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**MASTER AGREEMENT
AMONG THE CITY OF OAKLAND,
SUN MICROSYSTEMS, INC. AND SUN MICROSYSTEMS FINANCE, INC.**

This Agreement is made effective and entered into as of _____, 2004 ("Effective Date") among the City of Oakland, a municipal corporation, ("City"), One Frank H. Ogawa Plaza, Oakland, California 94612, Sun Microsystems, Inc. , with offices located at 7900 Westpark Drive, Suite A110, McLean, Virginia 22102 ("Contractor"), and Sun Microsystems Finance Inc., _____ ("Lessor") [the "Party" or "Parties"].

WHEREAS, City desires to execute the Technology Refresh Clause of the contract and lease agreement that was executed between the City, GE Capital Public Finance Inc., and Sun Microsystems Inc. on July 27, 2001 and approved by the City Council on July 24, 2001; and,

WHEREAS, the Technology Refresh Clause provides the City with the option to upgrade, replace, or add equipment after the mid-term of the lease with discounts and on the same terms as similarly situated customers; and

WHEREAS, Contractor has developed and owns the rights to certain computer products consisting of hardware and software products and is engaged in the business of licensing said software and selling said hardware, and providing related and associated maintenance and professional services; and

WHEREAS, Sun Microsystems Inc. ("SUN") has demonstrated that it can provide the necessary equipment and services and has the qualifications and technical experience to perform the technology refresh; and,

WHEREAS, Contractor, has proposed to the City that it purchase the necessary hardware, software license, maintenance and professional services for the technology refresh and finance such purchase through an agreement with Lessor; and

WHEREAS, Lessor is willing to finance the City's acquisition of Contractor's hardware, software license, maintenance and professional services; and

WHEREAS, the City Council has authorized the City Manager to enter into contracts to acquire products, including hardware and software and maintenance, professional or specialized services if the mandates of Oakland City Charter Section 902(e) have been met; and

WHEREAS, the mandates of Oakland City Charter Section 902(e) have been met in this instance;

NOW THEREFORE, the parties, for the consideration hereinafter set forth, including the mutual covenants they each undertake hereunder, do enter into this Agreement under the terms and conditions as follows:

1. Definition of Terms
 - a. "Agreement" means the terms and conditions of this Agreement.
 - b. "Delivery" means the physical delivery to City of any component of the System(s) such as Hardware and/or Software, as well as the providing of Services that may be supplied by Contractor and/or its Subcontractors.

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- c. "Equipment" means all Hardware components provided under Exhibit A to this Agreement.
- d. "Hardware" means the physical equipment and components of the System to be provided by Contractor to City under Exhibit A to this Agreement.
- e. "Contractor Software" means Contractor's application programming enabling the System to operate and perform as Contractor has proposed to City.
- f. "Services" means the professional, technical, engineering, maintenance, training and/or other services provided by Contractor and/or its Subcontractors to City under Exhibit A to this Agreement.
- g. "Software" means Contractor Software and other third party application software provided to City under Exhibit A to this Agreement.
- h. "Specifications" means the design, functionality, and performance of the System as described and contained in Exhibit A to this Agreement.
- i. "System" means all of the Hardware and Software to be delivered to City and the Services to be performed by Contractor, and/or its subcontractors, under Exhibit A to this Agreement.
- j. "Subcontractors" means any third party vendors, manufacturers, or suppliers of computer programs and/or products, which are components of the System, as designed by Contractor, and/or related Services.
- k. "Training Manuals" means all commercially available Contractor manuals and other materials which shall be supplied in both hard and soft copy.
- l. "Documentation" means Contractor's published reference manuals, user guides, training manuals and similar information for the Hardware and Software.
- m. "Products and Services Agreement" for the purposes only of this Agreement shall mean The Products and Services Agreement dated _____ between City and Contractor, including its Attachments [Statement of Work; Equipment Schedule; Maintenance Agreement, Contractor's E10000 E-Cache Situation letter, Contractor's Executive Sponsorship Letter , Sun's Supplemental Terms and the Veritas Software License Agreement]

2. The Transaction

a. The purpose of this Agreement is to generally describe the roles, responsibilities and participation of each of the Parties in City's acquisition and financing of the System. City will acquire and finance the System pursuant to the following Exhibits which are herein referred to as "Contracts":

- 1. Exhibit A The Products and Services Agreement between City and Contractor.
- 2. Exhibit B The Master Lease-Purchase Agreement and Equipment Schedule No. 1 thereto, both dated _____ between City and Lessor [together, the "Lease"];

3. Exhibit C The Escrow Agreement dated _____, 2004 among City, Lessor and _____ as Escrow Agent [the "Escrow Agreement"].

b. The Contracts are attached hereto for the convenience of the parties. Each Contract is an independent agreement and only the Parties which have executed and delivered a Contract have any rights and duties thereunder. No party to this Agreement has any rights or duties under any Contract which such party has not executed.

c. In the event of any conflict or inconsistency between this Agreement and any Contract, the specific terms of the Contract shall control over this Agreement.

3. Term of the Agreement

As to each party, this Agreement will terminate on the date that the last of the Contracts to which it is a party terminates.

4. Overview of the Parties' Responsibilities

a. Contractor

(1) Contractor agrees to perform the Professional Services specified in the Products and Services Agreement between City and Contractor in accordance with the Milestones set forth and in satisfaction of the Acceptance Criteria specified therein. In so doing, Contractor shall deliver and install the Equipment specified in the Equipment Schedule, configured as Contractor has proposed. Contractor's Services shall include the installation of the Software Contractor has proposed to provide to the City and which the City is licensing from Contractor. Contractor shall further provide Services under warranty specified in Exhibit A. Upon expiration of all applicable warranties, Contractor shall continue to provide Services and continue to do so thereafter, pursuant the Maintenance Agreement. Contractor's services under warranty shall at least be equal in scope to those Contractor shall provide under the Maintenance Agreement.

(2) Contractor shall execute the following mandatory schedules which shall be attached to the Products and Services Agreement between City and Contractor and incorporated by this reference therein:

a. Professional Services Questionnaire [Schedule D]

b. Employment Questionnaire [Schedule F]

c. Insurance Requirements [Schedule H]

d. Declaration of Compliance with Living Wage Ordinance [Schedule N]

e. Important Notice of Campaign contribution Limitations [Schedule O]

(3) Contractor shall maintain (a) a full set of accounting records in accordance with Contractor's standard commercial accounting principles and procedures for all funds received under this Agreement; and (b) full and complete documentation of performance related matters such as benchmarks and deliverables associated with this Agreement.

(4) Contractor shall (a) permit City to have access to those records for the purpose of making an audit, examination or review of non-proprietary financial and performance data pertaining to this Agreement; and (b) maintain such records for a period of two

years following the last fiscal year during which City paid an invoice to Contractor under this Agreement.

(5) Contractor, in entering into this Agreement shall neither assume nor be held responsible for, in any way, the obligations of Lessor or Lessor's performance or non-performance of Lessor's obligations under this Agreement or any Contract.

(6) Contractor, in entering into this Agreement, shall neither acquire nor be entitled to bring any action against Lessor by reason of City's failure to perform its obligations under this Agreement or any Contract between Contractor and City.

b. City

(1) City shall cooperate with and assist Contractor in Contractor's performance of its duties as required by the Products and Services Agreement. City shall also take such steps as are necessary to assure that the City Council appropriates, on an annual basis, such funds as are necessary for City to make the rental payments required by the Lease between City and Lessor. City shall also perform its obligations under the Escrow Agreement.

(2) City shall not, in entering into this Agreement, seek to hold Contractor responsible for Lessor's performance of its obligations under this Agreement, the Lease between Lessor and City and the Escrow Agreement among City, Lessor and the Escrow Agent. City shall not, in entering into this Agreement, seek to hold Lessor responsible for Contractor's performance of its obligations under this Agreement or the Products and Services Agreement.

c. Lessor

(1) Lessor shall deposit funds in the Escrow Deposit with the Escrow Agent as specified in the Escrow Agreement and the Lease. Lessor shall, together with City, as specified in and subject to the conditions of the Escrow Agreement, instruct the Escrow Agent to distribute funds from the Escrow Fund in the amounts specified when Contractor completes its performance as specified in the Statement of Work between Contractor and City. Lessor shall carry out such duties as are called for in the Lease between Lessor and City.

(2) Lessor, in entering into this Agreement shall neither assume nor be held responsible for, in any way, the obligations of Contractor or Contractor's performance or non-performance of Contractor's obligations as set forth in the Products and Services Agreement, including all Attachments thereto, between City and Contractor.

(3) Lessor, in entering into this Agreement, shall neither acquire nor be entitled to bring any action against Contractor by reason of City's failure to perform its obligations under this Agreement or any Contract between Lessor and City.

(4) Notwithstanding anything to the contrary in this Agreement, including its Exhibits: (a) Lessor obtains from Contractor neither rights, title nor interest in Contractor's Products or Services by virtue of this Agreement; and, (b) in no event does Lessor obtain rights, title or interest in any Contractor deliverables or intellectual property by virtue of this Agreement.

d. Contractor and Lessor

Contractor and Lessor owe no duties to one another under this Agreement or any Contract.

5. Independent Contractor

The Parties expressly agree that in the performance of their respective obligations under the Contracts, Contractor and Lessor shall be, and are, independent contractors, and not employees of the City. Contractor and Lessor have and shall retain the right to exercise full control and supervision of the services they each shall provide, and full control over the employment, direction, compensation and discharge of all persons assisting them in the performance of their services hereunder. Contractor and Lessor shall be solely responsible for all matters relating to the payment of their employees, including compliance with social security, withholding and all other regulations governing such matters, and shall be solely responsible for their own acts and those of their subordinates and employees. Contractor and Lessor are neither partners nor agents of each other and each will exercise their independent business judgment under their Contracts.

6. Proprietary or Confidential Information

Contractor and Lessor understand and agree that, under this Agreement each may have access to City's private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. City understands and agrees that, under this Agreement it may have access to private or confidential information which may be owned or controlled by Contractor or Lessor and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the owner of that information. The Parties agree that all such information which, in the case of tangible information, is conspicuously marked, or, in the case of oral or visual information is identified to the recipient, prior to disclosure, as "proprietary or confidential" and which, for the purposes of such information exchanged between Lessor and City shall be within three (3) business days and, as between Contractor and City shall be within thirty (30) business days of disclosure, is confirmed in writing as confidential (herein, "Information") which is disclosed by the one of them to the other or others shall be held in confidence and used only in performance of this Agreement by the employees of the receiving Party who have a need-to-know. The Parties agree not to disclose Information to third parties. Information includes but is not limited to: functional design specifications, code tables, and geographic files, and pricing, specifications or availability of future products. The Parties shall exercise the same standard of care to protect Information, as it uses to protect its own information of a similar nature, but in no event less than a reasonable degree of care.

All Information disclosed by the Parties, and marked or identified in accordance with the above, for the purpose of this Agreement shall be deemed as proprietary and/or confidential. Each Party agrees that it will use the other Party's Information, that is received during the term of this Agreement, only as required in the performance of this Agreement, and will not during, or until a period of two years after termination or expiration of this Agreement (except for Sun source code, which shall be protected in perpetuity) otherwise disclose to third parties, disclose to employees not having a need-to know for purposes of this Agreement, use Information, nor copy or reproduce the same in any form. Upon termination of this Agreement or the disclosing party's written request, the receiving party shall cease use of Information and return or destroy all Information. At all times the receiving Party will recognize the disclosing Party's sole and exclusive ownership of its Information, and the sole and exclusive right and jurisdiction of the disclosing Party to control and use Information. The Parties further agree that it will make no use of the Information, for either internal or external purposes, other than as specified in this Section 6.

Disclosure of the other Party's Information is not prohibited if prior notice is given to the other party and such disclosure is: (a) compelled pursuant to a legal proceeding or (b) otherwise required by law.

This Agreement imposes no obligation upon the receiving party with respect to Information which: (a) was in the possession of, or was known by, the receiving party prior to its receipt from the disclosing party, without an obligation to maintain its confidentiality; (b) is or becomes generally known to the public without violation of this Agreement; (c) is obtained by the receiving party from a third party, without an obligation to keep such information confidential; or (d) is independently developed by the receiving party without use of Information.

No party shall be liable for any special, incidental, consequential or punitive damages by reason of any alleged breach of this Agreement based on any theory of liability. Nothing in this Agreement shall be construed as a representation that the receiving party will not develop or acquire information that is the same as or similar to Information, provided that the receiving party does not do so in breach of this Section 6. The receiving party agrees that any breach of this Section 6 will result in irreparable harm to the disclosing party for which damages would be an inadequate remedy and, therefore, in addition to its rights and remedies otherwise available at law, the disclosing party shall be entitled to equitable relief, including injunction, in the event of such breach. The receiving party does not acquire any rights in Information, except the limited right to use Information as described above.

7. Representations and Warranties

a. The Parties represent and warrant that each has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder.

b. Contractor and Lessor warrant that they have neither employed nor retained any subcontractor, agent, company or person other than bona fide, full-time employees working solely for them respectively, to solicit or secure this Agreement and their respective Contracts, and that neither has paid or agreed to pay any subcontractor, agent, company or persons other than bona fide employees, any fee, commission, percentage, gifts or any other consideration, contingent upon or resulting from the award of this Agreement. For breach or violation of this warranty, the City shall have the right to rescind this Agreement without liability or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage or gift.

8 Assignment

The Parties agree not to assign or otherwise transfer any rights, duties, obligations or interest in their respective Contracts except in accordance with the assignment provisions therein.

9. Publicity

Contractor and Lessor may not advertise or use as reference this sale of goods and services to the City without prior written consent of the City.

Any publicity generated by Contractor or Lessor for the project funded pursuant to this Agreement, during the term of this Agreement or for one year thereafter, will make reference to the contribution of the City of Oakland in making the project possible. The words "City of Oakland" will be explicitly stated in all pieces of publicity, including but not limited to flyers, press releases, posters, brochures, public service announcements, interviews and newspaper articles.

City staff will be available whenever possible at the request of Contractor or Lessor to assist Contractor or Lessor in generating publicity for the project funded pursuant to this Agreement. Contractor agrees to cooperate with authorized City officials and staff in any City generated publicity or promotional activities undertaken with respect to the System.

10. Conflict of Interest

a. The following protections against conflict of interest will be upheld as to Contractor:

- (1) Contractor certifies that no member of, or delegate to the Congress of the United States shall be permitted by Contractor to share or take part in this Agreement or in any benefit arising therefrom.

