

J.P.Morgan

City of San Luis Obispo

Add-on to Master Lease Agreement dated August 31, 2018

Financing For Pierce Enforcer Pumper

September 26, 2025

<p>J. P. Morgan Equipment Finance Contact:</p> <p>Rebecca Lowe, Executive Director Senior Territory Manager JPMorgan Chase Bank, N.A. 1390 S Main Street, Fl 2 Walnut Creek, CA 94596 Telephone: 925-212-1065 rebecca.a.lowe@jpmorgan.com</p>	<p>JPMorgan Chase Bank, N.A. Contact:</p> <p>Sean Hennessy, Executive Director Relationship Executive JPMorgan Chase Bank, N.A. 300 S. Grand Avenue, Fl 3 Los Angeles, CA 90071 Telephone: 213-621-8187 lou.mastro@jpmorgan.com</p>
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J.P.Morgan

Equipment Finance

1390 S Main St, Floor 02

Walnut Creek, CA 94596

Email - rebecca.a.lowe@jpmorgan.com

Rebecca Lowe
Executive Director

Sean Hennessy
Executive Director

September 26, 2025

Emily Jackson
Finance Director
City of San Luis Obispo
990 Palm Street
San Luis Obispo, CA 93401

Dear Emily:

J.P. Morgan Chase Equipment Finance is pleased to propose to the City of San Luis Obispo an equipment financing to support the City's purchase of one (1) Pierce fire truck in an amount up to \$1,068,439.01, subject to the following terms and conditions described herein (the "Term Sheet"). The terms and conditions are based on the City's selection of a 3yr financing term with an advance payment of \$259,742. The final interest rate will be determined based on the interest rate formula detailed in the Term Sheet.

The proposed terms are submitted to you in our capacity as a Lessor in an arm's length commercial transaction. J.P. Morgan is acting solely as a principal and not as a "Municipal Advisor" as defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules") or any other agent or fiduciary capacity. JPMorgan is providing this information to you in reliance on the Bank exemption in the Municipal Advisor Rules and is not recommending that you take action or refrain from taking action or providing any advice. See "Municipal Advisor Disclosures and Disclaimers" in the Summary of Terms for further information relating to same.

Should you have any questions about any aspect of this Term Sheet, please do not hesitate to contact me at (925) 212-1065. Thank you and we look forward to continuing to work with the City of San Luis Obispo and your financing team.

Yours sincerely,

Rebecca Lowe

Rebecca Lowe
Executive Director

J.P.Morgan

City of San Luis Obispo
Tax-Exempt Municipal Lease Purchase
Summary of Terms and Conditions

September 26, 2025

J.P. Morgan is pleased to submit the following equipment financing Term Sheet. 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.

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 one (1) Pierce Enforcer Type 1 Fire Engine, 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:	\$1,068,439.01
Bank Qualified:	This Term Sheet assumes that Lessee will issue less than \$10 million in tax-exempt obligations this calendar year and that the Lessee will designate this lease as a "bank qualified" tax-exempt obligation.
Commencement Date:	Anticipated to be on or around October 30, 2025 or a mutually agreed upon date.

TRANSACTION DETAILS

Financing Term:	Three (3) Years
Payment / Frequency:	Equal quarterly payments of principal and interest after an advance payment of (\$259,742), commencing October 30, 2025. (see sample amortization schedule attached)
Interest Rate:	<u>4.615%</u>
Adjustment to Rate:	The Interest Rate and Payments will be subject to the index Formula below based upon the then current 2-year SOFR Swap Rate ("Index Rate"), which was <u>3.435%</u> as of September 26, 2025. The Interest Rate will be the Index Rate multiplied by the Bank's Tax Exempt Factor of 79% 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 locked upon Council approval.

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$$\text{Interest Rate} = (\text{Index Rate} \times 79\%) + \text{spread}$$
$$2\text{-Year Swap} = (3.435\% \times 79\%) + 1.9014\% = 4.615\%$$

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 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. Prepayment may be subject to a fixed rate / "make whole" break funding charge.

Disbursement of Proceeds: The transaction will fund upon delivery of an acceptable performance bond in which JPMorgan Chase has been added as "additional insured" under the Obligee Rider.

Security: Lessee will grant Lessor a first priority security interest in the financed equipment. UCC I and UCCII filings will be completed as applicable, as well as Lessor shall be named as lienholder in all titled vehicles.

Appropriation: This Agreement shall be subject to appropriation. The Agreement will require appropriation for payment for any and all equipment on a lease schedule.

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. Existing Master Lease documents dated August 31, 2018 shall be used for this financing. In addition, Lessee shall provide written confirmation that Lessor has been added, as Additional Obligee, to the Lessee's performance bond. Performance bond provider shall be mutually agreeable to Lessee and Lessor.

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: 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.

Representations and warranties relating to Absence of Sovereign Immunity (or waiver of sovereign immunity, if applicable) will also be required for all governmental entities.

Maintenance & Insurance: 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.

Waiver of Jury Trial: 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.

Anti-Corruption Laws and Sanctions: 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.

Waiver of Immunity: 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.

Governing Law: 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.

Term Sheet Expiration: This Term Sheet will expire if acceptance does not occur by October 9, 2025 (unless extended in writing by Lessor).

Please feel free to contact me at (925) 212-1065 if you have any questions, or would like to discuss this Term Sheet in greater detail. Upon receipt of the accepted Term Sheet, we will promptly begin the documentation process in anticipation of the City's Council meeting on October 21, 2025.

Thank you for allowing us to be of service!

Yours sincerely,

Rebecca Lowe
Executive Director

Sean Hennessy
Executive Director

City of San Luis Obispo

Accepted Date: _____

By: _____

Title: _____

SAMPLE AMORTIZATIONS TABLE

3 Year - advance payment

Loan Amortization						
		Rate.....	4.615%			
Date	starting balance	takedowns	debt service	interest	principal	ending balance
10/30/2025	-	1,068,439.00	259,742.00	-	259,742.00	808,697.00
1/30/2026	808,697.00	-	78,704.46	9,330.34	69,374.12	739,322.88
4/30/2026	739,322.88	-	78,704.46	8,529.94	70,174.52	669,148.35
7/30/2026	669,148.35	-	78,704.46	7,720.30	70,984.16	598,164.19
10/30/2026	598,164.19	-	78,704.46	6,901.32	71,803.14	526,361.05
1/30/2027	526,361.05	-	78,704.46	6,072.89	72,631.57	453,729.48
4/30/2027	453,729.48	-	78,704.46	5,234.90	73,469.56	380,259.92
7/30/2027	380,259.92	-	78,704.46	4,387.25	74,317.21	305,942.70
10/30/2027	305,942.70	-	78,704.46	3,529.81	75,174.65	230,768.05
1/30/2028	230,768.05	-	78,704.46	2,662.49	76,041.98	154,726.08
4/30/2028	154,726.08	-	78,704.46	1,785.15	76,919.31	77,806.77
7/30/2028	77,806.77	-	78,704.46	897.70	77,806.77	-
Total			1,125,491.09	57,052.09	1,068,439.00	