

\$11,920,000

CONTRACT OF PURCHASE
Relating to
the
Facility Lease Agreement dated as of October 1, 2011
between

the City of Los Angeles and the Municipal Improvement Corporation of Los Angeles

October 19, 2011

Municipal Improvement Corporation of Los Angeles
200 North Main Street
City Hall East, Room 1500
Los Angeles, California 90012

The undersigned (the "Purchaser") offers to enter into this Contract of Purchase (the "Contract of Purchase") with the Municipal Improvement Corporation of Los Angeles ("MICLA"). This offer is made subject to written acceptance by MICLA prior to 11:59 p.m., California Time, on the date hereof, and, upon such acceptance, this Contract of Purchase will be binding upon MICLA and the Purchaser.

1. Purchase and Sale of the Lease Agreement. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Purchaser hereby agrees to purchase from MICLA for its own account, and MICLA hereby agrees to sell to the Purchaser for such purpose, all (but not less than all) of MICLA's right, title and interest in and to the Facility Lease Agreement dated as of October 1, 2011 (as more fully described in Section 2 below, the "Lease Agreement") between MICLA and the City of Los Angeles (the "City"). The Purchaser has agreed to purchase the rights of MICLA under the Lease Agreement for the purpose of providing funds to finance (i) the costs of energy efficiency retrofit projects in approximately 52 buildings owned by the City (the "Project"), and (ii) the financing of certain costs relating to the execution and delivery of the Lease Agreement and the assignment to the Purchaser thereof. The purchase price to be paid by the Purchaser for the Lease Agreement shall be \$11,920,000.00.

2. The Lease Agreement.

The City has agreed to lease the Property (as defined in the Lease Agreement) to MICLA pursuant to a Site Lease, dated as of October 1, 2011 (the "Site Lease"), and simultaneously sub-lease the same from MICLA pursuant to the Lease Agreement. The City, as the lessee under

the Lease Agreement, will be obligated to make the Lease Payments for the use and occupancy of the Property. The Lease Payments, comprised of a principal component and an interest component, shall be payable as provided in Exhibit B to the Lease Agreement and Exhibit A attached hereto.

3. Closing. At 8:00 a.m., Pacific Daylight Time, on October 26, 2011, or at such other time and on such other date as shall have been mutually agreed upon by MICLA and the Purchaser (the "Closing"), MICLA will deliver to the Purchaser the Lease Agreement and an assignment thereof in definitive form duly executed and other documents hereinafter mentioned and shall record a memorandum of such assignment in the official records of the County of Los Angeles, California, and the Purchaser will accept such delivery and pay the purchase price thereof in immediately available funds to the order of MICLA.

4. Representations, Warranties and Agreements of MICLA. MICLA hereby represents, warrants and agrees with the Purchaser that:

(A) MICLA is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "State"), and has all requisite right, power and authority to conduct its business, to adopt the resolution approving the Site Lease, the Lease Agreement and this Contract of Purchase (the "MICLA Resolution"), to execute and sell the Lease Agreement and to execute the Site Lease and this Contract of Purchase (collectively, the "MICLA Documents"), and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the MICLA Documents.

(B) At or prior to the Closing, (i) the execution and delivery of the Site Lease, the Lease Agreement and this Contract of Purchase, the adoption by MICLA of the MICLA Resolution, and the performance by MICLA of the obligations contained in the MICLA Documents will have been duly authorized and such authorization will be in full force and effect at the time of the Closing; (ii) this Contract of Purchase will be duly executed and delivered and will constitute the valid and legally binding obligation of MICLA enforceable against MICLA in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; and (iii) MICLA will be duly authorized to consummate all transactions contemplated by this Contract of Purchase.

(C) No consent, approval, authorization, license, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required for the consummation of the transactions contemplated hereby.

(D) The Lease Agreement will be sold only to a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act").

(E) To the best knowledge of MICLA, as of the time of acceptance hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or threatened against MICLA: (i) in any way affecting the existence of MICLA or in any way challenging the powers of MICLA or the entitlement of the officials of MICLA to their respective offices; or (ii) seeking to restrain or enjoin the sale of the Lease Agreement, the completion of the Project, or in any way contesting the validity of the Site Lease, the Lease Agreement or the Contract of Purchase, or contesting the powers of MICLA with respect to the Site Lease, the Lease Agreement or the Contract of Purchase; or (iii) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Contract of Purchase, the Site Lease and the Lease Agreement, (b) declare this Contract of Purchase, the Site Lease or the Lease Agreement to be invalid or unenforceable in whole or in material part.

