

LETTER OF INTENT

The purpose of this "Letter of Intent" is to provide a framework for a proposed loan agreement ("Agreement") between the City of San Leandro ("City") and the San Leandro Unified School District ("SLUSD" or "District") (together, the "Parties") to assist the District in its purchase of real property in the City of San Leandro ("Property").

Background and Current Conditions:

The District is cooperating with Alameda County on a Federal grant application to obtain funding for a school based health center ("Grant"). In order to meet certain funding criteria for the Grant, the District must demonstrate that it intends to purchase real property for purposes of operating the health center.

The City is interested in loaning the District monies out of the City's General Fund reserves to assist in the purchase of real property for the health center. The interest rate, term, and other provisions of the loan would be negotiated by and amongst the Parties. It is the City's understanding that the District intends to payback the City's loan in one or more of the following ways, as permitted by applicable law:

- Payment from District development impact fees; or
- Other means approved by the Parties, including possible dedication of parcels of real property by the District to the City.

Proposed Loan Terms:

1. The City will loan the District up to a maximum amount of one million five hundred thousand dollars (\$1,500,000.00) to be paid off over a defined term at a favorable interest rate to be determined by the Parties, all to be memorialized in the Agreement approved by the respective Parties' governing bodies.
2. As a show of good faith towards repayment of the loan, District will pay City two hundred thousand dollars (\$200,000.00) upon or shortly after execution of the Agreement, which may be applied as a reduction in the loan's principal.
3. The City will not be responsible for any maintenance, upkeep or repair to any property purchased by the District with the funds loaned.

Loan Approval Process:

Both parties hereby understand that this Letter of Intent (and appropriate final Agreement) may be subject to the approval of and/or non-objection by the following agencies/organizations:

1. The City Council for the City of San Leandro
2. The San Leandro Unified School District Board of Education

This letter does not constitute a formal and binding agreement. This letter reflects the Parties' present understanding of the terms and conditions of the proposed Agreement. The Parties expect that the Agreement shall be generally consistent with this Letter of Intent. This Letter of

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July 2012

Intent does not, however, create any legal rights or obligations for the City or the District. It is intended that all legal rights and obligations between the Parties will come into existence only when and if the Agreement is approved by the respective Parties' governing bodies.

This Letter of Intent is hereby approved by the following Parties:

<p>Date: _____, 2012</p> <p>By Cindy Cathey, Superintendent of Schools, San Leandro Unified School District</p> <p>_____</p>	<p>Date: _____, 2012</p> <p>By Chris Zapata, City Manager, City of San Leandro</p> <p>_____</p>
<p>At its public meeting of _____, 2012, the District's governing body approved this Letter of Intent.</p>	<p>At its public meeting of _____, 2012, the City's governing body approved this Letter of Intent.</p>