

Council Meeting of
July 18, 2006

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Subject: Approve a 60 month lease agreement with GE Capital Public Finance Inc. for the lease/purchase of a Canon imageRUNNER 6570 scanner with desk top scanners

**Expenditure: \$40,627.86
(includes one-time purchase cost for 10 desk top
scanners and annual maintenance)**

Ref: County of Los Angeles Contract 42364

RECOMMENDATION

It is the recommendation of the Finance Director that the City Council approve a 60 month lease agreement with GE Capital Public Finance Inc. of Minneapolis, MN for the lease/purchase of one industrial strength document imaging system (Canon imageRUNNER 6570 with E-copy connector) in the amount of \$6,103.74 annually for a total of \$30,519.00, as a cooperative purchase with the County of Los Angeles, and the purchase of 10 desk top scanners with connection services with IKON Office Solutions of Los Angeles, CA in the amount of \$8,408.86 plus an annual maintenance cost of \$1,700.00.

Funding

Funding is available in the Capital Improvement Fund Imaging System project (FEAP 433) and from the Finance Department's operating budget.

BACKGROUND/ANALYSIS

In fiscal year 2002 the Finance Department, in conjunction with the City Clerk's office, began looking at various document imaging systems that could handle the document imaging needs of all City departments. Many of the imaging systems that were looked at either did not meet the City's overall imaging needs or their cost exceeded any benefit derived from acquiring the system. In recent years, various departments in the City have purchased document imaging systems that met the requirements of the City's records retention plan (City Attorney, Community Development and Police) and also assisted the departments in their respective record storage needs.

The Finance Department has looked at the aforementioned systems purchased by the various departments and has found that the imaging system used by the City Attorney's office closely meets its imaging needs.

Space/Storage

There is an ever growing need to maintain document records for federal, state and local government compliance. Currently, the divisions in the Finance Department (such as accounting, auditing, administration, payroll, accounts payable, budget, business license, purchasing and payroll) have their record retention requirements set at seven years. The record retention requirements mandate the department to maintain original documents on site. These mandates and space limitations are forcing departments to find alternative storage means in an attempt to be compliant with legislation and regulations, and to assist in space management.

The Canon ImageRUNNER 6570 is a high speed multi-functional device that will not only handle the current photocopying requirements but it also functions as a printer and a scanner with an output of 65 prints per minute. This new device will give the department the ability to capture, create and communicate information at network speed. The ten (10) small desk top scanners will be used for single page scanning at individual employee workstations. The E copy connector software is used to transport the scanned data to the City's various servers for storage purposes.

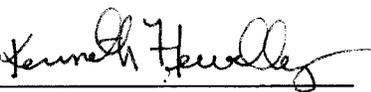
This lease is for the equipment only. It **does not** include the document management software that is needed for indexing and retrieving the scanned documents. Staff is negotiating terms with a document management software firm (the same firm that provided the software and implementation assistance to the City Attorney's office) and will submit an agenda item for that within the next couple of weeks. The equipment must be in place before the document management software is purchased.

The completion of the document imaging project (equipment and software) will allow the department the ability to scan, store and index documents by subject matter, such as vendor name, business license application name or number, purchase order number, etc. The information will no longer be stored in file cabinets, but will be maintained on the computer network. Space management has become a major concern of the department due to the limited work area. Currently, approximately 35% of the Finance Department's work area is comprised of file and storage cabinets. The completion of the document imaging project will considerably reduce the number of file cabinets, which will afford the department more flexibility in its physical office space. The document management system will allow a more efficient method of saving, retrieving and managing documents.

The Torrance Municipal Code (Section 22. 3.15 - EXCEPTIONS; COOPERATIVE PURCHASES) states, " a) The provisions of this Article shall not apply to purchases made pursuant to any cooperative governmental purchase program, which purchases shall be made in accordance with such procedures and regulations as shall be established by the City Manager. b) For the purposes of this Section, the term cooperative governmental purchase program shall mean any combination between the City of Torrance and any other public agency or public agencies for the joint purchase of property or services.

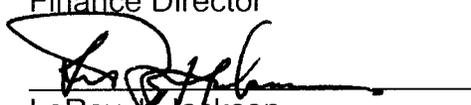
Respectfully submitted,

ERIC E. TSAO
FINANCE DIRECTOR

By 
Kenneth A. Flewellyn
Assistant Finance Director

CONCUR:


Eric E. Tsao
Finance Director


LeRoy Jackson
City Manager

Attachment: Lease Agreement

**EQUIPMENT LEASE-PURCHASE AGREEMENT
DATED June 28, 2006**

Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor, the Equipment described in Exhibit A attached hereto ("Equipment") in accordance with this Equipment Lease-Purchase Agreement ("Lease").