- (2) Contractor certifies that it shall permit no member, officer, or employee of the City or its designees or agents, and no other public official of the City who exercises any functions or responsibilities with respect to the programs or projects covered by this Agreement, to have any interest, direct or indirect in this Agreement, or in its proceeds during his/her tenure or for one year thereafter.
- (3) Contractor shall , as soon as practicable, notify the City of any real or possible conflict of interest, reasonably known to Contractor, between work performed for the City and for other clients it serves.
- (4) Contractor warrants and represents, to the best of its present knowledge, that no public official or employee of City who has been involved in the making of this Agreement, or who is a member of a City board or commission which has been involved in the making of this Agreement whether in an advisory or decision-making capacity, has or will receive a direct or indirect financial interest in this Agreement in violation of the rules contained in California Government Code Section 1090 et seq., pertaining to conflicts of interest in public contracting. Contractor shall exercise due diligence to ensure that, no such official will receive such an interest.
- (5) Contractor understands that in some cases it or persons associated with Contractor may be deemed a "city officer" or "public official" for purposes of the conflict of interest provisions of Government Code Section 1090 and/or the Political Reform Act. Contractor further understands that, as a public officer or official, it or persons associated with Contractor may be disqualified from future City contracts to the extent that Contractor is involved in any aspect of the making of that future contract (including preparing plans and specifications or performing design work or feasibility studies for that contract) through its work under this Agreement, but solely to the extent required by the aforementioned Section 1090 and Act.
- (6) Contractor shall incorporate or cause to be incorporated into all subcontracts that it enters into after the effective date of this Agreement, solely for work to be performed under this Agreement, a provision governing conflict of interest in substantially the same form set forth herein.
- (7) No Waiver

Nothing herein is intended to waive any applicable federal, state or local conflict of interest law or regulation.

11. Non-Discrimination/Equal Employment Practice

Contractor shall not discriminate or permit discrimination against any person or group of persons in any manner prohibited by federal, state or local laws. During the performance of this Agreement, Contractor agrees as follows:

- a. Contractor and its Subcontractors, if any, shall not discriminate against any employee or applicant for employment because of age, marital status, religion, gender, sexual preference, sexual orientation and/or gender identity or preference race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) . This nondiscrimination policy shall include, but not be limited to, the following: employment, upgrading, failure to promote, demotion or transfer, recruitment advertising, layoffs, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- b. Contractor and its Subcontractors, if any, shall state in all solicitations or advertisements for employees placed by or on behalf of Contractor after the effective date of this Agreement and solely for purposes of performing work under this Agreement that all qualified applicants will receive consideration for employment without regard to age, marital status, religion, gender, sexual preference, ,sexual orientation and/or gender identity or preference race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) .
- c. If applicable, Contractor will send to each labor union or representative of workers with whom they have entered into a collective bargaining agreement or contract or understanding after the effective date of this Agreement and solely for purposes of performing work under this Agreement, a notice advising the labor union or workers' representative of their commitments under this nondiscrimination clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

12. Local, Small Business Enterprise Program (LSBE)

- a. Contractor shall subcontract work to local and small local businesses ("LBE/SLBEs") to the maximum extent feasible, if Contractor enters into such a subcontract after the effective date of this Agreement and solely for purposes of performing work under this Agreement. Opportunities for training and employment shall be given to residents of the City of Oakland.
- b. All affirmative action efforts of Contractor are subject to tracking by the City, if and to the extent that these efforts are tracked by the Contractor in its normal course of business and are made publicly available, without restriction, by the either of them. This information or data shall be used for statistical purposes only. All contractors are required to provide data regarding the make-up of their subcontractors and agents who will perform City contracts, including the race and gender of each employee and/or contractor and his or her job title or function and the methodology used by Contractor to hire and/or contract with the individual or entity in question.
- c. The recruitment of Subcontractors, under subcontracts that Contractor enters into after the effective date of this Agreement and solely for purposes of performing work under this Agreement the City of Oakland requires all contractors to undertake nondiscriminatory and equal outreach efforts, which include outreach to minorities and women-owned businesses as well as other segments of Oakland's business community. The City Manager will track the City's MBE/WBE utilization to ensure the absence of unlawful discrimination on the basis of age, marital status, religion, gender, sexual preference, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) .
- d. In the use of such recruitment, hiring and retention of employees or Subcontractors, under subcontracts that Contractor enters into after the effective date of this Agreement and solely for purposes of performing work under this Agreement, Contractor agrees to comply with the City's requirement to undertake nondiscriminatory and equal outreach efforts which include outreach to minorities and women as well as other segments of Oakland's business community.

13. Living Wage Requirements

Contractor's performance under this Agreement and the Products and Services Agreement between City and Contractor, including its Attachments, is subject to the Living Wage Ordinance of Chapter 2.28 of the Oakland Municipal Code and its implementing regulations because it exceeds \$25,000.00. The Ordinance requires among other things, submission of the Declaration of Compliance attached and incorporated herein as **Schedule N** and made part of this Agreement.

14. Political Prohibition

Subject to applicable State and Federal laws, moneys paid pursuant to this Agreement shall not be segregated by Contractor specifically for use for political purposes, sponsoring or conducting candidate's meetings, engaging in voter registration activity, nor for publicity or propaganda purposes designed to support or defeat legislation pending before federal, state or local government.

15. Business Tax Certificate

Contractor shall obtain and provide proof of a valid City Business Tax Certificate [Schedule A]. Said certificate must remain valid during the duration of this Agreement.

16. Termination on Notice

The Parties shall have the right to terminate this Agreement as is provided in their respective Contracts only for that portion of the products or services being supplied or performed under the specific Contract pursuant to which the right to terminate is being exercised.

17. Validity of Contracts

The Oakland City Council must approve all agreements with a total value greater than \$15,000, including amendments, addendums, or change orders thereto. Neither the Contracts nor this Agreement shall be binding or of any force or effect until signed by the City or its designee upon the express direction of the Oakland City Council after its majority vote approving this Agreement and its Contracts.

18. Governing Law

This Agreement shall be governed by the laws of the State of California.

19. Notice

Any notice or written communications required or desired to be sent to either of the Parties shall be in writing and shall be sent by certified or registered prepaid US mail (return receipt requested), or sent by a recognized international courier service (e.g., Federal Express, DHL), facsimile, with charges prepaid and subject to a confirmation letter sent via registered or certified mail, return receipt requested. Any such notice shall be effective upon the date of receipt. The address for all required notices or other communications to Contractor, Lessor or City, respectively shall be:

City of Oakland
Office of Information Technology
150 Frank H. Ogawa Plaza, Suite 8333
Oakland, California 94612
Attention: Director of Information Technology
Facsimile: 510-238-2281

Sun Microsystems, Inc.
7900 Westpark Drive,
Suite A110
McLean, Virginia 22102
Attention: Manager, Government Contracts Group
FAX: (703) 208-5830

Sun Microsystems Finance, Inc.

Any party to this Agreement may change the name or address of representatives for purpose of this Notice paragraph by providing written notice to all other parties ten (10) business days before the change is effective.

20. Entire Agreement of the Parties

This Agreement, along with the Contracts to which the undersigned are Parties, supersede any and all agreements, either oral or written, between the Parties with respect to the subject matter hereof and contains all of the representations, covenants and agreements between the Parties with respect to the Products and Services offered hereunder. Each Party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any Party, or anyone acting on behalf of any Party, which are not contained in this Agreement or their respective Contracts, and that no other agreement, statement or promise not contained in this Agreement will be valid or binding.

21. Modification

Any modification of this Agreement will be effective only if it is in a writing signed by City, Lessor and Contractor. No modification to this Agreement will modify any Contract. Each Contract may be modified only pursuant to the specific terms thereof.

22. Severability/Partial Invalidity

If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a particular situation, shall be finally found to be void, invalid, illegal or unenforceable by the final decision of a court of competent jurisdiction, then notwithstanding such determination, such term or provision shall remain in force and effect to the extent allowed by such ruling and all other terms and provisions of this Agreement or the application of this Agreement to other situation shall remain in full force and effect.

Notwithstanding the foregoing, if any material term or provision of this Agreement or the application of such material term or condition to a particular situation is finally found to be void, invalid, illegal or unenforceable by a court of competent jurisdiction, then the Parties hereto agree to work in good faith and fully cooperate with each other to amend this Agreement to carry out its intent.

23. Waiver

No failure or delay by any Party in exercising any right, power, or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver by either Party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate as or be construed as a waiver of such provision respecting any future event or circumstance.

24. Survival

Sections 1, 4.a(4)-(6), 4.c.(2)-(4), 4d, and Section 6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the City, Contractor and Lessor, as evidenced by the signatures of their duly authorized representatives, below, have entered into this Agreement as of the Effective Date.

CITY OF OAKLAND,
a municipal corporation

SUN MICROSYSTEMS, INC.

(Office of the City Manager) (Date)
(Date)

(Signature)

(Department Head) (Date)

Print Name

Title

Resolution Number

Business Tax Certificate No.

SUN MICROSYSTEMS FINANCE, INC.

Signature Date

Print Name

Approved as to form and legality:

(Office of the City Attorney) (Date)

MASTER LEASE-PURCHASE AGREEMENT

THIS MASTER LEASE-PURCHASE AGREEMENT ("Agreement"), dated as of _____, is made and entered into by and between Sun Microsystems Finance Inc., a _____ corporation ("Lessor"), whose principal business address is as shown on the execution page hereof; and the City of Oakland, a municipal corporation duly organized under the Constitution of the State of California, as lessee ("Lessee"), whose address is as shown on the execution page hereof.

WHEREAS, this Agreement is attached as Exhibit B to the Master Agreement dated as of _____, 2004 among Lessee, Lessor and Sun Microsystems, Inc. (the "Master Agreement") and this Agreement and Equipment Schedule No. 1 hereto sets forth the terms upon which Lessor will finance the acquisition of the equipment, software, maintenance and services as described in other Exhibits to the Master Agreement.

In consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

ARTICLE I: DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. The following terms have the meanings specified below unless the context clearly requires otherwise.

Agreement: This Master Lease-Purchase Agreement and all Equipment Schedules hereto.

Agreement Date: _____

City Council: The City Council of the City of Oakland.

Code: The Internal Revenue Code of 1986, as it may be amended from time to time.

Contractor: Each of the manufacturers or vendors from whom Lessee has ordered or will order or with whom Lessee has contracted or will contract for the manufacture, delivery and/or installation of the Equipment.

Equipment: All items of personal property described in Equipment Schedules including any software operating systems and application programs described therein and subject to this Agreement.

Equipment Cost: The cost of items of Equipment and Services as set forth in a Payment Request Form delivered to the Escrow Agent pursuant to an Escrow Agreement.

Equipment Group: The Equipment listed in a single Exhibit A.

Exhibit B

Equipment Schedule: A schedule consisting of the separate but like numbered pages of Exhibits A and B hereto which have been completed with respect to an Equipment Group and the related Services, if any, and executed by Lessor and Lessee.

Escrow Agent: The entity identified in an Escrow Agreement as the Escrow Agent.

Escrow Agreement: An Escrow Agreement by and among Lessor, Lessee and Escrow Agent.

Escrow Deposit: An amount equal to the original Principal balance of a Lease as stated on the related Exhibit A

Escrow Fund: A fund for a Lease established pursuant to an Escrow Agreement from which the costs of an Equipment Group and the related Services, if any, are to be paid.

Events of Default: Those events described in Section 12.1.

Fiscal Year: The 12-month period ending on June 30 of each year, or such other annual accounting period hereafter selected and designated by the Lessee as its fiscal year in accordance with applicable law.

Funding Date: With respect to each Lease, the date Lessor deposits funds into an Escrow Fund or the date Lessor makes payment to a Contractor for the cost of the related Equipment Group and the related Services, if any.

Insurance Consultant: An individual or firm employed by Lessee, including the Risk Manager of Lessee, that has experienced actuarial personnel in the field of risk management.

Interest: The portion of any Rental Payment designated as and comprising interest as shown in any Exhibit A.

Lease: With respect to each Equipment Group and the related Services, if any, this Agreement and the Equipment Schedule relating thereto, which shall constitute a separate contract relating to such Equipment Group and Services.

Lease Date: The date so designated in each Exhibit A.

Lease Interests: Any fractional interests in a Lease, including, but not limited to, interests evidenced by trust receipts, beneficial interests or certificates of participation.

Lease Term: With respect to any Equipment Group and the related Services, if any, the period during which the related Lease is in effect as specified in Section 4.1.

Lessee's Counsel: An attorney duly admitted to the practice of law before the highest court of the State and selected by Lessee.

Lien: Any mortgage, security interest, lease, lien, pledge, charge, encumbrance or claim of any kind.

Exhibit B

Net Proceeds: Any insurance proceeds or condemnation awards paid with respect to any Equipment remaining after payment therefrom of all expenses incurred in the collection thereof.

Non-Appropriation: The failure of the City Council to appropriate money for any Fiscal Year of Lessee sufficient for the continued performance by Lessee of all of Lessee's obligations under a Lease.

Payment Date: The date upon which any Rental Payment is due and payable as provided in any Exhibit A.

Principal: The portion of any Rental Payment designated as principal in any Exhibit A.

Prepayment Price: With respect to any Lease, as of the Payment Dates specified in the Exhibit A relating thereto, the amount so designated and set forth opposite each such date in such Exhibit A.

Rental Payment: With respect to any Lease, the payment due from Lessee to Lessor on each Payment Date during the Lease Term as shown in the Exhibit A relating thereto.

Services: The services performed by Contractor with respect to an Equipment Group and financed under the Lease to which such Equipment Group is subject on a taxable basis.

Specifications: The bid specifications and/or purchase order pursuant to which Lessee has ordered any Equipment from a Contractor.

State: The State of California.

State and Federal Law or Laws: The Constitution and any law of the State and any charter, ordinance, rule or regulation of any agency or political subdivision of the State; and any law of the United States, and any rule or regulation of any federal agency.

Section 1.2. Exhibits.

Exhibit A: Form of schedule executed by Lessor and Lessee describing an Equipment Group, the related Services, if any, and setting forth the Rental Payments and Prepayment Prices.

Exhibit B: Form of Certificate of Acceptance executed by Lessee.

Exhibit C: Form of Opinion of Lessee's Counsel.

ARTICLE II: REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. Representations, Warranties and Covenants of Lessee. Lessee represents, warrants and covenants as follows:

Exhibit B

(a) Lessee is a municipal corporation duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, each Lease and Escrow Agreement and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement, each Lease and Escrow Agreement.

