



umpqua bank
equipment leasing & finance

October 12, 2023

Mack McDonald
Chief Administrative Officer
San Juan County
117 S Main St., #121
Monticello, UT 84535

Dear Mack:

I am pleased to present the terms and conditions of our proposal to lease equipment to San Juan County. This letter is not an approval to enter into a lease, nor should it be construed as an offer or commitment to perform any undertaking.

An approval of this proposal may be considered after full review by the appropriate officers of Financial Pacific Leasing, Inc. and Umpqua Bank. Final approval may contain additional or modified terms.

Please indicate your interest in our proposal by signing and returning the enclosed copy of the “Terms and Conditions” by October 31, 2023. By accepting our proposal, you agree that Umpqua Bank Equipment Leasing & Finance shall not be held liable for any action or inaction stemming from this letter.

Thank you for this opportunity to respond to your needs. We hope that our proposal is both timely and competitive, and we look forward to working with you to successfully fund and close this transaction.

Sincerely,

Rik Johnson
Vice President
Umpqua Bank Equipment Leasing & Finance
Business Development Officer

M (425) 241-7969



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Terms and Conditions:

Lessor: Financial Pacific Leasing, Inc., d.b.a. Umpqua Bank Equipment Leasing & Finance, a subsidiary of Umpqua Bank or it's assigns ("Lessor")

Lessee(s): San Juan County

Equipment Financing Vehicle: Municipal Lease-Purchase Agreement

Equipment & Cost: Various vehicles listed on Exhibit "A" attached with this proposal as a separate excel spread sheet (the "Equipment"). All Equipment shall be satisfactory to Lessor.

Lease Amount: Not to exceed \$2,219,436.60 in the aggregate.

Lease Term: Five (5) years

Payments: Five (5) payments, payable annually to be paid November 1st of each year beginning November 1, 2023, with the final payment on November 1, 2028.

Option A – Fund into Escrow

Structure: Lease-Purchase for the entire \$2,219,435.60.00 would commence and the funds would be held in escrow. Vehicles would be pre-accepted to allow funds to be disbursed to the appropriate vendor(s) ahead of actual delivery of the vehicle(s). A fee of \$500 will be payable by Lessee upon execution of the initial lease. A titling fee of \$10 per vehicle will be due as each vehicle is delivered.

Interest Rate: The amount funded into escrow shall accrue interest at the tax-exempt rate of 5.17% per annum, payable in advance.

The interest rate specified above is based upon the 5 year like term US Treasury Rate sourced from Chatham Financial Market Data ("Index") at 4.31% as of 8/11/2023. Should the Index increase prior to any loan schedule documentation and commencement, the interest rate shall be adjusted to maintain the economic returns anticipated by Lessor. The interest rate becomes fixed upon funding into escrow.

Early Buy-Out Option: So long as (i) Lessee is current in the payment of all rent and other amounts due under the lease, (ii) no event of default or event of non-appropriation exists under the lease, and (iii) subject to a minimum of 30 days written notice to Lessor, Lessee term may terminate the lease on the three year anniversary of the

Commencement Date of the lease by paying the currently due rental payments, as well as outstanding principal component of the lease, and any other past due amounts or other amounts due under the lease, plus any applicable taxes. The equipment shall be conveyed to Lessee on an “as-is, where-is” basis, without any representation or warranty from Lessor. The Early Buy-Out Option shall be available for just part of the equipment, and the prepayment of principal shall be determined for such item of equipment based on the percent of the total financed amount attributable to such equipment of the original principal amount of the lease.

Any prepayments other than the Early Buy-Out Option shall be solely with the prior written consent of Lessor.

Option A Commencement

Date and Acceptance: The funding into escrow shall be the Commencement Date under this Option A. It is contemplated that disbursement requests for items of Equipment shall be made periodically when delivery and acceptance of the item of Equipment occurs. A condition to such disbursement request shall be the listing of Lessor’s lien on the vehicle title for said vehicle. The parties agree and understand that Lessee’s unconditional acceptance of the Equipment vis-à-vis the Lessor, does not waive any rights and remedies that Lessee has and shall retain against the vendor.

