

J.P.Morgan

JPMorgan Chase Bank, N.A.

Submission to

City of San Luis Obispo

**Bid for Tax-Exempt Bank Qualified Lease Purchase
Financing For Acquisition of a Fire Truck**

July 17, 2018

<p>J. P. Morgan Equipment Finance Contact:</p> <p>Rebecca Lowe, Executive Director Senior Territory Manager JPMorgan Chase Bank, N.A. 560 Mission St., FL 04, San Francisco, CA 94105 Telephone: 925-212-1065 rebecca.a.lowe@jpmorgan.com</p>	<p>JPMorgan Chase Bank, N.A. Contact:</p> <p>Lou Mastro, Executive Director Relationship Executive JPMorgan Chase Bank, N.A. 3 Park Plaza Floor 09-STE 900, Irvine CA 92614 Telephone: 949-833-4746 lou.mastro@jpmorgan.com</p>
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City of San Luis Obispo

Tax-Exempt Bank Qualified Municipal Lease Purchase

Summary of Terms and Conditions

July 17, 2018

J.P. Morgan is pleased to submit the following equipment financing proposal. This document is for discussion purposes only and is contingent upon the Lessee's compliance with the requirements of the Internal Revenue Code of 1986 ("Code"), as amended, and all applicable state laws related to Lessee's ability to enter into a tax-exempt lease-purchase financing for the intended purposes. The final terms and conditions are subject to credit approval and may be different from the terms and conditions outlined below.

TRANSACTION SUMMARY

Lessee:	City of San Luis Obispo
Lessor:	JPMorgan Chase Bank, N.A. or any affiliate of JPMorgan Chase Bank, N.A., its successors and/or assigns ("JPMorgan Chase"/"Lessor"/ or "Bank").
Transaction:	Fixed-rate, fully amortizing, tax-exempt lease-purchase agreement ("Agreement").
Use of Proceeds:	To finance a Fire Truck, the legal title of which will vest with Lessee during the term of the Agreement. All equipment proposed for financing will be subject to final review and acceptance by Lessor prior to closing.
Financing Amount:	Estimated to be \$673,096 (Additional Financing Amount shall be available upon mutual consent of Lessee and Lessor)
Bank Qualified:	This proposal assumes that Lessee will not issue more than \$10 million in tax-exempt obligations this calendar year and that the Lessee will designate this lease as a " qualified " tax-exempt obligation.
Commencement Date:	Anticipated to be on or around August 15, 2018 or a mutually agreed upon date.

TRANSACTION DETAILS

Financing Term:	A) Five (5) Years B) Seven (7) Years C) Ten (10) Years
Payment / Frequency:	Equal quarterly payments of principal and interest in arrears, commencing August 15, 2018, which allows for the equipment to be delivered. Please see sample amortization schedules attached.
Interest Rate:	A) 3.185% B) 3.199% C) 3.272%
Adjustment to Rate:	The Interest Rate and Payment will be subject to the index below based upon the then current 3-year Interest Rate Swap (mid) ("Index Rate") for Option A, the then current 4-year Interest Rate SWAP (mid) ("Index Rate") for Option B, and the then current 5-year Interest Rate SWAP (mid) ("Index Rate") for Option C as published in Bloomberg, which was 2.875%, 2.885% &

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2.885% as of July 17, 2018. The Interest Rate will be the applicable Swap Rate multiplied by the Bank's Tax Exempt Factor of 79.00% plus a Spread, as outlined below. For every change (increase or decrease) in the Index Rate a corresponding adjustment will be made to the Interest Rate to maintain Lessor's economics. The final Interest Rate and Payment will be agreed to 3 days prior to closing.

Option A

Interest Rate = (Index Rate x 79.00%) + spread

3-Year Swap = (2.875% x 79.00%) + 0.9138% = 3.185%

Option B

Interest Rate = (Index Rate x 79.00%) + spread

4-Year Swap = (2.885% x 79.00%) + 0.9199% = 3.199%

Option C

Interest Rate = (Index Rate x 79.00%) + spread

5-Year Swap = (2.885% x 79.00%) + 0.9929% = 3.272%

Upon request, if the City would like to secure the Interest Rate, a Rate Lock transaction is available and can be discussed.

Lessor reserves the right to adjust the pricing proposed in order to maintain Lessor's anticipated economic return as a result of material adverse change.

Prepayment:

The Financing may be prepaid without penalty, in whole but not in part, prior to maturity, on any payment date after the initial 12 months from Commencement, subject to 30 days prior written notice. If Lessee prepays the financing prior to the 12th month from Commencement, the payment may be subject to a fixed rate / "make whole" break funding charge.