(b) The execution and delivery of this Agreement, each Lease and Escrow Agreement by the officer of Lessee executing such documents has been fully authorized by a duly adopted resolution of the City Council, and such action is in compliance with all public bidding and other State and Federal Laws applicable to this Agreement, each Lease and Escrow Agreement and the acquisition and financing of the Equipment by Lessee. All requirements have been met and procedures have occurred in order to ensure the enforceability of this Agreement, and each Lease and Escrow Agreement against Lessee.

(c) Lessee will use the Equipment only to perform essential governmental or proprietary functions of Lessee within the scope of Lessee's authority. Lessee will not permit the Equipment to be used in such a manner as would cause any Lease to be a "private activity bond" within the meaning of Section 141(a) of the Code.

(d) Lessee will take no action that would cause the Interest portion of the Rental Payments to become includable in gross income of the recipient for federal income tax purposes under the Code, and Lessee will take and will cause its officers, employees and agents to take all affirmative actions legally within its power necessary to ensure that the Interest portion of the Rental Payments does not become includable in gross income of the recipient for federal income tax purposes under the Code (including, without limitation, the calculation and payment of any rebate required to preserve such exclusion). Lessee and Lessor agree that the Interest component of Rental Payments related to the financing of Services is includable in the gross income of the recipient in federal tax purposes.

(e) Lessee will submit to the Secretary of the Treasury information reporting statements and other information relating to each Lease at the times and in the forms required by the Code.

(f) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement, any Lease or Escrow Agreement or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement, any Lease hereunder or Escrow Agreement or any other transaction of the Lessee which is similar hereto, or the exclusion of the Interest from gross income for federal tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by this Agreement, any Lease or Escrow Agreement, including but not limited to, Lessee's acquisition of Equipment.

(g) Lessee reasonably expects that it will not sell or otherwise dispose of all or part of an Equipment Group during the related Lease Term.

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(h) Upon execution of this Agreement and each Exhibit A, Lessee will provide to Lessor an Opinion of Lessee's Counsel in the form attached hereto as Exhibit C and a copy of the resolution adopted by the City Council with respect to this Agreement, each Lease and Escrow Agreement.

(i) Lessee has not and will not create or establish any sinking fund, reserve fund or other similar fund to pay Rental Payments.

(j) Lessee owns the real estate and facilities where the Equipment will be located free and clear of any Liens and, during the Lease Term, will continue to own such property and shall keep it free and clear of Liens.

Section 2.2. Representations Warranties and Covenants of Lessor. Lessor represents, warrants and covenants as follows:

(a) Lessor covenants and agrees to undertake all responsibility for compliance with State and federal securities laws, including, but not limited to, responsibility for all actions of any placement agent in connection with the offer or sale of Lease Interests. Lessor acknowledges and agrees that Lessee has made no undertaking to provide nor has it approved any disclosure or other information for use in connection with the sale of Lease Interests, and Lessor agrees to be fully responsible for any and all disclosures provided to potential investors. Lessor represents and warrants that any sale by it of Lease Interests will be exempt from Rule 15c2-12, and acknowledges and agrees that the Lessee has made no undertaking to provide any continuing or other disclosure following the execution and delivery of a Lease.

(b) Lessor acknowledges and agrees that the sale or assignment of Lease Interests is subject to the restrictions contained in California Government Code Sections 5950-5955 and Section 11.4 hereof.

(c) Lessor acknowledges and agrees that any placement agent engaged by Lessor for the sale of Lease Interests will act as such solely on behalf of and as an agent of Lessor and not as agent of Lessee.

ARTICLE III: FINANCE OF EQUIPMENT AND SERVICES

Section 3.1. Acquisition of Equipment. Lessee shall advise Lessor of its desire to lease equipment and finance on a taxable basis the payment of the cost of services related thereto, the cost thereof, the Contractor of the equipment and services, expected delivery or performance dates and the desired finance terms for such items. By execution hereof, Lessor has made no commitment to provide any financing to Lessee. Nothing herein shall obligate Lessor to provide any financing to Lessee until Lessor has executed an Exhibit A relating thereto. If Lessor, in its sole discretion determines the proposed equipment and services may be subject to a Lease hereunder, Lessor shall furnish to Lessee a proposed Exhibit A relating to the Equipment Group and Services completed insofar as possible. Lessee shall order the Equipment Group and Services from the appropriate Contractor or Contractors. The parties hereto agree that, notwithstanding any provision in this or any other document to the contrary, Lessor shall have no obligation or liability under this or any other document unless Lessor specifically agrees in writing and in no event shall Lessor be considered a joint venturer with or partner of any party

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hereto. Lessor shall have no obligation to make any payment to a Contractor or reimburse Lessee for any payment it made to a Contractor for an Equipment Group (or, if the alternative procedure described in Section 3.2 hereof is utilized, consent to a disbursement by the Escrow Agent) until five (5) business days after Lessor has received all of the following in form and substance satisfactory to Lessor: (a) an Exhibit A executed by Lessor and Lessee; (b) a Certificate of Acceptance (however, if the alternative procedure in Section 3.2 is utilized, a Certificate of Acceptance is not required until the entire Equipment Group is accepted); (c) a resolution or evidence of other official action taken by or on behalf of the City Council to authorize the acquisition of the Equipment Group and the related Services, if any on the terms provided in Exhibit A; (d) evidence of insurance with respect to the Equipment Group in compliance with Article VI of this Agreement; (e) Contractor invoice(s) and/or bill of sale relating to the Equipment Group and the related Services, if any and if such invoices have been paid by Lessee, evidence of payment thereof and, if applicable, evidence of official intent to reimburse such payment as required by the Regulations promulgated under the Code; (f) as applicable, financing statements executed by Lessee as debtor and/or the original certificate of title or manufacturer's certificate of origin and title application if any of the Equipment Group is subject to certificate of title laws; (g) a completed and executed Form 8038-G or -GC or evidence of filing thereof with the Secretary of Treasury; (h) an Opinion of Lessee's Counsel substantially in the form of Exhibit C hereto; and (i) any other documents or items required by Lessor.

Section 3.2. Escrow Fund. Upon agreement by Lessor and Lessee as to an Equipment Group to be acquired pursuant to a Lease and the related Services, if any, to be financed on a taxable basis thereunder, Lessor, Lessee and Escrow Agent may enter into an Escrow Agreement and upon execution of such Escrow Agreement and the satisfaction of the conditions precedent in Section 3.1 hereof, Lessor shall, on the later of the date specified in the Escrow Agreement or the date upon which the last of the conditions precedent in Section 3.1 is satisfied and the Escrow Agreement is fully executed, deposit the Escrow Deposit with the Escrow Agent for deposit into the Escrow Fund. Disbursement of the funds on deposit in the Escrow Fund will be made in accordance with the Escrow Agreement and shall be for portions of the Equipment Group which are operationally complete and functionally independent and which will be utilized by Lessee without regard as to whether the balance of the Equipment Group is delivered and accepted.

Upon Lessor and Lessee executing an amendment to Exhibit A of the related Lease, Lessor may deposit additional funds into the Escrow Fund to accommodate Lessee's acquisition of additional Equipment as described in the amended Lease.

The amount deposited by Lessor into the Escrow Fund shall be repaid by the Rental Payments due under the related Lease, and the Rental Payments relating to the Lease shall have an aggregate principal component equal to the amount of Lessor's deposit into the Escrow Fund and shall be due and payable as provided in the related Exhibit A.

Section 3.3. Lease; Enjoyment; Inspection. Lessor hereby leases to Lessee each Equipment Group and finances, on a taxable basis (for purposes of calculating Lessor's income taxes), the Services related thereto, if any, made subject to an Equipment Schedule hereto, and Lessee hereby leases from Lessor such Equipment Group and accepts the taxable financing for any Services related thereto, upon the terms and conditions set forth herein and in the related

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Equipment Schedule. Lessor, by each Lease, is financing the acquisition of the Equipment Group and related Services, if any, subject thereto for Lessee. Lessor does not own, operate, control or have possession of the Equipment and has no control over the Lessee or the Lessee's operation, use possession of the Equipment and has no control over the Lessee or the Lessee's operation, use, storage or maintenance of the Equipment. During the Lease Term, Lessee shall peaceably and quietly have and hold and enjoy the Equipment Group, except as expressly set forth in this Agreement and in the related Lease. Lessor agrees that it will not interfere with Lessee's use and possession of Equipment provided there has been no Non-Appropriation or Event of Default. Lessee agrees that Lessor and its agents shall have the right at all reasonable times to examine and inspect the Equipment, and Lessor and its agents shall have such rights of access to the Equipment as may be reasonably necessary to cause the proper maintenance of the Equipment in the event of failure by Lessee to perform its obligations hereunder.

Section 3.4. Certificates of Acceptance. Lessor and Lessee agree that Certificates of Acceptance executed by Lessee and delivered to Lessor pursuant to this Agreement are solely for Lessor's use and may not be relied upon by any Contractor and are irrelevant to the Master Agreement or to any other agreement between Lessee and any Contractor. The Certificates of Acceptance delivered hereunder relate only to Lessor's financing and do not constitute Lessee's acceptance of Equipment or Services from the Contractor, as may be defined between Contractor and Lessee.

ARTICLE IV: TERM

Section 4.1. Term. This Agreement shall be in effect from the Agreement Date until the termination of all Lease Terms of all Leases hereunder; provided, however, no Equipment Schedules shall be executed after any Non-Appropriation or Event of Default. Each Lease shall be in effect for a Lease Term commencing upon the Lease Date and ending as provided in Section 4.5.

Section 4.2. Termination by Lessee. In the event of Non-Appropriation, the related Lease shall terminate, in whole, but not in part, as to the entire Equipment Group and the related Services, if any, subject thereto effective upon the last day of the Fiscal Year for which funds were appropriated, in the manner and subject to the terms specified in this Article. Lessee may effect such termination by giving Lessor a written notice of termination and by paying to Lessor any Rental Payments and other amounts which are due and have not been paid at or before the end of its then current Fiscal Year. Lessee shall endeavor to give notice of such termination not less than ninety (90) days prior to the end of the Fiscal Year for which appropriations were made. In the event of termination of a Lease as provided in this Section, Lessee shall comply with the instructions received from Lessor in accordance with Section 12.3.

Section 4.3. Intent To Continue Lease Term; Appropriations. Lessee presently intends to continue each Lease hereunder for its entire Lease Term and to pay all Rental Payments relating thereto. The person or entity in charge of preparing Lessee's budget will include in the budget request for each Fiscal Year the Rental Payments to become due in such Fiscal Year, and will request the City Council to appropriate money for such Fiscal Year sufficient to pay all Rental Payments coming due therein. The parties acknowledge that appropriation for Rental Payments

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is a governmental function which Lessee cannot contractually commit itself in advance to perform and neither this Agreement nor any Lease constitutes such a commitment.

Section 4.4. Effect of Termination. Upon termination of a Lease as provided in this Article, Lessee shall not be responsible for the payment of any additional Rental Payments with respect thereto coming due in succeeding Fiscal Years. However, if Lessee has not complied with the instructions received from Lessor in accordance with Section 12.3, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages from funds legally available therefor in an amount equal to the pro rata amount of the Rental Payments that would thereafter have come due if the Lease had not been terminated and which are attributable to the number of days after which Lessee fails to comply with Lessor's instructions.

Section 4.5. Termination of Lease Term. The Lease Term with respect to any Lease will terminate upon the occurrence of the first of the following events: (a) the termination of such Lease by Lessee in accordance with Section 4.2; (b) the payment of the Prepayment Price in whole by Lessee pursuant to Article X; (c) an Event of Default by Lessee and Lessor's election to terminate such Lease pursuant to Article XII; or (d) the payment by Lessee of all Rental Payments and all other amounts authorized or required to be paid by Lessee pursuant to such Lease.

ARTICLE V: RENTAL PAYMENTS

Section 5.1. Rental Payments. Lessee agrees to pay Rental Payments with respect to the Lease of an Equipment Group and the financing of any related Services during the related Lease Term in the amounts and on the dates specified in the Exhibit A relating thereto. A portion of each Rental Payment is paid as and represents the payment of Interest as set forth in Exhibit A of each Lease, and the first Rental Payment will include Interest accruing from the Funding Date. Lessor and Lessee shall insert the due date of the first Rental Payment on Exhibit A. Lessor will endeavor to provide Lessee with an invoice thirty (30) days in advance of subsequent Rental Payments, provided however, Lessor's failure to do so shall not affect Lessor's Rights and Remedies under the Agreement. All Rental Payments shall be paid to Lessor, or to such assignee to which Lessor has assigned such Rental Payments as specified in Article XI, at such place as Lessor or such assignee may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments exclusively from moneys legally available therefor, in lawful money of the United States of America.

Section 5.2. Modifications to Rental Payments In the event that Lessor shall deposit additional funds in the Escrow Fund as is provided in Section 3.2 above, Lessee's Rental Payments under the affected Lease shall be increased in the amount necessary to pay off the amount of the additional funds Lessor shall deposit in the Escrow Fund without extending the term of the affected Lease.

Section 5.3. Current Expense. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder shall constitute a current expense of Lessee payable from Lessee's general fund and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of

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the general tax revenues, funds or moneys of Lessee. Rental Payments due hereunder shall be payable only from current funds which are budgeted and appropriated for the purpose of paying Rental Payments or other payments due hereunder as consideration for the use of the Equipment and the receipt of any related Services. Lessee has not pledged the full faith and credit of Lessee, the State or any agency or department thereof to the payment of the Rental Payments or any other payments due hereunder.

Section 5.4. Rental Payments To Be Unconditional. Except as provided in Section 4.2, the obligation of Lessee to make Rental Payments or any other payments required hereunder shall be absolute and unconditional in all events. Notwithstanding any dispute between Lessee and Lessor or between Lessee and Contractor or any other person, Lessee shall make all Rental Payments and other payments required hereunder when due and shall not withhold any Rental Payment or other payment pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make Rental Payments or other payments required hereunder. Lessee's obligation to make Rental Payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, failure of Contractor to perform the Services, dissatisfaction with the Services, loss of possession, theft of the Equipment or obsolescence of the Equipment. Nothing in this Section shall be construed to release or impair in any way any claims that Lessee may have against Lessor and Lessee may institute such legal action as it deems appropriate to prosecute any such claims and to recover damages therefor.