(F) Any certificates signed by any official of MICLA and delivered to the Purchaser shall be deemed a representation and warranty by MICLA to the Purchaser as to the statements made therein but not of the person signing the same.

5. Covenants of MICLA. MICLA covenants and agrees with the Purchaser that:

(A) Between the date hereof and the Closing, MICLA will not modify or amend MICLA Resolution, the Site Lease or the Lease Agreement without the prior written consent of the Purchaser.

6. Purchaser Representations, Warranties and Acknowledgements. Purchaser represents, warrants and acknowledges as follows:

(A) The Purchaser acknowledges that any transfer of the Lease Agreement shall be restricted as provided in clause (B) below and that any transfer shall not be effective unless and until a notice of transfer is given to MICLA and the City;

(B) The Lease Agreement is being acquired by the Purchaser for its own account and not with a view to reselling or distributing the Lease Agreement, and the Purchaser acknowledges that the Lease Agreement shall only be transferred or resold to any affiliate of Purchaser or to a “qualified institutional buyer” as defined in Rule 144A of the Securities Act and that the Purchaser shall not transfer any fractional interest in the Lease Agreement;

(C) The Purchaser is a “qualified institutional buyer,” as defined in Rule 144A of the Securities Act and has such knowledge and experience in financial and business matters in general and in particular with respect to this type of investment that it is capable of evaluating the merits and risks of an investment in the Lease Agreement, has evaluated and understands the risks and terms of investing in the Lease Agreement and is able to bear the economic risk of an entire loss in this investment and all such questions have been answered to the satisfaction of the Purchaser;

(D) All documents, records and books pertaining to this investment requested by Purchaser have been made available to the Purchaser and its attorneys, accountants or investor representatives, and the Purchaser has been afforded the opportunity to ask questions concerning the purchase of the Lease Agreement; and

(E) The Purchaser acknowledges that the Lease Agreement is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that neither MICLA nor the City has undertaken to provide any continuing disclosure with respect to the Lease Agreement.

7. Conditions to Obligations of Purchaser at Closing. The Purchaser has entered into this Contract of Purchase in reliance upon the representations and warranties of MICLA contained herein and the performance by MICLA of its obligations hereunder, as of the date hereof and as of the Closing. The obligation of the Purchaser to purchase the Lease Agreement at the Closing is subject to the following further conditions, any or all of which can be waived by the Purchaser or MICLA, as appropriate, in writing:

(A) The representations and warranties of MICLA contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Purchaser or MICLA at the Closing and otherwise pursuant hereto shall be true and correct in all material respects at and as of the Closing;

(B) At and as of the Closing (i) the Site Lease, the Lease Agreement, this Contract of Purchase, MICLA Resolution and the resolution of the City approving the Site Lease, the Lease Agreement and the sale thereof (the "City Resolution") shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been jointly agreed to in writing by MICLA and the Purchaser; (ii) all actions which, in the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (iii) MICLA shall perform or have performed all of its obligations required under or specified in MICLA Resolution, the Site Lease, the Lease Agreement or this Contract of Purchase to be performed at or prior to the Closing; and (iv) the City shall have performed all of its obligations required under or specified in the City Resolution, the Site Lease or the Lease Agreement to be performed at or prior to the Closing;

(C) To the best knowledge of MICLA, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, is pending or threatened against MICLA which has any of the effects described in Paragraph 4(E) hereof;

(D) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling or regulation of the Securities and Exchange Commission, has been issued or made with the purpose or effect of prohibiting the sale of the Lease Agreement as contemplated hereby and no legislation has been enacted, or a bill favorably reported for adoption, or a decision by any court rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency

having jurisdiction of the subject matter has been made or issued, to the effect that the Lease Agreement or any other obligations of the City or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect;

(E) On the date of Closing, MICLA or the City shall pay the Purchaser's closing fee in an amount equal to the lesser of \$35,000 or three/tenths percent (.30%) of the principal component of the Lease Payments, but in no event shall such fee be less than \$25,000; and

(F) At or prior to the Closing, the Purchaser shall have received a copy of the following documents in each case dated at and as of the Closing and satisfactory in form and substance to the Purchaser:

