

## Terms and Conditions:

- Lessor:** Financial Pacific Leasing, Inc., d.b.a. Umpqua Bank Equipment Leasing & Finance, a subsidiary of Umpqua Bank or its assigns (“Lessor”)
- Lessee(s):** County of Humboldt
- Equipment Financing Vehicle:** Municipal Lease-Purchase Agreement
- Equipment & Cost:** One new Caterpillar Compactor & one used Powerscreen Screener, (the “Equipment”). All Equipment shall be satisfactory to Lessor.
- Lease Amount:** Not to exceed \$302,000.00 in the aggregate.
- Lease Term:** Five (5) years
- Payments:** Sixty (60) payments, payable monthly in arrears.
- Lease Rate Factor:** 1.80944% of the Equipment’s original cost. Monthly payment of \$5,464.50
- The lease rate specified above is based upon the like term (5 year) semi-bond Swap Rate sourced from Chatham Financial Market Data (“Index”) at 1.61% as of 1/15/2020. Should the Index increase prior to any lease schedule documentation and commencement, the lease rates shall be adjusted to maintain the economic returns anticipated by Lessor.
- Tax Benefits:** The lease shall be considered a municipal lease/purchase and qualifies for tax-exempt status. Lessee shall pay all fees, assessments, sales, use, property and other taxes imposed, except those levied on the net income of Lessor by the United States, the State of California, or other applicable jurisdiction.
- Commencement Date:** It is contemplated that the Equipment will be installed and acceptable for Lease Commencement on March 15, 2020 and/or on the first or fifteenth day of each month thereafter.
- Interim Rent:** Interim rent will be payable from the funding date to the Lease Commencement Date at a rate equal to the Lease Rate Factor applied on a per diem basis to the amount funded.
- Progress Payments:** Lessor will consider periodically disbursing funds to various Equipment vendors under a progress payment agreement (PPA) between Lessor and Lessee. Any funds outstanding under the PPA shall accrue interest from the date of funding to the lease funding date at the 30 day LIBOR rate + 350bp. Such interest shall be calculated 15 days prior to the 1<sup>st</sup> day of each month and shall be fixed for each monthly period thereafter. Interest shall be payable on the 1<sup>st</sup> day of each month after initial funding. No interest shall be capitalized into the Equipment cost.

**End of Lease Options:** At the end of the initial lease term, Lessee will have the option to purchase all, but not less than all, of the Equipment for \$1.00.

**Expiration of Facility:** All takedowns shall occur prior to December 31, 2020 and without extension, the facility shall expire. Lessor shall have no obligation to lease any item of Equipment after said date.

**Net Lease:** All costs of operation, maintenance, taxes, insurance and other affiliated costs will be paid by Lessee as this transaction has been structured as a net lease.

**Insurance:** Lessee will provide evidence of all-risk physical damage and liability insurance coverage in such amounts and with deductibles all as may be required by Lessor. In addition, endorsements and assignments of such policies shall name Lessor (and its assigns) as loss payee and/or additional insured, as may be required by Lessor. All insurance coverage shall be from a carrier acceptable to Lessor.

**Maintenance:** Lessee shall, at its sole cost and expense, maintain the Equipment in compliance with all statutes, laws, ordinances, regulations, standards, and directives (including environmental) by any governmental agency and the Equipment must be maintained in accordance with all manufacturer's suggested and recommended maintenance procedures including preventive maintenance; and such other maintenance and return conditions as the Lessor may require.

**Documentation:** All legal matters and all documentation to be executed in connection with the contemplated lease shall be satisfactory in form and substance to Lessor and counsel to Lessor.

**Costs & Expenses:** Lessee shall be responsible for all fees, costs and disbursements incurred by Lessor in connection therewith, including without limitation, all fees and disbursements of counsel to Lessor (if any), appraisal costs (if any) and all filing and search fees. A documentation fee of \$500 per lease schedule/takedown will be payable by Lessee.

**Security Deposit:** A \$500.00 security deposit shall be payable to Lessor upon acceptance of this proposal. This security deposit, less all costs and expenses incurred by the Lessor, including but not limited to documentation and attorney's fees, will be refunded should Lessor not offer an approval for this transaction.

If an approval is extended by Lessor and accepted by Lessee, the security deposit shall convert to an approval fee ("Approval Fee"), which would all be non-refundable if the transaction were not consummated. If the contemplated transaction were consummated, the Approval Fee would be refunded pro-rata (funded amount to the Amount approved) less any costs and expenses incurred by Lessor in connection with this transaction.

**Additional Terms  
& Conditions:**

- 1) Any non-appropriation clause in the lease shall be satisfactory to Lessor.
- 2) Anticipated borrowing for 2020 will not exceed \$10,000,000, making

- the lease "Bank Qualified" under section 265(b)(3) of the IRS Code.
- 3) Lessee is a state or political subdivision thereof, within the meaning of Section 103 of the Internal Revenue Code of 1983.
  - 4) Lessor shall receive an Opinion from Lessee's counsel stating that the lease qualifies for tax-exempt financing under IRS guidelines and the Opinion must reference #2 and #3 above.

**Confidentiality:** Except as required by law, neither the proposal nor its Terms and Conditions will be disclosed publicly or privately except to those individuals who are your officers, employees or advisors who have a need to know as a result of being involved in the proposed financing. The foregoing confidentiality provisions shall not apply to the disclosure of the federal income tax structure or treatment of the proposed financing.

**Authorization:** Lessee [and each Guarantor] acknowledges and agrees that Lessor may furnish all Lessee [and Guarantor] presented information, financials, analysis, and related credit and review materials to its employees, counsel and agents as well as its participants and assigns. Lessee [and each Guarantor] authorize Lessor to contact Umpqua Bank, and all trade suppliers and other references of Lessee [and Guarantor], and to order any and all credit checks and investigative reports, all as Lessor deems necessary in connection with the evaluation of the transaction.

This proposal is for discussion purposes only, and is only a general, non-binding proposal on the part of Lessor.

**I/We have reviewed the above Terms and Conditions and request the Lessor to pursue underwriting and approval of a commitment for the described lease agreement.**

Accepted this \_\_\_\_ day of \_\_\_\_\_, 2020

County of Humboldt

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_