

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of _____, 2014 ("Effective Date"), by and between SOUTHERN CALIFORNIA EDISON, a California corporation ("SCE"), and the CITY OF LANCASTER, a Municipal Corporation and Charter City ("Buyer"). SCE and Buyer are referred to herein individually as a "Party," and together as "Parties".

RECITALS

- A. SCE currently owns nineteen thousand five hundred twenty six (19,526) LS-1 electric streetlight facilities located in the City of Lancaster, of which, seventeen thousand eight hundred and fifty six (17,856) are to be purchased by Buyer.
- B. Buyer has expressed a desire to purchase the Facilities (defined below) from SCE, and SCE is willing to sell the Facilities to Buyer, on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the respective covenants and agreements contained in this Agreement, SCE and Buyer each agree as follows:

1. **DEFINITIONS.** The following terms shall have the meanings ascribed to them below for purposes of this Agreement.

"**Agreement**" has the meaning given in the preamble paragraph.

"**Applicable Requirements**" means all laws, statutes, ordinances, rules, regulations, requirements or orders of any Governmental Authority now in force or that may later be in force, and the terms and conditions of any permit, certificate, license or other requirement.

"**Bill of Sale**" means a document setting forth the Purchase Price as well as any Taxes for which Buyer is responsible with respect to the Facilities specified to be transferred to Buyer in each Phase, which document shall be substantially in the form of **Exhibit B** attached hereto.

"**Business Day**" means a day other than Saturday, Sunday or a day on which (i) banks are legally closed for business in the State of California; or (ii) SCE is closed for business.

"**Buyer**" has the meaning given in the preamble paragraph.

"**CEQA**" has the meaning given in Section 5.2.

"**Claims**" has the meaning given in Section 7.1.

"**Commencement**" has the meaning given in Section 6.2.

"**Commencement Date**" has the meaning in Section 6.1.

"**CPUC**" means the California Public Utilities Commission, or its regulatory successor, as applicable.

"**CPUC Approval**" means a final, unconditional and unappealable decision of the CPUC (including exhaustion of all administrative and judicial remedies or the running of time periods and statutes of limitation for rehearing and judicial review without rehearing or judicial review being sought) approving this Agreement and the transactions contemplated hereby on terms and conditions acceptable to SCE and

Buyer, including approval of [SCE's proposed accounting and rate making treatment of the sale.] [SCE: Please define/describe this accounting/rate making treatment.]

"CPUC Approval Date" means the date on which a decision of the CPCU approving this Agreement and the transactions contemplated hereby on terms and conditions acceptable to SCE in its good faith discretion, including approval of SCE's proposed accounting and ratemaking treatment of the sale, becomes final, unconditional and unappealable (including exhaustion of all administrative and judicial remedies or the running of time periods and statutes of limitation for rehearing and judicial review without rehearing or judicial review being sought).

"Effective Date" has the meaning given in the preamble paragraph.

"Environmental Requirements" means any applicable federal, state and local statutes, regulations or ordinances now in force or that may later be in force relating to the protection of human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or ground water, including federal, state and local laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into air, surface water or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such substances. Environmental Requirements include without limitation: the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. 5101 et seq.); and the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.)

"Estimated CPUC Approval Date" has the meaning given in Section 6.1.

"Excluded Taxes" means (a) taxes (other than any sales, use, gross receipts, or any taxes in the nature of sales, use or gross receipts taxes) imposed on SCE that are capital gains taxes, minimum or alternative minimum taxes, accumulated earnings taxes, franchise taxes or taxes on or measured by gross or net income, capital or net worth of SCE; and (b) personal property taxes to the extent the payment is addressed in Section 3.3(b), and is not required to be reimbursed to SCE by Buyer.

"Facilities" has the meaning given in Section 2.2 and further described in Exhibit A.

"Governmental Authority" means any federal, state, local or other governmental, regulatory or administrative agency, commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority, but excluding Buyer.

"Hazardous Substances" means any hazardous or toxic material or waste, which is or becomes regulated by Environmental Requirement. Without limiting the generality of the foregoing, Hazardous Substances includes any material or substance: (a) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable Environmental Requirements; or (b) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as Hazardous Substance by the United States, the State of

California, any local governmental authority or any political subdivision thereof, or which cause or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or (c) the presence of which poses or threatens to pose a hazard to the health or safety of persons or the environment; or (d) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or (e) which contains lead-based paint or other lead contamination, polychlorinated biphenyls (“PCBs”), or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or (f) which contains radon gas; or (g) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and (h) other potentially hazardous substances, materials, products or conditions.

“**Inventory Date**” means the date on which SCE completed its inventory of the Facilities. [revise if the Inventory Date occurs in the future; in that case the purchase price may need to be revised to reflect actual Inventory.]

“**Land**” means the real property on which the Facilities are located, together with any other real property that is encumbered by Land Rights.

“**Land Rights**” means the easements, leases, permits, franchise agreements or other agreements that grant SCE the right to locate the Facilities on the Land and/or permit access to the Facilities by SCE.

“**Phase**” means the consecutive six-month periods of time during which the Parties will undertake certain activities as set forth in this Agreement with regard to the Facilities identified to each such Phase in Exhibit A.

“**Phase Closing Date**” means the last day of each Phase on which the closing of the purchase and sale of the Facilities in such Phase shall occur.

“**Phase Inspection Period**” has the meaning given in Section 5.1(a).

“**Potential Environmental Hazards**” means electric fields, magnetic fields, electromagnetic fields, electromagnetic radiation, power frequency fields, and extremely low frequency fields, however designated, and whether emitted by electric transmission lines, other distribution equipment or otherwise.

“**Purchase Price**” has the meaning given in Section 3.1.

“**SCE Parties**” means SCE, its affiliates, and each of their respective past, present and future officers, directors, partners, employees, agents, representatives, shareholders, attorneys, affiliates, parent and subsidiary corporations, divisions, insurance carriers, heirs, legal representatives, beneficiaries, executors, administrators, predecessors, transferees, successors and assigns.

“**Severance Activities**” means the activities set forth in Exhibit C to be performed by Buyer and Seller during each Phase (after the applicable Phase Inspection Period expires) with respect to the Facilities to be transferred from Buyer to Seller in such Phase. [SCE to provide description of Severance Activities.]

“**Tax Claim**” has the meaning given in Section 3.3(e).

“**Taxes**” mean all federal, state, local or foreign income, ad valorem, gross receipts, license, payroll, employment, excise, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property including assessments, special assessments, special district assessments, escape assessments, benefit assessments and maintenance assessments, fees or other charges or surcharges of

any nature based on the use or ownership of real property), personal property, sales, use, documentary transfer, registration, value added, alternative and add-on minimum, estimated taxes, and all other taxes of any kind whatsoever, including all interest, penalties, fines and additions thereto, whether disputed or not, including all items for which liability arises as a transferee or successor-in-interest.

2. PURCHASE AND SALES OF FACILITIES.

2.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, SCE agrees to sell, convey, assign, transfer and deliver to Buyer, and Buyer agrees to purchase and acquire from SCE, all of SCE's right, title and interest in the Facilities.

2.2 Description of Facilities. The Facilities consist of Seventeen Thousand Eight Hundred And Fifty Six (17,856) electric streetlight facilities owned by SCE and located within the Buyer's service territory. A detailed description and listing of the Facilities to be purchased and sold is provided **Exhibit A**. The Parties believe that **Exhibit A** contains a reasonably accurate inventory of the LS-1 streetlight facilities owned by SCE within the Buyer's service territory that are considered for sale. If at any time prior to when SCE issues a Bill of Sale to the Buyer for the final Phase the Parties determine that (i) additional streetlight facilities owned by SCE are located within the City of Lancaster that should be included in the purchase and sale transactions pursuant to this Agreement or (ii) streetlight facilities described on **Exhibit A** do not exist within the City of Lancaster or are not owned by SCE, the description of the Facilities in the applicable Bill of Sale shall be modified accordingly, and the Purchase Price shall be adjusted in accordance with **Section 3.1** below. If the Parties determine at any time prior to when SCE issues a Bill of Sale to the Buyer for the final Phase that streetlight facilities described in any Bill of Sale either do not exist within the City of Lancaster or are not owned by SCE, SCE shall have no obligation or liability of any kind to Buyer, and there shall be no adjustment in the Purchase Price, by reason of such error, except as provided in Section 3.1. [SCE to provide list and description of Facilities including designation of specific Facilities to be included in each Phase.]

3. PURCHASE PRICE AND OTHER COSTS.

3.1 Purchase Price. Subject to adjustment as provided in this Section 3.1, the total purchase price for all the facilities ("**Purchase Price**") is Eleven Million Five Hundred Thousand Dollars (\$11,500,000). The total Purchase Price is based upon the Facilities as of the Inventory Date. If any additions to or retirements from the Facilities are made after the Inventory Date and prior to the Commencement Date, the Purchase Price shall be adjusted upward or downward, as the case may be, in accordance with the [Replacement Cost New Less Depreciation Method] of valuing assets. [SCE to define this method and describe how it will be applied to adjust the Purchase Price.] SCE shall provide Buyer with written notice of the adjusted Purchase Price at least ten (10) Business Days prior to the Commencement Date.

3.2 Severance Costs. In addition to the Purchase Price, Buyer shall pay to SCE, within ten (10) Business Days after SCE's written invoice, SCE's good faith estimate of the cost of SCE's Severance Activities ("**Severance Costs**"), provided that SCE shall not request any Severance Costs until after the CPUC Approval Date. The preliminary estimated Severance Costs at the time of execution of the Agreement are \$_____. Within sixty (60) days after the last Phase Closing Date, Buyer shall reimburse SCE as invoiced by SCE the total amount by which SCE's total actual Severance Costs are in excess of the above estimate, or SCE shall refund to Buyer any amount by which SCE's total actual Severance Costs are less than the above estimate, as applicable. If the Commencement does not occur for any reason other than Buyer's breach of this Agreement, any remaining balance of the Severance Costs not actually expended by SCE shall be returned to Buyer within ten (10) Business Days following termination of this Agreement or the applicable Phase Closing Date, as applicable.

3.3 Taxes.

(a) Except for any Excluded Taxes for which Buyer will have no liability, Buyer shall pay all Taxes arising in connection with the sale and transfer of the Facilities, this Agreement or the transactions contemplated herein, or the receipt of the Purchase Price or other amounts hereunder, which Taxes are levied or imposed on or with respect to SCE, Buyer or all or any part of the Facilities or any use thereof on or after the applicable Phase Closing Date.

(b) State and local personal property Taxes relating to the Facilities for the tax year (ending June 30) will be prorated between Buyer and SCE on the following basis: SCE is to be responsible for all such Taxes for the period up to the Phase Closing Date for such Facilities; and Buyer is responsible for all such Taxes for the period on and after the Phase Closing Date for such Facilities. All Taxes assessed on an annual basis will be prorated on the assumption that an equal amount of Taxes applies to each day of the year, regardless of how many payments are billed or made, except that Buyer will bear all supplemental or other state and local personal property Taxes with arise out of change in ownership of the Facilities. In addition, Buyer acknowledges that the Facilities are assessed by the California State Board of Equalization as of January 1 of each year, and, if the Phase Closing Date occurs between January 1 and June 30, SCE must pay personal property taxes arising out of the ownership of the Facilities for the subsequent fiscal year. If the Phase Closing Date occurs between January 1 and June 30, Buyer will deposit with SCE the full amount to pay personal property taxes for the tax year beginning on July 1, in addition to the prorated amount of personal property taxes for the current tax year (ending June 30), and SCE will pay the personal property taxes for these tax years before they become delinquent; provided however, SCE may pay such taxes in installments as permitted by law. If the personal property tax amounts owing for

the tax year beginning on July 1 are not available as of the Phase Closing Date, then the amount due from Buyer to SCE for such tax year will be estimated on the basis of the prior year's personal property taxes and such amount will be subject to adjustment after the Phase Closing Date. If the Phase Closing Date occurs between July 1 and December 31, Buyer will deposit with SCE the prorated amount of personal property taxes for the tax year in which the Phase Closing Date occurs and SCE will pay the personal property taxes for such tax year before they become delinquent; provided however, SCE may pay such taxes in installments as permitted by law.

(c) SCE will be entitled to any refunds or credits of Taxes relating to the Facilities that are allocable to the period prior to the Phase Closing Date. Buyer will promptly notify and forward to SCE the amounts of any such refunds or credits to SCE within five (5) Business Days after receipt thereof. Buyer will be entitled to any refund or credit of Taxes relating to the Facilities that are allocable to the period on and after the Phase Closing Date. SCE agrees to reasonably cooperate with Buyer's efforts to obtain such refund or credit.

(d) After each Phase Closing Date, Buyer will notify SCE in writing, within five (5) Business Days after Buyer's receipt of any correspondence, notice or other communication from a taxing authority or any representative thereof, of any pending or threatened tax audit, or any pending or threatened judicial or administrative proceeding that involves Taxes relating to the Facilities for the period prior to the Phase Closing Date, and furnish SCE with copies of all correspondence received from any taxing authority in connection with any audit or information request with respect to any such Taxes relating to the Facilities for the period prior to the Phase Closing Date.

(e) Notwithstanding any provision of this Agreement to the contrary, with respect to any claim for refund, audit, examination, notice of deficiency or assessment or any judicial or administrative proceeding that involves Taxes relating to the Facilities for the period either entirely prior to the Phase Closing Date or both prior to and after the Phase Closing Date (collectively, "**Tax Claim**"), the Parties will reasonably cooperate with each other in contesting any Tax Claim, including making available original books, records, documents and information for inspection, copying and, if necessary, introduction as evidence to any such Tax Claim contest and making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder with respect to such Tax Claim or to testify at proceedings relating to such Tax Claim. SCE will control all proceedings taken in connection with any Tax Claim that pertains entirely to the period prior to the Phase Closing Date, and SCE and Buyer will jointly control all proceedings taken in connection with any Tax Claim pertaining to the period both prior to and after the Phase Closing Date. Buyer has no right to settle or otherwise compromise any Tax Claim which pertains entirely to the period prior to the Phase Closing Date; and neither Party has the right to settle or otherwise compromise any Tax Claim

which pertains to the periods both prior to and after the Phase Closing Date without the other Party's prior written consent.

(f) The obligations of the Parties pursuant to the Section 3.3 shall survive the termination of this Agreement.

4. CONDITIONS PRECEDENT

4.1 Conditions to Buyer's Obligations. Buyer's obligation under this Agreement to purchase the Facilities is subject to the fulfillment or waiver of each of the following conditions precedent:

(a) SCE shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement to be performed or complied with by SCE at or prior to the Commencement Date and each Phase Closing Date.

(b) No suit, action or other proceeding shall be pending before any court or Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain material damages or other material relief in connection with this Agreement or the transactions contemplated hereby.

(c) Buyer shall have obtained financing necessary to pay the Purchase Price for the applicable Phase.

(d) Buyer shall have obtained property and liability insurance policies covering the Facilities in the applicable Phase to commence upon the Phase Closing Date.

4.2 Conditions to SCE's Obligations SCE's obligation under this Agreement to sell the Facilities to Buyer is subject to the fulfillment or waiver of each of the following conditions precedent:

(a) Buyer shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement to be performed by Buyer at or prior to the Commencement and each Phase Closing.

(b) No suit, action or other proceeding shall be pending before any court or Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain material damages or other material relief in connection with this Agreement or the transactions contemplated hereby.

4.3 CPUC Approval. The obligation of each Party to consummate the purchase and the sale of the Facilities is conditioned upon obtaining CPUC Approval on or prior to the Estimated CPUC Approval Date. SCE shall have the right (but not the obligation) to extend the Estimated CPUC Approval Date as set forth in Section 6.1. Buyer agrees to cooperate with SCE's efforts to obtain CPUC Approval, including by promptly reviewing the application for CPUC Approval and, if the form and content of such application are acceptable to Buyer and Buyer's City Attorney, signing such application. Buyer acknowledges and agrees that SCE makes no representation or warranty with respect to the likelihood of obtaining CPUC Approval, and Buyer hereby waives all Claims against SCE that may arise as a result of the need for CPUC Approval or SCE's failure to obtain CPUC

Approval. If CPUC Approval has not been obtained on or prior to the Estimated CPUC Approval Date, as the same may be extended, the provisions of Section 6.1 below shall apply.

4.4 Satisfaction or Waiver of Conditions. Buyer may waive in writing any of the conditions precedent set forth in Section 4.1, and SCE may waive in writing any of the conditions precedent set forth in Section 4.2. Neither Party shall have the right to waive the condition precedent set forth in Section 4.3. Subject to the foregoing, in the event that any of the conditions precedent set forth in this Section 4.1 or Section 4.2 have not been satisfied or waived on or before the CPUC Approval Date (as the same may be extended), then the Party whose obligations are subject to such condition precedent shall have the right to terminate this Agreement upon written notice to the other Party, and SCE and Buyer shall thereupon each be released from all obligations under this Agreement, except those which expressly survive termination.

5. CONDITION OF FACILITIES AND LAND RIGHTS

5.1 Right of Inspection

(a) For a period not to exceed ninety (90) Business Days following the commencement of each Phase (each, a “**Phase Inspection Period**”), Buyer and Buyer’s authorized representatives may visually inspect the Facilities (but no invasive testing of the Facilities or soil or groundwater sampling may be conducted) and otherwise evaluate the condition of the Facilities, the Land Rights Buyer may need to acquire to own, operate and maintain the Facilities, any liabilities that may be associated with the acquisition of the Facilities and any other matters relevant to Buyer’s consideration of whether to acquire the Facilities.

(b) Within five (5) Business Days following commencement of each Phase Inspection Period, SCE shall deliver to Buyer true, correct and complete copies of any and all documents and reports in the possession of SCE or available to SCE from any contractor, consultant or other third party relating to the description, location, age, condition, maintenance and replacement activities, Land Rights or other rights, duties, obligations and/or liabilities relating to the Facilities in the applicable Phase, including SCE’s current streetlight maps and maintenance records related to the Facilities transferred to Buyer in such Phase.

(c) Buyer shall notify John King, SCE’s Sr. Account Manager, by telephone at (626) 278-4057 not less than seventy-two (72) hours prior to Buyer or Buyer’s representatives performing any inspection of the Facilities. No such inspection shall interfere with SCE’s use of the Facilities, and SCE shall have the right to have a representative accompany Buyer on each such inspection.

(d) If Buyer is not reasonably satisfied with the results of its inspection of the Facilities for any reason, Buyer shall have the right to terminate this Agreement with respect to the applicable Phase by written notice to SCE given prior to the expiration of the Phase Inspection Period. If Buyer elects to terminate this Agreement with respect to a Phase prior to the expiration of the Phase Inspection Period, SCE and Buyer shall thereupon each be released from any obligations under this Agreement with respect to the applicable Phase, except those which expressly survive termination. If Buyer does not terminate this Agreement with

respect to a Phase prior to the expiration of the Phase Inspection Period, Buyer shall have no further right to terminate this Agreement with respect to such Phase based upon the physical condition of the Facilities included in such Phase (regardless of any changes in the condition of the Facilities or any facts or circumstances of which Buyer may become aware following the Phase Inspection Period); and in addition to all other claims waived by Buyer hereunder, Buyer shall be deemed to have waived any and all rights or claims against SCE with respect to matters discovered prior to the expiration of the Phase Inspection Period. If Buyer does not exercise its inspection rights hereunder, Buyer shall be deemed to have waived any and all claims against SCE with respect to, any and all facts and circumstances that a diligent inspection of the Facilities in the applicable Phase should have discovered.

5.2 Compliance with Applicable Requirements and Governmental Approvals.

Except for CPUC Approval, Buyer is solely responsible for complying, at Buyer's sole expense, with all Applicable Requirements and obtaining all authorizations, consents, licenses, permits and approvals of Governmental Authorities and third persons in connection with the consummation of the transactions contemplated by this Agreement and with Buyer's operation of the Facilities, whether as result of the PCB content or otherwise. Without limiting the foregoing, Buyer is responsible for any costs of complying with the California Environmental Quality Act ("CEQA"), if and to the extent applicable to the sale and transfer of the Facilities, and satisfying, at Buyer's sole expense, any and all mitigation measures under CEQA that may apply to Buyer's acquisition or operation of the Facilities. Buyer shall promptly notify SCE of any and all mitigation measures that may affect SCE. If SCE determines in good faith that any such mitigation measures may adversely affect SCE, SCE shall have the right without liability to Buyer to terminate this Agreement upon written notice to Buyer. In the event of such termination, SCE and Buyer shall each be released from all obligations under this Agreement, except those that expressly survive termination. Buyer's obligations under this Section 5.2 shall survive the termination of this Agreement.

5.3 Disclosure Regarding Hazardous Substances. SCE hereby discloses to Buyer that Potential Environmental Hazards and Hazardous Substances, including PCBs, may be present at, in, on, under, about, contained in, or incorporated in the Facilities. Buyer represents that it is purchasing the Facilities for Buyer's own use, and not for resale (provided that Buyer contemplates that Buyer may transfer title to the Facilities in connection with financing and/or refinancing of the Facilities). Buyer intends to continue to use the Facilities substantially in the manner in which they are currently being used for distribution purposes. If Buyer sells the Facilities, or any part thereof, it shall disclose, in writing, to all potential Buyers, prior to the sale, that Potential Environmental Hazards and Hazardous Substances, including PCBs, may be present at, in, on, under, about, contained in, or incorporated in the Facilities, or portions thereof. Further, in the event the Facilities (or any portion thereof) are sold, conveyed or transferred in any manner to a person other than SCE, Buyer shall incorporate in

the agreement effectuating such transfer, language substantially in the same form as this paragraph. Buyer's obligations under this Section 5.3 shall survive the termination of this Agreement. Notwithstanding anything to the contrary set forth in this Agreement, SCE approval shall not be required for any conveyance of the Facilities, whether or not such conveyance is made in connection with a financing or refinancing of the Facilities or any part thereof.

- 5.4 Disclaimers Regarding the Facilities and the Land.** BUYER ACKNOWLEDGES THAT IT IS RELYING UPON ITS OWN INDEPENDENT INVESTIGATION IN DECIDING TO PURCHASE THE FACILITIES. BUYER EXPRESSLY DISCLAIMS RELIANCE ON ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES, EITHER EXPRESS OR IMPLIED, BY SCE, ITS OFFICERS, DIRECTORS, COUNSEL, REPRESENTATIVES OR AGENTS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SCE EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE FACILITIES, THE PROSPECTS (FINANCIAL AND OTHERWISE) OF THE FACILITIES, THE QUALITY OF WORKMANSHIP OF THE FACILITIES, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT. SCE FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING POTENTIAL ENVIRONMENTAL HAZARDS, THE PRESENCE OF HAZARDOUS SUBSTANCES, COMPLIANCE OF THE FACILITIES OR THE LAND WHERE THE FACILITIES ARE LOCATED WITH ENVIRONMENTAL REQUIREMENTS, OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL REQUIREMENTS. NO SCHEDULE OR EXHIBIT TO THIS AGREEMENT, NOR ANY OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY SCE, WILL CAUSE OR CREATE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SCE EXPRESSLY DISCLAIMS: (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY; (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR MATERIALS.
- 5.5 "AS IS" SALE.** THE FACILITIES ARE BEING TRANSFERRED "AS IS, WHERE IS, AND WITH ALL FAULTS" IN THEIR EXISTING CONDITION, WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND BY SCE, EXPRESS, IMPLIED OR STATUTORY, AND WITHOUT RECOURSE AGAINST SCE.
- 5.6 Specific Disclaimer Regarding Land Rights.** BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SCE IS NOT ASSIGNING OR OTHERWISE TRANSFERRING ITS RIGHT, TITLE AND INTEREST IN AND TO ANY LAND RIGHTS (OR ANY CLAIM, RIGHT OR BENEFIT ARISING UNDER OR RESULTING FROM SUCH LAND RIGHTS) IN CONNECTION WITH ITS SALE OF THE FACILITIES TO BUYER, AND BUYER ASSUMES ANY AND ALL

RISKS AND LIABILITIES IN CONNECTION WITH THE ABSENCE OF ADEQUATE OR APPROPRIATE LAND RIGHTS.

- 5.7 Maintenance of Facilities Pending Commencement.** From the Effective Date until the Phase Closing Date, SCE will, at its expense, operate and maintain the Facilities in accordance with Streetlight Rate Schedule LS-1, and consistent with SCE's custom and past practices.
- 5.8 New Facilities.** Until the Commencement Date, SCE may continue to install new streetlights in the City of Lancaster in accordance with SCE's standard practices and tariffs and CPUC rules and regulations.

6. COMMENCEMENT AND POST-COMMENCEMENT ACTIVITIES.

- 6.1 Commencement Date.** The "Commencement Date" shall be the date that is sixty (60) days after the CPUC Approval Date. The Parties estimate that CPUC Approval will be obtained by XX/XX/XXXX [to be inserted] (the "Estimated CPUC Approval Date"); provided, however, if the CPUC Approval Date has not occurred on or before the Estimated CPUC Approval Date, SCE shall have the unilateral right (but not the obligation) to extend the Estimated CPUC Approval Date for up to an additional eighteen (18) months, in which case the Commencement Date shall occur on the earlier to occur of (a) the date specified by SCE or (b) one hundred eighty (180) days following the CPUC Approval Date. If SCE fails to obtain CPUC Approval prior to the Estimated CPUC Approval Date, as extended, or SCE fails to obtain CPUC Approval prior to the Estimated CPUC Approval Date and SCE does not elect to extend the Estimated CPUC Approval Date within sixty (60) days after the Estimated CPUC Approval Date, this Agreement shall automatically terminate and, except for provisions that expressly survive the termination of this Agreement, all obligations of the Parties under this Agreement shall terminate. The Parties shall reasonably cooperate in modifying the Commencement Date to accommodate the reasonable requirements of the other Party, provided that in the event of [any emergency situation or for other good cause][discuss], SCE may unilaterally delay the Commencement Date for a maximum of forty-five (45) days by written notice to Buyer.
- 6.2 The Phases.** The first Phase shall commence on the Commencement Date ("Commencement"), and each successive Phase shall follow consecutively thereafter as set forth in Exhibit A. The Parties shall take the following actions during each Phase for the Facilities to be transferred to Buyer in such Phase:
- (a) Buyer shall perform inspection activities as and to the extent desired by Buyer during each Phase Inspection Period.

- (b) During each Phase, following the expiration of the Phase Inspection Period, each Party shall perform and complete its respective Severance Activities. [SCE to provide Exhibit C]
- (c) Not later than ten (10) Business Days prior to each Phase Closing Date, SCE shall deliver to Buyer an original Bill of Sale duly executed by SCE. The Parties agree that delivery of the Bill of Sale shall be effective upon the earlier of (i) delivery to Buyer by hand of an original Bill of Sale or (ii) Buyer's receipt of a facsimile or other electronic transmission of the Bill of Sale. If delivery is made by facsimile or other electronic transmission, SCE shall concurrently send the original Bill of Sale to Buyer by registered or certified mail or overnight courier.
- (d) On each Phase Closing Date, Buyer shall pay to SCE in U.S. dollars the Purchase Price and the Taxes (but not Excluded Taxes) for the Facilities to be transferred to Buyer in such Phase.

6.3 Assumption of Liabilities. On each Phase Closing Date, Buyer will assume all obligations and liabilities of any kind or nature whatsoever related to, whenever arising from, or associated with ownership or possession of the Facilities transferred to Buyer in such Phase.

6.4 Rate Schedule. On each Phase Closing Date, the charge for electricity furnished to the Facilities transferred to Buyer in such Phase will be changed from the [Streetlight Rate Schedule LS-1 to the Streetlight Rate Schedule LS-2b]. [confirm; is further definition needed?]

6.5 Prohibition on Connecting Non-Conforming Load. Buyer acknowledges and agrees that Buyer's purchase of the Facilities does not entitle Buyer to connect non-conforming load to the Facilities or supporting circuits beyond SCE's initial point of connection. If Buyer wishes to connect such non-conforming load, Buyer agrees to comply with SCE's applicable filed tariffs. [SCE to define "Non-conforming Load," "SCE's Point of Connection" and "Applicable Filed Tariffs".]

6.6 Survival. The covenants, agreements, and obligations of SCE and Buyer contained in Section 6.3, Section 6.4, and Section 6.5 shall survive the termination of this Agreement.

7. RELEASE.

7.1 Release. Buyer, for itself, and for any future owners of all or a part of the Facilities, and each of their respective predecessors, successors, assigns, licensees, officers, directors, employees, agents, partners, shareholders, transferees, parent and subsidiary corporations, legal representatives, heirs, beneficiaries, executors and administrators hereby fully and forever releases, discharges and covenants not to sue the SCE Parties of, from or for any and all

losses (including diminution in the value of the Land) and all other costs, claims, demands, actions, suits, orders, causes of action, obligations, controversies, debts, expenses, accounts, damages (including consequential or direct damages), judgments and liabilities of whatever kind or nature (including fines and civil penalties), and by whomsoever asserted, in law, equity or otherwise, whether known or unknown, (each a “**Claim**” and, collectively, “**Claims**”) arising from or in any way connected with the Facilities, including without limitation any Claims relating to SCE’s maintenance of the Facilities prior to each Phase Closing Date, Claims relating to Potential Environmental Hazards, and Claims relating to the presence of PCBs or any other Hazardous Substances in the Facilities, and/or in, on or about the Land.

7.2 Waiver of Civil Code § 1542. With respect to the matters being released in Paragraph 7, and as to those matters only, Buyer does knowingly, after having first obtained the advice of its attorneys, waive all of the provisions of California Civil Code § 1542 (“Section 1542”). Section 1542 reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Buyer acknowledges and agrees that: (a) the releases set forth in Paragraph 7 are intended to extend to and extinguish all claims, causes of action, etc. that are encompassed within the terms of the releases, including those that are not presently known to or suspected by Buyer and (b) it may hereafter discover facts in addition to or different from those which it now believes concerning the subject matter of this Agreement, and that notwithstanding any such new or different facts, the releases contained herein will remain effective. Buyer further acknowledges and agrees that the foregoing waiver of Section 1542 is an essential and material term of this Agreement, without which said consideration would not have been given. Buyer has been advised by its legal counsel regarding this release and waiver and understands and acknowledges the significance and consequences of this release and waiver of Section 1542.