(1) An approving opinion of Bond Counsel as to the Lease Agreement in the form attached hereto as Exhibit B, with a reliance letter addressed to the Purchaser;

(2) The certificate of MICLA, dated the Closing Date to the effect that:

(i) MICLA is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State;

(ii) The MICLA Resolution was duly adopted at a meeting of MICLA which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the MICLA Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) The adoption of the MICLA Resolution and the execution and delivery of the Site Lease, the Lease Agreement and this Contract of Purchase and compliance with the provisions hereof and thereof, under the circumstances contemplated thereby and hereby, do not and will not conflict with or constitute on the part of MICLA a breach of or default under any agreement or other instrument applicable or binding upon MICLA or any of its properties or any existing law, regulation, court order or consent decree to which MICLA or any of its properties is subject, other than any conflict, breach of default that would not have a material adverse effect on MICLA's ability to perform its obligations under the MICLA Documents;

(iv) MICLA has full right and lawful authority to execute and sell the Lease Agreement, and to execute and deliver the Site Lease and this Contract of Purchase and MICLA has duly authorized, executed and delivered the Site Lease, the Lease Agreement and this Contract of Purchase; and

(v) To the best knowledge of MICLA, there is no action, suit or proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of MICLA, threatened against or affecting MICLA which is likely to adversely affect the validity or enforceability of, or the authority or ability of MICLA to perform its obligations under the Site Lease, the Lease Agreement or this Contract of Purchase.

(3) A certificate of the City Clerk, together with a fully executed copy of the City Resolution, to the effect that:

- (i) Such copy is a true and correct copy of the City Resolution; and
- (ii) The City Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect at and as of the Closing;

(4) The certificate of the City, dated the Closing Date to the effect that:

(i) The City is a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and the laws of the State;

(ii) The City Resolution was duly adopted at a meeting of the City Council which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the City Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) The adoption of the City Resolution and the execution and delivery of the Site Lease and the Lease Agreement and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument applicable or binding upon the City or any of its properties or any existing law, regulation, court order or consent decree to which the City or any of its properties is subject, other than any conflict, breach of default that would not have a material adverse effect on the City's ability to perform its obligations under the Site Lease and the Lease Agreement;

(iv) The City has full right and lawful authority to execute, deliver and perform its obligations under the Site Lease and the Lease Agreement, and the City has duly authorized, executed and delivered the Site Lease and the Lease Agreement;

(v) The representations and warranties of the City in the Lease Agreement are true and correct in all material respects as of the date made and as of the date of the Closing;

(vi) The City has performed all its obligations required under or specified in the Site Lease or the Lease Agreement to be performed at or prior to the Closing; and

(vii) To the best knowledge of the City, there is no action, suit or proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City which is likely to adversely affect the validity or enforceability of, or the authority or ability of the City to perform its obligations under the Site Lease or the Lease Agreement.

(5) A tax certificate from the City in form and substance satisfactory to Bond Counsel, signed by an official of the City.

(6) Such other opinions, certificates and other documents as the Purchaser or Bond Counsel reasonably may request, in form and substance satisfactory to the Purchaser and Bond Counsel.

(G) The City shall deposit into an account with Purchaser of \$3,000,000.00 from the City's Energy Efficiency and Conservation Block Grant funds, which shall be withdrawn by the City (i) to pay costs of transaction and (ii) semi-annually to make Lease Payments.

8. Termination of Obligations of Purchaser. If MICLA shall be unable to satisfy the conditions set forth in Section 7 to the obligations of the Purchaser contained in this Contract of Purchase, the obligations of the Purchaser under this Contract of Purchase may be terminated by the Purchaser by notice to MICLA at, or at any time prior to, the Closing. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Purchaser may be waived by the Purchaser in writing in its sole discretion.

9. Conditions to Obligations of MICLA. The performance by MICLA of its obligations under this Contract of Purchase with respect to sale and delivery of the Lease Agreement to the Purchaser is conditioned upon (i) the performance by the Purchaser of its obligations hereunder; and (ii) receipt by MICLA and the Purchaser of opinions and certificates being delivered at or prior to the Closing by persons and entities other than MICLA.