1. **Conditions to Lease.** Lessor shall have no obligation to make payment to the Equipment Vendor for the purchase price of the Equipment or to lease the Equipment to Lessee unless the Equipment has been delivered to Lessee and Lessor receives: (a) the original of this Lease and Exhibit A and B thereto completed and executed by Lessor, Lessee and Lessee's Counsel; (b) a resolution or evidence of other official action taken by or on behalf of Lessee to authorize the acquisition and financing of the Equipment as provided herein; (c) evidence of insurance with respect to the Equipment in compliance with Section 13 hereof; (d) Vendor invoices and/or bill of sale relating to the Equipment and, if such invoices have been paid by Lessee, evidence of payment and, if applicable, evidence of official intent to reimburse such payment as required by the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code"); (e) as applicable, and as required by Lessor, 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 is subject to certificate of title laws; (f) a completed Form 8038-G or -GC executed by Lessee; and (g) any other documents or items required by Lessor.

2. **Term.** The Lease Term will commence on the Date of Issue specified in Exhibit A and will terminate upon the occurrence of the first of the following events: (a) Lessee's nonappropriation of funds in accordance with Section 6; (b) Lessee's payment of the Prepayment Price pursuant to Section 18; (c) default by Lessee and Lessor's election to terminate this Lease under Section 16; or (d) Lessee's payment of all Rental Payments and all other amounts due hereunder.

3. **Rent.** Lessee agrees to pay Rental Payments during the Lease Term on the dates and in the amounts specified in Exhibit A without notice or demand at such address as Lessor or its assignee may from time to time designate in writing. A portion of each Rental Payment is paid as and represents the payment of interest as specified in Exhibit A and interest accrual commences upon the Funding Date. Lessee authorizes Lessor to insert the due dates of the Rental Payments on the Payment Schedule attached to Exhibit A. Lessee shall pay Rental Payments exclusively from moneys legally available therefor. Except as provided in Section 6, the obligation of Lessee to make Rental Payments and any other payments required hereunder is absolute and unconditional in all events. Notwithstanding any dispute between Lessee and Lessor or between Lessee and Equipment Vendor 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 pay Rental Payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment. The obligation of Lessee to pay Rental Payments and other amounts due hereunder in any Fiscal Year of the Lease Term is a current expense of Lessee for such Fiscal Year and is not an indebtedness of Lessee within the meaning of the Constitution or the laws of the State (as such term is defined in Exhibit A). Nothing herein shall constitute a pledge by Lessee of any taxes or any other moneys (other than moneys lawfully appropriated from time to time and the net proceeds of the Equipment or insurance) to the payment of any Rental Payment or other amount coming due hereunder. Lessee reasonably believes that funds can be obtained sufficient to make all Rental Payments during the Lease Term and it is Lessee's intent to make Rental Payments for the full Lease Term if funds are legally available therefor. The Lessee will use all reasonable and lawful means available to secure the appropriation of money in each Fiscal Year of the Lease term sufficient to pay all Rental Payments due therein. The parties acknowledge that appropriation of Rental Payments is a governmental function which Lessee cannot contractually commit itself in advance to perform and this Lease does not constitute such a commitment. Upon payment of all Rent Payments, all other sums due thereunder plus \$1.00, this Lease shall terminate and Lessee shall own the Equipment AS IS, WHEREIS, free and clear of any interest of Lessor.

4. **Acquisition and Delivery of Equipment.** Lessee has ordered the Equipment from the Vendor(s) of its choice and has arranged for delivery and installation of the Equipment. Lessee agrees that Lessor may fill in, when available, the serial numbers of the Equipment and the Funding Date on Exhibit A and that Lessor and its agents shall have the right at all reasonable times to examine and inspect the Equipment and shall have such rights of access to the Equipment as may be reasonably necessary to cause its proper maintenance. Notwithstanding the designation of GE Capital Public Finance, Inc. as Lessor, GE Capital Public Finance, Inc. does not own the Equipment by this Lease is merely financing the acquisition thereof for Lessee. Lessor has not been in the chain of title of the Equipment, does not operate, control or have possession of the Equipment and has no control over Lessee or Lessee's operation, use, storage or maintenance of the Equipment. Lessee is solely responsible for the use, maintenance, operation and storage of the Equipment.

