

Lease# 12505543

EQUIPMENT LEASE/PURCHASE AGREEMENT

This Equipment Lease/Purchase Agreement (the "Agreement") dated as of August 1, 2019, is entered into by and between FIVE STAR BANK, a California banking corporation, as lessor ("Lessor"), and the CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California, as Lessee (the "Lessee").

RECITALS:

WHEREAS, Lessee desires to lease and acquire from Lessor certain equipment described in this Agreement, subject to the terms and conditions of and for the purposes set forth in this Agreement including without limitation all Schedules and Exhibits hereto; and in the event of a conflict the terms of a Schedule prevail; and

WHEREAS, Lessee is authorized under the constitution and laws of the State to enter into this Agreement and the Schedules hereto for the purposes set forth therein.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Acceptance Date" means, with respect to the items of Equipment identified in a Disbursement Request, the date that Lessee identifies to Lessor and the Escrow Agent and certifies as the date on which acceptance with respect to such items of Equipment has occurred and for which disbursement from the Escrow Account is then requested in accordance with such Disbursement Request pursuant to the Escrow Agreement; *provided, however*, that if there is no Escrow Agreement in place, the Acceptance Date means the date as of which acceptance has occurred as identified in an Acceptance Certificate in the form attached hereto as Exhibit B.

"Acquisition Amount" means the amount specified in the Lease and represented by Lessee to be sufficient to acquire the Equipment listed in the Lease.

"Acquisition Period" means, with respect to the Lease for which an Escrow Account is established, that period identified in the related Schedule during which the Lease Proceeds attributable to the Lease may be expended on Equipment Costs pursuant to the related Escrow Agreement.

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"Agreement" means this Equipment Lease/Purchase Agreement, including the exhibits hereto, together with any amendments and modifications to the Agreement pursuant to Section 13.05.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder.

"Commencement Date" means, for each Lease, the date when Lessee's obligation to pay rent commences under the Lease, which date shall be the earlier of (i) the date on which the Equipment listed in the Lease is accepted by Lessee in the manner described in Section 5.01 and (ii) the date on which the Acquisition Amount is advanced by Lessor.

"Disbursement Request" means, with respect to the items of Equipment therein identified, a Disbursement Request substantially in the form attached as Schedule 1 to the Escrow Agreement.

"Equipment" means the property listed in each of the Leases and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article V. Whenever reference is made in this Agreement to Equipment listed in a Lease, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Equipment.

"Equipment Costs" means the total cost of the Equipment listed in each Lease, including all delivery charges, installation charges, capitalizable consulting and training fees, legal fees, financing costs, and other costs necessary to vest full, clear legal title to the Equipment in Lessor, and otherwise incurred in connection with the financing provided by the lease-purchase of the Equipment as provided in each Lease.

"Escrow Account" means, with respect to any Lease, the account established and held by the Escrow Agent pursuant to the related Escrow Agreement, if any.

"Escrow Agent" means, with respect to the Equipment for which an Escrow Account is established, the Escrow Agent identified in the related Escrow Agreement, and its successors and assigns.

"Escrow Agreement" means, with respect to the Equipment for which an Escrow Account is established, an Escrow Agreement in form and substance acceptable to and executed by Lessee, Lessor and the Escrow Agent, pursuant to which an Escrow Account is established and administered.

"Event of Default" means an Event of Default described in Section 12.01.

"Lease" means a Schedule and the terms of this Agreement which are incorporated by reference into such Schedule, including without limitation Exhibit A.

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"Lease Proceeds" means, with respect to the Equipment for which an Escrow Account is established, the total amount of money to be paid by Lessor to the Escrow Agent for deposit and application in accordance with the Lease and the related Escrow Agreement.

"Lease Term" for the Lease shall begin on the Commencement Date thereof and continue as specified in the Schedule applicable thereto.

"Lessee" means the entities referred to as Lessee in the first paragraph of this Agreement.

"Lessor" means (a) the entity referred to as Lessor in the first paragraph of this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to the Equipment under the Lease (including Rental Payments thereunder) and any related Escrow Account pursuant to Section 11.01, but does not include Lessee, any party taking a leasehold interest in the Equipment or any entity solely by reason of that entity retaining or assuming any obligation of Lessor to perform under a Lease.

"Maximum Equipment Cost" means \$1,217,883.13

"Purchase Price" means, with respect to the Equipment listed on a Lease, the amount paid to purchase the Equipment as provided in the Lease.

"Rental Payment Date" means, with respect to each Lease, the first day of each quarter during the applicable Lease Term, unless otherwise provided in an applicable Payment Schedule.

"Rental Payments" means the basic rental payments payable by Lessee under the Lease pursuant to Section 4.01, in each case consisting of a principal component and an interest component.

"Schedule" means each separately numbered Schedule of Property substantially in the form of Exhibit A hereto together with a Rental Payment Schedule attached thereto substantially in the form of Exhibit A-1 hereto.

"State" means the State of California.

"Utilization Period" means the date by which Lessee must deliver an Acceptance Certificate for the Equipment under the Lease as indicated in Section 3.04(b).

"Vendor" means the manufacturer or supplier of the Equipment or any other person as well as the agents or dealers of the manufacturer or supplier from whom Lessor arranged Lessee's acquisition and financing of the Equipment pursuant to the applicable Lease.

ARTICLE II COVENANTS

Section 2.01 Representations and Covenants of Lessee. Lessee represents, covenants and warrants for the benefit of Lessor on the date hereof and as of the Commencement Date of the Lease as follows:

(a) Lessee is a political subdivision thereof within the meaning of Section 103(c) of the Code, duly organized and existing under the constitution and laws of the State with full power and authority to enter into this Agreement, each Escrow Agreement and the Lease and the transactions contemplated hereby and to perform all of its obligations hereunder and under the Lease and Escrow Agreement.

(b) Lessee has duly authorized the execution and delivery of this Agreement and the Lease and Escrow Agreement by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and each Lease.

(c) 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 date hereof.

(d) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a political subdivision.

(e) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the Lease and the acquisition by Lessee of the Equipment as provided in each Lease.

(f) During the Lease Term, the Equipment will be used by Lessee only for the purpose of performing essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority. Lessee does not intend to sell or otherwise dispose of any interest in the Equipment prior to the last Rental Payment scheduled to be paid under the Lease.

(g) During the Lease Term, Lessee agrees to maintain \$1,000,000 in depository balances with Lender and an Unassigned Net General Fund balance equivalent to the greater of \$1,400,000 or 60 days of operating reserves.

(h) Lessee shall deliver to Lessor (i) annual audited financial statements (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances, (3) statement of cash flows and notes, and (4) schedules and attachments to the financial statements) within 270 days of its fiscal year end, (ii) such other financial statements and information as Lessor may reasonably request, and (iii) its annual budget for the following fiscal year within 30 days of the adoption thereof. Such statements shall be accompanied by an unqualified opinion of Lessee's auditor. Credit information

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relating to Lessee may be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns.

(i) Lessee has kept, and throughout the Lease Term of the Lease shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied, and shall deliver to Lessor (i) the complete Comprehensive Annual Financial Report of the Lessee (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows, and (4) footnotes, schedules and attachments to the financial statements) within 270 days after its fiscal year end, (ii) such other financial statements and information as Lessor may reasonably request, and (iii) upon Lessor's request, its annual budget for any prior or current fiscal year or for the following fiscal year within 20 days of proposal or adoption (as the case may be). The financial statements described in this subsection shall be accompanied by an unqualified opinion of Lessee's auditor. Credit information relating to Lessee may be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns.

(j) Lessee has an immediate need for the Equipment listed on each Schedule and expects to make immediate use of the Equipment listed on each Schedule. Lessee's need for the Equipment is not temporary and Lessee does not expect the need for any item of the Equipment to diminish during the Lease Term to such item.

(k) The payment of the Rental Payments or any portion thereof is not (under the terms of the Lease or any underlying arrangement) directly or indirectly (a) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (b) on a present value basis, derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Equipment Costs for the Equipment will be used, directly or indirectly, to make or finance loans to any person other than Lessee. Lessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(l) There is no pending litigation, tax claim, proceeding or dispute that Lessee reasonably expects will materially and adversely affect Lessee's financial condition or impairs its ability to perform its obligations under this Agreement, the Lease or any Escrow Agreement. Lessee will, at its expense, maintain its legal existence in good standing and do any further act and execute, acknowledge, deliver, file, register and record any further documents Lessor may reasonably request in order to protect Lessor's first priority security interest in the Equipment and the Escrow Account and Lessor's rights and benefits under this Agreement, the Lease and related Escrow Agreement.

(m) Lessee has approved this Agreement as a qualified tax-exempt obligation pursuant to 26 U.S.C. § 265(b)(3) and has not issued, agreed to or assumed tax-exempt obligations for which the principal balance, on a cumulative basis, exceeds ten million dollars (\$10,000,000.00).

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(n) The proceeds of the Lease will not be used as to cause the obligations of Lessee under that Lease to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(o) Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Agreement during the current fiscal year of Lessee, and such moneys will be applied in payment of all such Rental Payments due and payable during such current fiscal year.

(p) To Lessee's knowledge, (i) no material facts contained herein or made in connection with this Agreement are untrue, misleading, or omitted and (ii) this Agreement and all obligations stated herein comply with all applicable federal, state and local laws.

ARTICLE III LEASE

Section 3.01 Lease of Equipment. Subject to the terms of this Agreement, Lessor agrees to provide the funds specified in the Lease to be provided by it to lease, purchase or otherwise acquire the Equipment, up to an amount equal to the Maximum Equipment Cost. Upon the execution of each Lease, Lessor leases and lets to Lessee, and Lessee rents and leases from Lessor, the Equipment as set forth in the Lease and in accordance with the terms thereof.

Section 3.02 Continuation of Lease Term. Lessee intends to continue the Lease Term of the Lease and to pay the Rental Payments thereunder. Lessee reasonably believes that an amount sufficient to make all Rental Payments during the entire Lease Term of the Lease can be obtained from legally available funds of Lessee. Lessee further intends to do all things lawfully within its power to obtain and maintain funds sufficient and available to discharge its obligation to make Rental Payments due hereunder, including making provision for such payments to the extent necessary in each budget or appropriation request submitted and adopted in accordance with applicable provisions of law, to have such portion of the budget or appropriation request approved and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved.

Section 3.03 Abatement. During any period in which, by reason of material damage or destruction or taking under the power of eminent domain (or sale to any entity threatening the use of such power) or material title defect with respect to any Equipment, there is substantial interference with the use and possession by Lessee of such Equipment, the Lessee's obligation to pay rent applicable to such Equipment shall be abated proportionately in whole or in part. Lessee shall immediately notify Lessor upon the occurrence of any event causing substantial interference with Lessee's use and possession of any Equipment, and such notice shall be provided prior to the abatement of any rent. The amount of abatement of the Lessee's obligation to pay rent shall be such that the remaining rental obligation of the Lessee for each rental period represents fair consideration for the use and possession of the portions of the Equipment that are not affected by such interference. Such abatement shall commence on the date that Lessee's use and possession of the affected Equipment is restricted because of such interference and end on the earlier of (i) the date on which the use and possession thereof are

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restored to Lessee, or (ii) the date on which Lessee either (x) replaces the affected Equipment or (y) uses the proceeds of insurance or condemnation award to pay the applicable Purchase Price therefor. Notwithstanding any such interference with Lessee's use and possession of a portion of the Equipment, this Agreement shall continue in full force and effect with respect to any remaining Equipment. Lessee waives the benefits of Civil Code Sections 1932 and any and all other rights to terminate this Agreement by virtue of any interference with the use and possession of any Equipment.

Section 3.04 Conditions to Lessor's Performance.

(a) As a prerequisite to the performance by Lessor of any of its obligations pursuant to any Lease, Lessee shall deliver to Lessor the following:

- (i) A fully completed Schedule, executed by Lessee;
- (ii) Executed copy of Exhibit C, or alternatively a Certificate executed by the Clerk or Secretary or other comparable officer of Lessee, in substantially the form attached hereto as Exhibit C, completed to the satisfaction of Lessor;
- (iii) Executed copy of Exhibit F, or alternatively a certified copy of a resolution or other official action of Lessee's governing body, in substantially the form attached hereto as Exhibit F, authorizing the execution and delivery of this Agreement, the Lease and the Escrow Agreement and performance by Lessee of its obligations thereunder, including without limitation that this Agreement constitutes a valid tax exempt obligation pursuant to 26 U.S.C. § 265(b)(3);
- (iv) An opinion of counsel to Lessee in substantially the form attached hereto as Exhibit D respecting the Lease and otherwise satisfactory to Lessor;
- (vi) Evidence of insurance as required by Section 7.02 hereof;
- (vii) All documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate at that time pursuant to Section 6.01 and 6.02;
- (viii) A waiver or waivers of interest in the Equipment from any mortgagee or any other party having an interest in the real estate on which the Equipment will be located and/or landlord of the real estate on which the Equipment will be located;
- (ix) A copy of a fully completed and executed Form 8038-B, and such other documentation as is required to establish and maintain federal tax exemption;
- (x) For a tax-exempt Lease, in the event that Lessee is to be reimbursed for expenditures that it has paid more than 60 days prior to the Funding Date for the Lease, evidence of the adoption of a reimbursement resolution or other official action covering the reimbursement from tax-exempt

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proceeds of expenditures incurred not more than 60 days prior to the date of such resolution or other official action;

(xi) Execution of the Essential Use/Source of Funds Certificate set forth in Exhibit E;

(xii) If an Escrow Account is to be established with respect to the Lease, execution of the Escrow Agreement set forth in Exhibit G hereto, executed by Lessee and the Escrow Agent;

(xiii) Wire instructions for payments to be made to Vendors and Form W-9 from each such Vendor; and

(xiv) Such other items, if any, as are set forth in the Lease or are reasonably required by Lessor.

(b) In addition, the performance by Lessor of any of its obligations pursuant to this Agreement, the Lease and the Escrow Agreement shall be subject to: (i) no material adverse change in the financial condition of Lessee since the date of this Agreement, (ii) no Event of Default having occurred, and (iii) the Equipment must be accepted by Lessee no later than August 1, 2020 (the "Utilization Period").

(c) Subject to satisfaction of the foregoing, (i) Lessor will pay the Acquisition Amount for Equipment described in a Schedule to the Vendor(s) upon receipt of the documents described in Sections 5.01(a) and (b); or (ii) if an Escrow Account is being established with respect to the related Lease, Lessor will deposit the Lease Proceeds for Equipment described in the applicable Schedule with the Escrow Agent as provided in the related Escrow Agreement.