10. Expenses. In accordance with the Proposal for Direct Purchase of Installment Sale Agreement Qualified Energy Conservation Bonds (QEGB) City of Los Angeles/Municipal Improvement Corporation of Los Angeles Summary of Terms and Conditions dated May 24, 2011 (the "Term Sheet"), Purchaser shall be responsible for payment of its counsel fees and expenses and the CDIAC fees associated with this transaction. MICLA and the City shall bear all other expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and reproduction of MICLA Resolution, the Lease Agreement and the Contract of Purchase; and (ii) the fees and disbursements of bond counsel, financial advisor fees and any other fees and expenses in connection with this transaction. To the extent the Purchaser pays any of the foregoing expenses and fees on behalf of MICLA or the City, MICLA or the City shall reimburse the Purchaser at the Closing.

11. Notices. Any notice or other communication to be given under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone or telex, confirmed in writing, or by delivering the same in writing, if to MICLA, to the Municipal Improvement Corporation of Los Angeles, c/o City Administrative Officer, 200 North Main Street, City Hall East, Room 1500, Los Angeles, CA 90012, Attention: MICLA Coordinator, or if to the Purchaser, to Wells Fargo Bank, N.A., 707 Wilshire Blvd., 11th Floor, Los Angeles, California, 90017, Attention: Corrie Bowman, Senior Vice President.

12. Parties in Interest: Survival of Representations and Warranties. This Contract of Purchase when accepted by MICLA in writing as specified herein shall constitute the entire agreement between MICLA and the Purchaser and is made solely for the benefit of MICLA, the

City (which is a third party beneficiary of this Contract of Purchase) and the Purchaser (including their respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. The obligations of MICLA arising out of its representations and warranties in this Contract of Purchase shall not be affected by any investigation made by or on behalf of the Purchaser.

13. Execution in Counterparts. This Contract of Purchase may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

14. Documents Supersede Term Sheet. To the extent that there are any inconsistencies between the Term Sheet, on one hand, and the Site Lease, the Lease Agreement and this Contract of Purchase, on the other hand, the terms and conditions set forth in the Site Lease, the Lease Agreement and the Contract of Purchase shall govern.

14. Applicable Law. This Contract of Purchase shall be interpreted under, governed by and enforced in accordance with the laws of the State of California.

Very truly yours,

WELLS FARGO BANK, N.A.

By: Michael C. Jones
Michael C. Jones
Vice President

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

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By: _____

Name: Lily Y. Lee

Title: Vice President

14. Applicable Law. This Contract of Purchase shall be interpreted under, governed by and enforced in accordance with the laws of the State of California.

Very truly yours,


WELLS FARGO BANK, N.A.

By: _____

Michael C. Jones
Vice President

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

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By:  _____

Name: Lily Y. Lee

Title: Vice President

The City of Los Angeles hereby approves
the foregoing Contract of Purchase and agrees to tender
performance of its obligations under the Lease Agreement
to the Purchaser from and after the Closing.

CITY OF LOS ANGELES

By: 

Name: Raymond P. Ciranna

Title: Assistant City Administrative Officer

APPROVED AS TO FORM:

CARMEN A. TRUTANICH, CITY ATTORNEY

By: 