5. **Equipment Warranty Disclaimers.** 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 THE 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 LEASE OR THE EQUIPMENT OR LESSEE'S USE OF THE EQUIPMENT OR ITS INABILITY TO USE THE EQUIPMENT.

6. **Non-Appropriation of Funds.** Lessee shall have the right to terminate its obligation to make Rental Payments under this Lease with respect to all, but not less than all, of the Equipment effective on the last day of any Fiscal Year of Lessee

during the Lease Term if Lessee's governing body does not appropriate money sufficient to pay the Rental Payments coming due for the next Fiscal Year. Lessee may effect such termination by giving Lessor written notice 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 one hundred twenty (120) days prior to the end of the Fiscal Year for which appropriations were made and shall notify Lessor of any anticipated termination. In the event of termination of the Lease as provided in this Section, Lessee shall comply with instructions received from Lessor in accordance with Section 17. If this Lease is terminated by Lessee in accordance with this Section, to the extent permitted by State law, Lessee will not purchase, lease, rent, borrow, seek appropriations for, acquire or otherwise receive the benefits of any personal property to perform the same functions as, or functions taking the place of those performed by any of the Equipment and agrees not to permit such functions to be performed by its own employees or by any agency or entity affiliated with or hired by Lessee for a period of three hundred sixty-five (365) days after such termination; provided, however, these restrictions shall not be applicable in the event the Equipment is sold by Lessor and the net proceeds of such sale is sufficient to pay the applicable Prepayment Price or to the extent that application of these restrictions is unlawful and would affect the validity of this Lease.

7. Lessee Certifications. Lessee represents, covenants and warrants that: (i) Lessee is the State or a duly constituted political subdivision or agency of the State; (ii) the execution and delivery of this Lease by the undersigned officer of Lessee has been authorized by a duly adopted resolution of Lessee's governing body, or by other appropriate official action, and such action is in compliance with all public bidding and other State and Federal Laws applicable to this Lease and the acquisition and financing of the Equipment by Lessee; (iii) all requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease against Lessee; (iv) Lessee will not lease, sublease, sell or contract with a private user for the use of the Equipment, Lessee will calculate and pay any rebate to the Internal Revenue Service and Lessee will comply with the Code and all rules and regulations promulgated thereunder which are applicable to this Lease; (v) 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 Lease or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Lease 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 which would materially and adversely affect any of the transactions contemplated by this Lease, including, but not limited to, Lessee's acquisition of Equipment; (vi) Lessee has sufficient appropriations or other funds available to pay all amounts due hereunder for the current Fiscal Year; and (vii) the Equipment is personal property and does not and will not become fixtures under the law of the State.

8. Title To Equipment; Security Interest. During the Lease Term, legal title to and ownership of the Equipment and any and all repairs, replacements, substitutions and modifications thereto shall be in Lessee and Lessee shall take all actions necessary to vest such title and ownership in Lessee. Lessee grants to Lessor a continuing, first priority security interest in and to 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 first lien and perfected security interest in the Equipment. Lessee hereby irrevocably appoints Lessor or its designee as Lessee's attorney-in-fact to sign such financing statements on Lessee's behalf. If requested by Lessor, Lessee shall obtain a landlord and/or mortgagee's consent and waiver with respect to the Equipment.

9. Use; Repairs; Maintenance. Lessee shall exercise due care in the installation, use, operation and maintenance of the Equipment and shall, at its own expense, make all repairs and replacements necessary to keep the Equipment in good repair and working order, ordinary wear and tear excepted. Lessee shall operate and maintain the Equipment fully in accordance with any insurance policy provision, applicable prevailing industry standards and, if applicable, the manufacturer's specifications therefor. Lessee shall comply with all State and Federal Laws applicable to the installation, use, possession and operation of the Equipment, and if compliance with any such State and Federal Law requires changes or additions to be made to the Equipment, such changes or additions shall be made by Lessee at its expense.

10. Liens and Taxes. Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment, excluding however, all taxes on or measured by Lessor's income. If Lessee fails to pay said charges and taxes when due, Lessor shall have the right, but shall not be obligated to pay said charges and taxes. If Lessor pays any charges or taxes, Lessee shall reimburse Lessor therefor within ten (10) days written demand with interest at the highest rate permitted by applicable law.

11. 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 that in any way relate to or arise out of this Lease and the lease, possession, ownership, maintenance, use, condition, return or operation of the Equipment and 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 Lease.

12. Damage to or Destruction of Equipment. Lessee shall provide a complete written report to Lessor immediately upon any loss, theft, damage or destruction of any Equipment and of any accident involving any Equipment. If all or any part of the Equipment is lost, stolen, destroyed or damaged beyond repair ("Damaged Equipment"), Lessee shall as soon as practicable after such event either: (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 Damaged Equipment immediately prior to the time of the loss occurrence, such replacement equipment to be subject to Lessor's approval, whereupon such replacement equipment shall be substituted in this Lease by appropriate amendment; or (b)

pay the applicable Prepayment Price of the Damaged Equipment determined as set forth in the related Exhibit A. Lessee shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence. If, within forty-five (45) days of the loss occurrence: (a) Lessee fails to notify Lessor; (b) Lessee and Lessor fail to execute an amendment to Exhibit A to delete the Damaged Equipment and add the replacement equipment or (c) Lessee has failed to pay the applicable Prepayment Price, then Lessor may, at its sole discretion, declare the applicable Prepayment Price of the Damaged Equipment, to be immediately due and payable, and Lessee is required to pay the same.

13. **Insurance.** Lessee shall, at its own expense, procure and maintain continuously in effect during the Lease Term insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the greater of the full replacement cost of the Equipment with new equipment having substantially similar specifications or the applicable Prepayment Price of the Equipment. All insurance policies shall be taken out and maintained with insurance companies acceptable to Lessor; and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least thirty (30) days before the cancellation or revision becomes effective. No insurance shall be subject to any co-insurance clause. Each insurance policy shall name Lessor as 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.

14. **Assignment.** Neither this Lease nor any Equipment may be sold, assigned, subleased, transferred, pledged or mortgaged by Lessee. All of Lessor's right, title and/or interest in and to this Lease, including, but not limited to, the Rental Payments and other amounts payable by Lessee and Lessor's interest in the Equipment, may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor at any time, without the consent of Lessee. No such assignment (except an assignment to an affiliate of Lessor or to an entity whose common stock is directly or indirectly one hundred percent (100%) owned by Lessor's parent or indirect parent if Lessor continues to bill and collect Rental Payments) shall be effective against Lessee unless and until written notice of the assignment is provided to Lessee. If requested, Lessee will acknowledge in writing receipt of such notice. Lessee shall keep a complete and accurate record of all such assignments; provided, however, in the event Lessor assigns its interest in this Lease to an affiliate of Lessor, Lessor shall maintain a record of such assignment for the benefit of Lessee. Subject to the provisions hereof, this Lease is binding upon Lessor and Lessee and their respective successors and assigns.

15. **Events of Default.** The following are Events of Default under this 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 termination under Section 6); (b) failure by Lessee to maintain insurance as required by Section 13; (c) failure by Lessee to observe and perform any of its covenants, conditions or agreements 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; (d) the determination by Lessor that any representation or warranty made by Lessee in this Lease was untrue in any material respect upon execution hereof; (e) the default by Lessee under any other contract with or obligation owed to Lessor; or (f) 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.

16. **Remedies.** Whenever any Event of Default 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, with or without terminating this Lease, may declare all Rental Payments due or to become due 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, with or without terminating this Lease, may repossess any or all of the Equipment by giving Lessee written notice to deliver the Equipment in the manner provided in Section 17; or in the event Lessee fails to do so within ten (10) days after receipt of such notice, Lessor may enter upon Lessee's premises where the Equipment is kept and take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys' fees and Lessee hereby expressly waives any damages occasioned by such repossession; provided, however, 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; and (c) Lessor may take any other remedy available at law or in equity with respect to such Event of Default, including those requiring Lessee to perform any of its obligations or to pay any moneys due and payable to Lessor and Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in enforcing any remedy hereunder. If Lessor terminates this Lease and, in its discretion, 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, 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; 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.