(d) This Agreement is not a commitment by Lessor or Lessee to enter into the Lease not currently in existence, and nothing in this Agreement shall be construed to impose any obligation upon Lessor or Lessee to enter into any proposed Lease, it being understood that whether Lessor or Lessee enters into the Lease shall be a decision solely within their respective discretion.

(e) Lessee will reasonably cooperate with Lessor in revisions or amendments to this Agreement and/or any proposed Lease. Without limiting the foregoing, Lessee will provide Lessor with any documentation or information Lessor may request in connection with Lessor's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Lessee and other matters related to Lessee.

**ARTICLE IV
PAYMENT AND PREPAYMENT OF RENT**

Section 4.01 Rental Payments. Lessee shall promptly pay Rental Payments, in lawful money of the United States of America, to Lessor on the dates and in such amounts as provided in each Lease. If any Rental Payment is not made within ten (10) days of the date on which it is due, Lessee shall also pay to Lessor a late charge in the amount equal to five percent (5%) of the Rental Payment due or the maximum amount permitted by law, whichever is less. Lessee shall not permit the federal government to guarantee any Rental Payments under any Lease. Rental Payments consist of principal and interest payments as more fully detailed on each Schedule, the interest on which begins to accrue as of the Commencement Date for each such Schedule.

Section 4.02 Interest and Principal Components. A portion of each Rental Payment is paid as, and represents payment of, interest, and the balance of each Rental Payment is paid as, and represents payment of, principal. The Lease shall set forth the principal and interest components of each Rental Payment payable thereunder during the Lease Term. Interest on the Acquisition Amount advanced under the Lease shall begin to accrue as of the Commencement Date with respect to the Lease, notwithstanding the later acceptance or delivery of any Equipment subject thereto.

Section 4.03 Rental Payments to Constitute a Current Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments under the Lease shall constitute a current expense of Lessee payable solely from its general fund or other funds that are legally available for that purpose and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein or in the Lease constitute a pledge of the general tax revenues, funds or moneys of Lessee.

Section 4.04 Rental Payments to be Unconditional. Except as provided in Section 3.03, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained in the Lease 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, after it has been accepted by lessee, any defects, malfunctions, breakdowns or infirmities in the equipment or any accident, condemnation or unforeseen circumstances. Lessee's obligations to make Rental Payments or pay other amounts hereunder shall not be abated on account of obsolescence or failure of the Equipment to perform as desired.

Section 4.05 Tax Covenant. Lessee agrees that it will not take any action that would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, except to the extent required by 26 U.S.C. § 291(a)(3). The Lessee will assure that the proceeds of the Lease are not so used as to cause the obligations of the Lessee under the Lease to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of section 141(c) of the Code. The Lessee will not take any action or permit or suffer any action to be taken if the result

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of such action would be to cause any of the obligations of the Lessee under the Lease to be "federally guaranteed" within the meaning of Section 149(b) of the Code. Except as otherwise provided in subparagraph (ii) below, the Lessee covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement or an Escrow Account under an Escrow Agreement, or otherwise containing gross proceeds (within the meaning of Section 148 of the Code) of the Lease will be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement, the Lease or the Code) at fair market value. The Lessee will retain its records of all accounting and monitoring it carries out with respect to this Agreement and the Lease for at least 3 years after the Lease is paid or prepaid in full (whichever is earlier); *however*, if the Lease is prepaid with proceeds of a refunding obligation, the Lessee will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that prepaid the Lease.

Section 4.06 Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component shall be at a Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for federal income tax purposes and only for so long as such gross income is properly includible, and Lessee will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate identified in the related Lease. Lessee will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Lease or any amount deposited under an Escrow Agreement which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of delivery of the Lease would have caused any of the obligations of the Lessee under the Lease to be "arbitrage bonds" within the meaning of Section 148 of the Code.

For purposes of this Section, "Event of Taxability" means a determination that the interest component is includible for federal income tax purposes in the gross income of the owner thereof due to Lessee's action or failure to take any action.

Section 4.06 Prepayment.

(a) Lessee agrees that all Rental Payments and other charges are earned fully as of the date of the Lease and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Lessee may pay without penalty all or a portion of the amount owed earlier than when due. Early payments will not, unless agreed to by Lessor in writing, relieve Lessee of Lessee's obligation to continue to make Rental Payments under the Rental Payment Schedule. Rather, early payments will be applied to reduce the total amount of Rental Payments due under the Lease and may result in Lessee making fewer Rental Payments.

(b) If Lease Proceeds of the Lease are deposited into an Escrow Account, any funds not applied and remaining in such Escrow Account on the expiration of the Acquisition Period under the Lease shall be applied by Lessor on each successive Rental Payment Date thereafter to pay all or a portion of the Rental Payment due and owing in the succeeding twelve (12) months and any remaining amounts shall be applied by Lessor

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as prepayment to the remaining principal balance owing under the Lease in the reverse chronological order of the Rental Payment Dates for the Lease.

Section 4.07 Covenant to Budget and Appropriate. Lessee hereby covenants to take such action as is necessary under the laws applicable to Lessee to budget for and appropriate and maintain funds sufficient and available to discharge its obligation to meet all Rental Payments under the Lease in each of its fiscal years during the Lease Term for the Lease. The covenants on the part of Lessee herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable Lessee to carry out and perform the covenants and agreements in this Agreement and the Lease agreed to be carried out and performed by Lessee.

ARTICLE V THE EQUIPMENT

Section 5.01 Delivery, Installation and Acceptance of Equipment.

(a) Lessee shall order the Equipment, cause the Equipment to be delivered and installed at the location specified in the Leases and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. When the Equipment listed in the Lease has been delivered and installed, Lessee shall promptly accept such Equipment and evidence said acceptance by executing and delivering to Lessor an acceptance certificate in the form attached hereto as Exhibit B.

(b) If an Escrow Account has been established with respect to the Lease as provided in Section 3.04 hereof, Lessee shall deliver Disbursement Requests to the Escrow Agent pursuant to the related Escrow Agreement for the purpose of effecting disbursements from the Escrow Account to pay (or reimburse) for the Equipment acquired and pursuant to the Lease.

(c) Lessee shall deliver to Lessor, and to an Escrow Agent if an Escrow Account has been established with respect to the related Lease, original invoices and bills of sale (if title to such Equipment has passed to Lessee) relating to each item of Equipment accepted by Lessee. Lessor shall, upon receipt of an Acceptance Certificate from Lessee, prepare a Schedule of Property and Rental Payment Schedule. Lessee shall execute and deliver such Schedules to Lessor within 5 business days of receipt.

Section 5.02 Enjoyment of Equipment. Lessor shall provide Lessee with quiet use and enjoyment of the Equipment during the Lease Term, and Lessee shall peaceably and quietly have, hold and enjoy the Equipment during the Lease Term, without suit, trouble or hindrance from Lessor, except as otherwise expressly set forth in the related Lease. Lessor shall not interfere with such quiet use and enjoyment during the Lease Term so long as Lessee is not in default under the related Lease.

Section 5.03 Inspection. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

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Section 5.04 Use and Maintenance of the Equipment. Lessee will not install, use, operate, or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to its contemplated purpose. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body; provided that Lessee shall 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 (including the reversionary interest) of Lessor in and to the Equipment or its interest or rights under the Lease.

Lessee agrees that it will maintain, preserve, and keep the Equipment in good repair and working order, in accordance with manufacturer's recommendations. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment.

Lessee shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the interest of Lessor therein.

ARTICLE VI TITLE AND SECURITY

Section 6.01 Title to the Equipment. During the Lease Term, all right, title and interest in and to each item of the Equipment shall be vested in Lessor. Lessee shall at all times protect and defend, at its own cost and expense, Lessor's title in and to the Equipment from and against all claims, liens and legal processes of its creditors, and keep all Equipment free and clear of all such claims, liens and processes. Upon purchase of the Equipment under the Lease by Lessee pursuant to Section 10.01, Lessor shall transfer to Lessee title to the Equipment, as-is, without warranty of any kind other than as to the absence of liens created by or through Lessor, and shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the transfer of Lessor's right, title and interest in the Equipment subject to the related Lease.

Section 6.02 Security Interest. As additional security for the payment of all of Lessee's obligations under each Lease, upon the execution of the Lease, Lessee grants to Lessor a security interest constituting a first lien on (a) Lessee's right, title and interest in the Equipment applicable to the Lease, (b) moneys and investments held from time to time in the related Escrow Account (if any), and (c) any and all proceeds of any of the foregoing. Lessee agrees to execute and authorizes Lessor to file such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain Lessor's security interest in the Equipment, any related Escrow Account and the proceeds thereof. Lessee acknowledges and consents to the filing of a UCC financing statement or equivalent statement of Lessor's ownership and/or security interest in and to the Equipment.

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Section 6.03 Personal Property. The Equipment is and will remain personal property and 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 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.

ARTICLE VII TAXES, CHARGES AND INSURANCE

Section 7.01 Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free of all levies, liens, and encumbrances except those created by each Lease. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes, penalties, interest and governmental charges lawfully assessed or levied against or with respect to such Equipment. Lessee shall pay all utility and other charges incurred in the use and maintenance of the Equipment. Lessee shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the Lease Term.

Section 7.02 Insurance. Lessee shall during the Lease Term maintain or cause to be maintained (a) casualty insurance naming Lessor and its assigns as additional insured and loss payee and 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; (c) worker's compensation coverage as required by the laws of the State, and (d) rental interruption insurance in an amount which shall cover Rental Payments for the entire Lease Term; *provided* that, with Lessor's prior written consent, Lessee may self-insure against the risks described in clause (a); *provided further* that Lessee's ability to self-insure does not extend to rental interruption insurance, which Lessee acknowledges may limit Lessee's ability to self-insure against the risks described in clause (a). All such policies of insurance shall name Lessor as an additional insured and loss payee. Lessee shall furnish to Lessor evidence of such insurance or self-insurance coverage throughout the Lease Term. Lessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least 30 days in advance of such cancellation or modification.

Section 7.03 Risk of Loss. Whether or not covered by insurance or self-insurance, Lessee hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment under the Lease from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment under the Lease shall relieve Lessee of the obligation to make the Rental Payments or to perform any other obligation under any Lease, except as otherwise provided in Section 3.03. Whether or not covered by insurance or self-insurance, Lessee hereby agrees to reimburse Lessor (to the fullest

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extent permitted by applicable law, but only from funds legally available and appropriated for such purpose) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Lessor, regardless of the cause thereof and all reasonable expenses incurred in connection therewith (including, without limitation, reasonable counsel fees and expenses) arising out of or as a result of (a) entering into of this Agreement or the Lease or any of the transactions contemplated hereby or thereby, (b) the ordering, acquisition, ownership use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment under any Lease, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment under the Lease resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of Lessee under or in connection with this Agreement or any Lease or any material misrepresentation provided by Lessee under or in connection with this Agreement or the Lease. The provisions of this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement and any or all Leases or the termination of the Lease Term under any or all Leases for any reason.

Section 7.04 Advances. In the event Lessee shall fail to keep the Equipment in good repair and working order, Lessor may, but shall be under no obligation to, maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the due date until paid at the rate of ten percent (10%) per annum or the maximum amount permitted by law, whichever is less.

Section 7.05 Financing Fees. Within thirty (30) days following the full execution of this Agreement by the parties hereto, Lessee shall pay to Lessor (a) a financing fee, equal to one half percent (0.50%) of the Maximum Equipment Cost, and (b) a processing and documentation fee in the amount of Two Hundred and Fifty Dollars (\$250.00).

ARTICLE VIII DAMAGE TO AND REPLACEMENT OF EQUIPMENT

Section 8.01 Damage, Destruction and Condemnation. Unless Lessee shall have exercised its option to purchase the Equipment by making payment of the Purchase Price as provided in the related Lease, if, prior to the termination of the Lease Term, (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 shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment. Subject to Section 8.02 below, any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

If Lessee elects to replace any item of the Equipment (the "Replaced Equipment") pursuant to this Section, the replacement equipment (the "Replacement Equipment") shall be of similar type, utility and condition to the Replaced Equipment and shall be of equal or greater value and useful life than the Replaced Equipment. Lessee shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security

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interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor's title in the Replacement Equipment. Lessor and Lessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this Agreement and the related Lease. Lessee shall complete the documentation of Replacement Equipment on or before the next Rent Payment date after the occurrence of a casualty event, or be required to exercise the Purchase Option with respect to the damaged equipment.

Notwithstanding the foregoing, in the event of any damage, destruction or condemnation of the Equipment occurring within the final two (2) years of the Lease Term, Lessor shall have the right, but not the obligation, to apply the Net Proceeds to the then-existing balance of outstanding Rental Payments, with any excess being paid to Lessee and any shortfall being paid as provided in Section 8.02 below.

For purposes of this Article, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

Section 8.02 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 8.01, Lessee shall 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) pay or cause to be paid to Lessor the amount of the then applicable Purchase Price for the Equipment, and, upon such payment, the Lease Term shall terminate and Lessor's interest in the Equipment shall terminate as provided in Section 6.01. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after purchasing such Equipment and such other Equipment shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX WARRANTIES

Section 9.01 Disclaimer of Warranties. Lessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Equipment, or any other warranty or representation, express or implied, with respect thereto and, as to Lessor, Lessee's acquisition of the Equipment shall be on an "as is" basis. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, any Lease, the Equipment or the existence, furnishing, functioning or Lessee's use of any item, product or service provided for in this Agreement or any Lease.

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Section 9.02 Vendor's Warranties. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default under the related Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Lessor may have against Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Equipment, and not against Lessor. Any such matter shall not have any effect whatsoever on the rights of Lessor with respect to any Lease, including the right to receive full and timely payments under a Lease. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties by Lessor of the Equipment.

ARTICLE X PURCHASE OF EQUIPMENT

Section 10.01 Purchase Option. Lessee shall have the option to purchase all of the Equipment listed in a Lease, upon giving written notice to Lessor at least 30, but not more than 120, days before the date of purchase, at the following times and upon the following terms:

(a) From and after the date specified in the related Schedule (the "Purchase Option Commencement Date"), on the Rental Payment dates specified in each Lease, upon payment in full of the Rental Payments then due under the Lease plus the then applicable Purchase Price, which may include a prepayment premium on the unpaid balance as set forth in the applicable Schedule; or

(b) In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment listed in a Lease, on the day specified in Lessee's notice to Lessor of its exercise of the purchase option upon payment in full to Lessor of the Rental Payments then due under the Lease plus the then applicable Purchase Price; or

(c) Upon the expiration of the Lease Term, upon payment in full of all Rental Payments then due and all other amounts then owing under the Lease, and the payment of \$1.00 to Lessor.

After payment of the applicable Purchase Price, Lessee will own the related Equipment, and Lessor's right, title and interests in and to such Equipment will be transferred and terminated in accordance with Section 6.01.

ARTICLE XI ASSIGNMENT

Section 11.01 Assignment by Lessor. Lessor's right, title and interest in and to Rental Payments and any other amounts payable by Lessee under any and all of the Leases, its interest in the Equipment subject to each the Lease, the Escrow Agreement and all proceeds therefrom may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor, without the necessity of obtaining the consent of Lessee; *provided, however*, that any such assignment, transfer or conveyance to a trustee for the benefit of owners of certificates of participation shall be made in a manner that conforms to any applicable State law. Nothing in

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this Section 11.01 shall be construed, however, to prevent Lessor from executing any such assignment, transfer or conveyance that does not involve funding through the use of certificates of participation within the meaning of applicable State law, including any such assignment, transfer or conveyance as part of a multiple asset pool to a partnership or trust, interests in which are offered and sold in a private placement or limited offering only to investors whom Lessor reasonably believes are qualified institutional buyers or accredited investors within the meaning of the applicable federal securities law; *provided further, however*, that in any event, Lessee shall not be required to make Rental Payments, to send notices or to otherwise deal with respect to matters arising under the Lease with or to more than one individual or entity. No assignment, transfer or conveyance permitted by this Section 11.01 shall be effective until Lessee shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided, however*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests with respect to the Rental Payments payable under a Lease, it shall thereafter be sufficient that Lessee receives notice of the name and address of the bank or trust company as trustee or paying agent. During the term of each Lease, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees designated in such register. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Lessee may have against Lessor or the Vendor. Assignments in part may include without limitation assignment of all of Lessor's interest in and to the Equipment listed in the Lease and all rights in, to and under the Lease related to such Equipment. The option granted in this Section may be separately exercised from time to time with respect to the Equipment listed in each Lease, but such option does not permit the assignment of less than all of Lessor's interests in the Equipment listed in a single Lease. Lessor acknowledges and agrees that any assignment under this Section shall not, and shall not purport to, alter or modify in any respect Lessee's obligations to perform in accordance with the terms of this Agreement and the related Lease in accordance with their terms as originally executed. Any assignment under this Section shall be subject to the condition that Lessee shall incur no costs nor be required to provide or execute any documents or participate in any manner in connection with such assignment, and Lessor and any such assignee shall be solely responsible for compliance with all securities and other laws in connection with such assignment. Lessor acknowledges that this Agreement and the Lease has not and will not be registered under the Securities Act of 1933 or any state securities laws and that Lessee has not and will not prepare any offering or disclosure materials or documents for use in connection with any assignment under this Section.

Section 11.02 Assignment and Subleasing by Lessee. None of Lessee's right, title, and interest in, to and under this Agreement, any Escrow Agreement, the Lease or any portion of the Equipment may be assigned or encumbered by Lessee for any reason.

**ARTICLE XII
DEFAULTS AND REMEDIES**

Section 12.01 Events of Default Defined. Any of the following events shall constitute an "Event of Default" under a Lease:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid under the Lease 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 subparagraph (a) above, 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 shall agree in writing to an extension of such time prior to its expiration; provided that, 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 the Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading, or breached in any material respect on the date when made;

(d) Any default occurs under any other agreement for borrowing money or receiving credit under which Lessee may be obligated as borrower, if such default consists of (i) the failure to pay any indebtedness when due or (ii) the failure to perform any other obligation thereunder and gives the holder of the indebtedness the right to accelerate the indebtedness or pursue other remedies;

(e) Lessee shall (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 shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator or 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 shall continue unstayed and in effect for any period of 30 consecutive days.

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Section 12.02 Remedies on Default. Whenever any Event of Default exists, Lessor shall 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 without terminating the Lease, collect each Rental Payment payable by Lessee pursuant to the Lease and other amounts payable by Lessee under the Lease as they become due and payable;

(b) With or without terminating the Lease Term under the Lease, Lessor may enter the premises where the Equipment listed in the Lease is located and retake possession of such Equipment or require Lessee at Lessee's expense to promptly return any or all of such Equipment to the possession of Lessor at such place within the United States as Lessor shall specify, and sell or lease such Equipment or, for the account of Lessee, sublease such Equipment, continuing to hold Lessee liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by Lessee pursuant to the Lease and other amounts related to the Lease or the Equipment listed therein that are payable by Lessee to the end of the Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies under the Lease, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees). The exercise of any such remedies respecting any such Event of Default shall not relieve Lessee of any other liabilities under the Lease or the Equipment listed therein;

(c) Lessor may terminate the Escrow Agreement relating to the Lease and apply any proceeds in the Escrow Account thereunder to the Rental Payments due under the Lease;

(d) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement, the Escrow Agreement, the Lease or as a secured party in any or all of the Equipment subject to the Lease; and

(e) By action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, obtain the issuance of a writ of mandamus enforcing, for the entire balance of the remaining Lease Term, the duty of Lessee to appropriate and take all other administrative steps necessary for the payment of rents, and other amounts due hereunder.

Section 12.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease now or hereafter existing at law or in equity, provided that Lessor shall have no right to accelerate any Rental Payment or otherwise declare any Rental Payment or other amount payable not then in default to be immediately due and payable. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or 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 Article it shall not be necessary to give any notice other than such notice as may be required in this Article.

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Section 12.04 Application of Moneys. Any net proceeds from the exercise of any remedy under this Agreement, including the application specified in Section 12.02(b)(ii) (after deducting all expenses of Lessor in exercising such remedies including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing Equipment and all brokerage, auctioneer's or attorney's fees), shall be applied pursuant to the Lease and other amounts related to the Lease or Equipment.

ARTICLE XIII MISCELLANEOUS

Section 13.01 Notices. All notices, certificates or other communications under the Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Lessee.

Section 13.02 Release and Indemnification. To the extent permitted by law, but only from legally available funds, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liability, obligation, loss, claim, tax and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith (including, without limitation, counsel fees and expenses, penalties connected therewith imposed on interest received) arising out of or as a result of (a) the entering into of this Agreement or any Lease, (b) the ownership of any item of the Equipment, (c) the 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 to or death to any person, and/or (e) the breach of any covenant in the Lease or any material misrepresentation contained in a Lease. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under all Leases or the termination of the Lease Term under all Leases for any reason.

Section 13.03 Binding Effect. The Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.04 Severability. In the event any provision of the Lease or this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.05 Amendments, Changes and Modifications. The Lease and this Agreement may only be amended by Lessor and Lessee in writing.

Section 13.06 Execution in Counterparts. The Lease and this Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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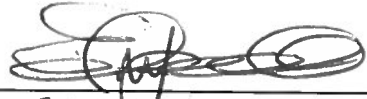
Section 13.07 Applicable Law. The Lease and this Agreement shall be governed by and construed in accordance with the laws of the State.

Section 13.08 Captions. The captions or headings in this Agreement and in the Lease and 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 or any Lease.

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

LESSOR:

FIVE STAR BANK, a California banking corporation

By: 
Name: Erik Kopelke
Its: SUPV. & Liaison officer

LESSEE:

CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California

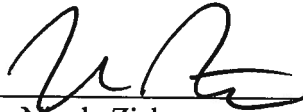
By: 
Name: Nicole Zieba
Its: City Manager

EXHIBIT A

SCHEDULE OF PROPERTY NO. 1

Dated August 1, 2019

Re: Equipment Lease/Purchase Agreement, dated as of August 1, 2019, by and between Five Star Bank, as Lessor, and the City of Reedley, as Lessee

1. **Defined Terms.** All terms used herein have the meanings ascribed to them in the above-referenced Equipment Lease/Purchase Agreement (the "Equipment Lease").

2. **Equipment.** The following items of Equipment are hereby included under this Schedule of the Equipment Lease:

- a) One Caterpillar Model 918M Wheel Loader and all related accessories;
- b) One (1) 40-yard capacity front-end loading refuse truck, on a 2020 Peterbilt frame with all related accessories & equipment; and
- c) Two (2) 28-yard capacity side-loading refuse trucks, on 2020 Peterbilt frames with all related accessories & equipment

including but not limited to: all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and accounts proceeds).

3. **Payment Schedule.**

(a) **Rental Payments.** Rental Payments shall be in such amounts and payable on such dates as set forth in the Rental Payment Schedule attached to this Schedule as Exhibit A-1.

(b) **Purchase Price Schedule.** The Purchase Price on each Rental Payment date for the Equipment listed in this Schedule shall be the amount set forth for such Rental Payment date in the "Purchase Price" column of the Rental Payment Schedule attached to this Schedule. The Purchase Price is in addition to all Rental Payments then due under this Schedule (including the Rental Payment shown on the same line in the Rental Payment Schedule).

4. **Representations, Warranties and Covenants.** Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Equipment Lease are true and correct as though made on the date of commencement of Rental Payments on this Schedule. Lessee further represents and warrants that no material adverse change in Lessee's financial condition has occurred since the date of the Equipment Lease.

5. **The Lease.** The terms and provisions of the Equipment Lease (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof.

IF ESCROW AGREEMENT IS USED:

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6. **Lease Proceeds.** The Lease Proceeds that Lessor shall pay to the Escrow Agent in connection with this Schedule is \$1,217,883.13., which \$1,217,883.17 is for deposit into the Escrow Account. It is expected that by eighteen (18) months from the date of this Schedule No. 1, Lessee will have taken possession of all items of Equipment shown above and that the Lessee's final Disbursement Request pursuant to the Escrow Agreement will be signed by Lessee, approved by Lessor and delivered to the Escrow Agent on or before eighteen (18) months from the date of this Schedule. The Acquisition Period applicable to this Schedule shall end at the conclusion of the 18th month following the date hereof, unless otherwise extended in writing by the Lessor.

OR IF VENDOR PAID DIRECTLY USE:

6. **Acquisition Amount.** The total Acquisition Amount for the Equipment described in this Schedule to be paid to all Vendors is \$1,217,883.13


7. **Lease Term.** The Lease Term shall consist of 5 years, ending on July 1, 2024.

8. **Purchase Option Commencement Date.** For purposes of Section 10.01 of the Lease, the Purchase Option Commencement Date is July 1, 2024.

9. **Prepayment.** This Agreement shall apply to all of the Equipment listed in Section 2 above. Lessee shall have no right to prepay or otherwise release any of the Equipment listed in Section 2 until all Rental Payments due under this Agreement have been paid.


LESSOR:

FIVE STAR BANK, a California banking corporation

By: 
Name:
Its:

LESSEE:

CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California

By: 
Name: Nicole Zieba
Its: City Manager

Lease# 12505543

EXHIBIT A-1

RENTAL PAYMENT SCHEDULE

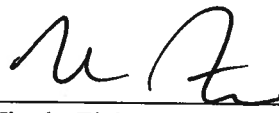
INPUT AMORTIZATION TABLE

* The Rental Payment Schedule contained herein represents a fixed rate of interest equal to two and 65/100ths percent (2.65%) and is estimated based upon an assumed funding date of 8/09/2019. Actual allocation between principal and interest will be depicted on quarterly billing statements.

* The Taxable Rate shall be defined as 4.25%.

LESSEE:

CITY OF REEDLEY, a city and political
subdivision of the State of California organized
and existing under the law of the State of
California

By:  _____

Name: Nicole Zieba

Its: City Manager

AMORTIZATION SCHEDULE

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|---|------------|------------|----------|-------------|---------|---------|-------------|
| \$1,217,883.13 | 08-01-2019 | 07-01-2024 | 12505543 | 4A / 200 | | EMK | (Signature) |
| References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations. | | | | | | | |

Borrower: City of Reedley, a city and political subdivision of the State of California organized and existing under the law of the State of California

Lender: Five Star Bank
3100 Zinfandel Drive, Suite 100
Rancho Cordova, CA 95670

Disbursement Date: August 1, 2019
Interest Rate: 2.650

Repayment Schedule: Installment
Calculation Method: 365/360 U.S. Rule

| Payment Number | Payment Date | Payment Amount | Interest Paid | Principal Paid | Remaining Balance |
|---------------------|--------------|---------------------|------------------|---------------------|-------------------|
| 1 | 10-01-2019 | 65,139.69 | 5,468.63 | 59,671.06 | 1,158,212.07 |
| 2019 TOTALS: | | 65,139.69 | 5,468.63 | 59,671.06 | |
| 2 | 01-01-2020 | 65,139.69 | 7,843.67 | 57,296.02 | 1,100,916.05 |
| 3 | 04-01-2020 | 65,139.69 | 7,374.61 | 57,765.08 | 1,043,150.97 |
| 4 | 07-01-2020 | 65,139.69 | 6,987.86 | 58,152.03 | 984,998.94 |
| 5 | 10-01-2020 | 65,139.69 | 6,670.63 | 58,469.06 | 926,529.88 |
| 2020 TOTALS: | | 260,558.76 | 28,876.57 | 231,682.19 | |
| 6 | 01-01-2021 | 65,139.69 | 6,274.67 | 58,865.02 | 867,664.86 |
| 7 | 04-01-2021 | 65,139.69 | 5,748.28 | 59,391.41 | 808,273.45 |
| 8 | 07-01-2021 | 65,139.69 | 5,414.31 | 59,725.38 | 748,548.07 |
| 9 | 10-01-2021 | 65,139.69 | 5,069.33 | 60,070.36 | 688,477.71 |
| 2021 TOTALS: | | 260,558.76 | 22,506.59 | 238,052.17 | |
| 10 | 01-01-2022 | 65,139.69 | 4,662.52 | 60,477.17 | 628,000.54 |
| 11 | 04-01-2022 | 65,139.69 | 4,160.50 | 60,979.19 | 567,021.35 |
| 12 | 07-01-2022 | 65,139.69 | 3,798.26 | 61,341.43 | 505,679.92 |
| 13 | 10-01-2022 | 65,139.69 | 3,424.58 | 61,715.11 | 443,964.81 |
| 2022 TOTALS: | | 260,558.76 | 16,045.86 | 244,512.90 | |
| 14 | 01-01-2023 | 65,139.69 | 3,006.63 | 62,133.06 | 381,831.75 |
| 15 | 04-01-2023 | 65,139.69 | 2,529.64 | 62,610.05 | 319,221.70 |
| 16 | 07-01-2023 | 65,139.69 | 2,138.34 | 63,001.35 | 256,220.35 |
| 17 | 10-01-2023 | 65,139.69 | 1,735.18 | 63,404.51 | 192,815.84 |
| 2023 TOTALS: | | 260,558.76 | 9,409.79 | 251,148.97 | |
| 18 | 01-01-2024 | 65,139.69 | 1,305.79 | 63,833.90 | 128,981.94 |
| 19 | 04-01-2024 | 65,139.69 | 864.00 | 64,275.69 | 64,706.25 |
| 20 | 07-01-2024 | 65,139.69 | 433.44 | 64,706.25 | 0.00 |
| 2024 TOTALS: | | 195,419.07 | 2,603.23 | 192,815.84 | |
| TOTALS: | | 1,302,793.80 | 84,910.67 | 1,217,883.13 | |

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

Lease# 12505543

EXHIBIT B
ACCEPTANCE CERTIFICATE
(sign and return upon acceptance of leased equipment)

Five Star Bank
3100 Zinfandel Drive, #100
Rancho Cordova, CA 95670

Re: Schedule of Property No. 1, dated August 1, 2019, to Equipment Lease/Purchase Agreement, dated as of August 1, 2019 between Five Star Bank, as Lessor, and the City of Reedley, as Lessee.

Ladies and Gentlemen:

In accordance with the Equipment Lease/Purchase Agreement (the "Agreement"), the undersigned Lessee hereby certifies and represents to, and agrees with Lessor as follows:

1. The Equipment (as such term is defined in the Agreement) listed in the above-referenced Schedule of Property (the "Schedule") and identified individually below has been delivered, installed and accepted by Lessee on the following date: _____.

_____ One Caterpillar 918M Wheel Loader
_____ One 2020 40-yard, front-loading refuse truck;
_____ Two 2020 28-yard, side-loading refuse trucks

2. Lessee has conducted such inspection and/or testing of the Equipment listed in the Schedule as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.

3. The reasonable expected economic useful life of the Equipment exceeds the term of this Agreement.

4. Lessee is currently maintaining the insurance coverage required by Section 7.02 of the Agreement.

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

LESSEE:

CITY OF REEDLEY, a city and political subdivision of the
State of California organized and existing under the law of
the State of California

By: _____
Name: Nicole Zieba
Its: City Manager

Lease# 12505543

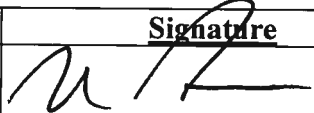
EXHIBIT C

CERTIFICATE

The undersigned, a duly elected and acting City Clerk of the City of Reedley, certifies as follows:


A. The following listed persons are duly elected and acting officials of the City of Reedley, as Lessee (the "Officials") in the capacity set forth opposite their respective names below and that the facsimile signatures are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of Lessee, to negotiate, execute and deliver the Equipment Lease/Purchase Agreement dated as of August 1, 2019 and the Escrow Agreement, Schedule(s) thereunder and all future Schedule(s) (the "Agreements") by and between Lessee and Five Star Bank, and these Agreements are binding and authorized Agreements of Lessee, enforceable in all respects in accordance with their terms.

| <u>Name</u> | <u>Title</u> | <u>Signature</u> |
|--------------|--------------|--|
| Nicole Zieba | City Manager |  |
| | | |
| | | |

LESSEE:

CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California

By: 
Name: Sylvia B. Plata
Its: City Clerk

Lease # 12505543

EXHIBIT D

OPINION OF COUNSEL TO LESSEE

August 13, 2019

Five Star Bank
3100 Zinfandel Drive, #100
Rancho Cordova, CA 95670

Re: Schedule of Property No. 1, dated August 1, 2019, to Equipment Lease/Purchase Agreement, dated as of August 1, 2019, between Five Star Bank, as Lessor, and the City of Reedley, as Lessee.

Ladies and Gentlemen:

As legal counsel to the City of Reedley (the "Lessee"), I have examined: (a) an unexecuted copy of that certain Equipment Lease/Purchase Agreement, dated as of August 1, 2019, and Exhibits thereto (the "Agreement"), by and between Five Star Bank ("Lessor") and the Lessee; (b) an unexecuted copy of that certain Schedule of Property No. 1, dated August 1, 2019 (the "Schedule"), by and between Lessor and Lessee, which, among other things, provides for the lease of certain property listed in the Schedule (the "Equipment"); and (c) such other information, documents, and matters of law as I have deemed necessary in connection with the following opinions. The Schedule and the terms and provisions of the Agreement incorporated therein by reference, together with the Rental Payment Schedule attached to the Schedule, are herein referred to collectively as the "Lease". The Lease and such other related documents executed pursuant thereto are referred to herein collectively as the "Lease Documents".

As to questions of fact material to this opinion, I have, when relevant facts were not independently established, relied upon representations of the Lessee's authorized representatives in forming this opinion. This opinion may be affected by actions or events occurring (or not occurring) after the date hereof.

I have assumed the genuineness of all signatures and documents submitted as originals, if any, that all copies submitted to me conform to the originals, the legal capacity of all natural persons, and that the Lease Documents will be properly executed by all parties, and as to documents to be executed by entities other than the Lessee, that each such entity has complied or will comply

Limited Liability Partnership

with any applicable requirement of law and had or will have the power to enter into and perform its obligations under such documents, and that such documents have been or will be duly authorized, executed and delivered by, and are, or once executed, will be, binding upon and enforceable against such entities.

Based upon the foregoing, and a review of such other information, documents, and matters of law as I have deemed appropriate, I am of the following opinions:

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State.
2. Lessee has the requisite power and authority to lease and acquire the Equipment and to execute and deliver the Lease Documents and to perform its obligations under the Lease Documents.
3. The Lease Documents have been duly authorized, approved, executed and delivered by and on behalf of such Lessee and the Lease Documents are a valid and binding obligation of such Lessee enforceable in accordance with their terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.
4. The authorization, approval, execution and delivery of the Lease Documents and all other proceedings of such 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 or 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 Lease Documents or the interest of Lessor or its assigns, as the case may be, in the Equipment thereunder.
6. Lessee has not issued, agreed to or assumed tax-exempt obligations for which the principal balance, on a cumulative basis, exceeds ten million dollars (\$10,000,000.00), and I have no knowledge of any facts or circumstances which would undermine or contradict the tax-exempt status of the Lessee's obligations under the Lease Documents.
7. No material facts contained herein or made in connection with the Agreement are untrue, misleading, or omitted, and the Agreement and all obligations stated therein comply with all applicable federal, state and local laws.

Exhibit D - Opinion of Counsel to Lessee
Five Star Bank
Lease # 12505543
August 13, 2019
Page 3

All capitalized terms herein shall have the same meanings as in the Lease unless otherwise provided herein. Lessor and its successors and assigns are entitled to rely on this opinion.

Sincerely,

LOZANO SMITH

A handwritten signature in black ink, appearing to read "Scott G. Cross", with a stylized flourish at the end.

Scott G. Cross

SGC/sv

cc: Paul Melikian, City of Reedley

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EXHIBIT D

OPINION OF COUNSEL TO LESSEE

**Five Star Bank
3100 Zinfandel Drive, #100
Rancho Cordova, CA 95670**

Re: Schedule of Property No. 1, dated August 1, 2019 to Equipment Lease/Purchase Agreement, dated as of August 1, 2019, between Five Star Bank, as Lessor, and the City of Reedley, as Lessee.

Ladies and Gentlemen:

As legal counsel to the City of Reedley, as Lessee (the "Lessee"), I have examined (a) an executed counterpart of that certain Equipment Lease/Purchase Agreement, dated as of August 1, 2019 and Exhibits thereto (the "Agreement"), by and between Five Star Bank ("Lessor") and the Lessee, (b) an executed counterpart of that certain Schedule of Property No. 1, dated August 1, 2019 (the "Schedule"), by and between Lessor and Lessee, which, among other things, provides for the lease of certain property listed in the Schedule (the "Equipment"), (c) an executed counterpart of the resolutions of Lessee which, among other things, authorize Lessee to execute the Agreement and the Schedule and (d) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions. The Schedule and the terms and provisions of the Agreement incorporated therein by reference together with the Rental Payment Schedule attached to the Schedule are herein referred to collectively as the "Lease". The Lease and such other related documents executed pursuant thereto are referred to herein collectively as the "Lease Documents".

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

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State;
2. Lessee has the requisite power and authority to lease and acquire the Equipment and to execute and deliver the Lease Documents [to which each respective Lessee is a party] and to perform its obligations under the Lease Documents [to which each respective Lessee is a party];
3. The Lease Documents [to which each respective Lessee is a party] have been duly authorized, approved, executed and delivered by and on behalf of such Lessee and the Lease Documents are a valid and binding obligation of such Lessee enforceable in accordance with their terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;
4. The authorization, approval, execution and delivery of the Lease Documents [to which each respective Lessee is a party] and all other proceedings of such Lessee relating to the

Lease# 12505543

EXHIBIT E

ESSENTIAL USE/SOURCE OF FUNDS CERTIFICATE

**Five Star Bank
3100 Zinfandel Drive, #100
Rancho Cordova, CA 95670**

Re: Schedule of Property No. 1, dated August 1, 2019, to Equipment Lease/Purchase Agreement, dated as of August 1, 2019, between Five Star Bank, as Lessor, and the City of Reedley, as Lessee.

This certificate confirms and affirms that the Equipment described in the Agreement referenced above is essential to the functions of Lessee or to the services Lessee provides its citizens. Further, Lessee has an immediate need for, and expects to make immediate use of, substantially all such Equipment, which need is not temporary or expected to diminish in the foreseeable future. Such 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 its authority.

Lessee expects and anticipates adequate funds to be available for all future payments or rent due after the current budgetary period.

LESSEE:

CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California

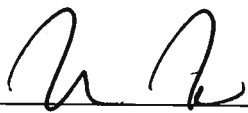
By: 
Name: Nicole Zieba
Its: City Manager

EXHIBIT G

ESCROW AND ACCOUNT CONTROL AGREEMENT

THIS ESCROW AND ACCOUNT CONTROL AGREEMENT (this "Agreement"), dated as of August 1, 2019, is made by and among FIVE STAR BANK, a California banking corporation, as lessor ("Lessor"), and the CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California, as Lessee (the "Lessee"), and FIVE STAR BANK, a California banking corporation, as escrow agent (hereinafter referred to as "Escrow Agent").

Reference is made to Schedule No. 1 dated August 1, 2019 (the "Schedule") incorporating the terms of that certain Equipment Lease/Purchase Agreement dated as of August 1, 2019 (the "Master Agreement") between Lessor and Lessee (the Schedule and the Master Agreement are hereinafter referred to as the "Lease"), covering the acquisition and lease of certain Equipment described therein (the "Equipment"). It is a requirement of the Lease that the Acquisition Amount (\$1,217,883.13) be deposited into a segregated escrow account under terms satisfactory to Lessor, for the purpose of fully funding the Lease, and providing a mechanism for the application of such amounts to the purchase of and payment for the Equipment.

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Creation of Escrow Account.

(a) There is hereby created an escrow fund to be known as the "City of Reedley Bancontrol Account" (the "Escrow Account") to be held by the Escrow Agent for the purposes stated herein, for the benefit of Lessor and Lessee, and disbursed and returned in accordance with the terms hereof.

(b) Unless the Escrow Account is earlier terminated in accordance with the provisions of paragraph (c) below, amounts in the Escrow Account shall be disbursed by the Escrow Agent in payment of amounts described in Section 2 hereof upon receipt of written instruction(s) from Lessor, as is more fully described in Section 2 hereof. If the amounts in the Escrow Account are insufficient to pay such amounts, Lessee shall deposit into the Escrow Account any funds needed to complete the acquisition of the Equipment. Any moneys remaining in the Escrow Account on or after the earlier of (i) the expiration of the Acquisition Period and (ii) the date on which Lessee executes an Acceptance Certificate shall be applied as provided in Section 4 hereof.

(c) The Escrow Account shall be terminated at the earliest of (i) the final distribution of amounts in the Escrow Account or (ii) written notice given by Lessor of the occurrence of an Event of Default under the Lease.

(d) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Escrow Agent shall not be liable

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in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Escrow Agent, and for the disposition of the same in accordance herewith. The Escrow Agent is authorized to comply with and rely upon any notices, instructions or other communications believed by it to have been sent or given by the parties or by a person or persons authorized by the parties. The Escrow Agent specifically allows for receiving direction by written or electronic transmission from an authorized representative.

(e) Unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees to and does hereby release and indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, does to the extent permitted by law indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

(f) Lessee shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for non-routine administration of the Escrow Account and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Escrow Account.

(g) The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation (the "Effective Date"), which shall be a date not less than 60 days after such notice is delivered to an express carrier, charges prepaid, unless an earlier resignation date and the appointment of a successor shall have been approved by the Lessee and Lessor. After the Effective Date, the Escrow Agent shall be under no further obligation except to hold the Escrow Account in accordance with the terms of this Agreement, pending receipt of written instructions from Lessor regarding further disposition of the Escrow Account.

2. Acquisition of Property.

(a) Acquisition Contracts. Lessee will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Equipment, with moneys available in the Escrow Account. Lessee represents the estimated costs of the Equipment are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor shall have no liability under any of the acquisition or construction contracts. Lessee shall obtain or cause to be obtained all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Equipment, and the operation and maintenance thereof. Escrow Agent shall have no duty to monitor or enforce Lessee's compliance with the foregoing covenant. Lessor may, but is not required to, request Lessee's consent to assignment of all purchase agreements and other contracts relating to Lessee's acquisition of Equipment upon commercially reasonable terms; provided, however, that no such assignment shall give rise to Lessor or Escrow Agent's

Lease# 12505543

obligation to, or liability or responsibility for, any obligation or liability arising out of or relating to such agreements.

(b) Authorized Escrow Account Disbursements. It is agreed as between Lessee and Lessor that disbursements from the Escrow Account shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring the Equipment.

(c) Requisition Procedure. No disbursement from the Escrow Account shall be made unless and until Lessor has approved such requisition. Prior to disbursement from the Escrow Account there shall be filed with the Escrow Agent a requisition for such payment in the form of Disbursement Request attached hereto as Schedule 1, stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due and the manner of disbursement (check or wire) and certifying the Acceptance Date for the portion of Equipment for which disbursement is requested. Each such requisition shall be signed by an authorized representative of Lessee (an "Authorized Representative") and by Lessor, and shall be subject to the following conditions, which Escrow Agent shall conclusively presume have been satisfied at such time as a requisition executed by Lessee and Lessor is delivered to it:

i. Delivery to Lessor of an executed Disbursement Request in the form attached hereto as Schedule 1 certifying that:

(a) an obligation in the stated amount has been incurred by Lessee, and that the same is a proper charge against the Escrow Account for costs relating to the Equipment identified in the Lease, and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof);

(b) the Authorized Representative has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made;

(c) such requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date of such certificate, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee);

(d) the Equipment is insured in accordance with the Lease;

(e) no Event of Default (nor any event which, with notice or lapse of time or both, would become an Event of Default) has occurred and is continuing;

(f) such disbursement shall occur during the Acquisition Period;

(g) the representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof; and

(h) Acceptance with respect to the portion of Equipment for which disbursement is requested has occurred as of the Acceptance Date identified thereon.

Lease# 12505543

ii. Delivery to Lessor invoices (and proofs of payment of such invoices, if Lessee seeks reimbursement) and bills of sale (if title to such Equipment has passed to Lessee) therefor as required by Section 3.04 of the Lease and any additional documentation reasonably requested by Lessor; and

iii. The disbursement shall occur during the Acquisition Period.

3. Deposit to Escrow Account. Upon satisfaction of the conditions specified in Section 3.04 of the Lease, Lessor will cause the Acquisition Amount to be deposited in the Escrow Account. Lessee agrees to pay any costs with respect to the Equipment in excess of amounts available therefor in the Escrow Account.

4. Excessive Escrow Account. Any funds remaining in the Escrow Account on or after the earlier of (a) the expiration of the Acquisition Period and (b) the date on which Lessee executes an Acceptance Certificate, or upon a termination of the Escrow Account as otherwise provided herein, shall be distributed by the Escrow Agent to the Lessor in order for the Lessor to apply such funds to amounts owed by Lessee under the Lease in accordance with the Lease.

5. Security Interest. The Escrow Agent and Lessee acknowledge and agree that the Escrow Account and all proceeds thereof are being held by Escrow Agent for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first priority perfected security interest in the Escrow Account, and all proceeds thereof.

6. Control of Acquisition Account. In order to perfect Lessor's security interest by means of control in (i) the Escrow Account established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Escrow Account, (iii) all of Lessee's rights in respect of the Escrow Account, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Escrow Agent further agree as follows:

(a) All terms used in this Section 6 which are defined in the Commercial Code of the State of California (the "Commercial Code") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (c) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(c) Lessee hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Lessor to Escrow Agent.

(d) Escrow Agent and Lessee hereby agree that any property held in the Escrow Account shall be treated as a financial asset under such section of the Commercial Code as corresponds with

Lease# 12505543

Section 8-102 of the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Escrow Agent may be a party.

(e) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Lessor, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Escrow Account statements or reports issued or sent to Lessee with respect to the Escrow Account.

7. Information Required Under USA PATRIOT ACT. The parties to this Agreement agree that they will provide to Escrow Agent such information as it may request, from time to time, in order for 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.

8. Miscellaneous. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its provided address.

9. Lessee and Lessor Tax Certifications. Lessee and Lessor understand and agree that they are required to provide the Escrow Agent with a properly completed and signed Tax Certification (as defined below) and that the Escrow Agent may not perform its duties hereunder without having been provided with such Tax Certification.

As used herein "Tax Certification" shall mean an IRS form W-9 or W-8 as applicable. The Escrow Agent will comply with any U.S. tax withholding or backup withholding and reporting requirements that are required by law. With respect to earnings allocable to a United States person, the Escrow Agent will report such income, if required, on IRS Form 1099 or any other form required by law. The IRS Forms 1099 and/or 1042-S shall show the Escrow Agent as payor and Lessee as payee. The Escrow Agent shall not be responsible for determining or reporting imputed interest, if any.

10. Governing Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the parties hereto consent to jurisdiction in the State of California and venue in any state or Federal court located in the City of Sacramento.

11. Successors to Escrow Agent or Lessor. Any bank or corporation into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or corporation to whom the Escrow Agent may transfer a substantial amount of its escrow business, shall be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding. Any bank or corporation into which the Lessor may be merged or with which it may be consolidated, or any bank or corporation to whom the

Lease# 12505543

Lessor may transfer a substantial amount of its business, shall be the successor to the Lessor without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding. No party hereto shall assign its rights hereunder until its assignee has submitted to the Escrow Agent (i) Patriot Act disclosure materials and the Escrow Agent has determined that on the basis of such materials it may accept such assignee as a customer and (ii) assignee has delivered an IRS Form W-8 or W-9, as appropriate, to the Escrow Agent which the Escrow Agent has determined to have been properly signed and completed.

IN WITNESS WHEREOF, the parties have executed this Escrow and Account Control Agreement as of the date first above written.

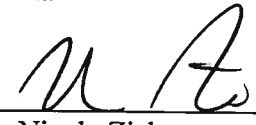
LESSOR:

FIVE STAR BANK, a California banking corporation

By: 
Name:
Its:

LESSEE:

CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California

By: 
Name: Nicole Zieba
Its: City Manager

ESCROW AGENT:

FIVE STAR BANK, a California banking corporation

By: 
Name:
Its:

SCHEDULE I

TO THE ESCROW AND ACCOUNT CONTROL AGREEMENT
FORM OF DISBURSEMENT REQUEST

Re: Schedule of Property No. 1, dated August 1, 2019, to Equipment Lease/Purchase Agreement, dated as of August 1, 2019 between Five Star Bank, as Lessor, and the City of Reedley, as Lessee. (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease.)

In accordance with the terms of the Escrow and Account Control Agreement, dated as of August 1, 2019 (the "Escrow and Account Control Agreement") by and among Five Star Bank ("Lessor"), the City of Reedley ("Lessee") and Five Star Bank (the "Escrow Agent"), the undersigned hereby (a) accepts for the purpose of the Lease the Equipment described below as of the Acceptance Date identified below and (b) requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow and Account Control Agreement for the following purposes:

Disbursement Amounts:

| PAYEE'S NAME AND ADDRESS (if disbursement via wire, must include wire transfer instructions) | INVOICE NUMBER | DOLLAR AMOUNT | PURPOSE |
|--|----------------|---------------|---------|
| | | | |

1. (a) Each obligation specified in the table herein titled as "Disbursement Amounts" has been incurred by Lessee in the stated amount, (b) the same is a proper charge against the Escrow Account for costs relating to the Equipment identified in the Lease and (c) has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof).

2. Each item of Equipment relating to an obligation specified in the table herein titled as "Disbursement Amounts" has been delivered, installed and accepted by Lessee. Attached hereto is the original invoice with respect to each such obligation.

3. The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

4. This requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

5. The Equipment is insured in accordance with the Lease.

Lease# 12505543

6. No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the Lease has occurred and is continuing at the date hereof.

7. The disbursement shall occur during the Acquisition Period.

8. The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

9. The Acceptance Date on which acceptance of the Equipment has occurred for the Equipment for which disbursement is requested is _____, 20__.

LESSOR:

FIVE STAR BANK, a California banking corporation

By: _____
Name:
Its:

LESSEE:

CITY OF REEDLEY, a city and political subdivision of the State of California organized and existing under the law of the State of California

By: _____
Name: Nicole Zieba
Its: City Manager

ESCROW AGENT:

FIVE STAR BANK, a California banking corporation

By: _____
Name:
Its:



Lease # 12505543

COLLATERAL ASSIGNMENT OF PURCHASE AGREEMENT

Dated As of: August 1, 2019

Lessee: City of Reedley

This **COLLATERAL ASSIGNMENT OF PURCHASE AGREEMENT** (the "Assignment") is executed by and between Five Star Bank ("Lessor") and the above-referenced Lessee (the "Lessee"). All terms used herein which are not otherwise defined will have the meaning provided for in the Lease Agreement (as defined below).

WHEREAS, Lessee, as purchaser and QUINN COMPANY as seller (the "Vendor"), have entered into a Purchase Agreement based on Quote #133105-01, a copy of which is attached hereto as Exhibit A (the "Purchase Agreement"), pursuant to which Lessee has agreed to purchase from Vendor the equipment described therein and subject to the Lease Agreement (as defined below) (the "Equipment");

WHEREAS, Lessee has requested Lessor to finance the purchase price of the Equipment pursuant to the terms of the Equipment Lease/Purchase Agreement dated August 1, 2019 between Lessee and Lessor (collectively with all related documents, the "Lease Agreement") to the extent the purchase price is due under the Purchase Agreement;

WHEREAS, in connection with the Lease Agreement, Lessee desires to assign to Lessor all of Lessee's rights, title and interests (but none of its obligations) in and to the Purchase Agreement as collateral security for the obligations of Lessee under the Lease Agreement; and

WHEREAS, the Vendor consents to assignment of the Purchase Agreement by Lessee to Lessor pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Lessor and Lessee hereby agree as follows:

SECTION 1. COLLATERAL ASSIGNMENT

(a) Lessee hereby assigns and sets over to Lessor all of Lessee's rights, title and interest in, to and under the Purchase Agreement, including, without limitation, the following (collectively, with the Purchase Agreement, the "**Assigned Rights**"): (i) the right to accept delivery of, and take title to, the Equipment, (ii) the right to be named buyer in Vendor's invoices or bills of sale for the Equipment, (iii) the right to enforce, either in Lessor's or Lessee's name, all warranties of Vendor with respect to the Equipment; (iv) the right to receive any money or refund due or to become due to Lessee in respect of the Equipment or pursuant to the Purchase Agreement, (v) all claims for damages with respect to the Equipment arising as a result of any default by the Vendor under the Purchase Agreement including, without limitation, all claims under any warranty or indemnity provisions contained in such

Purchase Agreement or agreements related thereto, (vi) any and all rights of Lessee to compel performance of the terms of such Purchase Agreement, (vii) the right but not the obligation to make all payments under the Purchase Agreement, which obligation is retained by Lessee, and (viii) the right to take any other action in connection with the Purchase Agreement and the Equipment that, but for this Assignment, Lessee could have taken.

(b) So long as no default or event which, with notice and lapse of time or both, would constitute an Event of Default under the Lease Agreement, Lessee will be, and is hereby, authorized on behalf of Lessor in the name of Lessee to exercise all rights and powers of the purchaser under the Purchase Agreement with respect to the Equipment and to retain any benefit resulting from the enforcement of any warranty under the Purchase Agreement, except that Lessee will give Lessor prior written notice of any claim against the Vendor under any warranty or otherwise related to the Equipment and all monies to be paid by a Vendor in satisfaction of any such claim will be payable solely to Lessor. Upon the occurrence of a default, or an event which with notice and lapse of time or both would constitute an Event of Default under the Lease Agreement has occurred and is continuing: (i) Lessor shall have the right (but shall not be obligated) to give written notice to the Vendor (the "Notice"), with a copy to Lessee, that Lessor is entitled to and does thereby take on and assume, as between the Vendor and Lessor, all rights, obligations and powers of the purchaser under the Purchase Agreement with respect to the Equipment and is entitled to retain any benefits resulting therefrom; and (ii) Lessor shall have all of the rights of a secured party under the Uniform Commercial Code in the Assigned Rights including, without limitation, the right to sell, transfer or otherwise dispose of any or all of the Assigned Rights.

SECTION 2. CONTINUING LIABILITY OF ASSIGNOR

It is expressly agreed that, notwithstanding anything herein contained to the contrary: (a) Lessee will at all times remain liable to the Vendor to perform all of the duties and obligations of the purchaser under the Purchase Agreement to the same extent as if this Assignment had not been executed, (b) the execution of this Assignment will not modify any contractual rights of the Vendor under the Purchase Agreement and the liabilities of the Vendor under the Purchase Agreement will continue as if this Assignment had not been executed, (c) the exercise by Lessor of any of the rights assigned hereunder will not release Lessee from any of its duties or obligations to the Vendor under the Purchase Agreement, and (d) Lessor will not have any obligation or liability under the Purchase Agreement by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of Lessee under the Purchase Agreement or to make any payment (other than under the terms and conditions set forth in the Lease Agreement) or to make any inquiry of the sufficiency of or authorization for any payment received by Vendor or any supplier, or to present or file any claim or to take any other action to collect or enforce any claim for any payment or rights assigned hereunder. In the event that Lessee is entitled to receive funds from the Vendor of the type contemplated in Section 1(a)(v) or Section 1(b) hereof prior to Lessor's giving of the Notice to the Vendor, Lessee shall, at Lessor's request, instruct the Vendor to pay any such funds directly to Lessor, or in the event that Lessee receives such funds from Vendor, Lessee shall pay them to Lessor immediately upon receipt and shall be deemed to hold such funds in trust for Lessor for any time period in which Lessee has such funds in its possession.

SECTION 3. ASSIGNOR'S REPRESENTATIONS

Lessee hereby covenants and warrants that: (a) a true and complete copy of the Purchase Agreement is attached hereto as Exhibit A; (b) the Purchase Agreement is now in full force and effect, is enforceable in accordance with its terms and constitutes the entire agreement between Lessee and Vendor with respect to the purchase of the Equipment and to the best of Lessee's knowledge, neither Lessee nor the Vendor is in default under the terms of the Purchase Agreement; (c) Lessee has not pledged and will not assign or pledge the Purchase Agreement or any interest therein to any other party; and (d) Lessee will not cause or permit any modification to the Purchase Agreement or Lessor's rights thereunder without the prior written consent of Lessor.

SECTION 4. CONSENT BY VENDOR

Vendor hereby consents to Lessee's assignment of the Purchase Agreement to Lessor on the terms provided herein. Lessor agrees and confirms that Lessor shall be bound by any warranty disclaimer clauses in the Purchase Agreement as to any claims that Lessor may be entitled to bring against Vendor under the Purchase Agreement. Upon Vendor's receipt of the Notice, the Purchase Agreement shall be deemed fully assigned in all respects by Lessee to Lessor, including, without limitation, all rights and obligations of Lessee under the Purchase Agreement, effective as of the date such notice is made as further described herein ("Effective Date").

SECTION 5. MISCELLANEOUS

This Assignment is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of California. This Assignment may be executed in several counterparts, each of which shall be deemed an original, but all of which shall be deemed one instrument. Any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein (if to Lessor 9355 E. Stockton Blvd #160, Elk Grove, CA 95624). Notice shall be deemed sufficiently given or made (a) upon receipt if delivered by hand, (b) on the day after the day of deposit with a nationally recognized courier service, (c) on the third day after the day of deposit in the United States mail, sent certified, postage prepaid with return receipt requested.

ALL PARTIES TO THIS ASSIGNMENT WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS ASSIGNMENT.

[Signature Page to Follow]

IN WITNESS THEREOF, the parties hereto have caused this Assignment to be executed as of the date set forth above.

CITY OF REEDLEY
(LESSEE)

By: [Signature]

Title: City Manager

Address: 845 G Street, Reedley, CA 93654

FIVE STAR BANK
(LESSOR)

By: [Signature]

Title: SVD Sr. Loan Officer

QUINN COMPANY

By: [Signature]

Title: Region Manager

Address: 10273 S. Golden State
Selma, CA 93662

Exhibit 'A'



Quote 133105-01

June 13, 2019

CITY OF REEDLEY
845 G ST
REEDLEY
California
93654

Attention: Chris Tamez

Dear Sir,

Quinn Company is pleased to propose for your consideration the following Sourcewell bid for a new Caterpillar Compact Wheel Loader. Please see the enclosed bid specifications and pricing.

CATERPILLAR INC. Model: 918M Wheel Loader

We wish to thank you for the opportunity of bidding on your equipment needs. This Sourcewell bid is valid for 60 days, after which time we reserve the right to re-bid. If there are any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Fishel".

Scott Fishel
Machine Sales Representative

CATERPILLAR INC. Model: 918M Wheel Loader

STANDARD EQUIPMENT

POWERTRAIN

Cat C4.4 ACERT Engine
 -Common rail fuel injection
 -U.S. EPA Tier 4 Final/ EU Stage 4
 Caterpillar NOx Reduction System
 Fuel: Ultra Low Sulphur Diesel @ <15ppm
 Engine Oil: CJ-4
 Electric fuel pump with 4 micron filtration
 S.O.S port, transmission oil

Hydrostatic transmission,
 20 km/h (12.5mpr/h)
 Lube for life universal joints
 Forward - Neutral - Reverse on joystick
 100% locking differentials, whilst moving
 Air cleaner, radial seal, dual filters
 Cooling fan, hydraulic on demand
 Integrated Cyclone pre-cleaner

HYDRAULICS

Two valve, single lever joystick
 Diagnostic pressure taps

SOS port, hydraulic oil
 Variable displacement piston pump

ELECTRICAL

150 Amp alternator
 One 850 CCA maintenance free battery
 Rooding lights

12 volt direct electric starting
 Battery disconnect switch

OPERATOR ENVIRONMENT

ROPS/FOPS cab, pressurized and sound suppressed
 Hydraulic control lever lockout
 Electrohydraulic implement controls
 Gauges
 - Engine coolant temperature
 - Hydraulic oil temperature
 - Fuel level
 - Speedometer
 - Digital Hour meter
 - DEF
 Operator warning system indicators:
 - Brake charge pressure low
 - Engine malfunction
 - Park brake applied
 - Electrical system voltage flow

- Hydraulic oil filter bypass
 - Action indicator
 Seat
 - Fabric or Vinyl
 - adjustable height, backrest, armrest
 - Seat belt, retractable
 Heater/defroster
 Wiper/washer (front and rear)
 Tinted front glass, laminated
 Adjustable steering column
 Rear window defrost
 Lockable Storage box with cup holder
 Internal 12V power source
 External 12V power source
 Product Link

FLUIDS

Extended life coolant antifreeze
Protected to -36C (-33F) hydraulic oil

Cat advanced Hydo 10

OTHER STANDARD EQUIPMENT

Parallel lift, Optimized Z-Bar loader
Fenders, front and rear
Engine enclosure - lockable
Recovery hitch
Vandalism protection - locked service
points
REGIONAL STANDARDS(as required)

Chocks, bucket tooth or edge
Decals, roading speed
Reflectors, roading
Back-up alarm
Beacon
Camera, Rear View

WARRANTY

Standard Machine: 12-Month / Unlimited Hours

Extended Coverage: 72-Month / 4,000 Hour Power Train and Hydraulic System

Quinn Group

Quote 133105-01

CUSTOMER INVOICE

| | |
|---------------------------------|---------------------|
| Machine/Options Price | \$131,253.30 |
| Factory Freight / Prep / Set Up | \$1,151.70 |
| Total Sourcewell Price | \$132,405.00 |
| Sales Tax 8.475% | \$11,221.33 |
| California Tire Tax | \$7.00 |
| Extended Warranty | \$5,108.00 |
| Total Invoice Amount | \$148,741.33 |

ALL PRICES SUBJECT TO APPLICABLE TAXES, AVAILABILITY AND CHANGE WITHOUT NOTICE. ALL FINANCING SUBJECT TO CREDIT APPROVAL, DOCUMENT FEES AND INTEREST RATES SUBJECT TO CHANGE WITHOUT NOTICE.

Sourcewell Bid for the City of Reedley

Sourcewell Contract Number 032515-CAT

City of Reedley Membership Number 18273

MACHINE SPECIFICATIONS

Base Machine

457-1488 918M WHEEL LOADER

List Price

\$141,410

Optional Equipment

524-5098 FUEL, STANDARD

NC

396-2519 POWERTRAIN, HI RIMPULL, 24MPH

\$4,875

308-0189 VALVE, DRAIN, ECO

\$155

451-4347 LOADER ARR, PIN ON, STD LIFT

NC

451-4343 HYDRAULICS, 2V/1L

NC

462-7342 BATTERY, STANDARD

NC

464-9682 STEERING, STANDARD

NC

463-2090 CAB, DELUXE, SINGLE BRAKE

\$7,580

ROPS/FOPS certified Deluxe cab includes all canopy features plus adjustable steering column, two doors with sliding glass windows, heated rear window, cabin light, radio ready kit

539-7204 SEAT, DELUXE

\$775

236-8015 SEAT BELT, RETRACTABLE 3"

\$244

504-4835 CAMERA, REAR VIEW

\$1,535

471-6764 FEATURE PACKAGE, ROAD & LOAD

\$3,680

1) Electronic Throttle Lock, 2) Automatic Ride Control, 3) Variable Speed Creeper Control

4) Electronic Implement Modulation, 5) Rim Pull Control (three electronic settings to select 60%, 80% and 100% full power, 6) Return to Dig, 7) Lift Kickout, 8) Implement Modulation

9) Hystat Aggressiveness control

462-7111 HEATER AND AIR CONDITIONER

\$4,175

433-3258 SECURITY SYSTEM, NONE

NC

508-0797 PRODUCT LINK, CELLULAR, PL240

NC

385-5822 TIRES, 17.5 R25, MX, L2 XTLA

\$2,110

469-5852 FENDERS, EXTENDED COVER

\$418

450-5406 ENGINE COOLANT, STANDARD

\$208

450-5405 HYDRAULIC OIL, STANDARD

\$1,135

476-2741 INSTRUCTIONS, ANSI

NC

421-8926 SERIALIZED TECHNICAL MEDIA KIT

NC

448-9539 LIGHTS, CAB, WORKING HALOGEN

\$600

474-1980 ALARM, BACK-UP

\$197

541-4413 RADIO, AM/FM BLUETOOTH

\$550

471-6921 TOOL BOX

\$615

539-1318 GUARD, POWERTRAIN

\$985

539-1322 GUARD, CRANKCASE

\$414

415-5961 BUCKET-GP, 2.3 YD3, PO, BOCE

\$6,382

Total List Price

\$178,043.00

City Of Reedley Sourcewell Member Discount 24%

<\$42,730.32>

Base Machine/Options Price

\$135,312.68

Additional Local Dealer Discount 3%

<\$4,059.38>

Adjusted Base Machine Options Price

\$131,253.30



Lease # 12505543

COLLATERAL ASSIGNMENT OF PURCHASE AGREEMENT

Dated As of: August 1, 2019

Lessee: City of Reedley

This **COLLATERAL ASSIGNMENT OF PURCHASE AGREEMENT** (the "Assignment") is executed by and between Five Star Bank ("Lessor") and the above-referenced Lessee (the "Lessee"). All terms used herein which are not otherwise defined will have the meaning provided for in the Lease Agreement (as defined below).

WHEREAS, Lessee, as purchaser and RUCKESTELL as seller (the "Vendor"), have entered into a Purchase Estimate, a copy of which is attached hereto as Exhibit A (the "Purchase Agreement"), pursuant to which Lessee has agreed to purchase from Vendor the equipment described therein and subject to the Lease Agreement (as defined below) (the "Equipment");

WHEREAS, Lessee has requested Lessor to finance the purchase price of the Equipment pursuant to the terms of the Equipment Lease/Purchase Agreement dated August 1, 2019 between Lessee and Lessor (collectively with all related documents, the "Lease Agreement") to the extent the purchase price is due under the Purchase Agreement;

WHEREAS, in connection with the Lease Agreement, Lessee desires to assign to Lessor all of Lessee's rights, title and interests (but none of its obligations) in and to the Purchase Agreement as collateral security for the obligations of Lessee under the Lease Agreement; and

WHEREAS, the Vendor consents to assignment of the Purchase Agreement by Lessee to Lessor pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Lessor and Lessee hereby agree as follows:

SECTION 1. COLLATERAL ASSIGNMENT

(a) Lessee hereby assigns and sets over to Lessor all of Lessee's rights, title and interest in, to and under the Purchase Agreement, including, without limitation, the following (collectively, with the Purchase Agreement, the "**Assigned Rights**"): (i) the right to accept delivery of, and take title to, the Equipment, (ii) the right to be named buyer in Vendor's invoices or bills of sale for the Equipment, (iii) the right to enforce, either in Lessor's or Lessee's name, all warranties of Vendor with respect to the Equipment; (iv) the right to receive any money or refund due or to become due to Lessee in respect of the Equipment or pursuant to the Purchase Agreement, (v) all claims for damages with respect to the Equipment arising as a result of any default by the Vendor under the Purchase

Agreement including, without limitation, all claims under any warranty or indemnity provisions contained in such Purchase Agreement or agreements related thereto, (vi) any and all rights of Lessee to compel performance of the terms of such Purchase Agreement, (vii) the right but not the obligation to make all payments under the Purchase Agreement, which obligation is retained by Lessee, and (viii) the right to take any other action in connection with the Purchase Agreement and the Equipment that, but for this Assignment, Lessee could have taken.

(b) So long as no default or event which, with notice and lapse of time or both, would constitute an Event of Default under the Lease Agreement, Lessee will be, and is hereby, authorized on behalf of Lessor in the name of Lessee to exercise all rights and powers of the purchaser under the Purchase Agreement with respect to the Equipment and to retain any benefit resulting from the enforcement of any warranty under the Purchase Agreement, except that Lessee will give Lessor prior written notice of any claim against the Vendor under any warranty or otherwise related to the Equipment and all monies to be paid by a Vendor in satisfaction of any such claim will be payable solely to Lessor. Upon the occurrence of a default, or an event which with notice and lapse of time or both would constitute an Event of Default under the Lease Agreement has occurred and is continuing: (i) Lessor shall have the right (but shall not be obligated) to give written notice to the Vendor (the "Notice"), with a copy to Lessee, that Lessor is entitled to and does thereby take on and assume, as between the Vendor and Lessor, all rights, obligations and powers of the purchaser under the Purchase Agreement with respect to the Equipment and is entitled to retain any benefits resulting therefrom; and (ii) Lessor shall have all of the rights of a secured party under the Uniform Commercial Code in the Assigned Rights including, without limitation, the right to sell, transfer or otherwise dispose of any or all of the Assigned Rights.

SECTION 2. CONTINUING LIABILITY OF ASSIGNOR

It is expressly agreed that, notwithstanding anything herein contained to the contrary: (a) Lessee will at all times remain liable to the Vendor to perform all of the duties and obligations of the purchaser under the Purchase Agreement to the same extent as if this Assignment had not been executed, (b) the execution of this Assignment will not modify any contractual rights of the Vendor under the Purchase Agreement and the liabilities of the Vendor under the Purchase Agreement will continue as if this Assignment had not been executed, (c) the exercise by Lessor of any of the rights assigned hereunder will not release Lessee from any of its duties or obligations to the Vendor under the Purchase Agreement, and (d) Lessor will not have any obligation or liability under the Purchase Agreement by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of Lessee under the Purchase Agreement or to make any payment (other than under the terms and conditions set forth in the Lease Agreement) or to make any inquiry of the sufficiency of or authorization for any payment received by Vendor or any supplier, or to present or file any claim or to take any other action to collect or enforce any claim for any payment or rights assigned hereunder. In the event that Lessee is entitled to receive funds from the Vendor of the type contemplated in Section 1(a)(v) or Section 1(b) hereof prior to Lessor's giving of the Notice to the Vendor, Lessee shall, at Lessor's request, instruct the Vendor to pay any such funds directly to Lessor, or in the event that Lessee receives such funds from Vendor, Lessee shall pay them to Lessor immediately upon receipt and shall be deemed to hold such funds in trust for Lessor for any time period in which Lessee has such funds in its possession.

SECTION 3. ASSIGNOR'S REPRESENTATIONS

Lessee hereby covenants and warrants that: (a) a true and complete copy of the Purchase Agreement is attached hereto as Exhibit A; (b) the Purchase Agreement is now in full force and effect, is enforceable in accordance with its terms and constitutes the entire agreement between Lessee and Vendor with respect to the purchase of the Equipment and to the best of Lessee's knowledge, neither Lessee nor the Vendor is in default under the terms of the Purchase Agreement; (c) Lessee has not pledged and will not assign or pledge the Purchase Agreement or any interest therein to any other party; and (d) Lessee will not cause or permit any modification to the Purchase Agreement or Lessor's rights thereunder without the prior written consent of Lessor.

SECTION 4. CONSENT BY VENDOR

Vendor hereby consents to Lessee's assignment of the Purchase Agreement to Lessor on the terms provided herein. Lessor agrees and confirms that Lessor shall be bound by any warranty disclaimer clauses in the Purchase Agreement as to any claims that Lessor may be entitled to bring against Vendor under the Purchase Agreement. Upon Vendor's receipt of the Notice, the Purchase Agreement shall be deemed fully assigned in all respects by Lessee to Lessor, including, without limitation, all rights and obligations of Lessee under the Purchase Agreement, effective as of the date such notice is made as further described herein ("Effective Date").

SECTION 5. MISCELLANEOUS

This Assignment is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of California. This Assignment may be executed in several counterparts, each of which shall be deemed an original, but all of which shall be deemed one instrument. Any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein (if to Lessor 9355 E. Stockton Blvd #160, Elk Grove, CA 95624). Notice shall be deemed sufficiently given or made (a) upon receipt if delivered by hand, (b) on the day after the day of deposit with a nationally recognized courier service, (c) on the third day after the day of deposit in the United States mail, sent certified, postage prepaid with return receipt requested.

ALL PARTIES TO THIS ASSIGNMENT WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS ASSIGNMENT.

[Signature Page to Follow]

IN WITNESS THEREOF, the parties hereto have caused this Assignment to be executed as of the date set forth above.

CITY OF REEDLEY**(LESSEE)**By: Title: City Manager

Address: 845 G Street, Reedley, CA 93654

RUCKSTELL CALIFORNIA SALES CO., INC.By: Title: PresidentAddress: P.O. Box 12543
Fresno, CA 93778**FIVE STAR BANK****(LESSOR)**By: Title: SVP/Sr. Loan Officer.

Exhibit 'A'

RUCKSTELL

CALIFORNIA SALES CO., INC.

P.O. Box 12543

Fresno, CA 93778

Estimate

| Date | Estimate # |
|-----------|------------|
| 6/17/2019 | 03405 |

Name / Address

City of Reedley
Accounts Payable
845 "G" Street
Reedley, CA 93654

| | | Rep | Requested by: | FOB | P.O. No. |
|------------------------------|--|--------------------|----------------|-------------|----------|
| | | EI | RUSS ROBERT... | FRSNO | |
| Item | Description | Qty | Cost | Total | |
| Equipment | 28 YARD DP PYTHON MOUNTED ON 2020 RH DRIVE 520 PETERBILT W / THE FOLLOWING SERVICE HOIST FULL FACTORY MOUNT 60 / 90 SPRING STEEL GRABBERS OPERATE IN GEAR AT IDLE FRONT MOUNT PUMP HOPPER & LIFT WORK LIGHT MULTI - FUNCTION LED STROBE / TURN LAMPS STROBE LIGHT AMBER - IN CAB SWITCH, PUMP ON, AND IN REVERSE ACTIVATED REMOTE LIFT CONTROL / MOUNTED UNDER OPERATORS SEAT MUD GUARDS / STEEL MOUNTED IN FRONT OF REAR TIRES MANUAL HOPPER COVER (MESH EXPANDED METAL ACCESSIBLE FROM GROUND) TOOL BOX FRAME MOUNTED SUMP CHUTES 75 DGE ROOF MOUNTED FUEL SYSTEM W / FMM, AND FRONT FILL PORT CUSTOMIZED LIFT PAINT TO MATCH BODY | 2 | 326,444.58 | 652,889.16T | |
| Fee | TIRE RECYCLING FEE | 2 | 17.50 | 35.00 | |
| Fee | DOCUMENTARY FEE | 2 | 45.00 | 90.00 | |
| Fee | ADMINISTRATION FEE | 2 | 250.00 | 500.00 | |
| Thank you for your business. | | Subtotal | | | |
| | | Sales Tax (8.475%) | | | |
| | | Total | | | |

Signature

| | | | | | |
|---------|--------------|-------|--------------|--------|--------------------|
| Phone # | 559-233-3277 | Fax # | 559-233-9844 | E-mail | info@ruckstell.com |
|---------|--------------|-------|--------------|--------|--------------------|

RUCKSTELL

CALIFORNIA SALES CO., INC.

P.O. Box 12543

Fresno, CA 93778

Estimate

| Date | Estimate # |
|-----------|------------|
| 6/17/2019 | 03405 |

Name / Address

City of Reedley
Accounts Payable
845 "G" Street
Reedley, CA 93654

| Rep | Requested by: | FOB | P.O. No. |
|-----|----------------|-------|----------|
| EI | RUSS ROBERT... | FRSNO | |

| Item | Description | Qty | Cost | Total |
|----------|--|-----|----------|-----------|
| Warranty | EXTENDED WARRANTY (ENGINE COVERAGE FOR 5 YEARS OR 200,000 MILES) | 2 | 3,200.00 | 6,400.00 |
| Freight | Shipping | 2 | 7,500.00 | 15,000.00 |

Thank you for your business.

Subtotal \$674,914.16

Sales Tax (8.475%) \$55,332.36

Total \$730,246.52

Valid for 20 days from date of estimate. This estimate is not a contract or a bill. It is what we would expect the total price to complete the work stated above, based upon our initial inspection. If additional parts and/or labor are required, we will inform you prior to proceeding with the work. A signed estimate is required prior to beginning work stated above.

Signature _____

| | | | | | |
|---------|--------------|-------|--------------|--------|--------------------|
| Phone # | 559-233-3277 | Fax # | 559-233-9844 | E-mail | info@ruckstell.com |
|---------|--------------|-------|--------------|--------|--------------------|

Exhibit 'A'

RUCKSTELL

CALIFORNIA SALES CO., INC.

P.O. Box 12543

Fresno, CA 93778

Estimate

| Date | Estimate # |
|-----------|------------|
| 6/17/2019 | 03406 |

Name / Address

City of Reedley
Accounts Payable
845 "G" Street
Reedley, CA 93654

| Rep | Requested by: | FOB | P.O. No. |
|-----|----------------|--------|----------|
| EI | RUSS ROBERT... | FRESNO | |

| Item | Description | Qty | Cost | Total |
|------------------------------|--|---------------------------|------------|-------------|
| Equipment | 40 YARD EJECT W. C. FRONT LOADER MOUNTED ON 2020 LH DRIVE 520 PETERBILT W / THE FOLLOWING OPTIONS SERVICE HOIST DENISON LONG LIFE VANE PUMP (FRONT MOUNT) (2) HALOGEN BACK-UP LIGHTS ON TAILGATE (2) HALOGEN WORK LIGHTS (HOPPER AND CANOPY) AMBER STROBE SURFACE MOUNTED ON TAILGATE INTEGRATED STROBE LIGHT PACKAGE UPPER TAILGATE INTEGRATE STROBE LIGHT PACKAGE LOWER TAILGATE BACK-UP ALARM AUTO VOLUME ADJUSTABLE (87-112 DB) OVER HEIGHT WARNING BUZZER (ARMS ABOVE CAB) ELECTRONIC FILTER BY-PASS INDICATOR IN CAB OUTSIDE CONTROLS FOR ARMS, FORKS, PACKING W / E-STOP DECELERATION ON ARMS DOWN FUNCTION SHOVEL / BROOM RACK (MOUNTED CURB SIDE MID BODY) EXTENDED CLEANING TOOL W / BROOM ATTACHMENT AND HOLDER DRIP PAN BELOW TAILGATE SEAL (STANDARD) 2 - YEAR CYLINDER WARRANTY (STANDARD) 1 - YEAR BODY WARRANTY (STANDARD) 1 - YEAR HYDRAULIC WARRANTY | 1 | 300,882.95 | 300,882.95T |
| Thank you for your business. | | Subtotal | | |
| | | Sales Tax (8.475%) | | |
| | | Total | | |

Signature

| | | | | | |
|---------|--------------|-------|--------------|--------|--------------------|
| Phone # | 559-233-3277 | Fax # | 559-233-9844 | E-mail | info@ruckstell.com |
|---------|--------------|-------|--------------|--------|--------------------|

RUCKSTELL

CALIFORNIA SALES CO., INC.

P.O. Box 12543

Fresno, CA 93778

Estimate

| Date | Estimate # |
|-----------|------------|
| 6/17/2019 | 03406 |

Name / Address

City of Reedley
Accounts Payable
845 "G" Street
Reedley, CA 93654

| Rep | Requested by: | FOB | P.O. No. |
|-----|----------------|--------|----------|
| EI | RUSS ROBERT... | FRESNO | |

| Item | Description | Qty | Cost | Total |
|----------|---|-----|----------|----------|
| Warranty | 75 DGE ROOF MOUNTED CNG FUEL SYSTEM W / FMM, AND FRONT FILL PORT OIL SPILL KIT PRO-SERIES EXTREME DUTY CAMERA SYSTEM W / HOPPER CAM, 10 METER CABLE, AND 7" MONITOR 3 POINT VULCAN SCALE SYSTEM EXTENDED FLAT FLOOR TO REAR OF BODY 5 YEAR EXTENDED ENGINE WARRANTY (5 YEAR 200,000 MILES) | 1 | 3,200.00 | 3,200.00 |
| Fee | TIRE RECYCLING FEE | 1 | 17.50 | 17.50 |
| Fee | DOCUMENTARY FEE | 1 | 45.00 | 45.00 |
| Fee | ADMINISTRATION FEE | 1 | 250.00 | 250.00 |
| Freight | Shipping | 1 | 9,000.00 | 9,000.00 |

Thank you for your business.

Subtotal \$313,395.45

Valid for 20 days from date of estimate. This estimate is not a contract or a bill. It is what we would expect the total price to complete the work stated above, based upon our initial inspection. If additional parts and/or labor are required, we will inform you prior to proceeding with the work. A signed estimate is required prior to beginning work stated above.

Sales Tax (8.475%) \$25,499.83

Total \$338,895.28

Signature _____

| | | | | | |
|---------|--------------|-------|--------------|--------|--------------------|
| Phone # | 559-233-3277 | Fax # | 559-233-9844 | E-mail | info@ruckstell.com |
|---------|--------------|-------|--------------|--------|--------------------|

ASSIGNMENT OF DEPOSIT ACCOUNT

LEASE #: 12505543

Lessee: City of Reedley, a city and political subdivision of the State of California organized and existing under the law of the State of California

Lessor: Five Star Bank
3100 Zinfandel Drive, Suite 100
Rancho Cordova, CA 95670

THIS ASSIGNMENT OF DEPOSIT ACCOUNT dated August 1, 2019, is made and executed between City of Reedley, a city and political subdivision of the State of California organized and existing under the law of the State of California ("Lessee") and Five Star Bank ("Lessor").

ASSIGNMENT. For valuable consideration, Lessee assigns and grants to Lessor a security interest in the Collateral, including without limitation the deposit account(s) described below, to secure the Lease obligation and agrees that Lessor shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lessor may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" means the following described deposit account(s) ("Account"):

Checking Account Number 3509958 with Lessor with an approximate balance of \$1,217,883.13

together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

LESSEE'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Lessee represents and promises to Lessor that:

Ownership. Lessee is the lawful owner of the Collateral free and clear of all loans, liens, encumbrances, and claims except as disclosed to and accepted by Lessor in writing.

Right to Grant Security Interest. Lessee has the full right, power, and authority to enter into this Agreement and to assign the Collateral to Lessor.

No Prior Assignment. Lessee has not previously granted a security interest in the Collateral to any other creditor.

No Further Transfer. Lessee shall not sell, assign, encumber, or otherwise dispose of any of Lessee's rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults relating to the Collateral, and there are no offsets or counterclaims to the same. Lessee will strictly and promptly do everything required of Lessee under the terms, conditions, promises, and agreements contained in or relating to the Collateral.

Proceeds. Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Lessee shall be held by Lessee in trust for Lessor and immediately shall be delivered by Lessee to Lessor to be held as part of the Collateral.

Validity; Binding Effect. This Agreement is binding upon Lessee and Lessee's successors and assigns and is legally enforceable in accordance with its terms.

Financing Statements. Lessee authorizes Lessor to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lessor's security interest. At Lessor's request, Lessee additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lessor's security interest in the Property. Lessee will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lessor is required by law to pay such fees and costs. Lessee irrevocably appoints Lessor to execute documents necessary to transfer title if there is a default. Lessor may file a copy of this Agreement as a financing statement.

LESSOR'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. While this Agreement is in effect, Lessor may retain the rights to possession of the Collateral, together with any and all evidence of the Collateral, such as certificates or passbooks. This Agreement will remain in effect until (a) there no longer is any Lease obligation owing to Lessor; (b) all other obligations secured by this Agreement have been fulfilled; and (c) Lessee, in writing, has requested from Lessor a release of this Agreement.

LESSOR'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lessor's interest in the Collateral or if Lessee fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Lessee's failure to discharge or pay when due any amounts Lessee is required to discharge or pay under this Agreement or any Related Documents, Lessor on Lessee's behalf may (but shall not be obligated to) take any action that Lessor deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lessor for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lessor to the date of repayment by Lessee. All such expenses will become a part of the Lease obligation and, at Lessor's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lessor may be entitled upon Default.

LIMITATIONS ON OBLIGATIONS OF LESSOR. Lessor shall use ordinary reasonable care in the physical preservation and custody of any certificate or passbook for the Collateral but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lessor shall have no responsibility (A) for the collection or protection of any income on the Collateral; (B) for the preservation of rights against issuers of the Collateral or

against third persons; (C) for ascertaining any maturities, conversions, exchanges, offers, tenders, or similar matters relating to the Collateral; nor (D) for informing the Lessee about any of the above, whether or not Lessor has or is deemed to have knowledge of such matters.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Lessee fails to make any payment when due under the Lease obligation.

Other Defaults. Lessee fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lessor and Lessee.

Default in Favor of Third Parties. Lessee defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Lessee's property or ability to perform Lessee's obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lessor by Lessee or on Lessee's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The insolvency of Lessee, the appointment of a receiver for any part of Lessee's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Lessee.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Lessee or by any governmental agency against any collateral securing the Lease obligation. This includes a garnishment of any of Lessee's accounts, including deposit accounts, with Lessor. However, this Event of Default shall not apply if there is a good faith dispute by Lessee as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Lessee gives Lessor written notice of the creditor or forfeiture proceeding and deposits with Lessor monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lessor, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Lease obligation or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Lease obligation.

Adverse Change. A material adverse change occurs in Lessee's financial condition, or Lessor believes the prospect of payment or performance of the Lease obligation is impaired.

Insecurity. Lessor in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Lessee has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Lessee, after Lessor sends written notice to Lessee demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lessor deems in Lessor's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, or at any time thereafter, Lessor may exercise any one or more of the following rights and remedies, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

Accelerate Lease obligation. Lessor may declare all Lease obligation of Lessee to Lessor immediately due and payable, without notice of any kind to Lessee.

Application of Account Proceeds. Lessor may take directly all funds in the Account and apply them to the Lease obligation. If the Account is subject to an early withdrawal penalty, that penalty shall be deducted from the Account before its application to the Lease obligation, whether the Account is with Lessor or some other institution. Any excess funds remaining after application of the Account proceeds to the Lease obligation will be paid to Lessee as the interests of Lessee may appear. Lessee agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Account to the Lease obligation. Lessor also shall have all the rights of a secured party under the California Uniform Commercial Code, even if the Account is not otherwise subject to such Code concerning security interests, and the parties to this Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.

Transfer Title. Lessor may effect transfer of title upon sale of all or part of the Collateral. For this purpose, Lessee irrevocably appoints Lessor as Lessee's attorney-in-fact to execute endorsements, assignments and instruments in the name of Lessee and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Lessor shall have and may exercise any or all of the rights and remedies of a secured creditor under the provisions of the California Uniform Commercial Code, at law, in equity, or otherwise.

Deficiency Judgment. If permitted by applicable law, Lessor may obtain a judgment for any deficiency remaining in the Lease obligation due to Lessor after application of all amounts received from the exercise of the rights provided in this section.

Election of Remedies. Except as may be prohibited by applicable law, all of Lessor's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lessor to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Lessee under this Agreement, after Lessee's failure to perform, shall not affect Lessor's right to declare a default and exercise its remedies.

Cumulative Remedies. All of Lessor's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lessor to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Lessee under this Agreement, after Lessee's failure to perform, shall not affect Lessor's right to declare a default and to exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Lessee agrees to pay upon demand all of Lessor's costs and expenses, including Lessor's attorneys' fees and Lessor's legal expenses, incurred in connection with the enforcement of this Agreement. Lessor may hire or pay someone else to help enforce this Agreement, and Lessee shall pay the costs and expenses of such enforcement. Costs and expenses include Lessor's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Lessee also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lessor and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lessor in the State of California.