Assistant City Attorney

EXHIBIT A

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

City of Los Angeles

Lease-Backed Qualified Energy Conservation Bonds

Wells Fargo Private Placement Bank Loan

Final Rates as of October 19, 2011

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2012	665,000	4.257%	218,478.70	883,478.70	883,478.70
10/01/2012	315,000	4.257%	239,562.68	554,562.68	
04/01/2013	315,000	4.257%	232,857.90	547,857.90	1,102,420.58
10/01/2013	320,000	4.257%	226,153.13	546,153.13	
04/01/2014	315,000	4.257%	219,341.93	534,341.93	1,080,495.06
10/01/2014	315,000	4.257%	212,637.15	527,637.15	
04/01/2015	320,000	4.257%	205,932.38	525,932.38	1,053,569.53
10/01/2015	320,000	4.257%	199,121.18	519,121.18	
04/01/2016	320,000	4.257%	192,309.98	512,309.98	1,031,431.16
10/01/2016	320,000	4.257%	185,498.78	505,498.78	
04/01/2017	325,000	4.257%	178,687.58	503,687.58	1,009,186.36
10/01/2017	325,000	4.257%	171,769.95	496,769.95	
04/01/2018	325,000	4.257%	164,852.33	489,852.33	986,622.28
10/01/2018	330,000	4.257%	157,934.70	487,934.70	
04/01/2019	325,000	4.257%	150,910.65	475,910.65	963,845.35
10/01/2019	330,000	4.257%	143,993.03	473,993.03	
04/01/2020	330,000	4.257%	136,968.98	466,968.98	940,962.01
10/01/2020	330,000	4.257%	129,944.93	459,944.93	
04/01/2021	330,000	4.257%	122,920.88	452,920.88	912,865.81
10/01/2021	330,000	4.257%	115,896.83	445,896.83	
04/01/2022	335,000	4.257%	108,872.78	443,872.78	889,769.61
10/01/2022	335,000	4.257%	101,742.30	436,742.30	
04/01/2023	335,000	4.257%	94,611.83	429,611.83	866,354.13
10/01/2023	340,000	4.257%	87,481.35	427,481.35	
04/01/2024	335,000	4.257%	80,244.45	415,244.45	842,725.80
10/01/2024	340,000	4.257%	73,113.98	413,113.98	
04/01/2025	340,000	4.257%	65,877.08	405,877.08	818,991.06
10/01/2025	345,000	4.257%	58,640.18	403,640.18	
04/01/2026	340,000	4.257%	51,296.85	391,296.85	794,937.03
10/01/2026	340,000	4.257%	44,059.95	384,059.95	
04/01/2027	345,000	4.257%	36,823.05	381,823.05	765,883.00
10/01/2027	345,000	4.257%	29,479.73	374,479.73	
04/01/2028	345,000	4.257%	22,136.40	367,136.40	741,616.13
10/01/2028	695,000	4.257%	14,793.08	709,793.08	
04/01/2029					709,793.08
	11,920,000		4,474,946.68	16,394,946.68	16,394,946.68

EXHIBIT B

FORM OF SPECIAL COUNSEL OPINION

In connection with the execution and delivery of the Lease Agreement, Orrick, Herrington & Sutcliffe LLP, Special Counsel, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

City of Los Angeles
Los Angeles, California

Municipal Improvement Corporation of Los Angeles
Lease Obligations Series 2011-A
(Qualified Energy Conservation Bonds)
(Final Opinion)

Ladies and Gentlemen:

We have acted as special counsel to the City of Los Angeles (the “City”) in connection with the execution and delivery of the Facility Lease Agreement, dated as of October 1, 2011 (the “Lease Agreement”), by and between the Municipal Improvement Corporation of Los Angeles (the “Corporation”) and the City. In such connection, we have reviewed the Lease Agreement, the Site Lease, dated as of October 1, 2011 (the “Site Lease”), by and between the City and the Corporation, the Assignment Agreement, dated as of October 1, 2011 (the “Assignment Agreement”),b

y and between the Corporation and Wells Fargo Bank, N.A. (the “Purchaser”), the Tax Certificate, dated the date hereof, executed by the City (the “Tax Certificate”), opinions of counsel to the Corporation, the City and the Purchaser, certificates of the Corporation, the City and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized undefined terms used herein have the meanings ascribed thereto in the Lease Agreement.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement as special

counsel has concluded with the execution and delivery of the Lease Agreement, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City and the Corporation. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the first paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Site Lease, the Lease Agreement, the Assignment Agreement and the Tax Certificate. In addition, we call attention to the fact that the rights and obligations under the Site Lease, the Lease Agreement, the Assignment Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Site Lease, the Lease Agreement or the Assignment Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Site Lease and the Lease Agreement have been duly executed and delivered by, and constitute the valid and binding obligations of, the City.
2. The Site Lease, the Lease Agreement and the Assignment Agreement have been duly executed and delivered by, and constitute the valid and binding obligations of, the Corporation.
3. The portion of each Basic Lease Payment designated as and constituting interest paid by the City under the Lease Agreement and received by the Purchaser is not excluded from gross income for federal income tax purposes. The portion of each Basic Lease Payment designated as and constituting interest paid by the City under the Lease Agreement and received by the Purchaser is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the accrual or receipt of the interest portion of each Basic Lease Payment.

Circular 230 Disclaimer:

The Purchaser is urged to obtain independent tax advice regarding the Lease Agreement based upon its particular circumstances. The tax discussion in paragraph 3 above regarding the Lease Agreement was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The advice was written to support the promotion or marketing of the Lease Agreement.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP