



Neal E. Skiver
Senior Vice President,
Energy & Power Finance
neal.e.skiver@bankofamerica.com

Banc of America Public Capital Corp
1234 Saint Michael's Drive
Santa Fe, NM 87505
(505) 473-8833 office
(704) 264-2456 fax

January 13, 2009

John Bergwell
Project Finance Manager
Chevron Energy Solutions
12980 Foster Drive, Suite 400
Overland Park, KS 66213

**Re: City of Lemoore, California
\$1,250,000 Clean Renewable Energy Bond (CREB)**

Dear John:

Thank you for the opportunity to present to you the attached terms and conditions for the financing of the above Clean Renewable Energy Bond ("CREB") transaction with the City of Lemoore, California ("Issuer"). Banc of America Public Capital Corp ("BAPCC" or "Lender") looks forward to the opportunity of providing our industry leading renewable energy equipment finance services for this important project.

This cover letter and the attached term sheet include only a brief description of the principal terms of the proposed transaction. Please understand that this proposal is not a commitment or offer to lend, and does not create any obligation for Lender. Lender will not be responsible or liable for any damages, consequential or otherwise, that may be incurred or alleged by any person or entity, including the Issuer, as a result of this letter. Lender will notify you in writing of its decision if Lender agrees to proceed with the proposed transaction after completing its review and analysis.

Please feel free to contact me at 505-473-8833 to discuss the proposed transaction. Should you accept this proposal, please sign the respective sections of the enclosed copy of this letter within 7 business days and return it to **Banc of America Public Capital Corp, 1234 Saint Michael's Drive, Santa Fe, NM 87505, Attention: Neal Skiver, or by fax to the same attention at fax number: 704-264-2456**

Of course, please do not hesitate to contact me at any time if you have any questions, comments, or requests. I look forward to the opportunity to work with you on this important project.

Very truly yours,
BANC OF AMERICA PUBLIC CAPITAL CORP

By: Neal E. Skiver
Title: Senior Vice President

SUMMARY OF TERMS AND CONDITIONS

Date: January 13, 2009

**Issuer/
Borrower:** City of Lemoore, California

**Purchaser/
Lender:** Banc of America Public Capital Corp, or its designee

Issue: \$1,250,000 Clean Renewable Energy Bond (“CREB”)

**Project
Description:** The proceeds of the CREB will be utilized to pay for (a) the purchase & installation of various energy conservation measures by Chevron Energy Solutions (CES), and (b) related costs of issuance.

Term: **Commencement Date:** It is anticipated that the CREB financing will commence on February 15, 2009.

Term: Approximately 12 years, dependent upon the maximum issuance term permitted under the CREB program by the Department of Treasury on the date that Borrower and Lender reach a binding written commitment for the CREB issuance (the “Commitment Date”). Principal will be repaid annually in equal installments for each calendar year beginning December 15, 2009; interest will be paid semi-annually beginning June 15, 2009.

**Indicative
Supplemental
Coupon Rate:**

1.50% The Indicative Supplemental Coupon Rate is an indicative rate that represents the fixed rate of interest to be paid by the Borrower to the Lender during the CREB term. A sample payment schedule is attached as Exhibit B. A final Supplemental Coupon Rate will be determined by Lender within fifteen (15) business days of closing.

PLEASE BE ADVISED THAT THE PROPOSED INDICATIVE PRICING SET FORTH ABOVE IS ONLY AVAILABLE FOR TRANSACTIONS THAT ARE FULLY FUNDED OR FOR SPECIFIC EQUIPMENT THAT HAS COMMENCED FUNDING UNDER A PROGRESS PAYMENT AGREEMENT PURSUANT TO THIS PROPOSAL WITHIN 90 DAYS OF THE DATE OF THIS PROPOSAL LETTER. THEREAFTER, LESSOR MAY AT ITS DISCRETION ADJUST ITS PRICING TO REFLECT ADVERSE CHANGES IN ITS COST OF FUNDS OR CHANGES GENERALLY IN MARKET CREDIT MARGINS.

**Possible Rate
Adjustment:**

The Supplemental Coupon Rate will be subject to adjustment at the option of the Lender if the IRS CREB tax credit rates and/or the maximum CREB term as determined on the Commitment Date differs significantly to the IRS CREB tax credit rates and/or maximum CREB term in relation to the Lender’s cost of funds and expected CREB financing term at the time of this proposal (the “Lender’s Pricing Date”).

Qualifying

Transaction: The transaction is structured on the assumption, and Borrower will represent among other things, that (a) Borrower is a state or political subdivision of a state, and (b) the project and Borrower are a Qualified Project and Qualified Borrower, respectively, as determined by Treasury Department guidelines with respect to CREB issuance.

CREB

Designation: The transaction shall be structured to qualify as, and shall be designated by Borrower to be, a Clean Renewable Energy Bond under Section 54(f) of the Internal Revenue Code of 1986, as amended.

Security: The CREB shall be a general obligation of the Borrower, subject to review and approval by Bond Counsel. As a general obligation, repayment of the CREB shall not be subject to annual appropriations, renewal, abatement for non-use, or setoff.

Should Bond Counsel determine that repayment of the CREB must be subject to annual appropriations of funds by the Borrower's governing body to satisfy certain state constitutional or statutory requirements, then the Security shall consist of a first priority security interest in the equipment financed with the CREB proceeds.

Reserve Fund: No debt service reserve fund will be required for this transaction.

Make Whole

Provision: Borrower agrees to make the Lender whole in the event the Lender is unable to claim the tax credit as a result of the transaction losing its status as a "Clean Renewable Energy Bond". See Exhibit A for specific language regarding the Make Whole Provision.

Optional

Prepayment: The CREB will not be subject to optional prepayment or early redemption.

Assignment: Lender is bidding to purchase the CREBs for its own account however, subject to the requirements of state law, Lender shall be entitled to assign its right, title and interest in the CREBs to another party provided that any such assignment is on a private placement basis (and not pursuant to any "public offering") to a purchaser(s) who represent that (i) such purchaser has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment (ii) such purchaser understands the contract will not be registered under the Securities Act of 1933, (iii) such purchaser is either an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, or a qualified institutional buyer within the meaning of Rule 144A, and (iv) that it is the intention of such purchaser to acquire such transaction (A) for investment for its own account or (B) for resale in a transaction exempt from registration under the Securities Act of 1933.

Escrow**Account:**

CREB Proceeds shall be deposited into a special fund pursuant to an Acquisition Fund and Account Control Agreement (the “*Escrow*”) entered into among the Borrower, the Lender and a commercial bank acceptable to all the parties (the “*Escrow Agent*”). It is expected that the Escrow Agent will be Deutsche Bank National Trust Company. Funds shall be invested as directed by the Borrower in accordance with applicable statutes and the Borrower shall receive the benefit of all interest earnings. During the installation period, CES shall periodically submit invoices for work completed along with requisition requests to the Lessee. Funds shall be disbursed to CES only upon the Borrower’s written authorization to the Escrow Agent, together with the Lender’s approval of the disbursement request. There are no additional costs associated with opening and maintaining the Escrow, including investment management fees.

Financing**Documents:**

Financing documents in form and substance satisfactory to Lender must be executed and delivered. Borrower will also provide resolutions, certificates and other documentation required by Lender and its counsel.

Private**Placement:**

The proposed transaction must be structured as a private placement. The transaction will not be rated, and will not have CUSIP numbers. An offering document is not required.

Opinions of**Counsel:**

Borrower’s Bond Counsel shall deliver validity and CREBs opinions to Lender at closing in form and substance satisfactory to Lender and its counsel.

Fees and**Expenses:**

Borrower will be responsible for its own costs including the Bond Counsel fee. In addition, the Borrower shall pay Lender an underwriter’s counsel fee of \$7,500 which may be paid to Lender from CREB proceeds as costs of issuance so long as it does not violate CREB statutes or regulations.