Choice of Venue. If there is a lawsuit, Lessee agrees upon Lessor's request to submit to the jurisdiction of the courts of Sacramento County, State of California.

Preference Payments. Any monies Lessor pays because of an asserted preference claim in Lessee's bankruptcy will become a part of the Lease obligation and, at Lessor's option, shall be payable by Lessee as provided in this Agreement.

No Waiver by Lessor. Lessor shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lessor. No delay or omission on the part of Lessor in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lessor of a provision of this Agreement shall not prejudice or constitute a waiver of Lessor's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lessor, nor any course of dealing between Lessor and Lessee, shall constitute a waiver of any of Lessor's rights or of any of Lessee's obligations as to any future transactions. Whenever the consent of Lessor is required under this Agreement, the granting of such consent by Lessor in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lessor.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Lessee agrees to keep Lessor informed at all times of Lessee's current address. Unless otherwise provided or required by law, if there is more than one Lessee, any notice given by Lessor to any Lessee is deemed to be notice given to all Lessees.

Power of Attorney. Lessee hereby appoints Lessor as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (1) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (2) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (3) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Lessee, to execute and deliver its release and settlement for the claim; and (4) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Lessee, or otherwise, which in the discretion of Lessor may seem to be necessary or advisable. This power is given as security for the Lease obligation, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lessor.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Lease obligation, Lessee irrevocably waives, disclaims and relinquishes all claims against such other person which Lessee has or would otherwise have by virtue of payment of the Lease obligation or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Lessee's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Lessee, Lessor, without notice to Lessee, may deal with Lessee's successors with reference to this Agreement and the Lease obligation by way of forbearance or extension without releasing Lessee from the obligations of this Agreement or liability under the Lease obligation.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Lessee in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Lessee's Lease obligation shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Account. The word "Account" means the deposit account(s) described in the "Collateral Description" section.

Agreement. The word "Agreement" means this Assignment of Deposit Account, as this Assignment of Deposit Account may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Deposit Account from time to time.

Lessee. The word "Lessee" means City of Reedley, a city and political subdivision of the State of California organized and existing under the law of the State of California and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Lessee's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Lessee. The word "Lessee" means City of Reedley, a city and political subdivision of the State of California organized and existing under the law of the State of California.

Lease obligation. The phrase "Lease obligation" means the obligations of Lessee under the Lease, including all Rental Payments (as defined therein), principal and interest, together with all other obligations and costs and expenses for which Lessee is responsible under this Agreement or the Lease and any related documents.

Lessor. The word "Lessor" means Five Star Bank, its successors and assigns.

Lease. The word "Lease" means the Equipment Lease/Purchase Agreement and all associated Exhibits and attachments dated August 1, 2019 and executed by City of Reedley, a city and political subdivision of the State of California organized and existing under the law of the State of California in the principal amount of \$1,217,883.13, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the lease.


Property. The word "Property" means all of Lessee's right, and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean the Lease and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Lease obligation.

LESSEE HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS ASSIGNMENT OF DEPOSIT ACCOUNT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED AUGUST 1, 2019.

LESSEE:

CITY OF REEDLEY, A CITY AND POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA ORGANIZED AND EXISTING UNDER THE LAW OF THE STATE OF CALIFORNIA

By: 
Nicole Zieba, City Manager of City of Reedley, a city and political subdivision of the State of California organized and existing under the law of the State of California



City of Reedley

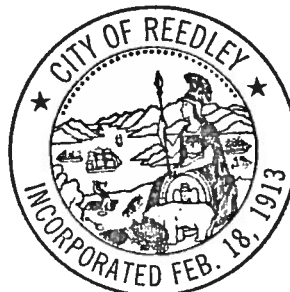
SYLVIA B. PLATA
OFFICE OF THE CITY CLERK
1717 Ninth Street
Reedley, Ca. 93654
(558)637-4200 ext. 212

CERTIFICATION OF APPROVAL

I, Sylvia B. Plata, City Clerk of the City of Reedley, do hereby certify that the attached excerpt from Council minutes of June 25, 2019, for Consent Item #4, requesting approval and authorization for City Manager to execute all documents pertaining to acquisition and financing of solid waste and street maintenance equipment with appropriations previously approved. This item was approved at a regular meeting of the City Council of the City of Reedley held on the 27th day of August 2019, by the following vote:

AYES: Beck, Betancourt, Fast, Soleno, Pinon.
NOES: None.
ABSTAIN: None.
ABSENT: None.

Signed: 
Sylvia B. Plata, Reedley City Clerk



REEDLEY CITY COUNCIL MEETING – June 25, 2019

A complete audio record of the minutes is available at www.reedley.ca.gov

Item #5

The regular meeting of the Reedley City Council meeting was called to order by Mayor Frank Piñon at 7:00 p.m. on Tuesday, June 25, 2019 in the City Hall Council Chambers, 845 “G” Street, Reedley, California.

INVOCATION – Malcolm Light, Pastor of the Reedley Mennonite Brethren Church

PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Council Member Fast.

ROLL CALL

Council Members

Present: Robert Beck, Anita Betancourt, Mary Fast, Ray Soleno, Frank Piñon.

Absent: None.

AGENDA APPROVAL – ADDITIONS AND/OR DELETIONS

Council Member Betancourt moved, Mayor Piñon seconded to accept and approve agenda.

Motion unanimously carried.

PRESENTATION

1. PARKS & RECREATION MONTH PROCLAMATION – Community Services

Sarah Reid, Community Services Director, Recreation Coordinators Ruben Castaneda and Madison Leighty, along with several members from various Community Services Department programs provided highlighted from their specific programs. Summer Interns from KCUSD read the Parks & Recreation Month Proclamation which was approved by Council.

PUBLIC COMMENT

None.

CONSENT AGENDA (Item 2-5)

Motion _____ 2nd _____

Council Member Mary Fast asked to remove agenda item #4 and #5 for discussion.

Council Member Betancourt moved, Council Member Soleno seconded to accept, approve and adopt all items listed under the **CONSENT AGENDA** as follow:

2. MINUTES OF THE REGULAR COUNCIL MEETINGS OF FEBRUARY 26, 2019 – *Approved*
3. APPROVE AND AUTHORIZE THE CITY MANAGER TO EXECUTE A ONE YEAR AGREEMENT WITH THE FRESNO COUNTY RURAL TRANSIT AGENCY FOR LAW ENFORCEMENT SERVICES ON TRANSIT VEHICLES. - *Approved*
4. APPROVE AND AUTHORIZE CITY MANAGER TO EXECUTE ALL DOCUMENTS PERTAINING TO ACQUISITION AND FINANCING OF SOLID WASTE AND STREET MAINTENANCE EQUIPMENT WITH APPROPRIATIONS PREVIOUSLY APPROVED.
 - A) AUTHORIZE CITY MANAGER TO EXECUTE ALL NECESSARY DOCUMENTS TO COMPLETE DEBT FINANCING LEASE-PURCHASE AGREEMENT WITH FIVE STAR BANK FOR FINANCING OF SOLID WASTE AND STREET MAINTENANCE EQUIPMENT.

REEDLEY CITY COUNCIL MEETING – June 25, 2019

- B) AUTHORIZE THE PURCHASE OF ONE (1) CNG PETERBILT FRONT LOADER REFUSE TRUCK.
- C) AUTHORIZE THE PURCHASE OF TWO (2) CNG PETERBILT SIDE LOADER REFUSE TRUCKS.
- D) AUTHORIZE THE PURCHASE OF ONE (1) CATERPILLAR INC. MODEL 918M WHEEL LOADER.

Removed for discussion

5. AMENDMENT OF ITEMS PERTAINING TO THE FY 2018-19 AND FY 2019-20 ADOPTED BUDGETS

- A) ADOPT BUDGET RESOLUTION NO. 2019-060 AMENDING VARIOUS FUNDS IN THE FISCAL YEAR 2019-2020 ADOPTED BUDGET NECESSARY FOR THE TRANSITION OF DIAL-A-RIDE TRANSIT SERVICES TO THE FRESNO COUNTY RURAL TRANSIT AGENCY EFFECTIVE JULY 1, 2019.
- B) ADOPT BUDGET RESOLUTION NO. 2019-061 APPROPRIATING \$16,000 IN THE FISCAL YEAR 2018-2019- ADOPTED BUDGET ALLOCATING AVAILABLE FCTA MEASURE 'C' FLEXIBLE FUNDING AND FIRE FACILITIES DEVELOPMENT IMPACT FEES FOR REMAINING COSTS FOR THE CRICKET HOLLOW BOAT LAUNCH PROJECT.

Removed for discussion

Remaining consent items approved with the motion unanimously carried.

- 4. APPROVE AND AUTHORIZE CITY MANAGER TO EXECUTE ALL DOCUMENTS PERTAINING TO ACQUISITION AND FINANCING OF SOLID WASTE AND STREET MAINTENANCE EQUIPMENT WITH APPROPRIATIONS PREVIOUSLY APPROVED.
 - A) AUTHORIZE CITY MANAGER TO EXECUTE ALL NECESSARY DOCUMENTS TO COMPLETE DEBT FINANCING LEASE-PURCHASE AGREEMENT WITH FIVE STAR BANK FOR FINANCING OF SOLID WASTE AND STREET MAINTENANCE EQUIPMENT.
 - B) AUTHORIZE THE PURCHASE OF ONE (1) CNG PETERBILT FRONT LOADER REFUSE TRUCK.
 - C) AUTHORIZE THE PURCHASE OF TWO (2) CNG PETERBILT SIDE LOADER REFUSE TRUCKS.
 - D) AUTHORIZE THE PURCHASE OF ONE (1) CATERPILLAR INC. MODEL 918M WHEEL LOADER.

Council Member Fast expressed her concern for the use of the Vehicle Impact Fee and wanted the public to be aware of funds being used.

Russ Robertson, Public Works Director responded to Council Member Soleno's question regarding the need to replace older trucks.

Council Member Soleno moved, Council Member Beck seconded to accept, APPROVE AND AUTHORIZE CITY MANAGER TO EXECUTE ALL DOCUMENTS PERTAINING TO ACQUISITION AND FINANCING OF SOLID WASTE AND STREET MAINTENANCE EQUIPMENT WITH APPROPRIATIONS PREVIOUSLY APPROVED.



RESOLUTION NO. 2019-054

Lo Note -
Pg 310 of Budget
Describes Finance
Project.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REEDLEY, ACTING IN ITS CAPACITY AS CITY COUNCIL TO THE CITY, SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, AND AS THE BOARD OF THE REEDLEY HOUSING AUTHORITY, ADOPTING THE FINAL BUDGET OF THE CITY OF REEDLEY FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020, PROVIDING FOR THE APPROPRIATION AND EXPENDITURE OF ALL SUMS SET FORTH IN SAID FINAL BUDGET, PROVIDING FOR THE TRANSFERS AND ADDITIONAL APPROPRIATIONS AND REPEALING ALL RESOLUTIONS AND PARTS OF RESOLUTIONS IN CONFLICT HEREWITH, EXCEPT AS PROVIDED FOR BY MINUTE ORDER OF THE CITY COUNCIL ON JUNE 11, 2019

WHEREAS, the City Council of the City of Reedley, acting in its capacity as City Council to the City, Successor Agency to the former Redevelopment Agency, and as the Board of the Reedley Housing Authority ("City Council") has had submitted to it a Preliminary Budget for the fiscal year July 1, 2019 through June 30, 2020; and

WHEREAS, after examination, deliberation and due consideration, the City Council of the City of Reedley has approved the same with modifications; and

WHEREAS, it is the intention of the City Council to adopt the said budget as modified and amended by the City Council of the City of Reedley as the Final Budget for the fiscal year 2019 - 2020.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF REEDLEY AS FOLLOWS:

1. That certain budget for the fiscal year July 1, 2019 - June 30, 2020, presently on file in the office of the City Clerk entitled, "CITY OF REEDLEY - BUDGET - FISCAL YEAR 2019-20," which is hereby referred to and incorporated herein by reference as though fully set forth herein verbatim, is hereby adopted as modified and amended by the City Council of the City of Reedley as the Final Annual Budget of the City of Reedley for the fiscal year July 1, 2019 - June 30, 2020.

2. From and after the operative date of this resolution the several amounts stated in the Final Annual Budget hereinafter referred to as adopted expenditures shall become and thereafter be appropriated to the offices, departments, accounts, objects and purposes stated therein for the fiscal year to which said budget is to apply and said monies are hereby authorized to be expended for the purposes and objects specified in said budget.

3. Unless otherwise provided by law, from time to time during the said fiscal year, sums may be transferred from any appropriated item within a designated fund, or accounts within the General Fund, unless expressly prohibited by law, to any other appropriated item within the

same fund or funds as deemed necessary by the City Manager. New and/or additional appropriations requiring the use of fund balance shall be made by resolution of the City Council. Except as monetary appropriations maybe affected by intra-fund transfers within the General Fund or other funds as hereinafter provided, no appropriations set forth in said budget shall be canceled in whole or in part except by resolution adopted by the affirmative vote of three-fifths (3/5ths) of all members of the City Council.

4. The City Manager is hereby authorized to implement such administrative reorganization of offices, positions, departments, or units, including without limitation reductions in force, as he/she deems necessary, efficient, effective and/or economical to implement the goals of the adopted Final Annual Budget of the City of Reedley for the fiscal year July 1, 2019 - June 30, 2020, and any such reorganization is hereby approved. This approval is intended to satisfy the approval required by Reedley Municipal Code section 1-6-7-4 without any further approval by the City Council.

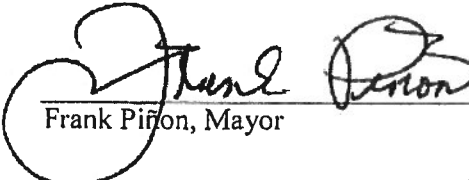
5. All resolutions and parts of resolutions in conflict herewith, including, but not necessarily limited to, such resolutions or parts of resolutions relating to compensation, allowances or benefits as may be in conflict herewith, are hereby expressly repealed.

6. This resolution shall be effective immediately upon adoption, but shall be operative as of July 1, 2019.

This Resolution was duly passed, approved, and adopted by the City Council of the City of Reedley this 11th day of June, 2019, by the following vote:

| | |
|----------|----------------------------------|
| AYES: | Betancourt, Beck, Soleno, Pinon. |
| NOES: | None. |
| ABSENT: | Fast. |
| ABSTAIN: | None. |

APPROVED:


Frank Pinon, Mayor

ATTEST:


Sylvia Plata, City Clerk