7.3 Survival. The releases, covenants, agreements, and obligations of Buyer contained in Section 7.1 and Section 7.2 shall survive the termination of this Agreement.

8. INDEMNITY. Buyer shall, at its sole cost and expense, indemnify, protect, defend and hold the SCE Parties harmless, to the fullest extent permitted by law, from and against any and all Claims (including the payments of damages, both actual and consequential, the payment of penalties and fines, the payment of the actual fees and expenses of experts, attorneys and others, and the payment of the cost of environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work and other “response costs” under CERCLA or any

other Environmental Requirements) arising from or in any way connected with: (a) any activities or failures to act in connection with this Agreement by Buyer, its employees, agents, or contractors; or (b) the ownership, possession, use or operation of the Facilities transferred to Buyer from and after the Phase Closing Date applicable to such Facilities; or (c) Potential Environmental Hazards relating to the Facilities or the presence, disposal, dumping, escape, seepage, leakage, spillage, discharge, emission, pumping, emptying, injecting, leaching, pouring, release or threatened release of PCBs or any other Hazardous Substances in connection with the Facilities not present or affecting the Facilities or present in, on, or about the Land as of the applicable Phase Closing Date; or (d) the failure of the Facilities to comply with any Applicable Requirements on or after the applicable Phase Closing Date; or (e) Buyer's breach of any of its obligations under this Agreement. If any action or proceeding is brought against any one or more SCE Parties for any Claim against which Buyer is obligated to indemnify or provide a defense hereunder, Buyer, upon written notice from SCE, shall defend the SCE Parties. Buyer's obligation to defend includes the obligation to defend claims and participate in administrative proceedings, even if they are false or fraudulent. The indemnity, defense and other obligations of Buyer in this Section 8 shall survive the termination of this Agreement.

9. MISCELLANEOUS.

- 9.1 Time of Essence.** Time is of the essence of this Agreement and each and every provision hereof.
- 9.2 Further Assurances.** Each Party hereto agrees to execute and deliver to the other Party such further documents or instruments as may be necessary or appropriate in order to carry out the intentions of the Parties as contained in this Agreement.
- 9.3 Binding Effect; Assignment.** This Agreement shall be binding upon, and shall inure to the benefit of, the heirs, successors and assigns of the Parties hereto. Notwithstanding the foregoing, Buyer shall have no right to assign this Agreement or any of its rights or obligations under this Agreement.
- 9.4 Severability.** If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and the provisions of this Agreement are intended to be and shall be severable.
- 9.5 Governing Laws.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California without reference to its conflicts of laws provisions.
- 9.6 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.7 Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or Airborne Express, addressed to the Parties as follows:

If to SCE: Account Services Department
Attention: John King
Southern California Edison
4777 Irwindale Avenue, Mail Stop 6042 A
Irwindale, CA, 91706

If to Buyer: Contact Name
Public Works Director
City of Lancaster
Address
Lancaster, CA Zip Code

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or overnight courier. Any Party may change its address for notice by giving notice to the other Party in accordance with this Section 9.7.

9.8 Attorney's' Fees. In the event that either Party shall bring an action to enforce its rights under this Agreement, the prevailing Party in any such proceeding shall be entitled to recover its reasonable attorneys' fees, investigation expenses and all other out of pocket expenses, including in connection with any appeal thereof. Any such attorneys' fees, costs and expenses incurred by either Party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be recoverable from the other provision of this Agreement and to survive and not be merged into any such judgment. For purposes hereof, the reasonable fees of each Party's in-house attorneys are recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of Los Angeles with approximately the same number of attorneys as are employed by the Party's law department. The covenants of SCE and Buyer contained in this Section 9.8 shall survive the termination of this Agreement

9.9 Limitation on Liability. Buyer expressly agrees that the obligations and liabilities of SCE under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals or representatives of SCE. SCE expressly agrees that the obligations and liabilities of Buyer under this Agreement and any document referenced herein shall not

constitute personal obligations of the officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals or representatives of Buyer. The limitations contained in this Section 9.9 shall survive the termination of this Agreement.

9.10 Exhibits. The following Exhibits are attached hereto and incorporated by reference into this Agreement.

Exhibit A	Description of the Facilities
Exhibit B	Form of Bill of Sale
Exhibit C	Severance Activities
Exhibit D	Radio Equipment
Exhibit E	Pole Attachment License Agreement

9.11 Dispute Resolution. In the event any dispute arises concerning the enforcement and/or interpretation of this Agreement, the Parties agree to attempt initially to settle such claims or disputes in good faith between themselves. Said obligation to discuss settlement of such claims or disputes shall be initiated by written notice of such claim or dispute. Should the Parties not settle such claims or disputes within thirty (30) days of the date of mailing of side notice or within such additional time period to which the Parties agree in writing (the "Negotiation Period"), the Parties may mutually agree to submit any such claim or dispute to mediation. In such case, the Parties will select an independent mediator within thirty (30) days of the expiration of the Negotiation Period (the "Selection Period"), either by mutual agreement or, in the absence of agreement on a mediator, by requesting during the Selection Period that the American Arbitration Association in Los Angeles, California appoint a mediator. The mediation shall be commenced within thirty (30) days of the selection of a mediator by the Parties or the American Arbitration Association. Except as provided herein or by written agreement of the Parties, the mediation shall be conducted in Los Angeles pursuant to the rules of the American Arbitration Association. If the Parties are unable to settle the dispute through discussions or in mediation, each Party shall have the right to pursue all of its remedies at law or in equity. The covenants of Buyer and SCE contained in this Section 9.12 shall survive the termination of this Agreement.