ARTICLE VI: INSURANCE AND RISK OF LOSS

Section 6.1. Liability and Property Insurance. Lessee shall, at its own expense, procure and maintain continuously in effect during each Lease Term: (a) public liability insurance for personal injuries, death or damage to or loss of property arising out of or in any way relating to the Equipment sufficient to protect Lessor from liability in all events, with a coverage limit of not less than \$1,000,000 per occurrence, and (b) all-risk casualty and property insurance, in an amount equal to the lesser of the full replacement cost of the Equipment or the applicable Prepayment Price of each Lease.

Lessee shall provide the insurance required by the first paragraph of this Section pursuant to self-insurance. Lessee shall file with Lessor a certificate of an Insurance Consultant or other qualified person setting forth the details of its self-insurance plan and stating that, in the opinion of the signer, the plan is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to Lessor against loss and damage from the hazards and risks covered thereby.

Section 6.2. Workers' Compensation Insurance. If required by State Law, Lessee shall carry workers' compensation insurance covering all employees on, in, near or about the Equipment, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the Lessee. Such insurance may be maintained by the Lessee in the form of self-insurance.

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Section 6.3. Requirements for All Insurance. All certificates of self-insurance required by this Article shall contain a provision that the coverage shall not be canceled or revised thereunder without giving written notice to Lessor at least thirty (30) days before the cancellation or revision becomes effective. Each self-insurance certificate required by this Article shall name Lessor as an additional insured party and loss payee without regard to any breach of warranty or other act or omission of Lessee and shall include a lender's loss payable endorsement for the benefit of Lessor. As a condition precedent to Lessor's payment to a Contractor or Lessor's funding of the Escrow Fund, as is provided in Section 3.1 and Section 3.2 hereof, Lessee shall deposit with Lessor evidence satisfactory to Lessor of such self-insurance. Thereafter, and, prior to the expiration said certificate of self-insurance, Lessee shall provide Lessor evidence of all renewals or replacements thereof.

Section 6.4. Risk of Loss. As between Lessor and Lessee, Lessee assumes all risks and liabilities from any cause whatsoever, whether or not covered by insurance, for loss or damage to any Equipment and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others. Whether or not covered by insurance, Lessee hereby assumes responsibility for and agrees to reimburse Lessor for and, to the extent permitted by law, will indemnify and hold Lessor harmless from and against all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor relating to the Equipment, including but not limited to, (a) the selection, manufacture, purchase, acceptance or rejection of Equipment or the ownership of the Equipment, (b) the delivery, lease, possession, maintenance, use, condition, return or operation of the Equipment, (c) the condition of the Equipment sold or otherwise disposed of after possession by Lessee, (d) the conduct of Lessee, its officers, employees and agents, (e) a breach of Lessee of any of its covenants or obligations hereunder and (f) any claim, loss, cost or expense involving alleged damage to the environment relating to the Equipment, including, but not limited to investigation, removal, cleanup and remedial costs. This provision shall survive the termination of this Agreement.

Section 6.5. Damage to or Destruction of Equipment. If any item of Equipment is worn out, lost, stolen, destroyed or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Event"), before or during its Lease Term, Lessee shall provide a complete written report to Lessor within ten (10) days of such Casualty Event, and Lessee shall, as soon as practicable thereafter: (a) replace the same at Lessee's sole cost and expense with equipment having substantially similar Specifications and of equal or greater value to the item of Equipment immediately prior to the time of the loss occurrence, whereupon such replacement equipment shall be substituted in the applicable Lease and the other related documents by appropriate endorsement or amendment; or (b) pay the applicable Prepayment Price of such item of Equipment determined as set forth in the related Exhibit A. Lessee shall notify Lessor of which course of action it will take within ninety (90) days after the loss occurrence and will take such course of action within one hundred twenty (120) days after the loss occurrence. The Net Proceeds of insurance with respect to the Damaged Equipment shall be made available by Lessor to be applied to discharge Lessee's obligation under this Section. The payment of the

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Prepayment Price and the termination of Lessor's interest in the Damaged Equipment is subject to the terms of Section 10.3 hereof.

Notwithstanding the foregoing, any amounts payable by Lessee pursuant to the preceding paragraph shall be payable solely from the proceeds of insurance that Lessee is required to maintain under Section 6.1 and from any other legally available funds that Lessee elects, in its sole discretion, to apply to such purpose.

ARTICLE VII: OTHER OBLIGATIONS OF LESSEE

Section 7.1. Use; Permits. Lessee shall exercise due care in the installation, use, operation and maintenance of the Equipment, and shall not install, use, operate or maintain the Equipment improperly, carelessly or for a purpose or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain all permits and licenses necessary for the installation, operation, possession and use of the Equipment. Lessee shall comply with all State and Federal Laws applicable to the installation, use, possession and operation of the Equipment. Lessee shall comply with all license and copyright requirements of any software used in connection with the Equipment.

Section 7.2. Maintenance of Equipment by Lessee. Lessee shall, at its own expense, maintain, preserve and keep the Equipment in good repair, working order and condition in accordance with the manufacturer's recommendations, and shall from time to time make all repairs and replacements necessary to keep the Equipment in such condition, and in compliance with State and Federal Laws, ordinary wear and tear excepted. Lessee shall keep the Equipment at the address specified in the respective Exhibit A and shall notify Lessor in writing prior to moving the Equipment to another address.

Section 7.3. Taxes, Other Governmental Charges and Utility Charges. Except as expressly limited by this Section, Lessee shall pay all taxes and other charges of any kind which are at any time lawfully assessed or levied against or with respect to the Equipment or any part thereof, or which become due during the Lease Term, if assessed against Lessee as the owner and operator of the Equipment. Lessee shall also pay when due all utilities and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment, and all special assessments and charges lawfully made by any governmental body that may be secured by a lien on the Equipment; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term as and when the same become due. Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by Lessor, its successors or assigns.

Lessee may, at Lessee's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of Lessor in the Equipment will be materially endangered or the Equipment, or any part thereof, will be subject to loss or forfeiture,

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in which event the Lessee shall promptly pay such taxes, assessments or charges or provide Lessor with full security against any loss which may result from nonpayment.

Section 7.4. Advances. If Lessee shall fail to perform any of its obligations under this Article, Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the rate of 10% per annum or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

ARTICLE VIII: TITLE; SECURITY INTEREST; LIENS

Section 8.1. Title. During the Lease Term, legal title to and ownership of all Equipment shall be in Lessee. Lessee will protect and defend Lessee's title to the Equipment and Lessee's rights therein..

Section 8.2. Security Interest. Lessee grants to Lessor a continuing, first priority security interest in Lessee's rights and interests in the Equipment, all repairs, replacements, substitutions and modifications thereto or thereof and all proceeds of the foregoing in order to secure Lessee's payment of all Rental Payments and the performance of all other obligations to be performed by Lessee. Lessee will join with Lessor in executing such financing statements or other documents and will perform such acts as Lessor may request to establish and maintain a valid lien and security interest in the Equipment. Upon termination of the Lease with respect to any Equipment Group through exercise of Lessee's option to prepay pursuant to Article X hereof or through payment by Lessee of all Rental Payments and other amounts relating thereto, Lessor's security interest in such Equipment Group shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the termination of Lessor's security interest in such Equipment Group.

Section 8.3. Liens. During the Lease Term, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided. Except as expressly provided in Section 7.3 and this Article, Lessee shall promptly, at its own expense, take such action as may be necessary duly to discharge or remove any such Lien. Lessee shall reimburse Lessor for any expenses incurred by Lessor to discharge or remove any Lien.

Section 8.4. Personal Property. The Equipment is and shall at all times be and remain personal property and not fixtures.

ARTICLE IX: ACQUISITION OF EQUIPMENT; WARRANTIES

Section 9.1. Compliance with Acquisition Laws. Lessee shall comply with all statutes and laws applicable to the acquisition of the Equipment, including all public bidding laws applicable to the acquisition of the Equipment.

Section 9.2. Selection of Equipment. Lessor shall have no responsibility in connection with the selection of the Equipment, the ordering of the Equipment, its suitability for the use intended by Lessee, the acceptance by the Contractor or its sales representative of the order submitted, or

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any delay or failure by the Contractor or its sales representative to manufacture, deliver or install the Equipment for use by Lessee.

Section 9.3. Contractor's Warranties. Lessor hereby assigns to Lessee for and during the related Lease Term, all of its interest, if any, in all Contractor's warranties, guarantees and patent indemnity protection, express or implied, issued on or applicable to an Equipment Group, including those set forth in all software licenses included therein, and Lessee may obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense. Lessor has no obligation to enforce any Contractor's warranties or obligations on behalf of itself or Lessee.

Section 9.4. Disclaimer of Warranties. LESSEE ACKNOWLEDGES THAT IT SELECTED THE EQUIPMENT WITHOUT ASSISTANCE OF LESSOR, ITS AGENTS OR EMPLOYEES. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, ANY LEASE OR THE EQUIPMENT OR LESSEE'S USE OF THE EQUIPMENT.

ARTICLE X: OPTION TO PREPAY

Section 10.1. When Available. Provided there has been no Non-Appropriation or Event of Default, Lessee shall have the option to prepay, in whole obligations under any Lease on any Payment Date for the then applicable Prepayment Price set forth in Exhibit A relating thereto. In addition, Lessee may partially prepay the principal balance of a Lease in a minimum amount of \$100,000.00, provided, however, that prepayments in part under any Lease shall be made by Lessee no more than once per Fiscal Year.

Section 10.2 Exercise of Option. Lessee shall give notice to Lessor of its intention to exercise its option with respect to any Lease not less than thirty (30) days prior to the Payment Date on which the option will be exercised (which notice shall specify that Lessee is paying the entire Prepayment Price or the amount of Principal being prepaid and shall deposit with Lessor on the date of exercise such amount and any other amounts then due or past due under the related Lease (including the Rental Payment due on the Payment Date on which the option is exercised

Section 10.3 Release of Lessor's Interest. On receipt of the Prepayment Price in good funds, the Lease with respect to the items of Equipment for which the Rental Payments are being prepaid shall terminate and the Lessor shall transfer to Lessee all of Lessor's rights, title and interest in such Equipment "AS IS, WHERE IS" basis, except that such Equipment shall not be subject to any Lien created by or arising through Lessor, and Lessor agrees to execute any and all documents necessary to provide further assurance or evidence release of its security interest in the Equipment. In the event of a partial Principal prepayment, Lessor's security interest in the entire Equipment Group shall remain in full force and effect.

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ARTICLE XI: ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 11.1. Unless Lessee secures the prior written consent of Lessor, Lessee shall not assign, transfer, pledge, hypothecate, nor grant any Lien on, nor otherwise dispose of, any Lease or any Equipment or any interest in any Lease or Equipment.

Section 11.2. Lessor may assign all of its rights, title and interest in and to any Lease or any Equipment, and/or may grant or assign a security interest in any Lease and its Equipment, subject to the conditions set forth in Section 11.4. Any such assignee or lienholder (an "Assignee") shall have all of the rights of Lessor under the applicable Lease and all related documents, including the related Escrow Agreement. Unless otherwise agreed by Lessee in writing, any such assignment transaction shall not release Lessor from any of Lessor's obligations under the applicable Lease. An assignment or reassignment of any of Lessor's right, title or interest in a Lease or its Equipment shall be enforceable against Lessee only after Lessee receives a written notice of assignment which discloses the name and address of each such Assignee. Lessee shall keep a complete and accurate record of all such assignments in the form necessary to comply with Section 149(a) of the Code.

Section 11.3. Each Assignee of a Lease hereby agrees that: (a) said Assignee shall have no lien on, nor any claim to, nor any interest of any kind in, any Non-Assigned Lease or any Equipment covered by any Non-Assigned Lease; and (b) Assignee shall exercise its rights, benefits and remedies as the assignee of Lessor solely with respect to the Assigned Leases. "Assigned Leases" means only those Leases which have been assigned to a single Assignee pursuant to a written agreement; and "Non-Assigned Leases" means all Leases excluding the Assigned Leases.

Section 11.4. The sale or assignment of Lease Interests shall be subject to the following conditions:

(a) such sale or assignment of Lease Interests shall be in compliance with California Government Code Sections 5950-5955;

(b) Lease Interests in any Lease shall be sold or assigned only to "accredited investors" as defined in Rule 501 of Regulation D of the Securities Act of 1934, and such sale or assignment shall be to no more than thirty-five (35) such accredited investors; and

(c) Any disclosure document used in connection with the offer or sale of Lease Interests shall prominently describe the following:

"The payment of rent by the City of Oakland pursuant to the Lease is subject to appropriation by the City Council. The City of Oakland is not obligated to appropriate the rent. It may choose not to appropriate rent for any number of reasons and such failure does not constitute a default on the part of the City of Oakland. The City of Oakland has not participated in any of the proceedings relating to the creation of, or passed on or approved, the [insert appropriate reference to the Lease Interests] or this [insert title of disclosure document], which were created and prepared, respectively, by the [insert name of assignee] or its placement agent without any review, input or information supplied by the City of Oakland."

Exhibit B

ARTICLE XII: EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The following are Events of Default under a Lease (a default under one Lease shall not constitute a default under any other Lease):

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid when due and the continuation of said failure for a period of ten (10) days (other than by reason of Non-Appropriation).

(b) Failure by Lessee to maintain insurance as required by Article VI.

(c) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in Clauses (a) and (b) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

(d) The determination by Lessor that any representation or warranty made by Lessee in this Agreement was untrue in any material respect upon execution of this Agreement or any Exhibit A.

(e) The filing of a petition in bankruptcy by or against Lessee, or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental functions or assignment by Lessee for the benefit of creditors, or the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Lessee, or the dissolution or liquidation of Lessee.

Section 12.2. Remedies on Default. Whenever any Event of Default with respect to a Lease shall have occurred, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Lessor, upon termination of the affected Lease(s), may declare all Rental Payments due or to become due with respect to the affected Lease(s) during the Fiscal Year in effect when the default occurs to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable.

(b) Lessor, upon termination of the affected Lease(s), may repossesses any or all of the Equipment set forth on the Exhibit A of the affected Lease(s) by giving Lessee written notice to deliver the Equipment in the manner provided in Section 12.3; or in the event Lessee fails to do so within ten (10) days after receipt of such notice, Lessor may, to the extent permitted by California law, enter upon Lessee's premises where the Equipment is kept and disable the Equipment to prevent further use thereof by Lessee and may take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession

Exhibit B

as long as Lessor exercises all due and reasonable care in effecting such repossession. Notwithstanding the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Rental Payments due with respect thereto during the Fiscal Year then in effect.

(c) If Lessor terminates the Lease and, takes possession and disposes of the Equipment or any portion thereof, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, reasonable attorneys' fees) incurred in securing possession of the Equipment; (ii) all expenses incurred in completing the disposition; (iii) any sales or transfer taxes; (iv) the applicable Prepayment Price of the Equipment Group; and (v) the balance of any Rental Payments owed by Lessee during the Fiscal Year then in effect. Any disposition proceeds remaining after the requirements of Clauses (i), (ii), (iii), (iv) and (v) have been met shall be paid to Lessee.

(d) Lessor may take any other remedy available, at law or in equity, with respect to such Event of Default. Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in enforcing any remedy hereunder.

Section 12.3. Return of Equipment; Release of Lessee's Interest. Upon termination of any Lease hereunder prior to the payment of all Rental Payments or the applicable Prepayment Price in accordance with the related Exhibit A, Lessee shall promptly, but in any event within ten (10) days after such termination, at its own cost and expense: (a) perform any testing and repairs required to place the Equipment in the condition required by Article VII; (b) if de-installation, disassembly or crating is required, cause the Equipment to be de-installed, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; and (c) deliver the Equipment to a location specified by Lessor, freight and insurance prepaid by Lessee. If Lessee refuses to return the Equipment in the manner designated, Lessor may enter the premises where the Equipment is kept and disable the Equipment to prevent further use by Lessee and/or repossess the Equipment and charge to Lessee the costs of such repossession. Upon termination of this Lease in accordance with Article IV or Article XII hereof, at the election of Lessor and upon Lessor's written notice to Lessee, Lessee shall have no further interest in the Equipment and Lessee shall execute and deliver to Lessor such documents as Lessor may request to terminate Lessee's interest in the Equipment.

Section 12.4 No Remedy Exclusive. No remedy conferred upon or reserved to Lessor by this Article is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient by Lessor.

Section 12.5. Late Charge. Whenever any Event of Default under Section 12.1, Clause (a) shall have happened and be continuing, Lessor shall have the right, at its option and without any further demand or notice, to require a late payment charge accruing from the tenth day after the Payment Date until the payment is made equal to 10 percent (10%) of the delinquent amount, and Lessee shall be obligated to pay the same immediately upon receipt of Lessor's written invoice therefor; provided, however, that this Section shall not be applicable if or to the extent

Exhibit B

that the application thereof would affect the validity of this Agreement. In the event of Lessor's repossession or disablement of the Equipment as provided herein, late charges will be frozen at the time of such repossession or disablement.

ARTICLE XIII: ADMINISTRATIVE PROVISIONS

Section 13.1. Notices. All notices certificates, legal opinions or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in registered form with postage fully prepaid to the addresses specified below; provided that Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, legal opinions or other communications will be sent.

(a) Lessor
Sun Microsystems Finance Inc.

Attn:

(b) Lessee
City of Oakland
One Frank Ogawa Plaza, Third Floor
Oakland, California 94612
Attn: City Manager

Section 13.3. Binding Effect. This Agreement and each Lease hereunder shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.4. Severability. In the event any provision of this Agreement or any Lease shall be held invalid or unenforceable by the final decision of any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.5. Entire Agreement, Amendments, Changes and Modifications. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. This Agreement may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee.

Section 13.6. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or Clauses hereof.

Section 13.7. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may

Exhibit B

reasonably be required for correcting any inadequate or incorrect description of the Equipment hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement.

Section 13.8. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, provided there shall be only one fully executed original of this Agreement and each Equipment Schedule and such original shall be delivered to Lessor.

Section 13.9. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 13.10. Lessee's Performance. Time is of the essence. Lessor's failure at any time to require strict performance by Lessee of any of Lessee's obligations shall not waive or diminish Lessor's rights thereafter to demand strict compliance by Lessee.

Section 13.11. Third Party Beneficiaries. Nothing herein shall be construed or interpreted to give any person other than Lessee and Lessor any legal or equitable right, remedy or claim under or in respect of this Agreement or any Lease. Lessor and Lessee agree that no Contractor is a third party beneficiary of this Agreement and there are no third party beneficiaries of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGE FOLLOWS]

Exhibit B

EXECUTION PAGE OF MASTER LEASE – PURCHASE AGREEMENT

IN WITNESS WHEREOF, Lessor has caused this Agreement to be executed in its name by its duly authorized officer, and Lessee has caused this Agreement to be executed in its name by its duly authorized officer.

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS FINANCE INC.
Lessor

By: _____
Title: City Manager
Date: _____

By: _____
Title: _____
Date: _____

One Frank Ogawa Plaza, Third Floor
Oakland, California 94612
Attn: City Manager

Telephone: _____
Facsimile: _____

Telephone: _____
Facsimile: _____

Approved as to form and legality:

Office of the City Attorney (Date)

Exhibit B

EQUIPMENT SCHEDULE NO. _____

EXHIBIT A
Schedule of Equipment, Rental Payments, Etc.

The following Equipment comprises an Equipment Group which is the subject of the Master Lease-Purchase Agreement dated as of _____, 2004 (the "Agreement"), between the undersigned Lessor and Lessee. The Agreement is incorporated herein in its entirety, and Lessor and Lessee hereby reaffirm all of their representations and warranties contained in the Agreement. Lessee warrants that no Non-Appropriation and no Event of Default or any event which, with the passage of time or the giving of notice, would constitute a default has occurred under the Agreement.

Lease Date: _____, 200__

Escrow Deposit: \$ _____

EQUIPMENT GROUP

1. Location. The Equipment Group is located at the following address. Prior to relocation of the Equipment Group or portion thereof during the Lease Term, Lessee will provide written notice to Lessor.

Office of Information Technology
150 Frank H. Ogawa Plaza, Suite 8333
Oakland, California 94612
Attention: Director of Information Technology
Facsimile: 510-238-2281

2. Use. Lessee will use the Equipment Group to perform the following essential governmental or proprietary functions: _____

3. Description. The following description of the Equipment Group is supplemented by the description of Equipment in the Contractor's invoices delivered by Lessee to Lessor and/or by the description of Equipment in Payment Request Forms executed by Lessor to authorize disbursements from an Escrow Fund.

<u>Quantity</u> <u>Number*</u>	<u>Cost Per Unit</u>	<u>Description</u>	<u>Serial</u>
-----------------------------------	----------------------	--------------------	---------------

*If serial numbers are not available at the date of signing this Exhibit A, Lessee hereby authorizes Lessor to insert the serial numbers when available and Lessor shall provide Lessee with a copy of the completed Exhibit A.

Exhibit B

RENTAL PAYMENTS

Annual Interest Percentage Rate: _____%

Lessee will make _____ Rental Payments each consisting of principal and interest as set forth in the attached Schedule

CITY OF OAKLAND, Lessee

**SUN MICROSYSTEMS FINANCE INC.,
Lessor**

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attachment:
Payment Schedule

Exhibit B

PAYMENT SCHEDULE RELATING TO EQUIPMENT SCHEDULE NO. ____

<u>Payment Number</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment* Price</u>
---------------------------	-------------------------	--------------------------	--------------------------------	-------------------------------	------------------------------

*After payment of Rental Payment due on such date.

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS FINANCE INC.,
Lessor

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attachment: Payment Schedule

Exhibit B

EQUIPMENT SCHEDULE NO. _____

**EXHIBIT B
Certificate of Acceptance**

I, the undersigned, hereby certify that I am the duly qualified and acting officer of the Lessee identified below and, with respect to the above-referenced Equipment Schedule dated [DATE] to the Master Lease-Purchase Agreement dated as of [DATE] (the "Agreement", and together with such Equipment Schedule, the "Lease"), by and between Lessee and Sun Microsystems Finance Inc. ("Lessor"), that:

1. The equipment described in Exhibit A (the "Equipment Group") has been accepted by Lessee on or before the date indicated below for the purpose of authorizing payment to Contractor. Such acceptance is specifically subject to Section 3.4 of the Agreement and may not be relied upon by Contractor for any purpose and does not constitute acceptance under other Exhibit to the Master Agreement.

2. Rental Payments are due and payable by Lessee on the dates and in the amounts indicated on Exhibit A of the above-referenced Equipment Schedule as such Exhibit is completed by Lessor.

CITY OF OAKLAND

Lessee

By: _____

Title: _____

Date: _____

EXHIBIT C
Opinion of Lessee's Counsel
(to be typed on letterhead of counsel)

SAMPLE

[insert date which is date on or after date of Lessee's execution of documents]

Sun Microsystems Finance Inc.
8400 Normandale Lake Blvd., Suite
Minneapolis, MN 55437

City of Oakland
One Frank Ogawa Plaza, Third Floor
Oakland, CA 94612

Re: Master Lease-Purchase Agreement dated as of [DATE] by and between Sun Microsystems Finance Inc. ("Lessor") and City of Oakland ("Lessee")

**[Counsel to expand opinion to include executed Addenda to Lease, if applicable,
and delete reference to Escrow Agreement, if not applicable]**

Ladies and Gentlemen:

I have acted as counsel to Lessee with respect to the Master Lease-Purchase Agreement described above and various related matters, and in this capacity have reviewed a duplicate original or certified copy thereof, Equipment Schedule No. 1 attached thereto and executed pursuant thereto (together, the "Lease") and the Escrow Agreement dated as of _____ (the "Escrow Agreement") among Lessor, Lessee and _____, as escrow agent. Capitalized terms not defined herein have the meanings ascribed to them in the Lease. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. Lessee is a municipal corporation of the state of California (the "State"), duly organized, existing and operating under the Constitution and laws of the State.
2. Lessee is authorized and has power under applicable law to enter into the Lease and the Escrow Agreement, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Lease and the Escrow Agreement have been duly authorized, approved, executed and delivered by and on behalf of Lessee, and are legal, valid and binding contracts of Lessee enforceable in accordance with their terms, except to the extent limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.
4. The authorization, approval and execution of the Lease and the Escrow Agreement and all other proceedings of Lessee relating to the transactions contemplated

Exhibit B

thereby have been performed in accordance with all applicable open meeting, public records, public bidding and all other laws, rules and regulations of the State.

5. The execution of the Lease and the Escrow Agreement and the appropriation of moneys to pay the Rental Payments coming due thereunder do not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

6. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Lessee; the authority of Lessee or its officers or its employees to enter into the Lease or the Escrow Agreement; the proper authorization, approval and/or execution of the Lease, the Escrow Agreement and other documents contemplated thereby; the appropriation of moneys to make Rental Payments under the Lease for the current fiscal year of Lessee; or the ability of Lessee otherwise to perform its obligations under the Lease, the Escrow Agreement and the transactions contemplated thereby and, to the best of my knowledge, no such litigation or actions are threatened.

7. The Equipment financed by the Lease is personal property, and when used by the Lessee will not be or become fixtures under the laws of the State.

8. Resolution No. _____ of the City Council of Lessee was duly and validly adopted by such governing body on _____, 20____, and such resolution has not been amended, modified, supplemented or repealed and remains in full force and effect.

9. This opinion may be relied upon by assignees of Lessor.

Very truly yours,

SAMPLE

(type name and title under signature)

QUESTIONNAIRE FOR SELF-INSURANCE

In connection with the Master Lease-Purchase Agreement dated as of [DATE] and Equipment Schedule No. «ADDON» thereto (together, the "Lease"), made and entered into by and between Sun Microsystems Finance Inc., as Lessor, and the lessee identified below, as Lessee, Lessee warrants and represents to Lessor as follows:

1. Property Insurance.

- Lessee is self-insured for damage or destruction to the Equipment. YES NO (circle one)

If yes, the dollar amount limit for property damage to the Equipment under the Lessee's self-insurance program is \$_____.

- The Lessee maintains an umbrella insurance policy for claims in excess of Lessee's self-insurance limits for property damage to the Equipment as indicated above. YES NO (circle one)

If yes, the umbrella policy provides coverage for all risk property damage. YES NO (circle one)

If yes, the dollar limit for property damage to the Equipment under such umbrella policy is \$_____.

2. Liability Insurance.

- Lessee is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment. YES NO (circle one)

If yes, the dollar limit for such liability claims under the Lessee's self-insurance program is \$_____.

- The Lessee maintains an umbrella insurance policy for claims in excess of Lessee's self-insurance limits for liability including injury or death of persons or damage to property as indicated in above. YES NO (circle one)

If yes, the umbrella policy provides coverage for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment. YES NO (circle one)

Exhibit B

If yes, the dollar amount of the umbrella policy's limits for such liability coverage is \$_____.

- 3A. • Lessee maintains a self-insurance fund. YES NO (circle one)

If yes, please complete the following:

Monies in the self-insurance fund are subject to annual appropriation. YES NO (circle one)

The total amount maintained in the self-insurance fund to cover Lessee's self-insurance liabilities is \$_____.

- Amounts paid from the Lessee's self-insurance fund are subject to limitations for each claim. YES NO (circle one)

If yes, the dollar amount of limit per claim is \$_____.

- 3B. • If Lessee does not maintain a self-insurance fund, please complete the following:

Lessee obtains funds to pay claims for which it has self-insured from the following sources:

- The limitations on the amounts payable from the above sources for claims are as follows:

- 4. The following entity or officer has authority to authorize payment for a claim:

Exhibit B

- In the event the entity or officer named in the prior response denies payment of a claim, does the claimant have recourse to another administrative officer, agency or the courts? YES NO (circle one)

If yes, to whom does the claimant have recourse?

5. Attached hereto are copies of certificates of insurance with respect to policies maintained by Lessee.

IN WITNESS WHEREOF, Lessee has caused this Questionnaire to be executed as a supplement to the representations of Lessee in the Lease by its duly authorized officer.

CITY OF OAKLAND,
Lessee

By: _____

Title: _____

Date: _____

Attachment

Exhibit B

EQUIPMENT SCHEDULE NO. 1

EXHIBIT A
Schedule of Equipment, Rental Payments, Etc.

The following Equipment comprises an Equipment Group which is the subject of the Master Lease-Purchase Agreement dated as of _____, 2004 (the "Agreement"), between the undersigned Lessor and Lessee. The Agreement is incorporated herein in its entirety, and Lessor and Lessee hereby reaffirm all of their representations and warranties contained in the Agreement. Lessee warrants that no Non-Appropriation and no Event of Default or any event which, with the passage of time or the giving of notice, would constitute a default has occurred under the Agreement.

Lease Date: _____, 200__

Escrow Deposit: \$ _____

EQUIPMENT GROUP

Price of Equipment Group: \$ _____. The price of the Equipment Group is financed hereunder on a tax-exempt basis.

1. Location. The Equipment Group is located at the following address. Prior to relocation of the Equipment Group or portion thereof during the Lease Term, Lessee will provide written notice to Lessor.