Credit Due**Diligence:**

This proposal is an indication of interest in the transaction, and not a commitment to provide financing by the Lender. Consummation of this transaction is subject to credit approval by the Lender and execution and delivery of documentation acceptable to all parties. All fundings are subject to no material adverse change in the financial condition of the Borrower from the time of credit approval. Borrower shall provide the following information to Lender:

- 1) three most recent years of audits;
- 2) copy of current fiscal year budget; and
- 3) CREB application and CREB award letter.

Additional**Information:**

Lender is one of the most frequent providers of financing for CREB transactions nationwide and our financing associates are highly experienced in working with transaction parties for the timely and anticipated closings of CREB transactions. CREB references are available upon request.

Market

Disruption: Notwithstanding anything contained herein to the contrary, in the event any material change shall occur in the financial markets after the date of this term sheet, including but not limited to any governmental action or other event which materially adversely affects the extension of credit by banks, leasing companies or other lending institutions, Lender may modify the indicative pricing described above.

Proposal

Expiration: This proposal shall expire on January 20, 2009, if not previously accepted by Borrower, unless extended by Lender in its sole discretion.

The undersigned, by its authorized representative below, accepts the above proposal, agrees to furnish Lender, its successors and assigns, any information relating to the business or financial condition of borrower or its affiliates, and authorizes Lender, Bank of America and their affiliates to disclose to, discuss with and distribute such information (and any information they may already have) to any other affiliates or proposed assignees or successors of Lender.

Financing Proposal Accepted By:
CITY OF LEMOORE, CALIFORNIA

By: _____

Title: _____

Date: _____

Tax ID: _____

EXHIBIT A

Loss of Clean Renewable Energy Bond Status If any beneficial owner of a Bond (the “Eligible Owner”), either (i) receives notice, in any form, from the Internal Revenue Service that due to a final determination of the Internal Revenue Service (after the Issuer has exhausted all administrative appeal remedies), or (ii) reasonably determines, based on an opinion of an independent tax counsel selected by such Eligible Owner and approved by the Issuer, which approval the Issuer will not unreasonably withhold, that such Eligible Owner is otherwise eligible to use the tax credit (the “Credit”) described in Section 54 of the Internal Revenue Code of 1986, as amended (the “Code”), but may not use the Credit because the Bond is not a “clean renewable energy bond” as defined in Section 54 of the Code then the Issuer shall pay to the Eligible Owner, within thirty (30) days after the Eligible Owner notifies the Issuer of such determination or opinion, the amount which, taking into account all penalties, fines, interest and additions to tax that are imposed on the Eligible Owner as a result of the loss of “clean renewable energy bond” status for the Bond owned by such Eligible Owner, will restore to the Eligible Owner the same after-tax yield on the Bond that the Eligible Owner would have realized from the date of issuance of the Bond to the date of such determination, had the loss of “clean renewable energy bond” status or prepayment or deemed prepayment not occurred. In addition, the Issuer agrees that upon the occurrence of such an event, it will pay an additional amount, on each Credit Allowance Date (as defined in Section 54(b) of the Code) occurring after the date on which the first additional payment was made by the Issuer pursuant to the preceding sentence, as will maintain such after-tax yield to the Eligible Owner through such Credit Allowance Date as long as the Eligible Owner holds the Bond. In the event that the Issuer makes any payment to an Eligible Owner pursuant to this Section and it is subsequently determined, pursuant to a final, conclusive and non-appealable decision of the Internal Revenue Service or a court of competent jurisdiction that the Bond constitutes a “clean renewable energy bond”, the Issuer shall be entitled to reimbursement for all amounts so paid to such Eligible Owner under this Section.

EXHIBIT B

CREB Par Amount	1,250,000.04
CREB Supplemental Interest Rate	1.50%
Financing Term (yrs.)	12
Funding/Closing Date	2/15/09

<i>Pmt. No.</i>	<i>Payment Date</i>	<i>Principal Portion</i>	<i>Interest Portion</i>	<i>Payment Amount</i>	<i>Outstanding Balance</i>
	3/15/09	-	-	-	1,250,000.04
1	6/15/09	-	6,250.00	6,250.00	1,250,000.04
	9/15/09	-	-	-	1,250,000.04
2	12/15/09	104,166.67	9,375.00	113,541.67	1,145,833.37
	3/15/10	-	-	-	1,145,833.37
3	6/15/10	-	8,593.75	8,593.75	1,145,833.37
	9/15/10	-	-	-	1,145,833.37
4	12/15/10	104,166.67	8,593.75	112,760.42	1,041,666.70
	3/15/11	-	-	-	1,041,666.70
5	6/15/11	-	7,812.50	7,812.50	1,041,666.70
	9/15/11	-	-	-	1,041,666.70
6	12/15/11	104,166.67	7,812.50	111,979.17	937,500.03
	3/15/12	-	-	-	937,500.03
7	6/15/12	-	7,031.25	7,031.25	937,500.03
	9/15/12	-	-	-	937,500.03
8	12/15/12	104,166.67	7,031.25	111,197.92	833,333.36
	3/15/13	-	-	-	833,333.36
9	6/15/13	-	6,250.00	6,250.00	833,333.36
	9/15/13	-	-	-	833,333.36
10	12/15/13	104,166.67	6,250.00	110,416.67	729,166.69
	3/15/14	-	-	-	729,166.69
11	6/15/14	-	5,468.75	5,468.75	729,166.69
	9/15/14	-	-	-	729,166.69
12	12/15/14	104,166.67	5,468.75	109,635.42	625,000.02
	3/15/15	-	-	-	625,000.02
13	6/15/15	-	4,687.50	4,687.50	625,000.02
	9/15/15	-	-	-	625,000.02
14	12/15/15	104,166.67	4,687.50	108,854.17	520,833.35
	3/15/16	-	-	-	520,833.35
15	6/15/16	-	3,906.25	3,906.25	520,833.35
	9/15/16	-	-	-	520,833.35
16	12/15/16	104,166.67	3,906.25	108,072.92	416,666.68
	3/15/17	-	-	-	416,666.68
17	6/15/17	-	3,125.00	3,125.00	416,666.68
	9/15/17	-	-	-	416,666.68
18	12/15/17	104,166.67	3,125.00	107,291.67	312,500.01
	3/15/18	-	-	-	312,500.01
19	6/15/18	-	2,343.75	2,343.75	312,500.01
	9/15/18	-	-	-	312,500.01
20	12/15/18	104,166.67	2,343.75	106,510.42	208,333.34
	3/15/19	-	-	-	208,333.34

21	6/15/19	-	1,562.50	1,562.50	208,333.34
	9/15/19	-	-	-	208,333.34
22	12/15/19	104,166.67	1,562.50	105,729.17	104,166.67
	3/15/20	-	-	-	104,166.67
23	6/15/20	-	781.25	781.25	104,166.67
	9/15/20	-	-	-	104,166.67
24	12/15/20	104,166.67	781.25	104,947.92	-
Totals:		1,250,000.04	118,750.00	1,368,750.04	



BANK OF AMERICA ENVIRONMENTAL INITIATIVES

- **1992:** Board approves and publishes environmental principals describing the Bank's commitment to the environment
- **2002:** Bank of America establishes a centralized energy investment pool to invest in energy efficiency technologies.
- **2004:** Bank of America adopts a sustainable forest policy within GCIB and sets aggressive, voluntary goals to reduce greenhouse gas emissions across the company by 9% by 2009. As a means of meeting the targets, the Bank implements and installs energy efficient controls and systems in many Bank offices and sets timelines for retrofitting virtually all offices. In November 2004, Bank of America is awarded the "Star of Energy Efficiency Award" from the Alliance to Save Energy.
- **2005:** Bank receives California's "Flex Your Power Energy Conservation Award" and North Carolina's "Leadership in Sustainable Energy Award" for the Bank's successful energy conservation initiatives and commitment. Bank also receives the "Corporate Climate Champion Award" at the Global Warming Solutions Conference in NYC.
- **2006:** Bank of America announces program to reimburse associates by \$3,000 for the purchase of hybrid vehicles. Bank of America and its customers support forest conservation with "Go Paperless Statement" campaign and \$500,000 pledge to the Nature Conservancy.
- **2007:** Bank of America announces a \$20 billion commitment to environmental and energy saving technologies and initiatives.