Disbursement of Proceeds:

The transaction will fund via an initial escrow deposit, to a mutually agreeable escrow agent, equal to the full Financing Amount. Disbursements will be made to vendors or as reimbursements to Lessee (in compliance with Treasury Reg. 1.150-2) as funds are required.

Security:

Lessee will grant Lessor a first priority security interest in the financed equipment. UCC I and UCCII filings will be completed as applicable.

Appropriation:

This Agreement shall be subject to appropriation. The Agreement will require appropriation for payment for any and all equipment on a lease schedule. Appropriation for partial payment or for select assets within a schedule will not be permitted.

OTHER TERMS

Documentation:

The terms of this financing will be evidenced by agreements, instruments and documents ("Lease Documents") usual and customary for a Tax-Exempt Lease Purchase. The Lease Documents must be acceptable to Lessor and its counsel.

Lessee shall be responsible for its own expenses related to review of the lease documents and delivery of opinion of counsel.

Conditions Precedent:

Usual and customary conditions to issuance of the financing including acceptable legal documentation which will include an opinion of counsel that the financing is valid, binding and enforceable. Additionally, documentation will provide that interest earned by the Lessor in this transaction will be excluded from gross income for federal tax purposes.

Representations and Warranties:	<p>Usual representations and warranties for like situated Lessees and the Facility's type and tenor, including, without limitation, absence of material adverse change, absence of material litigation, absence of default or potential default and continued accuracy of representations.</p> <p>Representations and warranties relating to Absence of Sovereign Immunity (or waiver of sovereign immunity, if applicable) will also be required for all governmental entities.</p>
Maintenance & Insurance:	<p>All maintenance and insurance are the responsibility of Lessee. Lessee shall bear all risk of loss or damage of the Equipment and will be responsible for keeping the Equipment insured with companies satisfactory to Lessor. Lessor, its parent and/or affiliates, its successors and assigns must be named as loss payee and additional insured as applicable, on all insurance policies. Evidence of such insurance must be satisfactory to Lessor.</p>
Waiver of Jury Trial:	<p>The Lessee hereby consents to the adjudication of any and all claims pursuant to Judicial Reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law.</p>
Anti-Corruption Laws and Sanctions:	<p>The documentation shall contain representations and warranties that the Lessee has implemented and maintains in effect policies and procedures designed to ensure compliance by the Lessee, its subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Lessee, its subsidiaries and their respective officers and employees and to the knowledge of the Lessee, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Lessee, any subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of the Lessee, any agent of the Lessee or any subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or credit facility, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.</p>
Waiver of Immunity:	<p>Lessee hereby expressly and irrevocably waives any immunity (including sovereign, crown or similar immunity) and any defenses based thereon from any suit, action or proceeding or from any legal process in any forum with respect to Lease.</p>
Governing Law:	<p>All aspects of the credit(s) being discussed including this Term Sheet and any Lease Documents would be governed by the laws of the State of California.</p>
Proposal Expiration:	<p>This proposal will expire if acceptance does not occur by July 31, 2018 (unless extended in writing by Lessor).</p>
Confidentiality Statement:	<p>J.P. Morgan confirms that it will not use confidential information obtained from you by virtue of the potential transaction contemplated by this proposal or our other relationships with you in connection with the performance by J.P. Morgan of such services for other companies. You also acknowledge that J.P. Morgan will not use in connection with the potential transaction contemplated by this preliminary proposal, or furnish to you, confidential information obtained from other companies.</p>

Municipal Advisor Disclosures and Disclaimers: The Lessee acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Lessee and the Bank, (ii) in connection with such transaction, the Bank is acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Lessee, (iii) the Bank is relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank has not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Lessee with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the Lessee on other matters), (v) the Bank has financial and other interests that differ from those of the Borrower, and (vi) the Lessee has consulted with its own financial, legal, accounting, tax, and other advisors, as applicable, to the extent it deemed appropriate.

Please feel free to contact me at (925) 212-1065 if you have any questions, or would like to discuss this proposal in greater detail. Upon receipt of the accepted proposal, we will promptly begin the approval process so that we may be in a position to finalize this transaction with you. Thank you for allowing us to be of service!

