

\$5,140,000
EQUIPMENT LEASE PURCHASE AGREEMENT
DATED AS OF JANUARY 15, 2020, BETWEEN
STERLING NATIONAL BANK, AS LESSOR, AND THE
CITY OF LOMPOC, CALIFORNIA, AS LESSEE
CLOSING DATE: JANUARY 15, 2020

LIST OF CLOSING DOCUMENTS

**Document
Number**

1. Equipment Lease Purchase Agreement, with the following exhibits attached:
Exhibit A: Equipment Schedule.
Exhibit B: Payment Schedule.
Exhibit C: Form of Letter of Representations.
2. Escrow Agreement, with the following items attached:
Exhibit A: Certificate of Acceptance and Payment Request.
Schedule 1: Escrow Agent Fees.
3. Third Party Escrow Collateralization Custodian Agreement.
4. Lessee's Closing Certificate, with evidence of authorization from Lessee's governing body attached.
5. Essential Use Certificate.
6. Opinion of Lessee's Counsel.
7. IRS Form 8038-G.
8. Insurance Coverage Requirements, together with certificates of insurance.
9. Certificates of Origin for Titled Vehicles.
10. UCC Search Results.
11. UCC-1 Financing Statement.
12. Form W-9 from Lessee.
13. Letter from Sterling National Bank to Lessee regarding municipal advisor representation; Letter of Representations from Sterling National Bank.
14. CDIAF Filings.
 - A. Report of Proposed Debt Issuance.
 - B. Report of Final Sale.
15. Participation Certificate between Sterling National Bank and Sterling National Funding Corp.; Letter of Representations from Sterling National Funding Corp.
16. Distribution List.

EQUIPMENT LEASE PURCHASE AGREEMENT

THIS EQUIPMENT LEASE PURCHASE AGREEMENT (the “Agreement”), is dated as of January 15, 2020, between **STERLING NATIONAL BANK**, a national banking association organized and existing under the laws of the United States of America, as Lessor (“Lessor”), and the **CITY OF LOMPOC, CALIFORNIA**, a political subdivision organized and existing under the laws of the State of California, as Lessee (“Lessee”), wherein the parties hereby agree as follows:

Section 1. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“**Agreement**” means this Equipment Lease Purchase Agreement and any other schedule, exhibit or escrow agreement made a part hereof by the parties hereto, together with any amendments to this Agreement.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Commencement Date**” is the date when the term of this Agreement and Lessee’s obligation to pay rent commences, which date will be the earlier of (i) the date on which the Equipment is accepted by Lessee in the manner described in **Section 13**, or (ii) the date on which sufficient moneys to purchase the Equipment are deposited for that purpose with an escrow agent.

“**Equipment**” means the property described on the Equipment Schedule attached hereto as **Exhibit A**, which is comprised of the 7-Year Equipment, the 10-Year Equipment and the 15-Year Equipment as set forth therein, and all replacements, substitutions, repairs, restorations, modifications, attachments, accessions, additions and improvements thereof or thereto.

“**Event of Default**” means an Event of Default described in **Section 35**.

“**Issuance Year**” is the calendar year in which the Commencement Date occurs.

“**Lease Term**” means the Original Term and all Renewal Terms, but ending on the occurrence of the earliest event specified in **Section 6**.

“**Lessee**” means the entity described as such in the first paragraph of this Agreement, its successors and its assigns.

“**Lessor**” means the entity described as such in the first paragraph of this Agreement, its successors and its assigns.

“**Maximum Lease Term**” means the Original Term and all Renewal Terms through the Renewal Term including the last Rental Payment Date set forth on the Payment Schedule.

“**Net Proceeds**” means the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys’ fees) incurred in the collection of such claim or award.

“**Original Term**” means the period from the Commencement Date until the end of the fiscal year of Lessee in effect at the Commencement Date.

“**Payment Schedule**” means the schedule of Rental Payments and Purchase Price set forth on **Exhibit B**.

“**Purchase Price**” means the amount set forth on the Payment Schedule that Lessee may, at its option, pay to Lessor to purchase the Equipment.

“**Renewal Terms**” means the optional renewal terms of this Agreement, each having a duration of one year and a term co-extensive with Lessee’s fiscal year.

“**Rental Payment Dates**” means the dates set forth on the Payment Schedule on which Rental Payments are due.

“**Rental Payments**” means the basic rental payments payable by Lessee pursuant to **Section 9**.

“**State**” means the State of California.

“**Vendor**” means the manufacturer of the Equipment as well as the agents or dealers of the manufacturer from whom Lessor purchased or is purchasing the Equipment, as listed on **Exhibit A**.

“7-Year Equipment” means the portion of the Equipment aggregating \$1,770,000 principal amount of the Agreement, as further described on **Exhibit A** attached hereto, bearing interest at the rate of 2.59%, with Rental Payments due and payable by Lessee hereunder on the dates and in the amounts set forth on **Exhibit B-1** attached hereto, and subject to prepayment as described in **Section 31** of this Agreement.

“10-Year Equipment” means the portion of the Equipment aggregating \$1,930,000 principal amount of the Agreement, as further described on **Exhibit A** attached hereto, bearing interest at the rate of 2.64%, with Rental Payments due and payable by Lessee hereunder on the dates and in the amounts set forth on **Exhibit B-2** attached hereto, and subject to prepayment as described in **Section 31** of this Agreement.

“15-Year Equipment” means the portion of the Equipment aggregating \$1,440,000 principal amount of the Agreement, as further described on **Exhibit A** attached hereto, bearing interest at the rate of 2.64%, with Rental Payments due and payable by Lessee hereunder on the dates and in the amounts set forth on **Exhibit B-3** attached hereto, and subject to prepayment as described in **Section 31** of this Agreement.

Section 2. Representations and Covenants of Lessee. Lessee represents, warrants and covenants for the benefit of Lessor as follows:

(a) Lessee is a political subdivision duly organized and existing under the constitution and laws of the State. Lessee will do or cause to be done all things to preserve and keep in full force and effect its existence as a political subdivision. Lessee has a substantial amount of one or more of the following sovereign powers: (i) the power to tax, (ii) the power of eminent domain, and (iii) police power.

(b) Lessee is authorized under the constitution and laws of the State to enter into this Agreement and the transaction contemplated hereby and to perform all of its obligations hereunder.

(c) Lessee has been duly authorized to execute and deliver this Agreement by proper action and approval of its governing body at a meeting duly called, regularly convened and attended throughout by a requisite majority of the members thereof or by other appropriate official approval.

(d) This Agreement constitutes the legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(e) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the Commencement Date.

(f) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the Rental Payments scheduled to come due during the Original Term and to meet its other obligations for the Original Term, and such funds have not been expended for other purposes.

(g) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by Lessee of the Equipment hereunder.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting Lessee, nor to the best knowledge of Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Agreement or any other document, agreement or certificate which is used or contemplated for use in the consummation of the transactions contemplated by this Agreement or materially adversely affect the financial condition or properties of Lessee.

(i) All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by Lessee of this Agreement or in connection with the carrying out by Lessee of its obligations hereunder have been obtained.

(j) The entering into and performance of this Agreement or any other document or agreement contemplated hereby to which Lessee is or is to be a party will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance on any assets of Lessee or the Equipment pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Lessee is a party or by which it or its assets may be bound, except as herein provided.

(k) The Equipment described in this Agreement is essential to the function of Lessee or to the service Lessee provides to its citizens. Lessee has an immediate need for, and expects to make immediate use of, substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future. The Equipment will be used by Lessee only for the purpose of performing one or more of Lessee's governmental or proprietary functions consistent with the permissible scope of Lessee's authority.

(l) Neither the payment of the Rental Payments hereunder nor any portion thereof is (i) secured by any interest in property used or to be used in a trade or business of a non-exempt person (within the meaning of Section 103 of the Code) or in payments in respect of such property or (ii) derived from payments in respect of property, or borrowed money, used or to be used in a trade or business of a non-exempt person (within the meaning of Section 103 of the Code). No portion of the Equipment will be used directly or indirectly in any trade or business carried on by any non-exempt person (within the meaning of Section 103 of the Code).

(m) Lessee will comply with all applicable provisions of the Code, including without limitation Sections 103 and 148 thereof, and the applicable regulations of the Treasury Department to maintain the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation.

(n) Lessee will use the proceeds of this Agreement as soon as practicable and with all reasonable dispatch for the purpose for which this Agreement has been entered into. No part of the proceeds of this Agreement will be invested in any securities, obligations or other investments or used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of this Agreement, would have caused any portion of this Agreement to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the applicable regulations of the Treasury Department.

(o) Lessee has never failed to pay payments coming due under any bond issue, lease purchase agreement or other indebtedness obligation of Lessee.

(p) The useful life of the Equipment described on **Exhibit A** as the 7-Year Equipment, the 10-Year Equipment and the 15-Year Equipment will not be less than 7, 10 and 15 years, respectively.

(q) The application, written statements and credit or financial information submitted by Lessee to Lessor are true and correct and made to induce Lessor to enter into this Agreement and the escrow agreement, and Lessee has experienced no material change in its financial condition since the date(s) of such information.

(r) Lessee has provided Lessor with audited financial statements through June 30, 2018. Lessee has experienced no material change in its financial condition or in the revenues expected to be utilized to meet Rental Payments due under the Agreement since June 30, 2018.

(s) Lessee will pay the excess (if any) of the actual costs of acquiring the Equipment under the Agreement over the amount deposited by Lessor in the escrow fund, if any, established under any related escrow agreement and interest earnings thereon.

(t) Lessee hereby designates this Agreement as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. The aggregate face amount of all tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds) issued or to be issued by Lessee and all subordinate entities thereof during the current calendar year is not reasonably expected to exceed \$10,000,000. Lessee and all subordinate entities thereof will not issue or enter into in excess of \$10,000,000 of tax-exempt obligations (including this Agreement, but excluding private activity bonds other than qualified 501(c)(3) bonds) during the current calendar year, without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations acceptable to Lessor that the designation of this Agreement as a "qualified tax-exempt obligation" will not be adversely affected.

Section 3. Certification as to Arbitrage. Lessee hereby represents as follows:

(a) The estimated total costs of the Equipment, together with any costs of entering into this Agreement that are expected to be financed under this Agreement, will not be less than the total principal portion of the Rental Payments.

(b) The Equipment has been ordered or is expected to be ordered within six months of the Commencement Date, and the Equipment is expected to be delivered, and the Vendor fully paid, within eighteen months of the Commencement Date.

(c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments.

(d) The Equipment has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments.

(e) To the best of our knowledge, information and belief, the above expectations are reasonable.

Section 4. Lease of Equipment. Lessor hereby demises, leases and lets the Equipment to Lessee, and Lessee rents, leases and hires the Equipment from Lessor, in accordance with the provisions of this Agreement, for the Lease Term.

Section 5. Lease Term. The Original Term of this Agreement will commence on the Commencement Date and will terminate on the last day of Lessee's current fiscal year. The Lease Term may be continued, solely at the option of Lessee, at the end of the Original Term or any Renewal Term for an additional Renewal Term up to the Maximum Lease Term. At the end of the Original Term and at the end of each Renewal Term until the Maximum Lease Term has been completed, Lessee will be deemed to have exercised its option to continue this Agreement for the next Renewal Term unless Lessee has terminated this Agreement pursuant to **Section 6** or **Section 31**. The terms and conditions during any Renewal Term will be the same as the terms and conditions during the Original Term, except that the Rental Payments will be as provided in the Payment Schedule.

Section 6. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

(a) the expiration of the Original Term or any Renewal Term of this Agreement and the nonrenewal of this Agreement in the event of nonappropriation of funds pursuant to **Section 8**;

(b) the exercise by Lessee of the option to purchase the Equipment under the provisions of **Section 31** and payment of the Purchase Price and all amounts payable in connection therewith;

(c) a default by Lessee and Lessor's election to terminate this Agreement under **Section 36**; or

(d) the payment by Lessee of all Rental Payments authorized or required to be paid by Lessee hereunder during the Maximum Lease Term.

Section 7. Continuation of Lease Term. Lessee currently intends, subject to the provisions of **Section 8** and **Section 12**, to continue the Lease Term through the Original Term and all of the Renewal Terms and to pay the Rental Payments hereunder. Lessee reasonably believes that legally available funds in an amount sufficient to make all Rental Payments during the Original Term and each of the Renewal Terms can be obtained. The responsible financial officer of Lessee will do all things lawfully within his or her power to obtain and maintain funds from which the Rental Payments may be made, including making provision for such Rental Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of Lessee and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend this Agreement for any Renewal Term is solely within the discretion of the then current governing body of Lessee.

Section 8. Nonappropriation. Lessee is obligated only to pay such Rental Payments under this Agreement as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current fiscal year. In the event sufficient funds will not be appropriated or are not otherwise legally available to pay the Rental Payments required to be paid in the next occurring Renewal Term, as set forth in the Payment Schedule, this Agreement will be deemed to be terminated at the end of the then current Original Term or Renewal Term. Lessee agrees to deliver notice to Lessor of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice will not extend the Lease Term beyond such Original Term or Renewal Term. If this Agreement is terminated in accordance with this Section, Lessee agrees, at Lessee's cost and expense, to peaceably deliver the Equipment to Lessor at the location or locations specified by Lessor.

Section 9. Rental Payments. Lessee will pay Rental Payments from all legally available funds, in lawful money of the United States of America to Lessor in the amounts and on the dates set forth on the Payment Schedule. Rental Payments will be in consideration for Lessee's use of the Equipment during the fiscal year in which such payments are due. Any Rental Payment not received on or before its due date will bear interest at the rate of 7% per annum or the maximum amount permitted by law, whichever is less, from its due date.

In the event that it is determined that any of the interest components of Rental Payments may not be excluded from gross income for purposes of federal income taxation, Lessee agrees to pay to Lessor promptly after any such determination and on each Rental

Payment Date thereafter an additional amount determined by Lessor to compensate Lessor for the loss of such excludability (including without limitation, compensation relating to interest expense, penalties or additions to tax), which determination shall be conclusive absent manifest error.

Section 10. Interest Component. As set forth on the Payment Schedule, a portion of each Rental Payment is paid as, and represents payment of, interest.

Section 11. Rental Payments To Be Unconditional. Except as provided in Section 8, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment to be delivered, any defects, malfunctions, breakdowns or infirmities in the equipment or any accident, condemnation or unforeseen circumstances.

Section 12. Rental Payments to Constitute a Current Expense of Lessee. The obligation of Lessee to pay Rental Payments hereunder will constitute a current expense of Lessee, is from year to year and does not constitute a mandatory payment obligation of Lessee in any fiscal year beyond the then current fiscal year of Lessee. Lessee's obligation hereunder will not in any way be construed to be an indebtedness of Lessee in contravention of any applicable constitutional, charter or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor will anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of Lessee.

Section 13. Delivery and Acceptance of the Equipment. Lessee will order the Equipment, cause the Equipment to be delivered at the location(s) specified on **Exhibit A** and pay any and all delivery costs in connection therewith. When the Equipment has been delivered, Lessee will immediately accept the Equipment and evidence said acceptance by executing and delivering to Lessor an acceptance certificate in form and substance acceptable to Lessor. After it has been delivered and accepted, the Equipment will not be primarily moved from the location(s) specified on **Exhibit A** without Lessor's consent, which consent will not be unreasonably withheld.

Section 14. Enjoyment of Equipment. Lessor hereby covenants to provide Lessee with quiet use and enjoyment of the Equipment during the Lease Term, and Lessee will peaceably and quietly have and hold and enjoy the Equipment during the Lease Term, without suit, trouble or hindrance from Lessor, except as otherwise expressly set forth in this Agreement.

Section 15. Right of Inspection. Lessor will have the right at all reasonable times during regular business hours upon reasonable notice to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

Section 16. Use of the Equipment. Lessee will not use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement. Lessee will obtain all permits and licenses, if any, necessary for the operation of the Equipment. In addition, Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each item of the Equipment) with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body; provided, however, that Lessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Equipment or its interest or rights under this Agreement.

Section 17. Maintenance of Equipment. Lessee agrees that it will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair, working order and condition. Lessor will have no responsibility to maintain, or repair or to make improvements or additions to the Equipment. If requested to do so by Lessor, Lessee will enter into a maintenance contract for the Equipment with Vendor.

Section 18. Title to the Equipment. During the Lease Term, title to the Equipment and any and all additions, repairs, replacements or modifications will vest in Lessee, subject to the rights of Lessor under this Agreement; provided that title will thereafter immediately and without any action by Lessee vest in Lessor, and Lessee will immediately surrender possession of the Equipment to Lessor upon (a) any termination of this Agreement other than termination pursuant to **Section 31** or (b) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to Lessor pursuant to this Section will occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. Lessee will, nevertheless, execute and deliver any such instruments as Lessor may request to evidence such transfer. Lessee irrevocably designates, makes, constitutes and appoints Lessor and its assignee as Lessee's true and lawful attorney (and agent in-fact) with power, at such time of termination or times thereafter as Lessor in its sole and absolute discretion may determine, in Lessee's or Lessor's or such assignee's name, to endorse the name of Lessee upon any bill of sale, document, instrument, invoice, freight bill, bill of lading or similar document relating to the Equipment in order to vest title in Lessor and transfer possession to Lessor.

Section 19. Security Interest. To secure the payment of all of Lessee's obligations under this Agreement and to the extent permitted by law, Lessor retains a security interest constituting a first lien on the Equipment and on all additions, attachments and accessions thereto and substitutions therefor and proceeds therefrom. Lessee agrees to execute such additional documents in form satisfactory to Lessor, that Lessor deems necessary or appropriate to establish and maintain its security interest. Lessee agrees that financing statements may be filed with respect to the security interest in the Equipment.

Lessee will, at Lessee's expense, file an application for and obtain the first certificate of title for any Equipment constituting a vehicle, designating Lessee as owner and Lessor as first lienholder, and a certificate of registration issued in Lessee's name. Lessee will, at Lessee's expense, take such action as shall be necessary from time to time to avoid suspension or revocation of any certificates of title and to renew and maintain all certificates of registration. If Lessee is required to obtain any new certificate of title or of registration, Lessee will, at Lessee's expense and with written notice to Lessor of such action, obtain such new certificate of title or of registration in the form described above. Lessee will provide Lessor with all license, registration and vehicle identification numbers relating to each vehicle and will arrange for the registration and titling of all such vehicles. Lessee will notify Lessor of any changes to the certificate of registration or license plate within 10 days of such change.

As further security therefor, Lessee grants to Lessor a first priority security interest in the cash and negotiable instruments from time to time comprising the escrow fund, if any, established under any related escrow agreement and all proceeds (cash and non-cash) thereof, and agrees with respect thereto that Lessor shall have all the rights and remedies of a secured party.

Section 20. Personal Property. Lessor and Lessee agree that the Equipment is and will remain personal property. The Equipment will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to such real estate or any building thereon. Upon the request of Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

Section 21. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee will keep the Equipment free and clear of all liens, charges and encumbrances, except those created under this Agreement. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Equipment will be exempt from all property taxes and other similar charges. If the use, possession or acquisition of the Equipment is found to be subject to taxation in any form, Lessee will pay all taxes and governmental charges lawfully assessed or levied against or with respect to the Equipment. Lessee will pay all utility and other charges incurred in the use and maintenance of the Equipment. Lessee will pay such taxes and charges as the same become due; provided that, with respect to any such taxes and charges that may lawfully be paid in installments over a period of years, Lessee will be obligated to pay only such installments that accrue during the Lease Term.

Section 22. Insurance. At its own expense, Lessee will maintain (a) casualty insurance insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Lessor in an amount at least equal to the then applicable Purchase Price of the Equipment, (b) liability insurance that protects Lessor from liability in all events in form and amount satisfactory to Lessor, and (c) workers' compensation coverage as required by the laws of the State; provided that, with Lessor's prior written consent, Lessee may self-insure against the risks described in clauses (a) and (b). All insurance proceeds from casualty losses will be payable as hereinafter provided. Lessee will furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

All such casualty and liability insurance will be with insurers that are acceptable to Lessor and will contain a provision to the effect that such insurance will not be cancelled or modified materially without first giving written notice thereof to Lessor at least ten days in advance of such cancellation or modification. All such casualty insurance will name Lessor as a loss payee and additional insured. All such liability insurance will name Lessor as an additional insured.

Section 23. Advances. In the event Lessee fails to maintain the insurance required by this Agreement, pay taxes or charges required to be paid by it under this Agreement or fails to keep the Equipment in good repair and operating condition, Lessor may (but will be under no obligation to) purchase the required policies of insurance and pay the cost of the premiums on the thereof, pay such taxes and charges and make such Equipment repairs or replacements as are necessary and pay the cost thereof. All amounts so advanced by Lessor will become additional rent for the then current Original Term or Renewal Term. Lessee agrees to pay such amounts with interest thereon from the date paid at the rate of 7% per annum or the maximum permitted by law, whichever is less.

Section 24. Financial Information. Lessee shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs. Lessee shall have an annual audit of the financial condition of Lessee made by an independent certified public accountant promptly following the end of each fiscal year. Such report shall include statements in reasonable detail, certified by such accountant, reflecting Lessee's financial position as of the end of such fiscal year and the results of Lessee's operations and

changes in the financial position of its funds for the fiscal year. Lessee shall furnish to Lessor copies of such audit report immediately after it is accepted by Lessee, but not later than three hundred and sixty (360) days after the end of the fiscal year. If the audit is publicly available on Lessee's website or on the "EMMA" website maintained by the Municipal Securities Rulemaking Board, the requirement to provide the audit to Lessor will be satisfied if Lessee emails a link to the posted item to Lessor within such 360-day period. The electronic audit or link may be sent to the following email address (or such other address as Lessor supplies to Lessee in writing): Public_Finance_Servicing@snbcloud.onmicrosoft.com.

Section 25. Release and Indemnification. To the extent permitted by law, Lessee will indemnify, protect and hold harmless Lessor from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and expenses in connection therewith (including, without limitation, reasonable counsel fees and reasonable expenses and any federal income tax and interest and penalties connected therewith imposed on interest received) arising out of or as the result of (a) the entering into this Agreement, (b) the ownership of any item of the Equipment, (c) the manufacturing, ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment, (d) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury or death to any person or (e) the breach of any covenant herein or any material misrepresentation contained herein. The indemnification arising under this paragraph will continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason. Notwithstanding the previous sentence, Lessee shall not indemnify Lessor, or its assignees, for any liabilities, losses and claims resulting from Lessor's negligence or willful misconduct.

Section 26. Risk of Loss. Lessee assumes, from and including the Commencement Date, all risk of loss of or damage to the Equipment from any cause whatsoever. No such loss of or damage to the Equipment nor defect therein nor unfitness or obsolescence thereof will relieve Lessee of the obligation to make Rental Payments or to perform any other obligation under this Agreement.

Section 27. Damage, Destruction, Condemnation; Use of Proceeds. If (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty, or (b) title to, or the temporary use of, the Equipment or any part thereof or the interest of Lessee or Lessor in the Equipment or any part thereof will be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment, unless Lessee has exercised its option to purchase the Equipment pursuant to **Section 31**. Any balance of the Net Proceeds remaining after such work has been completed will be paid to Lessee.

Section 28. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in **Section 27**, Lessee will either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) purchase Lessor's interest in the Equipment pursuant to **Section 31**. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after purchasing the Equipment will be retained by Lessee. If Lessee will make any payments pursuant to this Section, Lessee will not be entitled to any reimbursement therefor from Lessor nor will Lessee be entitled to any diminution of the amounts payable under **Section 9**.

Section 29. Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OR PURPOSE OF THE EQUIPMENT OR AGAINST INFRINGEMENT, OR ANY OTHER WARRANTY OR REPRESENTATION WITH RESPECT THERETO. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY ACTUAL, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE OR MAINTENANCE OF ANY EQUIPMENT OR SERVICES PROVIDED FOR IN THIS AGREEMENT.

Section 30. Vendor's Warranties. Lessee may have rights under the contract evidencing the purchase of the Equipment; Lessee is advised to contact the Vendor for a description of any such rights. Lessee hereby assigns to Lessor during the Lease Term all warranties running from Vendor to Lessee. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee will not be in default hereunder, to assert from time to time whatever claims and rights (including without limitation warranties) related to the Equipment that Lessor may have against the Vendor. Lessee's sole remedy for the breach of any such warranty, indemnification or representation will be against the Vendor, and not against Lessor. Any such matter will not have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or availability of such warranties by the Vendor.

Section 31. Purchase Option; Prepayment.

(a) Lessee will have the option to purchase all, but not less than all of the 7-Year Equipment, the 10-Year Equipment or the 15-Year Equipment, respectively, upon giving written notice to Lessor at least 30 days before the date of prepayment of Lessee's obligation under this Agreement, at the following times and upon the following terms:

(i) On the dates set forth on **Exhibit B-1, Exhibit B-2 and Exhibit B-3**, respectively, upon payment in full of the Rental Payment and all other amounts then due hereunder with respect to the Equipment to be purchased, plus (A) the Purchase Price designated on **Exhibit B-1, Exhibit B-2 or Exhibit B-3**, as applicable, for such purchase date if such purchase date is a Rental Payment Date or the Purchase Price for the immediately preceding Rental Payment Date if such purchase date is not a Rental Payment Date, and (B) if such date is not a Rental Payment Date, an amount equal to the portion of the interest component of the Rental Payment scheduled to come due on the following Rental Payment Date accrued from the immediately preceding Rental Payment Date to such purchase date, computed on the basis of a 360 day year of twelve 30 day months. Upon the application of such prepayment of the 7-Year Equipment, the 10-Year Equipment or the 15-Year Equipment, as applicable, the Payment Schedule set forth on **Exhibit B** will be revised accordingly.

(ii) In the event of substantial damage to or destruction or condemnation (other than by Lessee or any entity controlled by or otherwise affiliated with Lessee) of substantially all of the 7-Year Equipment, the 10-Year Equipment or the 15-Year Equipment, as applicable, on the day Lessee specifies as the purchase date in Lessee's notice to Lessor of its exercise of the purchase option, upon payment in full of the Rental Payment and all other amounts then due hereunder with respect to the 7-Year Equipment, the 10-Year Equipment or the 15-Year Equipment, as applicable, plus (A) the Purchase Price designated on **Exhibit B-1, Exhibit B-2 or Exhibit B-3**, as applicable, for such purchase date if such purchase date is a Rental Payment Date or the Purchase Price for the immediately preceding Rental Payment Date if such purchase date is not a Rental Payment Date, and (B) if such date is not a Rental Payment Date, an amount equal to the portion of the interest component of the Rental Payment scheduled to come due on the following Rental Payment Date accrued from the immediately preceding Rental Payment Date to such purchase date, computed on the basis of a 360 day year of twelve 30 day months. If a Purchase Price is not listed for such date that Lessee has designated as the purchase date, the Purchase Price for that date shall be calculated as the Rental Payment then due with respect to the 7-Year Equipment, the 10-Year Equipment or the 15-Year Equipment, as applicable, plus 100% of the then outstanding principal balance with respect to that Equipment. Upon the application of such prepayment of the 7-Year Equipment, the 10-Year Equipment or the 15-Year Equipment, as applicable, the Payment Schedule set forth on **Exhibit B** will be revised accordingly. Upon the exercise of the option to purchase, title to the vehicles comprising the 7-Year Equipment, the 10-Year Equipment or the 15-Year Equipment, as applicable, will be vested in Lessee, free and clear of any claim by or through Lessor.

(b) In the event monies remain in any escrow fund established under an escrow agreement, upon receipt by the escrow agent under such escrow agreement of a duly executed certificate of acceptance and payment request identified as the final such request, the remaining monies in such escrow fund shall, first be applied to all reasonable fees and expenses incurred by such escrow agent, if applicable, in connection with such escrow fund as evidenced by its statement forwarded to Lessor and Lessee; and, second be paid to Lessor, for application against the outstanding principal components of Rental Payments applicable to the 15-Year Equipment, including prepayment of Rental Payments hereunder in inverse order of payments, unless Lessor directs that payment of such amount be made in such other manner that, in the opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Lessor, will not adversely affect the exclusion of the interest components of Rental Payments from gross income for federal income tax purposes. If any such amount is applied against the outstanding principal components of Rental Payments, the Payment Schedules attached hereto as **Exhibit B** and **Exhibit B-3** will be revised accordingly.

Section 32. Determination of Fair Purchase Price. Lessee and Lessor hereby agree and determine that the Rental Payments hereunder during the Original Term and each Renewal Term represent the fair value of the use of the Equipment and that the amount required to exercise Lessee's option to purchase the Equipment pursuant to **Section 31** represents, as of the end of the Original Term or any Renewal Term, the fair purchase price of the Equipment. Lessee hereby determines that the Rental Payments do not exceed a reasonable amount so as to place Lessee under a practical economic compulsion to renew this Agreement or to exercise its option to purchase the Equipment hereunder. In making such determinations, Lessee and Lessor have given consideration to (a) the costs of the Equipment, (b) the uses and purposes for which the Equipment will be employed by Lessee, (c) the benefit to Lessee by reason of the acquisition of the Equipment and the use of the Equipment pursuant to the terms and provisions of this Agreement, and (d) Lessee's option to purchase the Equipment. Lessee hereby determines and declares that the acquisition of the Equipment and the leasing of the Equipment pursuant to this Agreement will result in equipment of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition of the Equipment were performed by Lessee other than pursuant to this Agreement. Lessee hereby determines and declares that the Maximum Lease Term does not exceed the useful life of the Equipment.

Section 33. Assignment by Lessor. Lessor's interest in, to and under this Agreement and the Equipment may be assigned in whole, but not in part (except as participation interests, as described below), without the necessity of obtaining the consent of Lessee; provided that any assignment will not be effective against Lessee until (a) Lessee has received written notice of the name and address of the assignee, (b) such assignee is (i) an affiliate of Lessor or (ii) a bank, insurance company or other financial institution, or an affiliate thereof, and (c) Lessee receives a letter of representation from such assignee with representations as to its status, its sophistication, its review of Lessee's finances and that it is acquiring the rights, title and interest of this Agreement for its own account and not with a present view to resell, in substantially the form attached hereto as **Exhibit C**. Nothing herein shall limit the right of Lessor or its assignees to sell or assign participation interests in this Agreement to one or more entities listed in the preceding clause (b). Lessee will retain all such notices as a register of all assignees and will make all payments to the assignee designated in such register. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements that may be reasonably requested by Lessor or any assignee to protect its interest in the Equipment and in this Agreement and agrees to the filing of financing statements with respect to the Equipment and this Agreement. Lessee will not have the right to and will not assert against any assignee any claim, counterclaim, defense, set-off or other right Lessee may have against Lessor.

Section 34. Assignment and Subleasing by Lessee. None of Lessee's right, title and interest in, to and under this Agreement and the Equipment may be assigned or encumbered by Lessee for any reason, except that Lessee may sublease all or part of the Equipment if Lessee obtains the prior written consent of Lessor and an opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Lessor that such subleasing will not adversely affect the exclusion of the interest components of the Rental Payments from gross income for federal income tax purposes. Any such sublease of all or part of the Equipment will be subject to this Agreement and the rights of Lessor in, to and under this Agreement and the Equipment.

Section 35. Events of Default Defined. Subject to the provisions of **Section 8**, any of the following will be "Events of Default" under this Agreement:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time specified herein;

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in **Section 35(a)**, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to Lessee by Lessor, unless Lessor will agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by Lessee in or pursuant to this Agreement or its execution, delivery or performance will prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(d) Any provision of this Agreement will at any time for any reason cease to be valid and binding on Lessee, or will be declared to be null and void, or the validity or enforceability thereof will be contested by Lessee or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of Lessor, or Lessee will deny that it has any further liability or obligation under this Agreement;

(e) Lessee will (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or

(f) An order, judgment or decree will be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree will continue unstayed and in effect for any period of 30 consecutive days.

Section 36. Remedies on Default. Whenever any Event of Default exists, Lessor will have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to Lessee, Lessor may declare all Rental Payments and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term to be due;

(b) With or without terminating this Agreement, Lessor may enter the premises where the Equipment is located and retake possession of the Equipment or require Lessee at Lessee's expense to promptly return any or all of the Equipment to the possession of Lessor at a place specified by Lessor, and sell or lease the Equipment or, for the account of Lessee, sublease the Equipment, holding Lessee liable for the difference between (i) the Rental Payments and other amounts payable by Lessee hereunder plus the applicable Purchase Price, and (ii) the net proceeds of any such sale, lease or sublease (after deducting all expenses of Lessor in exercising its remedies under this Agreement, including without limitation, all expenses of taking possession, storing, reconditioning and selling or leasing the Equipment and all brokerage, auctioneers' and attorneys' fees) provided that the amount of Lessee's liability under this subparagraph (b) shall not exceed the Rental Payments and other amounts otherwise due hereunder plus the remaining Rental Payments and other amounts payable by Lessee to the end of the then current Original Term or Renewal Term;

(c) Lessor may provide written notice of the occurrence of an Event of Default to the escrow agent under any related escrow agreement, and the escrow agent shall thereupon promptly remit to Lessor the entire balance of the escrow fund established thereunder; and

(d) Lessor may take whatever other action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment.

In addition, Lessee will remain liable for all covenants and indemnities under this Agreement and for all reasonable legal fees and other reasonable costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

Section 37. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy will be cumulative and will be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Agreement it will not be necessary to give any notice, other than such notice as may be required in this Agreement.

Section 38. Notices. All notices, certificates or other communications hereunder will be sufficiently given and will be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto will designate in writing to the other for notices to such party), to any assignee at its address as it appears on the register maintained by Lessee.

Section 39. Binding Effect. This Agreement will inure to the benefit of and will be binding upon Lessor and Lessee and their respective successors and assigns.

Section 40. Severability. In the event any provision of this Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 41. Entire Agreement. This Agreement constitutes the entire agreement between Lessor and Lessee.

Section 42. Amendments. This Agreement may be amended, changed or modified in any manner by written agreement of Lessor and Lessee. Any waiver of any provision of this Agreement or any right or remedy hereunder must be affirmatively and expressly made in writing and will not be implied from inaction, course of dealing or otherwise.

Section 43. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 44. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 45. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State.

Section 46. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 47. Role of Lessor. Lessor has not acted and will not act as a fiduciary for Lessee or as Lessee's agent or municipal advisor. Lessor has not and will not provide financial, legal, tax, accounting or other advice to Lessee or to any financial advisor or placement agent engaged by Lessee with respect to this Agreement. Lessee, its financial advisor, placement agent or municipal advisor, if any, shall each seek and obtain its own financial, legal, tax, accounting and other advice with respect to this Agreement from its own advisors (including as it relates to structure, timing, terms and similar matters).

Section 48. Lessee's Notice Filings Related to this Agreement for SEC Rule 15c2-12. In connection with Lessee's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by Lessee on and after February 27, 2019, pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), Lessor acknowledges that Lessee may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice that Lessee has incurred obligations under this Agreement and notice of certain subsequent events reflecting financial difficulties in connection with this Agreement. Lessee agrees that it shall not file or submit, or permit to be filed or submitted, with EMMA any documentation that includes the following unredacted sensitive or confidential information about Lessor or its affiliates: address and account information of Lessor or its affiliate, e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of Lessor or its affiliates, or any account information for any related escrow agreement, unless otherwise required for compliance with the Rule or otherwise required by law. Lessee acknowledges that Lessor is not responsible for Lessee's compliance or noncompliance with the Rule or any Continuing Disclosure Agreement.

Section 49. Participation of Agreement from Lessor to SNFC. Lessor hereby notifies Lessee, and Lessee hereby acknowledges such notification, that simultaneously with the execution and delivery of this Agreement, Lessor will enter into a participation agreement with Sterling National Funding Corp., a New York corporation and a wholly-owned subsidiary of Lessor ("SNFC"), whereby Lessor will assign to SNFC a 100% participation interest in this Agreement at par. Lessor will continue to service this Agreement and collect all Rental Payments and payment of the Purchase Price hereunder.

[Signature page follows.]

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed in their corporate names by their duly authorized officers as of the date first above written.

STERLING NATIONAL BANK

By: _____
Name: Kevin C. King
Title: Senior Vice President, Senior Managing Director
Address: 500 Seventh Avenue, 3rd Floor
New York, NY 10018
Attention: Public Sector Finance

CITY OF LOMPOC, CALIFORNIA

By: _____
Name: James Throop
Title: City Manager
Address: 100 Civic Center Plaza
Lompoc, CA 93436

CERTIFICATION

I, the undersigned, do hereby certify (i) that the officer of Lessee who executed the foregoing Agreement on behalf of Lessee and whose genuine signature appears thereon, is the duly qualified and acting officer of Lessee as stated beneath his or her signature and has been authorized to execute the foregoing Agreement on behalf of Lessee, and (ii) that the fiscal year of Lessee is from July 1 to June 30.

DATED: January 15, 2020.

By: _____
Name: _____
Title: _____

EXHIBIT A TO EQUIPMENT LEASE PURCHASE AGREEMENT
EQUIPMENT SCHEDULE

Equipment Description:

The Equipment consists of the following vehicles for use by the City:

- *7-Year Equipment:*
 - Description: Six (6) refuse trucks (side loader) for use by the Solid Waste Department
 - Estimated Cost: \$1,770,000
 - Est. Useful Life: 7 years
 - Location: _____
 - Vendor: _____

- *10-Year Equipment:*
 - Description: Two (2) vactors for use by the Wastewater Department
 - Estimated Cost: \$1,600,000
 - Est. Useful Life: 10 years
 - Location: _____
 - Vendor: _____
 - Description: One (1) digger/derrick for use by the Electric Department
 - Estimated Cost: \$330,000
 - Est. Useful Life: 10 years
 - Location: _____
 - Vendor: _____

- *15-Year Equipment:*
 - Description: One (1) compactor for use by the Solid Waste Department
 - Estimated Cost: \$1,000,000
 - Est. Useful Life: 20 years
 - Location: _____
 - Vendor: _____
 - Description: One (1) loader for use by the Solid Waste Department
 - Estimated Cost: \$440,000
 - Est. Useful Life: 20 years
 - Location: _____
 - Vendor: _____

together with any and all replacement parts, additions, repairs, modifications, attachments and accessories thereto, any and all substitutions, replacements or exchanges therefor, and any and all insurance and/or proceeds thereof.

This Equipment Schedule shall be deemed to be supplemented by the descriptions of the Equipment included in the Certificate of Acceptance and Payment Requests submitted to Sterling National Bank, in its capacity as escrow agent, pursuant to the Escrow Agreement dated as of January 15, 2020, among Lessor, Lessee and Sterling National Bank, in its capacity as escrow agent, which descriptions shall be deemed to be incorporated herein.

EXHIBIT B TO EQUIPMENT LEASE PURCHASE AGREEMENT

**PAYMENT SCHEDULE
(COMBINED) ⁽¹⁾⁽²⁾**

Principal Amount: \$5,140,000

Commencement Date: January 15, 2020

Rental Payments will be made in accordance with **Section 9** and this Payment Schedule.

Rental Payment Date	Total Rental Payment	Interest Portion	Principal Portion
7/15/2020	\$308,214.99	\$68,244.09	\$239,970.90
1/15/2021	308,214.99	65,057.98	243,157.01
7/15/2021	308,214.99	61,829.57	246,385.42
1/15/2022	308,214.99	58,558.30	249,656.69
7/15/2022	308,214.99	55,243.59	252,971.40
1/15/2023	308,214.99	51,884.87	256,330.12
7/15/2023	308,214.99	48,481.56	259,733.43
1/15/2024	308,214.99	45,033.07	263,181.92
7/15/2024	308,214.99	41,538.78	266,676.21
1/15/2025	308,214.99	37,998.11	270,216.88
7/15/2025	308,214.99	34,410.42	273,804.57
1/15/2026	308,214.99	30,775.10	277,439.89
7/15/2026	308,214.99	27,091.52	281,123.47
1/15/2027	308,214.99	23,359.02	284,855.97
7/15/2027	169,164.90	19,576.97	149,587.93
1/15/2028	169,164.90	17,590.89	151,574.01
7/15/2028	169,164.90	15,578.43	153,586.47
1/15/2029	169,164.90	13,539.25	155,625.65
7/15/2029	169,164.90	11,473.00	157,691.90
1/15/2030	169,164.90	9,379.32	159,785.58
7/15/2030	58,735.22	7,257.83	51,477.39
1/15/2031	58,735.22	6,574.36	52,160.86
7/15/2031	58,735.22	5,881.82	52,853.40
1/15/2032	58,735.22	5,180.08	53,555.14
7/15/2032	58,735.22	4,469.03	54,266.19
1/15/2033	58,735.22	3,748.53	54,986.69
7/15/2033	58,735.22	3,018.47	55,716.75
1/15/2034	58,735.22	2,278.72	56,456.50
7/15/2034	58,735.22	1,529.14	57,206.08
1/15/2035	<u>58,735.22</u>	<u>769.64</u>	<u>57,965.58</u>
Totals	<u>\$5,917,351.46</u>	<u>\$777,351.46</u>	<u>\$5,140,000.00</u>

CITY OF LOMPOC, CALIFORNIA

By: _____
Name: Jim Throop
Title: City Manager

⁽¹⁾ Lessee's Rental Payments to Lessor should be made from this **Exhibit B**. (See **Exhibits B-1, B-2 and B-3** attached hereto for informational payment schedules relating to the 7-Year, 10-Year and 15-Year portions of the Equipment.)

⁽²⁾ Lessee's option to purchase is subject to provisions of Section 31 of the Agreement.

EXHIBIT B-1 TO EQUIPMENT LEASE PURCHASE AGREEMENT

PAYMENT SCHEDULE FOR 7-YEAR EQUIPMENT⁽¹⁾

Principal Amount: \$1,770,000
Commencement Date: January 15, 2020
Interest Rate: 2.59%; 30/360 basis

<u>Rental Payment Date</u>	<u>Total Rental Payment</u>	<u>Interest Portion</u>	<u>Principal Portion</u>	<u>Purchase Price</u> ⁽²⁾
7/15/2020	\$139,050.09	\$22,921.50	\$116,128.59	N/A
1/15/2021	139,050.09	21,417.63	117,632.46	N/A
7/15/2021	139,050.09	19,894.29	119,155.80	N/A
1/15/2022	139,050.09	18,351.23	120,698.86	N/A
7/15/2022	139,050.09	16,788.18	122,261.91	N/A
1/15/2023	139,050.09	15,204.88	123,845.21	N/A
7/15/2023	139,050.09	13,601.09	125,449.00	N/A
1/15/2024	139,050.09	11,976.52	127,073.57	N/A
7/15/2024	139,050.09	10,330.92	128,719.17	N/A
1/15/2025	139,050.09	8,664.01	130,386.08	\$538,649.35
7/15/2025	139,050.09	6,975.51	132,074.58	406,574.77
1/15/2026	139,050.09	5,265.14	133,784.95	272,789.82
7/15/2026	139,050.09	3,532.63	135,517.46	137,272.36
1/15/2027	<u>139,050.09</u>	<u>1,777.73</u>	<u>137,272.36</u>	0.00
Totals	<u>\$1,946,701.26</u>	<u>\$176,701.26</u>	<u>\$1,770,000.00</u>	

⁽¹⁾ For informational purposes only. Lessee's Rental Payments to Lessor should be made from **Exhibit B**.

⁽²⁾ Pursuant to Section 31 of the Agreement, Lessee's first date to exercise its option to purchase the 7-Year Equipment is January 15, 2025.

EXHIBIT B-2 TO EQUIPMENT LEASE PURCHASE AGREEMENT

PAYMENT SCHEDULE FOR 10-YEAR EQUIPMENT⁽¹⁾

Principal Amount: \$1,930,000

Commencement Date: January 15, 2020

Interest Rate: 2.64%; 30/360 basis

Rental Payment Date	Total Rental Payment	Interest Portion	Principal Portion	Purchase Price ⁽²⁾
7/15/2020	\$110,429.68	\$25,476.00	\$84,953.68	N/A
1/15/2021	110,429.68	24,354.61	86,075.07	N/A
7/15/2021	110,429.68	23,218.42	87,211.26	N/A
1/15/2022	110,429.68	22,067.23	88,362.45	N/A
7/15/2022	110,429.68	20,900.85	89,528.83	N/A
1/15/2023	110,429.68	19,719.07	90,710.61	N/A
7/15/2023	110,429.68	18,521.69	91,907.99	N/A
1/15/2024	110,429.68	17,308.50	93,121.18	N/A
7/15/2024	110,429.68	16,079.30	94,350.38	N/A
1/15/2025	110,429.68	14,833.88	95,595.80	N/A
7/15/2025	110,429.68	13,572.01	96,857.67	N/A
1/15/2026	110,429.68	12,293.49	98,136.19	N/A
7/15/2026	110,429.68	10,998.09	99,431.59	N/A
1/15/2027	110,429.68	9,685.60	100,744.08	N/A
7/15/2027	110,429.68	8,355.77	102,073.91	N/A
1/15/2028	110,429.68	7,008.40	103,421.28	\$427,518.03
7/15/2028	110,429.68	5,643.24	104,786.44	322,731.59
1/15/2029	110,429.68	4,260.06	106,169.62	216,561.97
7/15/2029	110,429.68	2,858.62	107,571.06	108,990.91
1/15/2030	<u>110,429.68</u>	<u>1,438.77</u>	<u>108,990.91</u>	0.00
Totals	<u>\$2,208,593.60</u>	<u>\$278,593.60</u>	<u>\$1,930,000.00</u>	

⁽¹⁾ For informational purposes only. Lessee's Rental Payments to Lessor should be made from **Exhibit B**.

⁽²⁾ Pursuant to Section 31 of the Agreement, Lessee's first date to exercise its option to purchase the 10-Year Equipment is January 15, 2028.

EXHIBIT B-3 TO EQUIPMENT LEASE PURCHASE AGREEMENT**PAYMENT SCHEDULE FOR 15-YEAR EQUIPMENT**⁽¹⁾

Principal Amount: \$1,440,000

Commencement Date: January 15, 2020

Interest Rate: 2.71%; 30/360 basis

Rental Payment Date	Total Rental Payment	Interest Portion	Principal Portion	Purchase Price ⁽²⁾
7/15/2020	\$58,735.22	\$19,512.00	\$39,223.22	N/A
1/15/2021	58,735.22	18,980.53	39,754.69	N/A
7/15/2021	58,735.22	18,441.85	40,293.37	N/A
1/15/2022	58,735.22	17,895.87	40,839.35	N/A
7/15/2022	58,735.22	17,342.50	41,392.72	N/A
1/15/2023	58,735.22	16,781.63	41,953.59	N/A
7/15/2023	58,735.22	16,213.16	42,522.06	N/A
1/15/2024	58,735.22	15,636.98	43,098.24	N/A
7/15/2024	58,735.22	15,053.00	43,682.22	N/A
1/15/2025	58,735.22	14,461.11	44,274.11	N/A
7/15/2025	58,735.22	13,861.20	44,874.02	N/A
1/15/2026	58,735.22	13,253.15	45,482.07	N/A
7/15/2026	58,735.22	12,636.87	46,098.35	N/A
1/15/2027	58,735.22	12,012.24	46,722.98	N/A
7/15/2027	58,735.22	11,379.14	47,356.08	N/A
1/15/2028	58,735.22	10,737.47	47,997.75	N/A
7/15/2028	58,735.22	10,087.10	48,648.12	N/A
1/15/2029	58,735.22	9,427.91	49,307.31	N/A
7/15/2029	58,735.22	8,759.80	49,975.42	N/A
1/15/2030	58,735.22	8,082.63	50,652.59	\$545,851.74
7/15/2030	58,735.22	7,396.29	51,338.93	494,512.81
1/15/2031	58,735.22	6,700.65	52,034.57	442,478.24
7/15/2031	58,735.22	5,995.58	52,739.64	389,738.60
1/15/2032	58,735.22	5,280.96	53,454.26	336,284.34
7/15/2032	58,735.22	4,556.65	54,178.57	282,105.77
1/15/2033	58,735.22	3,822.53	54,912.69	227,193.08
7/15/2033	58,735.22	3,078.47	55,656.75	171,536.33
1/15/2034	58,735.22	2,324.32	56,410.90	115,125.43
7/15/2034	58,735.22	1,559.95	57,175.27	57,950.16
1/15/2035	<u>58,735.22</u>	<u>785.06</u>	<u>57,950.16</u>	0.00
Totals	<u>\$1,762,056.60</u>	<u>\$322,056.60</u>	<u>\$1,440,000.00</u>	

⁽¹⁾ Lessee's option to purchase is subject to provisions of Section 31 of the Agreement.⁽²⁾ Pursuant to Section 31 of the Agreement, Lessee's first date to exercise its option to purchase the 15-Year Equipment is January 15, 2030.

EXHIBIT C TO EQUIPMENT LEASE PURCHASE AGREEMENT

FORM OF LETTER OF REPRESENTATION

_____, 20__

City of Lompoc, California
100 Civic Center Plaza
Lompoc, CA 93436

Re: Equipment Lease Purchase Agreement dated as of January 15, 2020, between the City of Lompoc, California, as lessee (“Lessee”), and Sterling National Bank, as lessor (“Lessor”) (the “Loan Obligation”)

Ladies and Gentlemen:

_____ (“Assignee”) is (i) an affiliate of Lessor or (ii) a bank, insurance company or other financial institution or an affiliate thereof, and is acquiring the Loan Obligation for its own account with the present intent to hold the Loan Obligation to maturity or earlier prepayment, and without any present intent to distribute or sell any interest therein or portion thereof; provided that Assignee retains the right at any time to dispose of the Loan Obligation or any interest therein or portion thereof, but agrees that any such transfer or distribution by Assignee shall be made in accordance with applicable law and the provisions of the Loan Obligation.

Assignee is a lender that regularly extends credit by making loans in the form of state and local government obligations; has knowledge and experience in financial and business matters that make it capable of evaluating the City of Lompoc, California (the “City”), the Loan Obligation and the risks associated with the effecting of the Loan Obligation; and has the ability to bear the economic risk of extending the credit evidenced by the Loan Obligation.

Assignee has conducted its own investigation of the financial condition of the City and of the security for the payment of the principal of and interest on the Loan Obligation, and has obtained such information regarding the Loan Obligation, the City and its operations, financial condition and financial prospects as Assignee deems necessary to make an informed credit decision with respect to the effecting of the Loan Obligation.

[NAME OF ASSIGNEE]

By: _____

Name: _____

Title: _____

ESCROW AGREEMENT

LESSOR:
Sterling National Bank
500 Seventh Avenue, 3rd Floor
New York, NY 10018
Attention: Public Sector Finance

ESCROW AGENT:
Sterling National Bank
400 Rella Boulevard
Montebello, NY 10901
Attention: Corporate Trust Department

LESSEE:
City of Lompoc, California
100 Civic Center Plaza
Lompoc, CA 93436

THIS ESCROW AGREEMENT (this "Escrow Agreement") dated January 15, 2020, is entered into by and among Sterling National Bank (in its capacity as lessor, "Lessor"), the City of Lompoc, California ("Lessee"), and Sterling National Bank (in its capacity as escrow agent, the "Escrow Agent").

Lessor and Lessee have heretofore entered into that certain Equipment Lease Purchase Agreement dated as of January 15, 2020 (the "Agreement"). The Agreement contemplates that certain Equipment described therein (the "Equipment") is to be acquired from the vendor(s) or manufacturer(s) thereof.

After acceptance of the Equipment by Lessee, the Equipment is to be leased by Lessor to Lessee pursuant to the terms of the Agreement.

The Agreement contemplates that Lessor will deposit with the Escrow Agent cash in the amount of \$5,140,000, to be held in escrow by the Escrow Agent and applied on the express terms and conditions set forth herein. Such deposit, together with all interest and additions received with respect thereto (hereinafter, the "Escrow Fund"), is to be applied from time to time to pay certain costs of acquiring the Equipment (a portion of which may be paid in multiple payments and prior to acceptance of all Equipment by Lessee) and, if requested by Lessee and approved by Lessor, to pay certain costs of entering into the Agreement.

The parties desire to set forth the terms on which the Escrow Fund is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, the parties agree as follows:

1. Each of Lessor and Lessee hereby appoint, and the Escrow Agent hereby agrees, to serve as escrow agent upon the express terms and conditions set forth herein. The Escrow Agent agrees that the Escrow Fund shall be held irrevocably in trust for the account and benefit of Lessee and Lessor and all interest earned with respect to the Escrow Fund shall accrue to the benefit of Lessee and shall be applied as expressly set forth herein.

To the limited extent required to perfect the security interest granted by Lessee to Lessor in the cash and negotiable instruments from time to time comprising the Escrow Fund, Lessor hereby appoints the Escrow Agent as its security agent, and the Escrow Agent hereby accepts the appointment as security agent, and agrees to hold physical possession of such cash and negotiable instruments on behalf of Lessor.

2. On such day as determined to the mutual satisfaction of the parties (the "Commencement Date"), Lessor shall deposit with the Escrow Agent cash in the amount of \$5,140,000, to be held by the Escrow Agent on the express terms and conditions set forth herein. The Escrow Agent agrees to accept the deposit of the Escrow Fund by Lessor, and further agrees to hold the amount so deposited together with all interest and other additions received with respect thereto in escrow on the express terms and conditions set forth herein.

3. The Escrow Agent shall at all times segregate the Escrow Fund into an account maintained for that express purpose, which shall be clearly identified on the books and records of the Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments comprising the Escrow Fund from time to time shall be held or registered in the name of the Escrow Agent (or its nominee). The Escrow Fund shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Lessor).

4. Lessee hereby directs the Escrow Agent to invest the cash comprising the Escrow Fund from time to time in Qualified Investments (as hereinafter defined). Interest or other amounts earned and received by the Escrow Agent with respect to the

Escrow Fund shall be deposited in and comprise a part of the Escrow Fund. No investment shall be made that would cause the Agreement to be deemed to be an arbitrage bond within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"). For purposes of this paragraph 4, the term "Qualified Investments" means moneys held in that certain interest-bearing Demand Deposit Account # _____ [To be provided by Escrow Agent] created by the Escrow Agent.

5. Lessor and Lessee hereby authorize the Escrow Agent to take the following actions with respect to the Escrow Fund:

a. From time to time, the Escrow Agent shall pay the vendor or manufacturer of the Equipment or Lessee or other payee upon receipt of the following: (a) a duly executed Certificate of Acceptance and Payment Request in the form attached as **Exhibit A** to this Escrow Agreement approved for payment by Lessor (or its assignee, if any), (b) the vendor(s) or manufacturer(s) invoice(s) specifying the acquisition price of the Equipment described in the requisition request, (c) in the event that certain costs of entering into the Agreement are described in the requisition request, invoice(s), budget(s), closing statement(s) or other additional documentation specifying the amount(s) of such costs, and (d) any additional documentation required by Lessor prior to Lessor's approval of such requisition request. Lessor's approval on the Certificate of Acceptance and Payment Request in each case shall be conclusive evidence that all invoices, budgets, closing statements and any additional documentation requirements have been received by and are acceptable to Lessor for payment purposes. Without limiting the foregoing, Lessor shall not approve any such payment unless and until Lessee shall have provided to Lessor (i) certificates of insurance evidencing coverage in accordance with Section 22 of the Agreement and satisfactory to Lessor and (ii) certificates of origin for titled vehicles naming Lessor as lienholder in accordance with Section 19 of the Agreement and satisfactory to Lessor.

b. In the event that Lessor provides to the Escrow Agent and the Escrow Agent actually receives written notice of the occurrence of an Event of Default as defined in the Agreement or a nonappropriation by Lessee under the Agreement, the Escrow Agent shall thereupon promptly remit to Lessor the entire balance of the Escrow Fund *after* application of the Escrow Fund to all reasonable fees and expenses incurred by the Escrow Agent in connection herewith as evidenced by its statement forwarded to Lessor and Lessee.

c. Upon actual receipt by the Escrow Agent of a duly executed Certificate of Acceptance and Payment Request identified as the final such request, the remaining monies in the Escrow Fund shall, *first* be applied to all reasonable fees and expenses incurred by the Escrow Agent in connection herewith as evidenced by its statement forwarded to Lessor and Lessee; and, *second* be paid to Lessor, for its application against the outstanding principal components of Rental Payments (as defined in the Agreement), including prepayment of Rental Payments, under the Agreement, as provided therein, unless Lessor directs that payment of such amount be made in such other manner directed by Lessor that, in the opinion of nationally recognized counsel in the area of tax-exempt municipal obligations satisfactory to Lessor, will not adversely affect the exclusion of the interest components of Rental Payments from gross income for federal income tax purposes. If any such amount is used to prepay principal, the Payment Schedule attached to the Agreement will be revised accordingly as specified by Lessor.

d. Lessor and Lessee agree that the security procedures under this Section 5 are commercially reasonable.

e. In the event that the Escrow Agent makes any payment to any payee pursuant to this Escrow Agreement and for any reason such payment (or any portion thereof) is required to be returned to the Escrow Fund or is subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a receiver, trustee or other party under any bankruptcy or insolvency law, other federal or state law, common law or equitable doctrine, then the party who benefited from the payment to the payee shall repay to the Escrow Agent upon written request the amount so paid to the payee. The Escrow Agent shall not be liable to any party or any other person by reason of such payment.