Option B – Periodic Funding per Vehicle

Structure: Individual lease agreements for each vehicle. Vehicles would be pre-accepted to allow funds to be disbursed to the appropriate vendor(s) ahead of actual delivery of the vehicle. A fee of \$100 will be payable by Lessee upon execution of each agreement. A titling fee of \$10 per vehicle will be due as each vehicle is delivered.

Interest Rate: The amount funded for such equipment on a lease shall accrue interest at the tax-exempt rate of 5.17% per annum, payable in advance. The amortization schedule for the lease for such equipment shall provide for a principal payment schedule resulting in level debt service payments.

The interest rate specified above is based upon the 5 year like term US Treasury Rate sourced from Chatham Financial Market Data (“Index”) at 4.31% as of 8/11/2023. Should the Index increase prior to any final acceptance of equipment under a lease, the interest rate shall be adjusted to maintain the economic returns anticipated by Lessor. The interest rate becomes fixed for each individual lease agreement upon final delivery and acceptance of the specific vehicle for said agreement.

Early Buy-Out Option: So long as (i) Lessee is current in the payment of all rent and other amounts due under the lease, (ii) no event of default or event of non-appropriation exists under the lease, and (iii) subject to a minimum of 30 days written notice to Lessor, Lessee term may terminate the lease on the three year anniversary of the Commencement Date of the lease by paying the currently due rental payments, as

well as outstanding principal component of the lease, and any other past due amounts or other amounts due under the lease, plus any applicable taxes. The equipment shall be conveyed to Lessee on an “as-is, where-is” basis, without any representation or warranty from Lessor.

Any prepayments other than the Early Buy-Out Option shall be solely with the prior written consent of Lessor.

Option B Commencement

Date and Acceptance: The Commencement Date for each Lease entered into under this Option B shall be the date that funds are remitted to the vendor for said vehicle. Conditions for remitting funds to the vendor shall include: (i) evidence of the listing of Lessor’s lien on the vehicle title for said Equipment and (ii) acceptance of the Equipment by Lessee. The parties agree and understand that Lessee’s unconditional acceptance of the Equipment vis-à-vis the Lessor, does not waive any rights and remedies that Lessee has and shall retain against the vendor.

Additional Provisions Applicable to Both Options

Tax Benefits: The lease shall be considered a municipal lease/purchase and shall qualify for tax-exempt status under federal tax law. Lessee shall pay all fees, assessments, sales, use, property and other taxes imposed, except those levied on the net income of Lessor by the United States, the State of Utah, or other applicable jurisdiction. The documents shall include the standard covenants, representations, and warranties applicable to a tax-exempt financing.

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

Expiration of Facility: All takedowns shall occur prior to 12/1/23, and without written consent of Lessor to extension, the facility shall expire. Lessor shall have no obligation to lease any item of Equipment after said date.

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

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

Maintenance: Lessee shall, at its sole cost and expense, maintain the Equipment in compliance with all statutes, laws, ordinances, regulations, standards, and directives (including environmental) by any governmental agency and the Equipment must be maintained in accordance with all manufacturer’s suggested and

recommended maintenance procedures including preventive maintenance; and such other maintenance and return conditions as the Lessor may require.

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

Costs & Expenses: Lessee shall be responsible for all fees, costs and disbursements incurred by Lessor in connection therewith, including without limitation, all fees and disbursements of counsel to Lessor (if any), appraisal costs (if any) and all filing and search fees.

**Additional Terms
& Conditions:**

- 1) The non-appropriation clause in the lease shall be satisfactory to Lessor.
- 2) Tax-exempt borrowing for 2023 by Lessee is not reasonably expected to exceed \$10,000,000, so it is assumed that, and pricing is based on, the leases being “Bank Qualified” under section 265(b)(3) of the IRS Code.
- 3) Lessee is a state or political subdivision thereof, within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended.
- 4) Lessor shall receive an Opinion from Lessee’s counsel stating that the lease qualifies for tax-exempt financing under IRS guidelines and the Opinion must reference #2 and #3 above.
- 5) Lessee’s counsel shall provide with respect to each lease (i) an opinion that such lease is duly executed and delivered by Lessee and is a legal, valid, and binding obligation of Lessee enforceable in accordance with its terms, and (ii) such other customary opinions for such municipal leases.
- 6) Customary reporting requirements of Lessee.
- 7) Lessee shall prepare and file a Form 8028-G as a condition to funding for each lease.