Office of Information Technology
150 Frank H. Ogawa Plaza, Suite 8333
Oakland, California 94612
Attention: Director of Information Technology
Facsimile: 510-238-2281

2. Use. Lessee will use the Equipment Group to perform the following essential governmental or proprietary functions: _____

3. Description. The following description of the Equipment Group is supplemented by the description of Equipment in the Contractor's invoices delivered by Lessee to Lessor and/or by the description of Equipment in Payment Request Forms executed by Lessor to authorize disbursements from an Escrow Fund.

<u>Quantity</u>	<u>Cost Per Unit</u>	<u>Description</u>	<u>Serial</u>
<u>Number*</u>			

*If serial numbers are not available at the date of signing this Exhibit A, Lessee hereby authorizes Lessor to insert the serial numbers when available and Lessor shall provide Lessee with a copy of the completed Exhibit A.

Exhibit B

SERVICES

Price of Services: \$_____. The price of the Services is financed hereunder on a taxable basis.

Pursuant to this Lease, Lessor will finance Lessee's acquisition of Services to be performed by Contractor in connection with the maintenance of and training for the use of the Equipment Group subject hereto, as such Services are more completely described in Contractor's invoices annexed to Payment Request Forms executed by Lessor and Lessee under the Escrow Agreements.

Exhibit B

RENTAL PAYMENTS

Annual Interest Percentage Rate: _____%

Lessee will make _____ Rental Payments each consisting of principal and interest as set forth in the attached Payment Schedules.

CONSENT TO ASSIGNMENT

Effective on the Funding Date, Lessor assigns all of its interest in this Lease, the Equipment Group and the related Escrow Agreement to its indirect parent and accredited investor, Sun Microsystems Inc. ("Assignee"). Assignee has appointed Sun Microsystems Finance Inc ("Sun Finance") as its agent for servicing the Lease and Escrow Agreement and Sun Finance has the authority, among other things, to execute Payment Request Forms under the Escrow Agreement on behalf of Assignee.

Assignee agrees to comply with the provisions of Article XI of the Agreement.

Lessee consents to the assignment to Assignee and agrees that Assignee shall have all rights of Lessor under the Lease and the related Escrow Agreement.

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS FINANCE INC.,
Lessor

By: _____

By: _____

Title: _____

Title: Vice President _____

Date: _____

Date: _____

SUN MICROSYSTEMS INC.,
Assignee

By: _____

Title: Region Credit Manager

Date: _____

Attachment:
Payment Schedule

Original – Chattel Paper

Exhibit B

**PAYMENT SCHEDULE RELATING TO THE TAX-EXEMPT FINANCING OF THE
EQUIPMENT GROUP SUBJECT TO EQUIPMENT SCHEDULE NO. 1**

<u>Payment Number</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment* Price</u>
---------------------------	-------------------------	--------------------------	--------------------------------	-------------------------------	------------------------------

*After payment of Rental Payment due on such date.

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS FINANCE INC.,
Lessor

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit B

**PAYMENT SCHEDULE RELATING TO THE TAXABLE FINANCING OF THE
SERVICES SUBJECT TO EQUIPMENT SCHEDULE NO. 1**

<u>Payment Number</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment* Price</u>
---------------------------	-------------------------	--------------------------	--------------------------------	-------------------------------	------------------------------

*After payment of Rental Payment due on such date.

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS FINANCE INC.,
Lessor

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit B

**PAYMENT SCHEDULE RELATING TO THE AGGREGATE TAX-EXEMPT AND
TAXABLE FINANCING UNDER EQUIPMENT SCHEDULE NO. 1**

<u>Payment Number</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment* Price</u>
---------------------------	-------------------------	--------------------------	--------------------------------	-------------------------------	------------------------------

*After payment of Rental Payment due on such date.

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS FINANCE INC.,
Lessor

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit B

EQUIPMENT SCHEDULE NO. 1

EXHIBIT B
Certificate of Acceptance

I, the undersigned, hereby certify that I am the duly qualified and acting officer of the Lessee identified below and, with respect to the above-referenced Equipment Schedule dated [DATE] to the Master Lease-Purchase Agreement dated as of [DATE] (the "Agreement", and together with such Equipment Schedule, the "Lease"), by and between Lessee and Sun Microsystems Finance Inc. ("Lessor"), that:

1. The Equipment Group and Services described in Exhibit A have been accepted by Lessee on or before the date indicated below for the purpose of authorizing payment to Contractor. Such acceptance is specifically subject to Section 3.4 of the Agreement and may not be relied upon by Contractor for any purpose and does not constitute acceptance under other Exhibit to the Master Agreement.

2. Rental Payments are due and payable by Lessee on the dates and in the amounts indicated on Exhibit A of the above-referenced Equipment Schedule as such Exhibit is completed by Lessor.

CITY OF OAKLAND

Lessee

By: _____

Title: _____

Date: _____

EXHIBIT C
Opinion of Lessee's Counsel
(to be typed on letterhead of counsel)

SAMPLE

[insert date which is date on or after date of Lessee's execution of documents]

Sun Microsystems Finance Inc.

City of Oakland
One Frank Ogawa Plaza, Third Floor
Oakland, CA 94612

Re: Master Lease-Purchase Agreement dated as of [DATE] by and between Sun Microsystems Finance Inc. ("Lessor") and City of Oakland ("Lessee")

**[Counsel to expand opinion to include executed Addenda to Lease, if applicable,
and delete reference to Escrow Agreement, if not applicable]**

Ladies and Gentlemen:

I have acted as counsel to Lessee with respect to the Master Lease-Purchase Agreement described above and various related matters, and in this capacity have reviewed a duplicate original or certified copy thereof, Equipment Schedule No. 1 attached thereto and executed pursuant thereto (together, the "Lease") and the Escrow Agreement dated as of _____ (the "Escrow Agreement") among Lessor, Lessee and National City Bank of Minneapolis, as escrow agent. Capitalized terms not defined herein have the meanings ascribed to them in the Lease. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. Lessee is a municipal corporation of the state of California (the "State"), duly organized, existing and operating under the Constitution and laws of the State.
2. Lessee is authorized and has power under applicable law to enter into the Lease and the Escrow Agreement, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Lease and the Escrow Agreement have been duly authorized, approved, executed and delivered by and on behalf of Lessee, and are legal, valid and binding contracts of Lessee enforceable in accordance with their terms, except to the extent limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.
4. The authorization, approval and execution of the Lease and the Escrow Agreement and all other proceedings of Lessee relating to the transactions contemplated

Exhibit B

thereby have been performed in accordance with all applicable open meeting, public records, public bidding and all other laws, rules and regulations of the State.

5. The execution of the Lease and the Escrow Agreement and the appropriation of moneys to pay the Rental Payments coming due thereunder do not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

6. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Lessee; the authority of Lessee or its officers or its employees to enter into the Lease or the Escrow Agreement; the proper authorization, approval and/or execution of the Lease, the Escrow Agreement and other documents contemplated thereby; the appropriation of moneys to make Rental Payments under the Lease for the current fiscal year of Lessee; or the ability of Lessee otherwise to perform its obligations under the Lease, the Escrow Agreement and the transactions contemplated thereby and, to the best of my knowledge, no such litigation or actions are threatened.

7. The Equipment financed by the Lease is personal property, and when used by the Lessee will not be or become fixtures under the laws of the State

8. Resolution No. _____ of the City Council of Lessee was duly and validly adopted by such governing body on _____, 20____, and such resolution has not been amended, modified, supplemented or repealed and remains in full force and effect.

9. This opinion may be relied upon by assignees of Lessor.

Very truly yours,

SAMPLE

(type name and title under signature)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made and entered into as of _____, by and among _____, a _____, (the "Escrow Agent"), Sun Microsystems Finance Inc., a corporation duly organized and existing under the laws of _____ ("Lessor"), and the CITY OF OAKLAND ("Lessee"), a municipal corporation duly organized under the Constitution of the State of California ("State").

In the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

ARTICLE 1: RECITALS

Section 1.01. Lessor and Lessee have entered into a Master Lease-Purchase Agreement dated as of _____ and Equipment Schedule No. 1 thereto dated as of _____ (together, the "Lease"), a duplicate original of which has been furnished to the Escrow Agent, whereby Lessor has agreed to finance for Lessee the acquisition of certain personal property (the "Equipment") and the services (the "Services") described therein on the terms and conditions set forth in the Lease. This Agreement is not intended to alter or change the rights and obligations of Lessor and Lessee under the Lease, but is entirely supplemental thereto.

Section 1.02. The terms capitalized in this Agreement but not defined herein shall have the meanings given to them in the Lease.

Section 1.03. Upon the execution of the Lease and this Agreement and the delivery to Lessor by Lessee of all documents required to be delivered upon execution of the Lease, on the Funding Date, Lessor will deposit or cause to be deposited with the Escrow Agent the sum of \$ _____ (the "Escrow Deposit"), which is required to be credited to the Equipment Acquisition Fund established in Article 2 hereof and used to pay the purchase price of the items of Equipment and Services (the "Price"), and, to the extent not needed for this purpose, to pay or prepay Principal coming due under the Lease; all as hereinafter provided. \$ _____ of the Escrow Deposit will be used to pay the Price of Equipment and \$ _____ will be used to pay the Price of the Services. The Services are financed under the Lease on a taxable basis.

Section 1.04. Under the Lease, Lessee will cause each item of Equipment and the Services to be ordered from the Contractor therefor. The Price to be paid to the Contractor shall be paid solely from the amount deposited with the Escrow Agent as described in Section 1.03 hereof, in accordance with this Agreement.

Section 1.05. Lessor and Lessee agree to employ the Escrow Agent to receive, hold, invest and disburse the moneys to be paid to the Escrow Agent by Lessor as described in Section 1.03, all as hereinafter provided; however, the Escrow Agent shall not be obligated to assume or perform any obligation of Lessee or Lessor or any Contractor with respect thereto or under the Lease by reason of anything contained in this Agreement.

Section 1.06. Each of the parties has authority to enter into this Agreement, and has taken all actions necessary to authorize the execution of this Agreement by the officers whose signatures are affixed hereto.

ARTICLE 2: EQUIPMENT ACQUISITION FUND

Section 2.01. The Escrow Agent shall establish a special escrow fund designated as the "Sun Microsystems Finance Inc. Equipment Acquisition Fund" (the "Equipment Acquisition Fund"), shall keep such Fund separate and apart from all other funds and moneys held by it and shall administer such Fund as provided in this Agreement.

Section 2.02. All moneys paid to the Escrow Agent by Lessor pursuant to Section 1.03 of this Agreement shall be credited to the Equipment Acquisition Fund. The period from the date of deposit with the Escrow Agent to the date specified in Section 2.03 is herein referred to as the "Acquisition Period". The Escrow Agent shall disburse the moneys in the Equipment Acquisition Fund to pay the Price of each item of Equipment and Services, upon receipt with respect thereto of a Payment Request Form attached hereto as Exhibit A, executed by Lessor and Lessee, fully completed and with all supporting documents described therein attached thereto. Upon receipt of a Payment

Exhibit C

Request Form with respect to any item of Equipment or Services, Escrow Agent shall disburse an amount equal to the Price as shown therein directly to the person or entity entitled to payment as specified therein. Lessee agrees that it will submit Payment Request Forms only with respect to operationally complete and functionally independent portions of the Equipment which may be utilized by Lessee without regard to whether the balance of the Equipment is delivered and accepted (hereinafter, "Complete Portions of Equipment"). Lessee acknowledges and agrees that Lessor shall not approve any Payment Request Form which does not describe a Complete Portion of Equipment.

Section 2.03. On _____ 1, 2004, the Escrow Agent shall pay: (1) to Lessor an amount equal to the deposit made by Lessor pursuant to Section 1.03, less the following amounts: (a) the amount previously disbursed to pay the Price of any item of Equipment and Services, (b) an amount thereof equal to the Price of all items of Equipment and Services for which the Escrow Agent has received a Payment Request Form and which has not been paid, and (c) the Escrow Agent's investment fee; and (2) to Lessee the entire remaining balance on deposit in the Equipment Acquisition Fund in reimbursement for interest paid by Lessee during the Acquisition Period. The amount paid to Lessor shall, at Lessor's election, be applied to pay the Principal portion of the next Rental Payment thereafter coming due under the Lease or to pay and prepay a proportionate amount of the Principal portion of all Rental Payments thereafter coming due under the Lease. Within 15 days after receiving such amount Lessor shall notify Lessee as to how it will be applied, and shall furnish to Lessee a new Rental Payment schedule reflecting any changes in Rental Payments due to any prepayment.

Section 2.04. Upon receipt of written notice from Lessor or Lessee that the Lease has been terminated pursuant to Sections 4.2 or 12.2 thereof, the Escrow Agent shall liquidate all investments held in the Equipment Acquisition Fund and transfer the proceeds thereof and all other moneys held in the Equipment Acquisition Fund to Lessor.

Section 2.05. The Escrow Agent shall only be responsible for the safekeeping and investment of the moneys held in the Equipment Acquisition Fund, and the disbursement thereof in accordance with this Article, and shall not be responsible for the authenticity or accuracy of such certifications or documents, the application of amounts paid pursuant to such certifications by the persons or entities to which they are paid, or the sufficiency of the moneys credited to the Equipment Acquisition Fund to make the payments herein required.

ARTICLE 3: MONEYS IN EQUIPMENT ACQUISITION FUND; INVESTMENT

Section 3.01. The moneys and investments held by the Escrow Agent under this Agreement are irrevocably held in trust for the benefit of Lessee and Lessor, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessee or Lessor. Lessor, Lessee and the Escrow Agent intend that the Equipment Acquisition Fund constitute an escrow account in which Lessee has no legal or equitable right, title or interest until satisfaction in full of all conditions contained herein for the disbursement of funds by the Escrow Agent therefrom. However, if the parties' intention that Lessee shall have no legal or equitable right, title or interest until all conditions for disbursement are satisfied in full is not respected in any legal proceeding, the parties hereto intend that Lessor have a security interest in the Equipment Acquisition Fund, and such security interest is hereby granted by Lessee, to secure payment of all sums due to Lessor under the Lease. For such purpose, the Escrow Agent hereby agrees to act as agent for Lessor in connection with the perfection of such security interest and agrees to note, or cause to be noted, on all books and records relating to the Equipment Acquisition Fund, Lessor's interest therein.

Section 3.02. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon order of Lessee only in Qualified Investments, as defined in Section 3.05. Such investments shall be registered in the name of the Escrow Agent and held by the Escrow Agent for the benefit of Lessor. With the approval of Lessee, the Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Article. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available.