17. **Return of Equipment; Release of Lessee's Interest.** Upon termination of this Lease prior to the payment of all Rental Payments or the applicable Prepayment Price, 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 Section 9; (b) if deinstallation, disassembly or crating is required, cause the Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; and (c) return 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 repossess the Equipment and charge to Lessee the costs of such repossession. Upon termination of this Lease in accordance with Section 6 or Section 16 hereof, at the election of Lessor and upon Lessor's written notice to Lessee, full and unencumbered legal title and ownership of the Equipment shall pass to Lessor, Lessee shall have no further interest therein and Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title and ownership to Lessor and termination of Lessee's interest in the Equipment.

18. **Prepayment Option.** Provided there has been no termination under Section 6 or Event of Default, Lessee shall have the option to prepay its obligations under this Lease on any Payment Date for the then applicable Prepayment Price set forth in Exhibit A. Lessee shall give notice to Lessor of its intention to exercise its option not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall deposit with Lessor on the date of exercise an amount equal to all Rental Payments and any other amounts then due under this Lease (including the Rental Payment due on the Payment Date on which the option is exercised) and the applicable Prepayment Price set forth in Exhibit A. On receipt of the Prepayment Price in good funds, this Lease shall terminate and Lessee shall become entitled to the Equipment AS IS, WHERE IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that the Equipment shall not be subject to any lien or encumbrance created by or arising through Lessor.

19. **Late Charge.** Whenever any Event of Default under Section 16 (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 the lesser of five cents (\$.05) per dollar of the delinquent amount or the lawful maximum, 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 that the application thereof would affect the validity of this Lease.

20. **Notices.** All notices to be given under this Lease shall be made in writing and mailed by certified mail, return receipt requested, postage prepaid to the other party at its address set forth beneath its signature herein or at such address as the party may provide in writing from time to time.

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

22. **Governing Law.** This Lease shall be construed in accordance with, and governed by the laws of the State in which the Lessee is located.

23. **Delivery of Related Documents.** Lessee will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Lease.

24. **Entire Agreement; Severability.** This Lease and Exhibit A constitute the entire agreement between the parties with respect to the Equipment and supersede all prior writings and communications, including solicitation documents. This Lease shall not be modified, amended, altered, or changed except with the written consent of Lessee and Lessor. Any provision of the Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Lease.

25. **Usury.** It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in Exhibit A, in no event shall this Lease hereunder require the payment or permit the collection of interest or any amount in the nature of interest or fees in excess of the maximum amount permitted by applicable law. Any such excess interest or fees shall first be applied to reduce Principal, and when no Principal remains, refunded to Lessee. In determining whether the interest paid or payable exceeds the highest lawful rate, the total amount of interest shall be spread through the applicable Lease Term so that the interest is uniform through such term.

26. **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.

27. **Waiver of Jury Trial.** Lessor and Lessee hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Lease.

[REMAINDER OF PAGE INTENTIONALLY BLANK; EXECUTION PAGE FOLLOWS]

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

CITY OF TORRANCE PO # 24794
Lessee
By: [Signature]
Title: Purchasing Manager
Date: 7-5-2006

GE CAPITAL PUBLIC FINANCE, INC.
Lessor
By: _____
Title: Vice President
Date: _____

Address: 3031 Torrance Blvd
Torrance, CA 90503

Address: 8400 Normandale Lake Blvd., Suite 470
Minneapolis, MN 55437

Telephone: 310-618-5820
Facsimile: ~~310-618-5995~~ 310-618-5825

Telephone: (800) 346-3164
Facsimile: (952) 897-5601

CERTIFICATE OF COUNSEL

With respect to the above Lease, I am of the opinion that: (i) Lessee is a state or a fully constituted political subdivision or agency of a state; (ii) Lessee is authorized and has the power under applicable law to enter into the Lease and carry out its obligations thereunder; (iii) the Lease has been duly authorized, approved, executed and delivered by and on behalf of the Lessee and is a legal, valid and binding contract of Lessee enforceable in accordance with its 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 effecting the enforcement of creditor's rights; (iv) the authorization, approval and execution of the Lease and all other proceedings of the Lessee with respect thereto have been performed in accordance with all applicable open meeting, public records, public biddings and other applicable laws; (v) the execution of the Lease and the appropriation of moneys to pay Rental Payments coming due thereunder do not and will not result in the violation of any constitutional, statutory or other limitation relating to indebtedness which may be incurred by Lessee; and (vi) the Lease is approved as to form and substance.

Attorney for Lessee
Signature: [Signature]
Name: Ronald Pohl
Law Firm: CITY ATTORNEY OFFICE

GE CAPITAL PUBLIC FINANCE, INC.