Yours sincerely,

Rebecca Lowe
Executive Director

Lou Mastro
Executive Director

City of San Luis Obispo

Accepted Date: _____

By: _____

Title: _____

Option: _____

SAMPLE AMORTIZATIONS TABLES

Option A - 60-month

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Loan Amortization

Average rate.....3.185%

Date	starting balance	takedowns	debt service	interest	principal	ending balance
8/15/2018	-	673,095.08	-	-	-	673,095.08
11/15/2018	673,095.08	-	36,539.14	5,359.52	31,179.62	641,915.46
2/15/2019	641,915.46	-	36,539.14	5,111.25	31,427.89	610,487.57
5/15/2019	610,487.57	-	36,539.14	4,861.01	31,678.13	578,809.44
8/15/2019	578,809.44	-	36,539.14	4,608.77	31,930.37	546,879.07
11/15/2019	546,879.07	-	36,539.14	4,354.52	32,184.61	514,694.46
2/15/2020	514,694.46	-	36,539.14	4,098.25	32,440.88	482,253.58
5/15/2020	482,253.58	-	36,539.14	3,839.94	32,699.19	449,554.38
8/15/2020	449,554.38	-	36,539.14	3,579.58	32,959.56	416,594.82
11/15/2020	416,594.82	-	36,539.14	3,317.14	33,222.00	383,372.82
2/15/2021	383,372.82	-	36,539.14	3,052.61	33,486.53	349,886.29
5/15/2021	349,886.29	-	36,539.14	2,785.97	33,753.17	316,133.12
8/15/2021	316,133.12	-	36,539.14	2,517.21	34,021.93	282,111.19
11/15/2021	282,111.19	-	36,539.14	2,246.31	34,292.83	247,818.36
2/15/2022	247,818.36	-	36,539.14	1,973.25	34,565.88	213,252.47
5/15/2022	213,252.47	-	36,539.14	1,698.02	34,841.12	178,411.36
8/15/2022	178,411.36	-	36,539.14	1,420.60	35,118.54	143,292.82
11/15/2022	143,292.82	-	36,539.14	1,140.97	35,398.17	107,894.65
2/15/2023	107,894.65	-	36,539.14	859.11	35,680.03	72,214.62
5/15/2023	72,214.62	-	36,539.14	575.01	35,964.13	36,250.49
8/15/2023	36,250.49	-	36,539.14	288.64	36,250.49	-
Total			730,782.77	57,687.69	673,095.08	

Option B - 84-month

Loan Amortization

Average rate.....3.199%						
Date	starting balance	takedowns	debt service	interest	principal	ending balance
8/15/2018	-	673,095.08	-	-	-	673,095.08
11/15/2018	673,095.08	-	26,926.62	5,383.08	21,543.54	651,551.54
2/15/2019	651,551.54	-	26,926.62	5,210.78	21,715.83	629,835.71
5/15/2019	629,835.71	-	26,926.62	5,037.11	21,889.51	607,946.20
8/15/2019	607,946.20	-	26,926.62	4,862.05	22,064.57	585,881.63
11/15/2019	585,881.63	-	26,926.62	4,685.59	22,241.03	563,640.60
2/15/2020	563,640.60	-	26,926.62	4,507.72	22,418.90	541,221.70
5/15/2020	541,221.70	-	26,926.62	4,328.42	22,598.20	518,623.50
8/15/2020	518,623.50	-	26,926.62	4,147.69	22,778.93	495,844.57
11/15/2020	495,844.57	-	26,926.62	3,965.52	22,961.10	472,883.47
2/15/2021	472,883.47	-	26,926.62	3,781.89	23,144.73	449,738.74
5/15/2021	449,738.74	-	26,926.62	3,596.79	23,329.83	426,408.91
8/15/2021	426,408.91	-	26,926.62	3,410.21	23,516.41	402,892.50
11/15/2021	402,892.50	-	26,926.62	3,222.13	23,704.49	379,188.01
2/15/2022	379,188.01	-	26,926.62	3,032.56	23,894.06	355,293.95
5/15/2022	355,293.95	-	26,926.62	2,841.46	24,085.15	331,208.79
8/15/2022	331,208.79	-	26,926.62	2,648.84	24,277.78	306,931.02
11/15/2022	306,931.02	-	26,926.62	2,454.68	24,471.94	282,459.08
2/15/2023	282,459.08	-	26,926.62	2,258.97	24,667.65	257,791.43
5/15/2023	257,791.43	-	26,926.62	2,061.69	24,864.93	232,926.50
8/15/2023	232,926.50	-	26,926.62	1,862.83	25,063.79	207,862.71
11/15/2023	207,862.71	-	26,926.62	1,662.38	25,264.24	182,598.47
2/15/2024	182,598.47	-	26,926.62	1,460.33	25,466.29	157,132.19
5/15/2024	157,132.19	-	26,926.62	1,256.66	25,669.95	131,462.23
8/15/2024	131,462.23	-	26,926.62	1,051.37	25,875.25	105,586.98
11/15/2024	105,586.98	-	26,926.62	844.43	26,082.19	79,504.80
2/15/2025	79,504.80	-	26,926.62	635.84	26,290.78	53,214.02
5/15/2025	53,214.02	-	26,926.62	425.58	26,501.04	26,712.98
8/15/2025	26,712.98	-	26,926.62	213.64	26,712.98	-
Total			753,945.30	80,850.22	673,095.08	