Section 3.03. The Escrow Agent shall, without further direction from Lessee, sell such investments as and when required to make any payment from the Equipment Acquisition Fund. Any income received on such investments shall be credited to the Equipment Acquisition Fund.

Section 3.04. The Escrow Agent shall furnish to Lessee and Lessor, reports accounting of all investments and interest and income therefrom. Such accounting shall be furnished monthly and shall also include a report of the balance in the Equipment Acquisition Fund, the amounts disbursed therefrom and the date of final disbursement

Exhibit C

pursuant to Section 2.03 hereof. Neither Lessor nor Escrow Agent shall be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with this Article (other than Escrow Agent in its capacity as obligor under any Qualified Investment). In the event funds in the Equipment Acquisition Fund are insufficient to pay the acquisition costs of the Equipment and Services, Lessee shall deposit additional funds into the Equipment Acquisition Fund in an amount sufficient to pay the balance of the Price.

Section 3.05. As used in this Agreement, the term "Qualified Investments" means (a) securities which are general obligations of or are guaranteed as to the payment of principal and interest by the United States of America; (b) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; (c) commercial paper issued by corporations organized under the laws of a state of the United States which is rated in the highest rating category by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. ("S&P") or Moody's Investors Service, Inc.; (d) money market funds registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 and which have a rating of "AAAm-G", "AAAm" or "AAm" of S&P; or (e) certificates of deposit issued by or other forms of deposit in any national or state bank to extent that such deposits are fully insured by the Federal Deposit Insurance Corporation or any successor agency which is backed by the full faith and credit of the United States. Derivative products are not "Qualified Investments."

ARTICLE 4: ESCROW AGENT'S AUTHORITY; INDEMNIFICATION

Section 4.01. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

Section 4.02. Unless the Escrow Agent is guilty of negligence or misconduct with regard to its duties hereunder, Lessor hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

Section 4.03. If Lessee or Lessor shall be in disagreement about the interpretation of the Lease or this Agreement, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Escrow Agent shall be indemnified by Lessor for all costs, including reasonable attorneys' fees, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Agreement until a final judgment in such action is received.

Section 4.04. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or misconduct.

ARTICLE 5: ESCROW AGENT'S COMPENSATION

Lessor will pay Escrow Agent the sum of \$_____.00 upon execution of this Escrow Agreement as compensation for the services of Escrow Agent provided hereunder for the term of the Escrow Agreement and Lessee shall be responsible for payment of any expenses of Escrow Agent. Lessee also agrees to pay any investment fees of the Escrow Agent and agrees such investment fees may be deducted from interest earnings on the Equipment Acquisition Fund and as provided in Section 2.03 of this Escrow Agreement.

Exhibit C

ARTICLE 6: CHANGE OF ESCROW AGENT

Section 6.01. A national banking association located in the United States or a state bank or trust company organized under the laws of a state of the United States, qualified as a depository of public funds, may be substituted to act as Escrow Agent under this Agreement upon agreement of the parties hereto. Such substitution shall not be deemed to affect the rights or obligations of the parties. Upon any such substitution, the Escrow Agent agrees to assign to such substitute Escrow Agent its rights under this Agreement.

Section 6.02. The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation, which shall be a date not less than 30 days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by Lessee and Lessor.

Section 6.03. The Escrow Agent may appoint an agent to exercise any of the powers, rights or remedies granted to the Escrow Agent under this Agreement, and to hold title to property or to take any other action which may be desirable or necessary.

ARTICLE 7: ADMINISTRATIVE PROVISIONS

Section 7.01. The Escrow Agent shall keep complete and accurate records of all moneys received and disbursed under this Agreement, which shall be available for inspection by Lessee or Lessor, or the agent of either of them, at any time during regular business hours.

Section 7.02. All notices hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in registered form with postage fully prepaid to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time.

Section 7.03. This Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 7.04. Any provisions of this Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

Section 7.05. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any person or entity to whom Lessor has assigned its right to receive Rental Payments under the Lease and any payments due to Lessor hereunder from the after the date when a duplicate original of such assignment is filed with the Escrow Agent.

Section 7.06. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

Section 7.07. This Agreement shall terminate upon disbursement by the Escrow Agent of all moneys held by it hereunder.

Section 7.08. The Agreement (and, with respect to Lessor and Lessee, together with the Lease) constitutes the entire agreement of the parties relating to the subject matter hereof.

Section 7.09. Contemporaneously with the execution hereof, Lessee will deliver to Lessor an Arbitrage and Tax Certificate in the form attached hereto as Exhibit B.

Exhibit C

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement as of the day and year first written above.

Escrow Agent

By: _____

Title: _____

Date: _____

Address:

Attention:

Telephone:

Facsimile:

SUN MICROSYSTEMS FINANCE INC.,
Lessor

By: _____

Title: _____

Date: _____

Address:

Attention:

Telephone:

Facsimile:

CITY OF OAKLAND,
Lessee

By: _____

Title: _____

Date: _____

Address: One Frank Ogawa Plaza, Third Floor
Oakland, CA 94612

Attention: City Manager

Telephone: _____

Facsimile: _____

EXHIBIT A
Payment Request Form No. _____ Relating to
Equipment Schedule No. 1

_____, Escrow Agent under an Escrow Agreement dated as of _____ and among the said Escrow Agent, Sun Microsystems Finance Inc., ("Lessor"), and CITY OF OAKLAND ("Lessee"), is hereby requested to pay, from the Equipment Acquisition Fund held under said Escrow Agreement, to the persons, firms or corporations designated below as payee, the amount set forth opposite each such name, in payment of the Price of the Equipment or Services designated opposite such payee's name and account and described on the attached page(s). The Equipment and Services comprise a portion of the Equipment and Services described in the above-referenced Equipment Schedule. Upon execution of this Payment Request Form by Lessor and Lessee, the description of the Equipment Group subject to the above referenced Equipment Schedule is amended to include the equipment described below and in the attached invoices and/or bills of sale.

<u>Payee</u>	<u>Amount</u>	<u>Equipment</u>	<u>Services</u>
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The undersigned Lessee hereby certifies that:

1. The Equipment and Services described above comprises a portion of the Equipment and Services described in the above-referenced Equipment Schedule, and has been delivered to, tested and inspected by, and accepted by Lessee for the sole purpose of the Lease and subject to the provisions thereof at Section 3.4. The Equipment described herein is operationally complete and functionally independent and may be utilized by Lessee without regard to whether the balance of the Equipment Group is delivered and accepted.

2. If the Payment Request Form relates to a progress payment, the amounts remaining in the Equipment Acquisition Fund are sufficient to acquire and complete the Equipment Group to which the above-referenced Equipment Schedule relates. The amounts requested to be paid as set forth above have not been the basis of a prior request.

3. The representations and warranties of Lessee contained in the Lease are true and correct as of the date hereof.

4. No Non-Appropriation and no Event of Default, or event which with the giving of notice or passage of time or both would constitute an Event of Default, has occurred under the Lease.

Exhibit C

5. Lessee has appropriated or has obtained appropriations of funds sufficient to pay all Rental Payments and all other amounts due under the Lease in the current Fiscal Year.

6. Attached hereto are the following documents:

- Equipment Invoice(s) with detailed description of Equipment (i.e., serial numbers) and Services;
- Proof of payment if Payee is Lessee (i.e., copy of canceled checks);
- If vehicle, title application and MSO with Sun Microsystems Finance Inc. listed as first and only lienholder;
- Insurance Certificate; and
- If this is the final disbursement request, Certificate of Acceptance (Exhibit B to Master Lease-Purchase Agreement).

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS INC.,
Lessor

By: SUN MICROSYSTEMS FINANCE INC.,
Servicer

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

(Account #)

EXHIBIT B
Arbitrage and Tax Certificate

I, the undersigned, hereby certify that I am the duly qualified and acting officer of the lessee identified below ("Lessee"), and that in my official capacity as such officer, I am responsible for executing and delivering on behalf of Lessee the Master Lease-Purchase Agreement dated as of _____ and Equipment Schedule No. 1 thereto dated as of _____ (together, the "Lease"), by and between Lessee and Sun Microsystems Finance Inc. ("Lessor"). This Certificate is being issued pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations, Sections 1.148-0 through 1.148-11 and 1.150-1 and 1.150-2 (the "Regulations"). The following facts, estimates and circumstances are in existence on the date of this Certificate or are reasonably expected to occur hereafter.

1. The Lease provides for the lease of certain equipment therein (the "Equipment") by Lessor to Lessee and the lease of the Equipment by Lessee from Lessor. Pursuant to the Lease, Lessee is required to make Rental Payments with respect to the Equipment, comprising principal and interest, on the dates and in the amounts set forth in applicable Payment Schedule to the Lease.

2. Pursuant to the Lease and for the purpose of meeting its obligations under the Lease and assuring Lessee of the availability of moneys needed to pay the cost of the Equipment when due, Lessee, Lessor and _____, as escrow agent ("Escrow Agent"), have executed an escrow agreement dated as of _____ (the "Escrow Agreement").

3. The Escrow Agreement provides that Lessor shall deposit \$ _____, into escrow, to be credited to the Equipment Acquisition Fund created by the Escrow Agreement and held, invested and disbursed with respect to the Equipment and the tax-exempt financing thereof as provided therein. The sum of \$ _____ will also be deposited pursuant to the Escrow Agreement for the taxable financing of Services. Interest earnings on amounts held in escrow not utilized for Equipment acquisition costs or investment fees of the Escrow Agent shall be paid to Lessee as reimbursement of interest paid during the Acquisition Period.

4. A contract or purchase order dated as of _____, 2004, providing for the acquisition and delivery of the Equipment has been executed between Lessee and Sun Microsystems, Inc.

5. The Equipment will be acquired and installed with due diligence and, based upon the provisions of the contract or purchase order described in paragraph 4 hereof, the Equipment will be acquired and installed on or before _____, 2004.

6. All of the spendable proceeds of the Lease will be expended on the Equipment and related expenses within three years from the date of execution of the Lease and Escrow Agreement.

7. The original proceeds of the Lease, and the interest to be earned thereon, do not exceed the amount necessary for the purpose for which the Lease is issued.

8. The interest of Lessee in the Equipment has not been and is not expected during the term of the Lease to be sold or disposed of by Lessee.

9. No sinking fund, reserve fund or any similar fund is expected to be created by Lessee with respect to the Lease and the Rental Payments.

10. Lessee hereby covenants to comply with all requirements of the Code and Regulations relating to the rebate of arbitrage profit to the United States of America. It is expected that all gross proceeds of the Lease will be expended on the Equipment no later than the day which is 13 months after the date of issuance of the Lease.

11. To the best of the knowledge and belief of the undersigned, the expectations of Lessee, as set forth above, are reasonable, and there are no present facts, estimates and circumstances which would change the foregoing expectations.

12. Lessee has not been notified of the listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

WITNESS my hand this ____ day of _____, 2004.

CITY OF OAKLAND,
Lessee

By: _____

Title: _____

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made and entered into as of _____, by and among _____, a _____, (the "Escrow Agent"), Sun Microsystems Finance Inc., a corporation duly organized and existing under the laws of _____ ("Lessor"), and the CITY OF OAKLAND ("Lessee"), a municipal corporation duly organized under the Constitution of the State of California ("State").

In the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

ARTICLE 1: RECITALS

Section 1.01. Lessor and Lessee have entered into a Master Lease-Purchase Agreement dated as of _____ and Equipment Schedule No. 1 thereto dated as of _____ (together, the "Lease"), a duplicate original of which has been furnished to the Escrow Agent, whereby Lessor has agreed to finance for Lessee the acquisition of certain personal property (the "Equipment") and the services (the "Services") described therein on the terms and conditions set forth in the Lease. This Agreement is not intended to alter or change the rights and obligations of Lessor and Lessee under the Lease, but is entirely supplemental thereto.

Section 1.02. The terms capitalized in this Agreement but not defined herein shall have the meanings given to them in the Lease.

Section 1.03. Upon the execution of the Lease and this Agreement and the delivery to Lessor by Lessee of all documents required to be delivered upon execution of the Lease, on the Funding Date, Lessor will deposit or cause to be deposited with the Escrow Agent the sum of \$_____ (the "Escrow Deposit"), which is required to be credited to the Equipment Acquisition Fund established in Article 2 hereof and used to pay the purchase price of the items of Equipment and Services (the "Price"), and, to the extent not needed for this purpose, to pay or prepay Principal coming due under the Lease; all as hereinafter provided. \$_____ of the Escrow Deposit will be used to pay the Price of Equipment and \$_____ will be used to pay the Price of the Services. The Services are financed under the Lease on a taxable basis.

Section 1.04. Under the Lease, Lessee will cause each item of Equipment and the Services to be ordered from the Contractor therefor. The Price to be paid to the Contractor shall be paid solely from the amount deposited with the Escrow Agent as described in Section 1.03 hereof, in accordance with this Agreement.

Section 1.05. Lessor and Lessee agree to employ the Escrow Agent to receive, hold, invest and disburse the moneys to be paid to the Escrow Agent by Lessor as described in Section 1.03, all as hereinafter provided; however, the Escrow Agent shall not be obligated to assume or perform any obligation of Lessee or Lessor or any Contractor with respect thereto or under the Lease by reason of anything contained in this Agreement.

Section 1.06. Each of the parties has authority to enter into this Agreement, and has taken all actions necessary to authorize the execution of this Agreement by the officers whose signatures are affixed hereto.

ARTICLE 2: EQUIPMENT ACQUISITION FUND

Section 2.01. The Escrow Agent shall establish a special escrow fund designated as the "Sun Microsystems Finance Inc. Equipment Acquisition Fund" (the "Equipment Acquisition Fund"), shall keep such Fund separate and apart from all other funds and moneys held by it and shall administer such Fund as provided in this Agreement.

Section 2.02. All moneys paid to the Escrow Agent by Lessor pursuant to Section 1.03 of this Agreement shall be credited to the Equipment Acquisition Fund. The period from the date of deposit with the Escrow Agent to the date specified in Section 2.03 is herein referred to as the "Acquisition Period". The Escrow Agent shall disburse the moneys in the Equipment Acquisition Fund to pay the Price of each item of Equipment and Services, upon receipt with respect thereto of a Payment Request Form attached hereto as Exhibit A, executed by Lessor and Lessee, fully completed and with all supporting documents described therein attached thereto. Upon receipt of a Payment

Exhibit C

Request Form with respect to any item of Equipment or Services, Escrow Agent shall disburse an amount equal to the Price as shown therein directly to the person or entity entitled to payment as specified therein. Lessee agrees that it will submit Payment Request Forms only with respect to operationally complete and functionally independent portions of the Equipment which may be utilized by Lessee without regard to whether the balance of the Equipment is delivered and accepted (hereinafter, "Complete Portions of Equipment"). Lessee acknowledges and agrees that Lessor shall not approve any Payment Request Form which does not describe a Complete Portion of Equipment.

