California Statewide Communities Development Authority, a joint exercise of powers authority organized and existing under the laws of the State (the "Authority"), has been authorized pursuant to Section 6588(w) of the California Government Code to purchase the VLF Receivable;

WHEREAS, the Authority desires to purchase the VLF Receivable and the Seller desires to sell the VLF Receivable pursuant to a purchase and sale agreement by and between the Seller and the Authority in the form presented to this City Council (the "Sale Agreement") for the purposes set forth herein;

WHEREAS, in order to finance the purchase price of the VLF Receivable from the Seller and the purchase price of other VLF Receivables from other local agencies, the Authority will issue its taxable and tax-exempt notes (the "Notes") pursuant to Section 6590 of the California Government Code and an Indenture (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Notes will be payable solely from the proceeds of the VLF Receivable and such other VLF Receivables;

WHEREAS, the Seller acknowledges that the Authority will grant a security interest in the VLF Receivable to the Trustee and any credit enhancer to secure payment of the Notes; and

WHEREAS, a portion of the proceeds of the Notes will be used by the Authority to, among other things, pay the purchase price of the VLF Receivable;

WHEREAS, the Seller will use the proceeds received from the sale of the VLF Receivable for any lawful purpose as permitted under the applicable laws of the State;

NOW THEREFORE, the City Council of the City of Lodi hereby resolves as follows:

Section 1. All of the recitals set forth above are true and correct, and this City Council hereby so finds and determines.

Section 2. The Seller hereby authorizes the sale of the VLF Receivable to the Authority for a price no less than the Minimum Purchase Price set forth in Appendix A. The form of Sale Agreement presented to the City Council is hereby approved. **An** Authorized Officer (as set forth in Appendix A) is hereby authorized and directed to execute and deliver the Sale Agreement on behalf of the Seller, which shall be in substantially the form presented to this meeting, with such changes therein, deletions therefrom and additions thereto, as such Authorized Officer shall approve, which approval shall be conclusively evidenced by the execution and delivery of the Sale Agreement.

Section 3. Any Authorized Officer is hereby authorized and directed to send, or to cause to be sent, an irrevocable written instruction to the State Controller notifying the State of the sale of the VLF Receivable and instructing the disbursement pursuant to Section 6588.5(c) of California Government Code of the VLF Receivable to the Trustee, on behalf of the Authority.

Section 4. The Authorized Officers and such other Seller officers, as appropriate, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including but not limited to one **or** more tax certificates, if required, appropriate escrow instructions relating to the delivery into escrow of executed documents prior to the closing of the Notes, and such other documents mentioned in the Sale Agreement or the Indenture, which any of them may deem necessary or desirable in order to implement the Sale Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution; and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the sale of the VLF Receivable or the issuance of the Notes, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, may be given or taken by an Authorized Officer without further authorization by this City Council, and each Authorized Officer is hereby authorized and directed to give any such consent, approval, notice, order or request, to execute any necessary or appropriate documents or amendments, and to take any such action that such Authorized Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 6. The City Council acknowledges that, upon execution and delivery of the Sale Agreement, the Seller is contractually obligated to sell the VLF Receivable to the Authority pursuant to the Sale Agreement and the Seller shall not have any option to revoke its approval of the Sale Agreement or to determine not to perform its obligations thereunder.

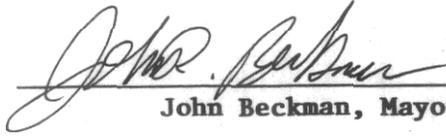
Section 7. This Resolution shall take effect **from** and after its adoption and approval.

PASSED AND ADOPTED by the City Council of the City of Lodi, State of California, this 2nd day of February, 2005, by the following vote:

AYES: COUNCIL MEMBERS - **Hansen, Hitchcock. Johnson. Mounce, and Mayor Beckman**

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - None



John Beckman, Mayor

Attest:



City Clerk, **Susan J. Blackston**

Approved as to form :

SELLER'S COUNSEL

By: 

D. Stephen Schwabauer, City Attorney

Dated: ~~2~~ 2/3/05

APPENDIX A

CITY OF LODI

Minimum Purchase Price:

An amount equal to or greater than \$925,942.00 (the “Minimum Purchase Price”).

Authorized Officers:

City Manager

Finance Director/Treasurer

City Clerk

any designee of any of them, **as** appointed in a written certificate of such Authorized Officer delivered to the Trustee.

BLUE SHEET for **Item K-4**
Appendix A to Resolution

APPENDIX A

CITY OF LODI

**Minimum Purchase
Price:**

An amount equal to or greater than [REDACTED] (the "Minimum
Purchase Price").

Authorized Officers:

City Manager

Finance Director/Treasurer

City Clerk

any designee of any of them, as appointed in a written certificate of
such Authorized Officer delivered to the Trustee.

BLUE SHEET for Item K-4
Page 2 of Purchase and Sale Agreement

case of agreements or instruments) references to all attachments and exhibits thereto and instruments incorporated therein; and any references to a Person are also to its permitted successors and assigns.

2. Agreement to Sell and Purchase; Conditions Precedent.

(a) The Seller agrees to **sell**, and the Purchaser agrees to purchase, on the Closing Date, for cash paid by the Purchaser in an amount equal to the **amount** determined pursuant to Section 3(a) (the "Final Purchase Price"), which shall be not **less** than **\$925,942.00** (the "Minimum Purchase Price"), all future right, title and interest of the Seller in and to the "VLF Receivable" as defined in Section 6585(i) of the California Government Code (the "VLF Receivable"), namely, **the** right to payment **of** moneys due or to become due to the Seller out of funds payable in connection with vehicle license fees to a local agency pursuant to Section 10754.11 of the California Revenue and Taxation Code. The Purchaser shall pay the Final Purchase Price by transferring such Final Purchase Price directly to the Seller.

(b) The performance by the Purchaser of its obligations hereunder shall be conditioned upon:

- (i) Transaction Counsel receiving on or before the date the Notes are sold (the "Pricing Date"), to be held in escrow until the Closing Date and then delivered to the Purchaser on the Closing Date, the following documents duly executed by the Seller or its counsel, as applicable: (1) an opinion of counsel to the Seller dated the Pricing Date in substantially the form attached hereto as Exhibit B1, (2) certificates dated **the** Pricing Date in substantially the forms attached hereto as Exhibit C1 and Exhibit C2, (3) irrevocable instructions to the Controller dated as **of** the Closing Date in substantially **the** form attached hereto as Exhibit D, **(4)** this Agreement, (5) a certified copy of the resolution of the Seller's City Council approving this Agreement, the transactions contemplated hereby and the documents attached hereto as exhibits, and (6) an escrow instruction letter in substantially the form attached hereto as Exhibit F;
- (ii) Transaction Counsel receiving on **or** before the Closing Date, (1) a bringdown opinion of counsel to the Seller dated as of **the** Closing Date in substantially the form attached hereto as Exhibit B2, and (2) a bill of sale and bringdown certificate **of** the Seller (the "Bill of Sale") in substantially the form attached hereto as Exhibit C3; provided that the Purchaser may waive in its sole discretion the requirements of Section 2(b)(ii)(1); and
- (iii) the Purchaser issuing notes in **an** amount which will be sufficient to pay the Final Purchase Price.

(c) The performance by the Seller of its obligations hereunder shall be conditioned **solely** upon the Purchaser's payment of **the** Final Purchase Price as **set** forth in this Agreement and no other act or omission on the part of the Purchaser or any other party shall excuse the Seller from performing its obligations hereunder.