Option C - 120-month

Loan Amortization	
Average rate.....3.272%	

Date	starting balance	takedowns	debt service	interest	principal	ending balance
8/15/2018	-	673,095.08	-	-	-	673,095.08
11/15/2018	673,095.08	-	19,798.32	5,505.91	14,292.40	658,802.68
2/15/2019	658,802.68	-	19,798.32	5,389.00	14,409.32	644,393.36
5/15/2019	644,393.36	-	19,798.32	5,271.13	14,527.18	629,866.17
8/15/2019	629,866.17	-	19,798.32	5,152.30	14,646.02	615,220.16
11/15/2019	615,220.16	-	19,798.32	5,032.49	14,765.82	600,454.34
2/15/2020	600,454.34	-	19,798.32	4,911.71	14,886.61	585,567.73
5/15/2020	585,567.73	-	19,798.32	4,789.94	15,008.38	570,559.35
8/15/2020	570,559.35	-	19,798.32	4,667.17	15,131.15	555,428.21
11/15/2020	555,428.21	-	19,798.32	4,543.40	15,254.92	540,173.29
2/15/2021	540,173.29	-	19,798.32	4,418.61	15,379.70	524,793.58
5/15/2021	524,793.58	-	19,798.32	4,292.81	15,505.51	509,288.07
8/15/2021	509,288.07	-	19,798.32	4,165.97	15,632.34	493,655.73
11/15/2021	493,655.73	-	19,798.32	4,038.10	15,760.22	477,895.51
2/15/2022	477,895.51	-	19,798.32	3,909.18	15,889.14	462,006.38
5/15/2022	462,006.38	-	19,798.32	3,779.21	16,019.11	445,987.27
8/15/2022	445,987.27	-	19,798.32	3,648.17	16,150.14	429,837.12
11/15/2022	429,837.12	-	19,798.32	3,516.06	16,282.25	413,554.87
2/15/2023	413,554.87	-	19,798.32	3,382.87	16,415.44	397,139.43
5/15/2023	397,139.43	-	19,798.32	3,248.60	16,549.72	380,589.71
8/15/2023	380,589.71	-	19,798.32	3,113.22	16,685.10	363,904.62
11/15/2023	363,904.62	-	19,798.32	2,976.74	16,821.58	347,083.04
2/15/2024	347,083.04	-	19,798.32	2,839.14	16,959.18	330,123.86
5/15/2024	330,123.86	-	19,798.32	2,700.41	17,097.91	313,025.95
8/15/2024	313,025.95	-	19,798.32	2,560.55	17,237.77	295,788.18
11/15/2024	295,788.18	-	19,798.32	2,419.54	17,378.77	278,409.41
2/15/2025	278,409.41	-	19,798.32	2,277.39	17,520.93	260,888.48
5/15/2025	260,888.48	-	19,798.32	2,134.07	17,664.25	243,224.23
8/15/2025	243,224.23	-	19,798.32	1,989.57	17,808.74	225,415.49
11/15/2025	225,415.49	-	19,798.32	1,843.90	17,954.42	207,461.07
2/15/2026	207,461.07	-	19,798.32	1,697.03	18,101.29	189,359.78
5/15/2026	189,359.78	-	19,798.32	1,548.96	18,249.35	171,110.42
8/15/2026	171,110.42	-	19,798.32	1,399.68	18,398.63	152,711.79
11/15/2026	152,711.79	-	19,798.32	1,249.18	18,549.14	134,162.66
2/15/2027	134,162.66	-	19,798.32	1,097.45	18,700.87	115,461.79
5/15/2027	115,461.79	-	19,798.32	944.48	18,853.84	96,607.95
8/15/2027	96,607.95	-	19,798.32	790.25	19,008.06	77,599.88
11/15/2027	77,599.88	-	19,798.32	634.77	19,163.55	58,436.33
2/15/2028	58,436.33	-	19,798.32	478.01	19,320.31	39,116.03
5/15/2028	39,116.03	-	19,798.32	319.97	19,478.35	19,637.68
8/15/2028	19,637.68	-	19,798.32	160.64	19,637.68	-
Total			791,932.64	118,837.56	673,095.08	