Section 2.03. On _____ 1, 2004, the Escrow Agent shall pay: (1) to Lessor an amount equal to the deposit made by Lessor pursuant to Section 1.03, less the following amounts: (a) the amount previously disbursed to pay the Price of any item of Equipment and Services, (b) an amount thereof equal to the Price of all items of Equipment and Services for which the Escrow Agent has received a Payment Request Form and which has not been paid, and (c) the Escrow Agent's investment fee; and (2) to Lessee the entire remaining balance on deposit in the Equipment Acquisition Fund in reimbursement for interest paid by Lessee during the Acquisition Period. The amount paid to Lessor shall, at Lessor's election, be applied to pay the Principal portion of the next Rental Payment thereafter coming due under the Lease or to pay and prepay a proportionate amount of the Principal portion of all Rental Payments thereafter coming due under the Lease. Within 15 days after receiving such amount Lessor shall notify Lessee as to how it will be applied, and shall furnish to Lessee a new Rental Payment schedule reflecting any changes in Rental Payments due to any prepayment.

Section 2.04. Upon receipt of written notice from Lessor or Lessee that the Lease has been terminated pursuant to Sections 4.2 or 12.2 thereof, the Escrow Agent shall liquidate all investments held in the Equipment Acquisition Fund and transfer the proceeds thereof and all other moneys held in the Equipment Acquisition Fund to Lessor.

Section 2.05. The Escrow Agent shall only be responsible for the safekeeping and investment of the moneys held in the Equipment Acquisition Fund, and the disbursement thereof in accordance with this Article, and shall not be responsible for the authenticity or accuracy of such certifications or documents, the application of amounts paid pursuant to such certifications by the persons or entities to which they are paid, or the sufficiency of the moneys credited to the Equipment Acquisition Fund to make the payments herein required.

ARTICLE 3: MONEYS IN EQUIPMENT ACQUISITION FUND; INVESTMENT

Section 3.01. The moneys and investments held by the Escrow Agent under this Agreement are irrevocably held in trust for the benefit of Lessee and Lessor, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessee or Lessor. Lessor, Lessee and the Escrow Agent intend that the Equipment Acquisition Fund constitute an escrow account in which Lessee has no legal or equitable right, title or interest until satisfaction in full of all conditions contained herein for the disbursement of funds by the Escrow Agent therefrom. However, if the parties' intention that Lessee shall have no legal or equitable right, title or interest until all conditions for disbursement are satisfied in full is not respected in any legal proceeding, the parties hereto intend that Lessor have a security interest in the Equipment Acquisition Fund, and such security interest is hereby granted by Lessee, to secure payment of all sums due to Lessor under the Lease. For such purpose, the Escrow Agent hereby agrees to act as agent for Lessor in connection with the perfection of such security interest and agrees to note, or cause to be noted, on all books and records relating to the Equipment Acquisition Fund, Lessor's interest therein.

Section 3.02. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon order of Lessee only in Qualified Investments, as defined in Section 3.05. Such investments shall be registered in the name of the Escrow Agent and held by the Escrow Agent for the benefit of Lessor. With the approval of Lessee, the Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Article. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available.

Section 3.03. The Escrow Agent shall, without further direction from Lessee, sell such investments as and when required to make any payment from the Equipment Acquisition Fund. Any income received on such investments shall be credited to the Equipment Acquisition Fund.

Section 3.04. The Escrow Agent shall furnish to Lessee and Lessor, reports accounting of all investments and interest and income therefrom. Such accounting shall be furnished monthly and shall also include a report of the balance in the Equipment Acquisition Fund, the amounts disbursed therefrom and the date of final disbursement

Exhibit C

pursuant to Section 2.03 hereof. Neither Lessor nor Escrow Agent shall be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with this Article (other than Escrow Agent in its capacity as obligor under any Qualified Investment). In the event funds in the Equipment Acquisition Fund are insufficient to pay the acquisition costs of the Equipment and Services, Lessee shall deposit additional funds into the Equipment Acquisition Fund in an amount sufficient to pay the balance of the Price.

Section 3.05. As used in this Agreement, the term "Qualified Investments" means (a) securities which are general obligations of or are guaranteed as to the payment of principal and interest by the United States of America; (b) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; (c) commercial paper issued by corporations organized under the laws of a state of the United States which is rated in the highest rating category by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. ("S&P") or Moody's Investors Service, Inc.; (d) money market funds registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 and which have a rating of "AAAm-G", "AAAm" or "AAm" of S&P; or (e) certificates of deposit issued by or other forms of deposit in any national or state bank to extent that such deposits are fully insured by the Federal Deposit Insurance Corporation or any successor agency which is backed by the full faith and credit of the United States. Derivative products are not "Qualified Investments."

ARTICLE 4: ESCROW AGENT'S AUTHORITY; INDEMNIFICATION

Section 4.01. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

Section 4.02. Unless the Escrow Agent is guilty of negligence or misconduct with regard to its duties hereunder, Lessor hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

Section 4.03. If Lessee or Lessor shall be in disagreement about the interpretation of the Lease or this Agreement, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Escrow Agent shall be indemnified by Lessor for all costs, including reasonable attorneys' fees, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Agreement until a final judgment in such action is received.

Section 4.04. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or misconduct.

ARTICLE 5: ESCROW AGENT'S COMPENSATION

Lessor will pay Escrow Agent the sum of \$_____.00 upon execution of this Escrow Agreement as compensation for the services of Escrow Agent provided hereunder for the term of the Escrow Agreement and Lessee shall be responsible for payment of any expenses of Escrow Agent. Lessee also agrees to pay any investment fees of the Escrow Agent and agrees such investment fees may be deducted from interest earnings on the Equipment Acquisition Fund and as provided in Section 2.03 of this Escrow Agreement.

Exhibit C

ARTICLE 6: CHANGE OF ESCROW AGENT

Section 6.01. A national banking association located in the United States or a state bank or trust company organized under the laws of a state of the United States, qualified as a depository of public funds, may be substituted to act as Escrow Agent under this Agreement upon agreement of the parties hereto. Such substitution shall not be deemed to affect the rights or obligations of the parties. Upon any such substitution, the Escrow Agent agrees to assign to such substitute Escrow Agent its rights under this Agreement.

Section 6.02. The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation, which shall be a date not less than 30 days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by Lessee and Lessor.

Section 6.03. The Escrow Agent may appoint an agent to exercise any of the powers, rights or remedies granted to the Escrow Agent under this Agreement, and to hold title to property or to take any other action which may be desirable or necessary.

ARTICLE 7: ADMINISTRATIVE PROVISIONS

Section 7.01. The Escrow Agent shall keep complete and accurate records of all moneys received and disbursed under this Agreement, which shall be available for inspection by Lessee or Lessor, or the agent of either of them, at any time during regular business hours.

Section 7.02. All notices hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in registered form with postage fully prepaid to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time.

Section 7.03. This Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 7.04. Any provisions of this Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

Section 7.05. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any person or entity to whom Lessor has assigned its right to receive Rental Payments under the Lease and any payments due to Lessor hereunder from the after the date when a duplicate original of such assignment is filed with the Escrow Agent.

Section 7.06. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

Section 7.07. This Agreement shall terminate upon disbursement by the Escrow Agent of all moneys held by it hereunder.

Section 7.08. The Agreement (and, with respect to Lessor and Lessee, together with the Lease) constitutes the entire agreement of the parties relating to the subject matter hereof.

Section 7.09. Contemporaneously with the execution hereof, Lessee will deliver to Lessor an Arbitrage and Tax Certificate in the form attached hereto as Exhibit B.

Exhibit C

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement as of the day and year first written above.

Escrow Agent

By: _____

Title: _____

Date: _____

Address:

Attention:

Telephone:

Facsimile:

SUN MICROSYSTEMS FINANCE INC.,
Lessor

By: _____

Title: _____

Date: _____

Address:

Attention:

Telephone:

Facsimile:

CITY OF OAKLAND,
Lessee

By: _____

Title: _____

Date: _____

Address: One Frank Ogawa Plaza, Third Floor
Oakland, CA 94612

Attention: City Manager

Telephone: _____

Facsimile: _____

EXHIBIT A
Payment Request Form No. _____ Relating to
Equipment Schedule No. 1

_____, Escrow Agent under an Escrow Agreement dated as of _____ and among the said Escrow Agent, Sun Microsystems Finance Inc., ("Lessor"), and CITY OF OAKLAND ("Lessee"), is hereby requested to pay, from the Equipment Acquisition Fund held under said Escrow Agreement, to the persons, firms or corporations designated below as payee, the amount set forth opposite each such name, in payment of the Price of the Equipment or Services designated opposite such payee's name and account and described on the attached page(s). The Equipment and Services comprise a portion of the Equipment and Services described in the above-referenced Equipment Schedule. Upon execution of this Payment Request Form by Lessor and Lessee, the description of the Equipment Group subject to the above referenced Equipment Schedule is amended to include the equipment described below and in the attached invoices and/or bills of sale.

<u>Payee</u>	<u>Amount</u>	<u>Equipment</u>	<u>Services</u>
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The undersigned Lessee hereby certifies that:

1. The Equipment and Services described above comprises a portion of the Equipment and Services described in the above-referenced Equipment Schedule, and has been delivered to, tested and inspected by, and accepted by Lessee for the sole purpose of the Lease and subject to the provisions thereof at Section 3.4. The Equipment described herein is operationally complete and functionally independent and may be utilized by Lessee without regard to whether the balance of the Equipment Group is delivered and accepted.

2. If the Payment Request Form relates to a progress payment, the amounts remaining in the Equipment Acquisition Fund are sufficient to acquire and complete the Equipment Group to which the above-referenced Equipment Schedule relates. The amounts requested to be paid as set forth above have not been the basis of a prior request.

3. The representations and warranties of Lessee contained in the Lease are true and correct as of the date hereof.

4. No Non-Appropriation and no Event of Default, or event which with the giving of notice or passage of time or both would constitute an Event of Default, has occurred under the Lease.

Exhibit C

5. Lessee has appropriated or has obtained appropriations of funds sufficient to pay all Rental Payments and all other amounts due under the Lease in the current Fiscal Year.

6. Attached hereto are the following documents:

- Equipment Invoice(s) with detailed description of Equipment (i.e., serial numbers) and Services;
- Proof of payment if Payee is Lessee (i.e., copy of canceled checks);
- If vehicle, title application and MSO with Sun Microsystems Finance Inc. listed as first and only lienholder;
- Insurance Certificate; and
- If this is the final disbursement request, Certificate of Acceptance (Exhibit B to Master Lease-Purchase Agreement).

CITY OF OAKLAND,
Lessee

SUN MICROSYSTEMS INC.,
Lessor

By: SUN MICROSYSTEMS FINANCE INC.,
Servicer

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

(Account #)

EXHIBIT B
Arbitrage and Tax Certificate

I, the undersigned, hereby certify that I am the duly qualified and acting officer of the lessee identified below ("Lessee"), and that in my official capacity as such officer, I am responsible for executing and delivering on behalf of Lessee the Master Lease-Purchase Agreement dated as of _____ and Equipment Schedule No. 1 thereto dated as of _____ (together, the "Lease"), by and between Lessee and Sun Microsystems Finance Inc. ("Lessor"). This Certificate is being issued pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations, Sections 1.148-0 through 1.148-11 and 1.150-1 and 1.150-2 (the "Regulations"). The following facts, estimates and circumstances are in existence on the date of this Certificate or are reasonably expected to occur hereafter.

1. The Lease provides for the lease of certain equipment therein (the "Equipment") by Lessor to Lessee and the lease of the Equipment by Lessee from Lessor. Pursuant to the Lease, Lessee is required to make Rental Payments with respect to the Equipment, comprising principal and interest, on the dates and in the amounts set forth in applicable Payment Schedule to the Lease.

2. Pursuant to the Lease and for the purpose of meeting its obligations under the Lease and assuring Lessee of the availability of moneys needed to pay the cost of the Equipment when due, Lessee, Lessor and _____, as escrow agent ("Escrow Agent"), have executed an escrow agreement dated as of _____ (the "Escrow Agreement").

3. The Escrow Agreement provides that Lessor shall deposit \$ _____, into escrow, to be credited to the Equipment Acquisition Fund created by the Escrow Agreement and held, invested and disbursed with respect to the Equipment and the tax-exempt financing thereof as provided therein. The sum of \$ _____ will also be deposited pursuant to the Escrow Agreement for the taxable financing of Services. Interest earnings on amounts held in escrow not utilized for Equipment acquisition costs or investment fees of the Escrow Agent shall be paid to Lessee as reimbursement of interest paid during the Acquisition Period.

4. A contract or purchase order dated as of _____, 2004, providing for the acquisition and delivery of the Equipment has been executed between Lessee and Sun Microsystems, Inc.

5. The Equipment will be acquired and installed with due diligence and, based upon the provisions of the contract or purchase order described in paragraph 4 hereof, the Equipment will be acquired and installed on or before _____, 2004.

6. All of the spendable proceeds of the Lease will be expended on the Equipment and related expenses within three years from the date of execution of the Lease and Escrow Agreement.

7. The original proceeds of the Lease, and the interest to be earned thereon, do not exceed the amount necessary for the purpose for which the Lease is issued.

8. The interest of Lessee in the Equipment has not been and is not expected during the term of the Lease to be sold or disposed of by Lessee.

9. No sinking fund, reserve fund or any similar fund is expected to be created by Lessee with respect to the Lease and the Rental Payments.

10. Lessee hereby covenants to comply with all requirements of the Code and Regulations relating to the rebate of arbitrage profit to the United States of America. It is expected that all gross proceeds of the Lease will be expended on the Equipment no later than the day which is 13 months after the date of issuance of the Lease.

11. To the best of the knowledge and belief of the undersigned, the expectations of Lessee, as set forth above, are reasonable, and there are no present facts, estimates and circumstances which would change the foregoing expectations.

12. Lessee has not been notified of the listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

WITNESS my hand this ____ day of _____, 2004.

CITY OF OAKLAND,
Lessee

By: _____

Title: _____

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FINANCE & MANAGEMENT CMTE.

MAR 23 2004