**EXHIBIT A
TO EQUIPMENT LEASE-PURCHASE AGREEMENT
DATED June 28, 2006**

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 Lease by and between Lessee and GE Capital Public Finance, Inc. ("Lessor"), that:

1. **APPROPRIATION:** Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Lease during the current Fiscal Year of Lessee, and such moneys will be applied in payment of all such Rental Payments due and payable during such current Fiscal Year.
2. **ESSENTIAL USE:** During the Lease Term, the Equipment will be used by Lessee to perform the following essential functions:
To complete daily work tasks in the office
3. **FISCAL YEAR:** Lessee's Fiscal Year commences each 7-01 and ends on each 6-30.
4. **STATE:** For the purpose of the Lease, "State" means the State of California.
5. **EQUIPMENT LOCATION:** The Equipment described below is located at the following address:

3031 Torrance Boulevard, Torrance, CA 90503 - Finance Department - 2nd floor

Prior to relocation of the Equipment or portion thereof during the Lease Term, Lessee will provide written notice to Lessor.

6. **INSURANCE:** Lessee will insure the Equipment through one of the two methods listed below (Select One):
 - Commercial Insurance:** A Certificate of Insurance is attached in an amount equal to the greater of the full replacement cost of the Equipment with new equipment having substantially similar specifications or the applicable Prepayment Price of the Equipment. Lessor is listed as loss payee with respect to the attached certificate.
 - Self Insurance:** Lessee will comply with Section 13 through a self-insurance program. Lessee hereby requests Lessor waive the requirements of Section 13 and permit Lessee to self-insure for liability claims and property damage. Lessor agrees that Lessee may satisfy the requirements of Section 13 through self-insurance. By written notice to Lessee, Lessor may revoke its agreement to accept self-insurance in lieu of the insurance required by Section 13 at any time during the Lease Term should Lessee at any time fail to comply with Section 12. Within thirty (30) days of receipt of notice from lessor, Lessee agrees to obtain insurance in compliance with Section 13 and provide evidence thereof to Lessor.
7. **EQUIPMENT DESCRIPTION:** The following description of the Equipment Group is supplemented by the description of items of Equipment in the Contractor's invoices:

<u>Quantity</u>	<u>Cost Per Unit</u>	<u>Description</u>	<u>Serial Number</u>
(1)	\$25,500.00	IKON Copier	
			CANON imageRunner 6570
			PO # 24794
8. **PAYMENT AMOUNT & TERM:** Lessee will make Rental Payments consisting of Principal and Interest at the annual rate as set forth in the attached schedule.
9. **INTEREST RATE:** If the Funding Date does not occur within 60 days of June 28, 2006 then the annual interest rate and Rental Payments detailed on the attached payment schedule may no longer be valid and a new Exhibit A may need to be executed.
10. **DATE OF ISSUE:** August 7, 2006.