6. The reasonable fees and expenses of the Escrow Agent incurred in connection herewith shall be the responsibility of Lessor, so long as the Escrow Agent is the same entity as Lessor or any affiliate of Lessor and are herein further described on **Schedule 1**.

7.

a. The Escrow Agent shall have no liability for acting upon any written instruction presented by Lessee and Lessor in connection with this Escrow Agreement which the Escrow Agent in good faith believes to be genuine. Furthermore, the Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own gross negligence or willful misconduct. The Escrow Agent shall not be liable for any loss or diminution in value of the Escrow Fund as a result of the investment decisions made pursuant to Section 4. The Escrow Agent shall have only those duties and responsibilities as expressly set forth herein, and no other duty, obligation or covenant, fiduciary or otherwise, shall be implied or enforceable against the Escrow Agent by any person.

b. Without limiting the effect of Section 7(a) hereof, the Escrow Agent shall have no obligation or liability to any other party hereto (or any person claiming through any of them): (i) to review, examine, enforce, administer or take notice of any agreement, instrument or document other than this Escrow Agreement; (ii) to determine whether any conditions precedent to a disbursement of moneys in the Escrow Fund, other than as set forth in Section 5, have been or will be satisfied or otherwise to investigate any notice received by the Escrow Agent hereunder; (iii) to evaluate or determine the validity or legality of any action or omission of any third party, including any federal or state bank regulator; (iv) to make any payment to the other parties or other payees set forth in written instructions received under Section 5 from any source other than moneys in the Escrow Fund, and no such payment shall be made if the amount of moneys on deposit in the Escrow Fund is inadequate; (v) to communicate with any person other than as expressly provided for in this Escrow Agreement; (vi) for any action or omission of the Escrow Agent taken or made upon the written, joint instructions of the parties hereto; (vii) for any other action or omission of, or for errors in judgment by, the Escrow Agent under or in connection with this Escrow Agreement taken or made in good faith and without gross negligence or willful misconduct; and (viii) for special, incidental, consequential, indirect or punitive damages in any event, even if the Escrow Agent has been advised or was otherwise aware of the likelihood of such loss or damages and regardless of the form of action.

8. To the extent authorized by law, Lessee hereby agrees to indemnify and save the Escrow Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Escrow Agent's gross negligence or willful misconduct. No indemnification will be made under this Section or elsewhere in this Escrow Agreement for damages arising solely out of gross negligence or willful misconduct by the Escrow Agent, its officers, agents, employees, successors or assigns.

9. The Escrow Agent may at any time resign by giving at least 30 days' prior written notice to Lessee and Lessor, but such resignation shall not take effect until the appointment of the successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, the Escrow Agent may be removed at any time, with or without cause, by instrument in writing executed by Lessor and Lessee. Such notice shall set forth the effective date of the removal. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent.

Upon the effective date of resignation or removal, the Escrow Agent will transfer the Escrow Fund then held by it to the successor Escrow Agent selected by Lessor and Lessee.

If the other parties are unable to agree upon a successor escrow agent within 30 days after such notice, the other parties hereby agree that either of them acting unilaterally shall apply to a court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief. The costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Escrow Agent in connection with such proceeding shall be paid in accordance with Section 6.

10. In the event of any dispute with respect to the Escrow Fund, the interpretation of this Escrow Agreement or the rights and obligations of the parties hereunder, or to the propriety of any action contemplated by the Escrow Agent hereunder, or if the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, then in any such case the Escrow Agent shall not be obligated to resolve the dispute or disagreement or to make any disbursement of all or any portion of the Escrow Fund, but may commence an action in the nature of an interpleader and seek to deposit such funds with a court of competent jurisdiction, and thereby shall be discharged from any further duty or obligation with respect to the Escrow Fund. The costs of such interpleader action shall be borne by Lessee. In the event Lessee shall fail on demand to reimburse the Escrow Agent for such costs, then Lessee irrevocably authorizes the Escrow Agent to deduct any such amounts from the Escrow Fund without any further notice or demand to any person. The Escrow Agent may, in its sole discretion in lieu of filing such action in interpleader, elect to cease to perform under this Escrow Agreement and to ignore all instructions received in connection herewith until the Escrow Agent has received a written notice of resolution signed by the parties to such dispute or disagreement or an order of a court of competent jurisdiction over the matter directing a disposition of the Escrow Fund.

11. This Escrow Agreement and the Escrow Fund established hereunder shall terminate upon receipt by the Escrow Agent of the written notice from Lessor specified in Section 5(b) or Section 5(c) hereof.

12. All notices hereunder shall be in writing, sent by certified mail, return receipt requested, or by mutually recognized overnight carrier addressed to the other parties at their respective addresses shown on page 1 of this Escrow Agreement or at such other address as each such party shall from time to time designate in writing to the other parties; and shall be effective on the date of receipt. In addition, all notices sent to the Escrow Agent shall also be sent as follows:

Sterling National Bank
21 Scarsdale Road
Yonkers, NY 10707
Attention: Office of the General Counsel

13. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of the Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Lessor and Lessee.

14. Except as provided in the next sentence, this Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification or change of terms hereof shall bind any party unless in writing signed by all parties. This Escrow Agreement is in addition to any related account applications and other account opening and authorizing documents and/or resolutions on file with the Escrow Agent and such documents are hereby incorporated by reference into this Escrow Agreement (the "Account Agreements"). In the event that there are inconsistencies between this Escrow Agreement and any other Account Agreement, the terms of this Escrow Agreement shall control.

15. The Escrow Agent may employ agents, attorneys and accountants in connection with its duties hereunder (such costs to be paid as set forth in Section 6) and shall not be liable for any action taken or omitted in good faith in accordance with the advice of counsel, accountants or other skilled persons.

16. This Escrow Agreement shall be governed by and be construed and interpreted in accordance with the internal laws of the State of California (the "State").

17. This Escrow Agreement may be executed in several counterparts, and each counterpart so executed will be an original. In addition, the parties agree that the transaction described herein may be conducted and related documents may be received, sent or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

18. [RESERVED].

19. Lessee represents, warrants and covenants for the benefit of the Escrow Agent as follows:

a. Lessee is authorized under the constitution and laws of the State to enter into this Escrow Agreement and the transaction contemplated hereby and to perform all of its obligations hereunder.

b. Lessee has been duly authorized to execute and deliver this Escrow Agreement by proper action and approval of its governing body at a meeting duly called, regularly convened and attended throughout by a requisite majority of the members thereof or by other appropriate official approval.

c. This Escrow Agreement constitutes the legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

d. Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended, including without limitation Sections 103 and 148 thereof, and the applicable regulations of the Treasury Department. No part of the Escrow Fund shall be invested at Lessee's discretion in any securities, obligations or other investments or used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of the execution and delivery of the Agreement, would have caused any portion of the Agreement to be or become an "arbitrage bond" within the meaning of Section 103(b)(2) or Section 148 of the Code and the applicable regulations of the Treasury Department.

20. The parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Escrow Agreement agree that they will provide to the Escrow Agent such information as it may request, from time to time, in order for the Escrow Agent to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

21. With respect to the Agreement, Sterling National Bank shall have the same rights and powers under the Agreement as any other lessor and may exercise the same as though it were not the Escrow Agent. Lessor may lend money to, invest in, and generally engage in any kind of business with Lessee, all as if Sterling National Bank were not the Escrow Agent. Lessee acknowledges the potential conflict of interest between Sterling National Bank as Lessor and Sterling National Bank as the Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

LESSOR: STERLING NATIONAL BANK

By: _____
Name: Kevin C. King
Title: Senior Vice President, Senior Managing Director

LESSEE: CITY OF LOMPOC, CALIFORNIA

By: _____
Name: James Throop
Title: City Manager

ESCROW AGENT: STERLING NATIONAL BANK

By: _____
Name: Kevin C. King
Title: Senior Vice President, Senior Managing Director

EXHIBIT A

CERTIFICATE OF ACCEPTANCE AND PAYMENT REQUEST

Sterling National Bank (in its capacity as escrow agent, the "Escrow Agent"), as escrow agent under that certain Escrow Agreement dated January 15, 2020 (the "Escrow Agreement"), by and among the City of Lompoc, California ("Lessee"), Sterling National Bank (in its capacity as lessor, "Lessor") and the Escrow Agent, is hereby requested to pay from the Escrow Fund (as defined in the Escrow Agreement) established and maintained thereunder, the amount set forth below to the named payee(s). The equipment and costs described below are (i) costs of acquiring part or all of the Equipment listed in the Equipment Schedule to that certain Equipment Lease Purchase Agreement dated as of January 15, 2020 (the "Agreement"), between Lessor and Lessee, or (ii) certain costs of entering into the Agreement. The amount shown is due and payable under (i) a purchase order or contract (or has been paid by and not previously reimbursed to Lessee), or (ii) invoices, budgets, closing statements or any other additional documentation.

QUANTITY	DESCRIPTION OF EQUIPMENT OF COST PAID	AMOUNT	PAYEE
----------	---	--------	-------

Lessee hereby certifies and represents to and agrees with Lessor as follows with respect to the Equipment described above: (i) the Equipment described above has been delivered at the location(s) set forth in the Agreement; (ii) a present need exists for such Equipment which need is not temporary or expected to diminish in the near future; (iii) such Equipment is essential to and will be used by Lessee only for the purpose of performing one or more governmental functions of Lessee consistent with the permissible scope of Lessee's authority; (iv) the estimated useful life of such Equipment based upon the manufacturer's representations and Lessee's projected needs is not less than the term of lease with respect to such Equipment; (v) Lessee has conducted such inspection and/or testing of such Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts such Equipment for all purposes as of the date of this Certificate; (vi) such Equipment is covered by insurance in the types and amounts required by the Agreement; (vii) no Event of Default, as such term is defined in the Agreement, or nonappropriation under the Agreement, and no event which with the giving of notice or lapse of time or both, would become an Event of Default or nonappropriation under the Agreement, has occurred and is continuing on the date hereof; and (viii) sufficient funds have been appropriated by Lessee for the payment of all rental payments due under the Agreement during Lessee's current fiscal year.

Based on the foregoing, the Escrow Agent is hereby authorized and directed to pay or cause to be paid, the manufacturer(s)/vendor(s), Lessee or other payee(s) the amounts set forth on the attached invoices from the Escrow Fund held under the Escrow Agreement in accordance with its terms.

The following documents are attached hereto and made a part hereof: (a) invoice(s) for costs being paid; (b) copies of certificate(s) of origin, when applicable, designating Lessor as lienholder if any part of the Equipment consists of motor vehicles and evidence of filing, and (c) a current IRS Form W-9 for the payee (unless such IRS Form W-9 has been previously submitted to the Escrow Agent).

IF REQUEST IS FOR REIMBURSEMENT, CHECK HERE . Lessee paid an invoice prior to the commencement date identified in the Equipment Schedule and is requesting reimbursement for such payment. A copy of evidence of such payment, together with a copy of Lessee's Declaration of Official Intent and any other evidence required by Lessor prior to Lessor's approval hereof that Lessee has satisfied the requirements for reimbursement set forth in Treas. Reg. 1.150-2, is hereby attached. Lessor's approval hereof shall evidence that Lessee has delivered to Lessor such required documentation.

IF REQUEST IS FINAL REQUEST, CHECK HERE . Lessee hereby certifies that the items of Equipment described above, together with the items of Equipment described in and accepted by Certificates of Acceptance and Payment Requests previously filed by Lessee with Lessor constitutes all of the Equipment subject to the Equipment Schedule.

Date: _____, 20____.