9.12 Radio Equipment. Buyer acknowledges that the Facilities have certain SCE-owned and operated radio equipment attached to them as identified in Exhibit D ("Radio Equipment"). Concurrently with each Phase Closing Date, Buyer shall grant to SCE a cost-free license to leave in place, operate, maintain, replace and remove any Radio Equipment attached to Facilities included in such Phase pursuant to the Pole Attachment License Agreement attached hereto as Exhibit E. Buyer also agrees to enter into future Pole Attachment License Agreements to grant SCE a cost-free license to operate, maintain, replace and remove new and additional Radio Equipment on the Facilities as reasonably requested by SCE. [Subject to review of draft License Agreement.]

9.13 Interpretation. The language in all parts of this Agreement shall be construed according to its normal and usual meaning and not strictly for or against either SCE or Buyer. The headings of the paragraphs of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any terms or provisions hereof. The words “include,” “includes,” and “including” shall be deemed to be followed by the phrase “without limitation.”

9.14 Authority. Each Party represents and warrants that the execution, delivery and performance of this Agreement has been duly authorized by such Party and each person signing this Agreement on its behalf is duly and validly authorized to do so.

9.15 Prior Agreements. This Agreement and the exhibits hereto contain the entire agreement and understating of the Parties relating to the subject matter hereto and shall supersede any prior written or oral agreements or communications between the Parties pertaining to such subject matter.

IN WITNESS WHEREOF, the Parties hereto have caused this agreement to be duly executed as of the date and year first written above.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

SCE:

SOUTHERN CALIFORNIA EDISON,
a California corporation

By: _____

Its: _____

BUYER:

CITY OF LANCASTER,
a California charter city and municipal
corporation

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Allison E. Burns, City Attorney

Exhibit A
Description of Facilities

Exhibit B
Form of Bill of Sale

BILL OF SALE

Pursuant to that certain Purchase And Sale Agreement, dated _____, 2014 (“Agreement”), by and between Southern California Edison, a California corporation (“SCE”), and the City Of Lancaster, a Municipal Corporation and Charter City (“Buyer”), effective on _____ [insert actual effective date], and in consideration of Buyer’s payment of the Purchase Price of \$ _____ and Taxes in the amount of \$ _____, SCE hereby sells, assigns, transfers and delivers to Buyer all of SCE’s right, title and interest in and to the property described in Attachment A (“Facilities”), attached hereto and hereby incorporated herein by this reference. All capitalized terms not defined in this Bill of Sale shall have the meanings given them in the Agreement.

THE FACILITIES ARE BEING TRANSFERRED “AS IS, WHERE IS, AND WITH ALL FAULTS” IN THEIR EXISTING CONDITION, WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND BY SCE, EXPRESS, IMPLIED OR STATUTORY, AND WITHOUT RECOURSE AGAINST SCE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SCE EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE FACILITIES, THE PROSPECTS (FINANCIAL AND OTHERWISE) OF THE FACILITIES, THE QUALITY OF WORKMANSHIP OF THE FACILITIES, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT. SCE FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING POTENTIAL ENVIRONMENTAL HAZARDS, THE PRESENCE OF HAZARDOUS SUBSTANCES, COMPLIANCE OF THE FACILITIES OR THE LAND WHERE THE FACILITIES ARE LOCATED WITH ENVIRONMENTAL REQUIREMENTS, OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL REQUIREMENTS. BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SCE IS NOT ASSIGNING OR OTHERWISE TRANSFERRING ITS RIGHT, TITLE AND INTEREST IN AND TO ANY LAND RIGHTS (OR ANY CLAIM, RIGHT OR BENEFIT ARISING UNDER OR RESULTING FROM SUCH LAND RIGHTS) IN CONNECTION WITH ITS SALE OF THE FACILITIES TO BUYER, AND BUYER ASSUMES ANY AND ALL RISKS AND LIABILITIES IN CONNECTION WITH THE ABSENCE OF ADEQUATE OR APPROPRIATE LAND RIGHTS.

This Bill of Sale is executed pursuant to the authorization contained in the order of the California Public Utilities Commission in its Decision No. _____, dated _____, and is subject to all the terms and conditions of the Agreement, including the provisions set forth above.

The parties represent that they are duly authorized to execute this Bill of Sale.

SOUTHERN CALIFORNIA EDISON COMPANY,
a California corporation

By: _____
(Name of Business Unit VP)
(Title of VP)

Accepted and Agreed:

BUYER:

(CUSTOMER NAME),
a California corporation

By: _____

Name: _____

Title: _____

Exhibit C
Severance Activities

Exhibit D
Radio Equipment

Exhibit E
Pole Attachment License Agreement