CITY OF TORRANCE
Lessee

Bv: *Felicia A. Fra*

Title: Purchasing Manager

Date: 7-5-2006

Attachment: Payment Schedule

**PAYMENT SCHEDULE
RELATING TO EQUIPMENT LEASE-PURCHASE AGREEMENT
DATED June 28, 2006**

Funding Date Aug-07-06
Coupon Rate 7.3085%

<u>Date</u>	<u>Payment Number</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment Price*</u>
Aug-07-06	0	0.00	0.00	0.00	26,010.00
Sep-07-06	1	508.65	353.34	155.31	25,649.59
Oct-07-06	2	508.65	355.50	153.15	25,286.98
Nov-07-06	3	508.65	357.66	150.99	24,922.17
Dec-07-06	4	508.65	359.84	148.81	24,555.13
Jan-07-07	5	508.65	362.03	146.62	24,185.86
Feb-07-07	6	508.65	364.24	144.41	23,814.34
Mar-07-07	7	508.65	366.46	142.19	23,440.55
Apr-07-07	8	508.65	368.69	139.96	23,064.48
May-07-07	9	508.65	370.93	137.72	22,686.14
Jun-07-07	10	508.65	373.19	135.46	22,305.48
Jul-07-07	11	508.65	375.46	133.19	21,922.51
Aug-07-07	12	508.65	377.75	130.90	21,537.21
Sep-07-07	13	508.65	380.05	128.60	21,149.56
Oct-07-07	14	508.65	382.37	126.28	20,759.54
Nov-07-07	15	508.65	384.70	123.95	20,367.15
Dec-07-07	16	508.65	387.04	121.61	19,972.37
Jan-07-08	17	508.65	389.40	119.25	19,575.18
Feb-07-08	18	508.65	391.77	116.88	19,175.57
Mar-07-08	19	508.65	394.15	114.50	18,773.54
Apr-07-08	20	508.65	396.55	112.10	18,369.06
May-07-08	21	508.65	398.97	109.68	17,962.11
Jun-07-08	22	508.65	401.40	107.25	17,552.68
Jul-07-08	23	508.65	403.84	104.81	17,140.76
Aug-07-08	24	508.65	406.30	102.35	16,726.34
Sep-07-08	25	508.65	408.78	99.87	16,309.38
Oct-07-08	26	508.65	411.27	97.38	15,889.89
Nov-07-08	27	508.65	413.77	94.88	15,467.84
Dec-07-08	28	508.65	416.29	92.36	15,043.23
Jan-07-09	29	508.65	418.83	89.82	14,616.02
Feb-07-09	30	508.65	421.38	87.27	14,186.21
Mar-07-09	31	508.65	423.94	84.71	13,753.79
Apr-07-09	32	508.65	426.53	82.12	13,318.73
May-07-09	33	508.65	429.12	79.53	12,881.03
Jun-07-09	34	508.65	431.74	76.91	12,440.65
Jul-07-09	35	508.65	434.37	74.28	11,997.60
Aug-07-09	36	508.65	437.01	71.64	11,551.85
Sep-07-09	37	508.65	439.67	68.98	11,103.38
Oct-07-09	38	508.65	442.35	66.30	10,652.19
Nov-07-09	39	508.65	445.05	63.60	10,198.24
Dec-07-09	40	508.65	447.76	60.89	9,741.52

<u>Date</u>	<u>Payment Number</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment Price*</u>
Jan-07-10	41	508.65	450.48	58.17	9,282.03
Feb-07-10	42	508.65	453.23	55.42	8,819.74
Mar-07-10	43	508.65	455.99	52.66	8,354.63
Apr-07-10	44	508.65	458.76	49.89	7,886.69
May-07-10	45	508.65	461.56	47.09	7,415.90
Jun-07-10	46	508.65	464.37	44.28	6,942.24
Jul-07-10	47	508.65	467.20	41.45	6,465.70
Aug-07-10	48	508.65	470.04	38.61	5,986.26
Sep-07-10	49	508.65	472.91	35.74	5,503.89
Oct-07-10	50	508.65	475.79	32.86	5,018.58
Nov-07-10	51	508.65	478.68	29.97	4,530.33
Dec-07-10	52	508.65	481.60	27.05	4,039.10
Jan-07-11	53	508.65	484.53	24.12	3,544.88
Feb-07-11	54	508.65	487.48	21.17	3,047.65
Mar-07-11	55	508.65	490.45	18.20	2,547.39
Apr-07-11	56	508.65	493.44	15.21	2,044.08
May-07-11	57	508.65	496.44	12.21	1,537.71
Jun-07-11	58	508.65	499.47	9.18	1,028.25
Jul-07-11	59	508.65	502.51	6.14	515.69
Aug-07-11	60	508.65	505.58	3.07	0.00
T O T A L		30,519.00	25,500.00	5,019.00	
		=====	=====	=====	

* After payment of rental payment due on such date

CITY OF TORRANCE
Lessee

GE CAPITAL PUBLIC FINANCE, INC.,
Lessor

By: 

By: _____

Title: Purchasing Manager

Title: Vice President

Date: July 5, 2006

Date: _____

PO # 24794

GE CAPITAL PUBLIC FINANCE, INC.

CERTIFICATE OF ACCEPTANCE

EXHIBIT B
TO EQUIPMENT LEASE-PURCHASE AGREEMENT
DATED June 28, 2006

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 Lease-Purchase Agreement (the "Agreement"), by and between Lessee and GE Capital Public Finance, Inc. ("Lessor"), that:

1. The equipment described in Exhibit A (the "Equipment Group") has been delivered and installed in accordance with Lessee's Specifications, is in good working order and is fully operational and has been fully and finally accepted by Lessee on or before the date indicated below.
2. Rental Payments are due and payable by Lessee on the dates and in the amounts indicated on the Payment Schedule as completed by Lessor.

CITY OF TORRANCE
Lessee

By: _____

Title: Purchasing Manager

Date: _____

PO # 24794