Approved for Payment:

STERLING NATIONAL BANK, as Lessor and servicer CITY OF LOMPOC, CALIFORNIA, as Lessee
for STERLING NATIONAL FUNDING CORP.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

SCHEDULE 1

Attached to and made a part of the Escrow Agreement (the "Escrow Agreement") dated January 15, 2020, by and among Sterling National Bank (in its capacity as lessor, "Lessor"), the City of Lompoc, California, as Lessee, and Sterling National Bank (in its capacity as escrow agent, the "Escrow Agent").

A. Based upon our current understanding of your proposed transaction, the proposed services are as follows:

1. New Account Acceptance

Encompassing review, negotiation and execution of governing documentation, opening of the account, and completion of all due diligence documentation.

2. Monthly Administration

Covering our usual and customary ministerial duties, including record keeping, distributions, document compliance and such other duties and responsibilities expressly set forth in the governing documents for each transaction.

B. Extraordinary Services and Out-of-Pocket Expenses

Any additional services beyond our standard services as specified above, and all reasonable out-of-pocket expenses including attorney's or accountant's fees and expenses will be considered extraordinary services for which related costs, transaction charges, and additional fees may be billed at the Escrow Agent's then standard rate. Disbursements, receipts, investments or tax reporting exceeding 25 items per year may be treated as extraordinary services.

THIRD PARTY ESCROW COLLATERALIZATION CUSTODIAN AGREEMENT

[See document separately provided for review.]

LESSEE'S CLOSING CERTIFICATE

Re: Equipment Lease Purchase Agreement dated as of January 15, 2020, between the City of Lompoc, California, as lessee ("Lessee"), and Sterling National Bank, as lessor ("Lessor") (the "Agreement")

We, the undersigned, the duly appointed, qualified and acting City Manager and _____ of the above-captioned Lessee do hereby certify as follows:

(1) Lessee did, at a meeting of the governing body of Lessee _____, 20__, by motion duly made, seconded and carried, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Agreement and the related escrow agreement on its behalf by the following named representative of Lessee:

<u>James Throop</u>	<u>City Manager</u>	
Printed Name	Title	Signature

[This signature line to be signed by person who executed the Agreement and the related escrow agreement on behalf of Lessee.]

(2) The above-named representative of Lessee held at the time of such authorization and holds at the present time the office designated above and the signature set forth opposite his or her name is the true and correct specimen of his or her genuine signature.

(3) At the meeting described in (1) above, the representative of Lessee named in (1) above and the officers or employees of Lessee from time to time holding the offices or titles set forth below were designated as authorized representatives of Lessee for the Agreement and the related escrow agreement (any of them acting alone), and each of the persons listed below is the current holder of the office or title indicated and the signature set forth opposite name of each of them is the true and correct specimen of his or her genuine signature:

<u>Title</u>	<u>Printed Name</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

(4) The meeting of the governing body of Lessee at which the Agreement was approved and authorized to be executed was duly called, regularly convened and attended by the requisite majority of the members thereof or by other appropriate official approval and that the action approving the Agreement and authorizing the execution thereof has not been altered or rescinded. *Attached hereto* is a true and correct copy of the resolution, ordinance or other documents constituting such official action.

(5) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as such term is defined in the Agreement) exists at the date hereof.

(6) All insurance required in accordance with the Agreement is currently maintained by Lessee.

(7) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the Rental Payments scheduled to come due during the Original Term and to meet its other obligations for the Original Term (as such terms are defined in the Agreement), and such funds have not been expended for other purposes.

(8) There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal against Lessee that, if adversely determined, would adversely affect the transactions contemplated by the Agreement or the interest of Lessor or its assigns, as the case may be, in the Equipment.

(9) The Equipment has not been the subject of a referendum that failed to receive the approval of the voters of Lessee within the preceding four years.

(10) The correct billing address for Rental Payments is as follows:

City of Lompoc, California
100 Civic Center Plaza
Lompoc, CA 93436
Attention: _____

Dated: January 15, 2020.

By: _____
Name: James Throop
Title: City Manager

By: _____
Name: _____
Title: _____

**ATTACHMENT TO
LESSEE'S CLOSING CERTIFICATE**

**COPY OF AUTHORIZATION DOCUMENT
(per Section 4)**

(Please provide signed copy of authorizing ordinance or resolution. Attached is a form of resolution for adoption by governing body, if no ordinance or resolution previously adopted.)

RESOLUTION

[Subject to revision to comply with State requirements.]

The undersigned, being the officer identified below of the City of Lompoc, California (the "Lessee"), hereby certifies that the following is a true and correct copy of a resolution adopted by the governing body of the Lessee at a meeting duly held on January __, 2020.

* * * *

WHEREAS, the City of Lompoc, California (the "Lessee") is a political subdivision duly organized and existing under the laws of the State of California; and

WHEREAS, it is hereby determined that a true and real need exists for the acquisition of certain vehicles for use by the Lessee (the "Equipment"); and

WHEREAS, it is necessary and desirable and in the best interest of the Lessee, as lessee, to enter into an Equipment Lease Purchase Agreement (the "Agreement") with Sterling National Bank, as lessor (the "Lessor"), for the purposes described therein, including the leasing of the Equipment;

NOW, THEREFORE, BE IT RESOLVED, BY THE GOVERNING BODY OF THE CITY OF LOMPOC, CALIFORNIA, AS FOLLOWS:

Section 1. The Agreement, in substantially the same form as presented to this meeting, and the terms and performance thereof are hereby approved, and the City Manager of the Lessee (or its designee) is hereby authorized to execute and deliver the Agreement on behalf of the Lessee, with such changes therein as shall be approved by such officer, such approval to be conclusively evidenced by such officer's execution thereof.

Section 2. The Escrow Agreement (the "Escrow Agreement"), among the Lessee, the Lessor and the escrow agent named therein, in substantially the same form as presented to this meeting, and the terms and performance thereof are hereby approved, and the Escrow Agreement is hereby authorized to be executed and delivered on behalf of the Lessee by a duly authorized officer of the Lessee, with such changes therein as shall be approved by such officer, such approval to be conclusively evidenced by such officer's execution thereof.

Section 3. The Lessee shall, and the officers, agents and employees of the Lessee are hereby authorized and directed to take such further action and execute such other documents (including without limitation any tax certificate), certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Lessee with respect to the Agreement and the Escrow Agreement.

Section 4. The Lessee has made certain capital expenditures in connection with the acquisition of the Equipment prior to the date hereof, and the Lessee expects to make additional capital expenditures in connection with the acquisition of the Equipment in the future. The Lessee intends to reimburse itself for all or a portion of such expenditures, to the extent permitted by law, with the proceeds of the Agreement or other tax-exempt obligations to be delivered by the Lessee. The maximum principal amount of the Agreement or other tax-exempt obligations expected to be delivered for the Equipment is not expected to exceed \$5,140,000.

Section 5. This Resolution shall take effect and be in full force immediately after its adoption by the governing body of the Lessee.

* * *

I further certify that the foregoing resolution has not been modified, amended or repealed and is in full force and effect as of the date hereof.

WITNESS my hand this __ day of January, 2020.

By: _____
Title: _____

ESSENTIAL USE CERTIFICATE

January 15, 2020

Sterling National Bank
500 Seventh Avenue, 3rd Floor
New York, NY 10018
Attention: Public Sector Finance

Re: Equipment Lease Purchase Agreement dated as of January 15, 2020, between the City of Lompoc, California, as lessee (“Lessee”), and Sterling National Bank, as lessor (“Lessor”) (the “Agreement”)

Ladies and Gentlemen:

I, Jim Throop, a duly elected, appointed, or designated representative of the City of Lompoc, California (“Lessee”), am qualified to answer the questions set forth below regarding the Equipment to be acquired by Lessee in connection with the above-referenced Agreement:

1. *What is the specific use of the Equipment?*

2. *What increased capabilities will the Equipment provide?*

3. *Why is the Equipment essential to your ability to deliver governmental services?*

4. *Does the Equipment replace existing equipment?
(If so, please explain why you are replacing the existing equipment)*

5. *Why did you choose this specific Equipment?*

6. *For how many years do you expect to utilize the Equipment?*

7. *What revenue source will be utilized to make Rental Payments due under the Agreement?*

Very truly yours,

CITY OF LOMPOC, CALIFORNIA

By: _____
James Throop, City Manager

FORM OF OPINION OF LESSEE COUNSEL
(Please furnish on Attorney's letterhead.)

January 15, 2020

Sterling National Bank
500 Seventh Avenue, 3rd Floor
New York, NY 10018
Attention: Public Sector Finance

Re: Equipment Lease Purchase Agreement dated as of January 15, 2020, between the City of Lompoc, California, as lessee ("Lessee"), and Sterling National Bank, as lessor ("Lessor") (the "Agreement")

Ladies and Gentlemen:

As legal counsel to Lessee, I have examined (a) an executed counterpart of the Agreement, which, among other things, provides for the lease by Lessee from Lessor of the Equipment, (b) an executed counterpart of the Escrow Agreement, dated as of January 15, 2020 (the "Escrow Agreement"), among Lessor, Lessee and Sterling National Bank, in its capacity as escrow agent, (c) an executed resolution or ordinance of Lessee which, among other things, authorizes Lessee to execute the Agreement and the Escrow Agreement, and (e) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions.

Based on the foregoing, I am of the following opinions:

1. Lessee is a political subdivision duly organized and existing under the laws of the State of California, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) police power.
2. Lessee has the requisite power and authority to purchase the Equipment and to execute and deliver the Agreement and the Escrow Agreement and to perform its obligations under the Agreement and the Escrow Agreement.
3. The Agreement and the Escrow Agreement and the other documents either attached thereto or required therein have been duly authorized, approved and executed by and on behalf of Lessee, and the Agreement and the Escrow Agreement are valid and binding obligations of Lessee enforceable in accordance with their respective terms.
4. The authorization, approval and execution of the Agreement and the Escrow Agreement and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state and federal laws.
5. There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Agreement and the Escrow Agreement or the security interest of Lessor or its assigns, as the case may be, in the Equipment.
6. The Equipment to be leased pursuant to the Agreement constitutes personal property and when subjected to use by Lessee will not be or become a fixture under applicable law.
7. The authorization, execution, delivery and performance of the Agreement and the Escrow Agreement by Lessee do not require submission to, approval of, or other action by any governmental authority or agency which action has not been taken and is final and non-appealable.
8. The holding of the monies in the Escrow Fund by the Escrow Agent and the investment of such monies in the Qualified Investments as specifically identified in the Escrow Agreement are legally permissible as required by any applicable law or requirement to which Lessee is subject.

All capitalized terms herein will have the same meanings as in the Agreement. Lessor, its successors and assigns and any counsel rendering an opinion on the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation are entitled to rely on this opinion.

Very truly yours,

IRS FORM 8038-G QUESTIONNAIRE

[For Completion by Lessee.]

(Lessor Counsel will prepare and file IRS Form 8038-G Post-Closing)

Name of Lessee: City of Lompoc, California
Address of Lessee: 100 Civic Center Plaza, Lompoc, CA 93436
Contact Person: Jim Throop, City Manager
Telephone number: 805-875-8203
Email address: j_throop@ci.lompoc.ca.us
Lessee's FEIN: _____

GENERAL

The Form 8038-G (the form used by Lessees to report the issuance of a tax-exempt obligation) asks specific questions about written procedures to: (1) monitor private use of assets financed with proceeds of a tax-exempt obligation and, as necessary, to take remedial actions to correct any violations of federal tax restrictions on the use of financed assets; and (2) monitor the yield on the investment of gross proceeds of tax-exempt obligations and, as necessary, make payments of arbitrage rebate earned to the United States. In addition, the Form 8038-G asks Lessees to report whether any proceeds will be used to reimburse the Lessee for an expenditure paid prior to issuance. This questionnaire is designed to obtain the information necessary to complete Form 8038-G upon execution and delivery of the Lease.