Confidentiality: Except as required by law, the proposal and its terms and conditions will not be disclosed publicly or privately except to those individuals who are your officers, employees or advisors who have a need to know because of being involved in the proposed financing. The foregoing confidentiality provisions shall not apply to the disclosure of the federal income tax structure or treatment of the proposed financing.

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

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

[Acceptance page follows.]

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

Accepted this ____ day of _____, 2023

County of San Juan

By: _____

Printed Name: _____

Title: _____

Please select your Option below:

Option A – Fund into Escrow

Option B – Periodic Funding per Vehicle









Exhibit A

San Juan County

YEAR	MAKE	MODEL	VIN	11/1/2023	11/1/2024	11/1/2025	11/1/2026	11/1/2027	11/1/2028
2023	Ford	F350	1FT8W3BT0NEF88910	\$7,500.00	\$7,500.00	\$7,500.00	\$39,732.98	\$39,732.98	\$1.00
2023	Ford	F350	1FT8W3BT9NEE97943	\$7,500.00	\$7,500.00	\$7,500.00	\$32,653.71	\$32,653.71	\$1.00
2023	Ford	F150	1FTFW1ED0PFA38295	\$9,268.52	\$9,268.52	\$9,268.52	\$25,748.83	\$25,748.83	\$1.00
2023	Ford	F150	1FTFW1ED4PFA38283	\$9,268.52	\$9,268.52	\$9,268.52	\$25,748.83	\$25,748.83	\$1.00
2023	Ford	F150	1FTFW1ED7PFA38892	\$9,268.52	\$9,268.52	\$9,268.52	\$25,748.83	\$25,748.83	\$1.00
2023	Chevrolet	Suburban	1GNSKCKD8PR221735	\$6,500.00	\$6,500.00	\$6,500.00	\$30,194.70	\$30,194.70	\$1.00
2023	Chevrolet	Suburban	1GNSKCKD5PR221529	\$6,500.00	\$6,500.00	\$6,500.00	\$30,194.70	\$30,194.70	\$1.00
2022	Ford	F150	1FTFW1E81NFC45116	\$8,439.75	\$8,439.75	\$8,439.75	\$25,639.76	\$25,639.76	\$1.00
2022	Ford	F350	1FT8W3BT3NEG06025	\$7,500.00	\$7,500.00	\$7,500.00	\$31,545.88	\$31,545.88	\$1.00
2023	Chevrolet	Silverado 1500	3GCUDGED1PG103136	\$7,000.00	\$7,000.00	\$7,000.00	\$25,762.24	\$25,762.24	\$1.00

2023	Chevrolet	Silverado 1500	3GCUDGED0PG103242	\$7,000.00	\$7,000.00	\$7,000.00	\$25,762.24	\$25,762.24	\$1.00
2022	Ford	F150	1FTFW1E8XNKE67547	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E85NKE67276	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E85NKE67195	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E85NKE67164	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E83NKE67096	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E85NKE67066	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E85NKE67181	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E80NKE67119	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E84NKE67723	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E89NKE67135	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E88NKE67322	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F150	1FTFW1E8XNKE67533	\$7,082.46	\$7,082.46	\$7,082.46	\$24,374.00	\$24,374.00	\$1.00
2022	Ford	F350	1FT8W3BT1NEE42323	\$7,500.00	\$7,500.00	\$7,500.00	\$31,545.88	\$31,545.88	\$1.00

2022	Ford	F350	1FT8W3BTXNEE42322	\$7,500.00	\$7,500.00	\$7,500.00	\$31,545.88	\$31,545.88	\$1.00
2022	Ford	F350	1FT8W3BTXNEE42305	\$7,500.00	\$7,500.00	\$7,500.00	\$31,545.88	\$31,545.88	\$1.00
2023	Ford	F350	1FT8W3BT8PED24305	\$9,000.00	\$9,000.00	\$9,000.00	\$33,822.04	\$33,822.04	\$1.00