At this time, the consequences of not having adopted written procedures to monitor private use of financed assets and yield on the investment of gross proceeds of tax-exempt obligations are unknown. Further information is available at <http://www.gilmorebell.com> under the "Resources" header. If you have any questions, please consult your regular bond or legal counsel.

Part 1 – Written Tax Compliance Procedures

Note: If either of these questions is not answered, we will assume the Lessee has not adopted the described procedures.

1. Has the Lessee established written procedures designed to monitor compliance with federal tax restrictions for the term of the lease? Among other matters, the written procedures should identify a particular individual within Lessee's organization to monitor compliance with the federal tax requirements related to use of the financed assets and describe actions to be taken in the event failure to comply with federal tax restrictions is contemplated or discovered.
Yes ___ No ___ If Yes, please attach a copy.
2. Has the Lessee established written procedures to monitor the yield on the investment of proceeds of the Lease on deposit in an escrow account or similar fund prior to being spent and to ensure that any positive arbitrage rebate earned is paid to the United States?
Yes ___ No ___ If Yes, please attach a copy.

Part 2 – Use of the Equipment

1. **Leases.** Are there or are there expected to be any leases, either short-term or long-term) that provide a Non-Qualified User (i.e., a private company, 501(c)(3) corporation, the federal government or any agency of the federal government) with legal rights to use, benefit from, or otherwise lease any portion of the Equipment?
Yes ___ No ___
If your response is "Yes" to the question above, please include a copy of each lease or use agreement or information about the proposed lease.
2. **Management and Service Agreements.** Are there or are there expected to be any agreements with Non-Qualified Users to provide management functions or any other services with the Equipment?
Yes ___ No ___
If your response is "Yes" to the question above, please include a copy of each management or service agreement or information about the proposed agreement.

Part 3 – Reimbursement of Prior Expenditures

1. As of the funding date, were any of the proceeds of the Lease used to reimburse Lessee for expenditures paid to acquire the financed assets prior to the funding date of the Lease? **Yes** ___ **No** ___ *If yes, please attach a spreadsheet listing the expenditure(s) together with the date paid, vendor paid and purpose of the expenditure or other proof of the expenditure(s) containing this information (i.e. invoices, receipts, cancelled checks).*

Items 2 and 3 need to be completed ONLY if the answer to item 1 above is YES.

2. Please attach a copy of Lessee’s resolution of intent to finance the financed assets, which includes date of adoption.
3. What is the amount of proceeds of the Lease reimbursed to Lessee? \$_____

Date: January 15, 2020.

CITY OF LOMPOC, CALIFORNIA

By: _____
James Throop, City Manager

INSURANCE COVERAGE REQUIREMENTS

TO LESSOR: Sterling National Bank and its successors and/or assigns, ATIMA
(CERTIFICATE One Jericho Plaza
HOLDER) Jericho, NY 11753
Attention: Public Sector Finance

FROM LESSEE: City of Lompoc, California
(INSURED) 100 Civic Center Plaza
Lompoc, CA 93436

Equipment Lease Purchase Agreement dated as of January 15, 2020 (the "Agreement"), between the undersigned ("Lessee") and Sterling National Bank

EQUIPMENT LOCATIONS: See **Schedule 1** attached.

SUBJECT: INSURANCE COVERAGE REQUIREMENTS

Check All Appropriate Boxes:

Third-Party Insurance. In accordance with Section 22 of the Agreement, we have instructed the insurance agent named below to issue the insurance indicated below (please fill in name, address and telephone number of insurance agent):

Casualty insurance on the leased equipment ("Equipment") covered by the Agreement, evidenced by a Certificate of Insurance and Long Form Loss Payable Clause **naming Sterling National Bank, and/or its assigns, as additional insured and loss payee.**

Coverage Required: Purchase Price (as defined in the Agreement) of the Equipment

Public liability insurance evidenced by a Certificate of Insurance **naming Sterling National Bank, and/or its assigns, as additional insured.**

Minimum Coverage Required:
\$1,000,000.00 per person
\$1,000,000.00 aggregate bodily injury liability
\$100,000.00 property damage liability

Workers' compensation insurance evidenced by a Certificate of Insurance.

Coverage Required: In compliance with State law

Proof of insurance coverage will be provided prior to the time the Equipment is delivered to us.

Self Insurance. Pursuant to Section 22 of the Agreement, we are self-insured for:

All risk, physical damage.

Public liability.

Such self-insurance covers Sterling National Bank, and/or its assigns to the same extent that commercial insurance would otherwise be required to do so by the Agreement. We will provide proof of such self-insurance in letter form together with a copy of the statute or other authority authorizing this form of insurance.

LESSEE: CITY OF LOMPOC, CALIFORNIA

By: _____
James Throop, City Manager

SCHEDULE 1 TO
INSURANCE COVERAGE REQUIREMENTS

Equipment Locations

[To be provided by Lessee.]

INSURANCE CERTIFICATES (PROPERTY, LIABILITY AND WORKERS' COMPENSATION) COMPLYING WITH THE PROVISIONS OF SECTION 22 OF THE AGREEMENT TO BE PROVIDED BY LESSEE, WITH THE FOLLOWING PARTY SHOWN AS LOSS PAYEE AND ADDITIONAL INSURED WITH RESPECT TO PROPERTY INSURANCE, AND SHOWN AS ADDITIONAL INSURED WITH RESPECT TO LIABILITY INSURANCE:

Sterling National Bank and its successors and/or assigns, ATIMA
One Jericho Plaza
Jericho, NY 11753
Attention: Public Sector Finance

[To be provided by Lessee prior to disbursement of funds from Escrow Fund for payment of costs for the Equipment.]

CERTIFICATES OF ORIGIN FOR TITLED VEHICLES WITH THE FOLLOWING PARTY SHOWN AS LIENHOLDER:

Sterling National Bank and its successors and/or assigns, ATIMA
One Jericho Plaza
Jericho, NY 11753
Attention: Public Sector Finance

[To be provided by Lessee prior to disbursement of funds from Escrow Fund for payment of costs for the Equipment.]

UCC SEARCH RESULTS

[On file with Lessor.]

UCC-1 FINANCING STATEMENT

[To be prepared and filed by Lessor Counsel.]

FORM W-9 FROM LESSEE

[Signed Form W-9 (October, 2018 version) to be provided by Lessee.]



City of Lompoc, California
100 Civic Center Plaza
Lompoc, CA 93436

Re: \$5,140,000 Equipment Lease Purchase Agreement dated as of January 15, 2020, between the City of Lompoc, California, as lessee, and Sterling National Bank, as lessor (the "Loan Obligation")

Ladies and Gentlemen:

Thank you for selecting Sterling National Bank ("SNB") as your lender. We are delivering this letter to describe our role in the transaction.

SNB has not acted and will not act as your agent or serve as your municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934). We have no fiduciary duty to you and intend only to enter into an arm's-length transaction involving extending credit to you through the purchase of the above-referenced Loan Obligation.

Any quote or indication of interest provided to you consists solely of the terms under which SNB may be willing to enter into a transaction with you for its own account.

Please acknowledge the foregoing by signing where indicated below and returning this letter via e-mail to our counsel, Gilmore & Bell, P.C. (e-mail: jjackson@gilmorebell.com). In addition, please identify below any registered municipal advisor, financial advisor or placement agent you are working with on this transaction.

For your convenience, attached hereto is a form of Letter of Representations which SNB intends to execute and deliver to you at closing for inclusion with the Loan Obligation transcript documentation.

Please let us know if you or your counsel would like to further discuss these matters. Thank you again for doing business with us. We look forward to working with you.

Date: January 15, 2020.

STERLING NATIONAL BANK

-
- Placement Agent _____
(Name of Firm)
 - Financial Advisor/ Registered Municipal Advisor: _____
(Name of Firm)
 - No Placement Agent/Financial Advisor/Registered Municipal Advisor

Acknowledgement:
CITY OF LOMPOC, CALIFORNIA

By: _____
Jim Throop, City Manager



LETTER OF REPRESENTATION

January 15, 2020

City of Lompoc, California
100 Civic Center Plaza
Lompoc, CA 93436

Re: \$5,140,000 Equipment Lease Purchase Agreement dated as of January 15, 2020, between the City of Lompoc, California, as lessee, and Sterling National Bank, as lessor (the "Loan Obligation")

Ladies and Gentlemen:

Sterling National Bank ("SNB") is a national banking association organized and existing under the laws of the United States of America, and is acquiring the Loan Obligation for its own account with the present intent to hold the Loan Obligation to maturity or earlier prepayment, and without any present intent to distribute or sell any interest therein or portion thereof other than to an affiliate of SNB; provided that SNB retains the right at any time to dispose of the Loan Obligation or any interest therein or portion thereof, but agrees that any such transfer or distribution by SNB shall be made in accordance with applicable law and the provisions of the Loan Obligation.

SNB is a lender that regularly extends credit by making loans in the form of state and local government obligations; has knowledge and experience in financial and business matters that make it capable of evaluating the City of Lompoc, California (the "City"), the Loan Obligation and the risks associated with the effecting of the Loan Obligation; and has the ability to bear the economic risk of extending the credit evidenced by the Loan Obligation.

SNB has conducted its own investigation of the financial condition of the City and of the security for the payment of the principal of and interest on the Loan Obligation, and has obtained such information regarding the Loan Obligation, the City and its operations, financial condition and financial prospects as SNB deems necessary to make an informed credit decision with respect to the effecting of the Loan Obligation.

STERLING NATIONAL BANK

By: _____

Name: Kevin C. King

Title: Senior Vice President, Senior Managing Director

CDIAC FILINGS

[See <https://www.treasurer.ca.gov/cdiac/reporting.asp> for instructions and filing information.]

- Report of Proposed Debt Issuance (*to be filed prior to closing*)
- Report of Final Sale (*post-closing filing*)

[To be prepared and filed by Lessor Counsel]

PARTICIPATION CERTIFICATE BETWEEN
STERLING NATIONAL BANK AND STERLING NATIONAL FUNDING CORP.

[On file with Lessor.]

LETTER OF REPRESENTATION

January 15, 2020

City of Lompoc, California
100 Civic Center Plaza
Lompoc, CA 93436

Re: \$5,140,000 Equipment Lease Purchase Agreement dated as of January 15, 2020, between the City of Lompoc, California, as lessee, and Sterling National Bank, as lessor (the "Loan Obligation")

Ladies and Gentlemen:

Sterling National Funding Corp. ("Assignee") is an affiliate of Sterling National Bank, and is acquiring the Loan Obligation at par from Lessor for its own account with the present intent to hold the Loan Obligation to maturity or earlier prepayment, and without any present intent to distribute or sell any interest therein or portion thereof; provided that Assignee retains the right at any time to dispose of the Loan Obligation or any interest therein or portion thereof, but agrees that any such transfer or distribution by Assignee shall be made in accordance with applicable law and the provisions of the Loan Obligation.

Assignee is a lender that regularly extends credit by making loans in the form of state and local government obligations; has knowledge and experience in financial and business matters that make it capable of evaluating the City of Lompoc, California (the "City"), the Loan Obligation and the risks associated with the effecting of the Loan Obligation; and has the ability to bear the economic risk of extending the credit evidenced by the Loan Obligation.

Assignee has conducted its own investigation of the financial condition of the City and of the security for the payment of the principal of and interest on the Loan Obligation, and has obtained such information regarding the Loan Obligation, the City and its operations, financial condition and financial prospects as Assignee deems necessary to make an informed credit decision with respect to the effecting of the Loan Obligation.

STERLING NATIONAL FUNDING CORP.

By: _____
Name: Benjamin C. Hirsh
Title: Senior Vice President – CAO Controller