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## **SUMMARY OF TERMS AND CONDITIONS**

- Date:** March 25, 2022
- Lessee:** City of Riverside, CA (“Lessee”)
- Lessor:** Banc of America Public Capital Corp (“Lessor”)
- Structure:** Privately-Placed Lease Purchase with appropriation
- Amount:** Approximately \$11.65MM
- Security:** A lien will be placed on the assets being financed which includes two Airbus helicopters and ancillary equipment. In order to perfect the UCC filing, FAA counsel will need to be retained.
- Interest Rate:** Please note that per the RFP documents I have provided a rate that is inclusive of the projected issuance costs of \$40K (**BAPCC will cover its own costs**). I have also provided the interest rate without these costs in case the City decides to include them by way of increasing the par amount of the transaction. Either is acceptable to BAPCC but thought it was a comparison worth noting.
- A) **1.7129%**; this rate does NOT include COI
- B) **1.7660%**; this rate DOES include COI

**PLEASE NOTE: THE RATES ARE AS OF MARCH 7 AS INDICATED IN THE RFP: Please see index below for both options and assumes the first payment date is January 1, 2023.**

If changes to this amortization schedule are desired, they can be accommodated as long as the economics of the transaction are maintained.

**City of Riverside**

**Tax Exempt Index:**

Lease Term	Payment Mode	Index Swap Term (Avg Life)	Avg Life Term Index Rate	xPercentage of Index	+Spread	=Equipment Lease Rate
10YR	Semi-Annual Arrears	5YR	1.7717%	79.0%	0.3133%	1.7129%

\*The actual Tax-Exempt Interest Rate for future Schedules will be calculated in accordance with the formula in the above pricing grid and will be based on the then current Swap Index Rate published on the applicable Refinitiv Swaps Index screen page (or such other commercially available source providing such quotations as may be selected by Lender from time to time) on the date pricing is set (no more than 8 business days prior to funding), which the current Swap Index Rate shall not be less than zero (0%).

The below table is inclusive of COI

**City of Riverside**

**Tax Exempt Index:**

Lease Term	Payment Mode	Index Swap Term (Avg Life)	Avg Life Term Index Rate	xPercentage of Index	+Spread	=Equipment Lease Rate
10YR	Semi-Annual Arrears	5YR	1.7717%	79.0%	0.3664%	1.7660%

\*The actual Tax-Exempt Interest Rate for future Schedules will be calculated in accordance with the formula in the above pricing grid and will be based on the then current Swap Index Rate published on the applicable Refinitiv Swaps Index screen page (or such other commercially available source providing such quotations as may be selected by Lender from time to time) on the date pricing is set (no more than 8 business days prior to funding), which the current Swap Index Rate shall not be less than zero (0%).

These rates are as of the date of March 7 and will be reset based on the same economics prior to closing. If the City desires a rate lock for 60 or 90 days from the award date, this premium can be added to the rate to eliminate the market risk in the future. **The ADDER to the interest rate for a 60 or 90 day rate lock is 6 basis points. This rate lock may be requested upon an award by an email from the City or FA , subject to Council approval within 5 days of this proposal.**

**Payments:** Semi-Annual in arrears in July and January, first payment date assumed Jan 2023

**Prepayment:** Pre-payable in full after the half of the term at par (without penalty) on any regularly scheduled payment date in full.

**Governmental Entity Lease:**

The Base Rent installments are calculated on the assumptions, and Lessee will represent, that Lessee is a state or political subdivision of a state within the meaning of Section 103(c) of the Internal Revenue Code (the "Code"), and that this transaction will constitute an obligation of Lessee within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code. Lessee shall provide Lessor with such evidence as Lessor may request to substantiate and maintain such tax status. Lessee shall comply with the filing requirements of Section 149(e) of the Code.

**End of Term:** At the expiration of the Lease Term, Lessee will own the equipment.

**Opinion of Counsel:** Lessee's counsel shall deliver a validity and tax opinion to Lessor at closing in form and substance satisfactory to Lessor. The opinion of counsel will cover that counsel has reviewed the documents and examined, approved and attached the text of the enabling resolution of Lessee's governing body authorizing Lessee to enter into the Lease. The tax opinion will address the tax-exempt nature of the transaction.

**Escrow Account:** The proceeds will be funded into escrow, and the disbursements made therefrom to pay for the equipment upon execution and delivery of an acceptance certificate (and related documents) by Lessee and approved by Lessor. Bank of America can provide the escrow services for the Lessee if desired (waived set up fee). A security interest in the escrow fund will be granted to Lessor, and interest will accrue at the time of funding into the escrow account. Earnings on the escrow accounts vary based on the fund chosen to invest but there are many options available for the City. Historical returns may be requested prior to opening the escrow to help with the investment decision.

**Documentation:** The City and BAPCC have negotiated documents in place and therefore this transaction can be accommodated with the baseline documents which are considered to be in substantial form. Due to the nature of the asset, there will be an addendum to accommodate the requirements needed for FAA and credit requirements. This addendum was provided to the financial advisor. BAPCC has FAA counsel that they routinely utilize based in OK, where FAA is located).

**Items such as Insurance, Covenants, Disclosure Requirements and Remedies are already negotiated and are included in the existing master lease documents.**

**Credit:** This transaction has not been formally credit approved but was successfully pre-screened. The City is a long -standing client of BAPCC and so formal approval can be obtained quickly upon an award.

**Market Disruption:** Notwithstanding anything contained herein to the contrary, in the event any material change shall occur in the financial markets after the date of this Proposal Letter, including but not limited to any governmental action or other event which materially adversely affects the extension of credit by banks, leasing companies or other lending institutions, the Lessor may modify the indicative pricing described above.

**USA Patriot Act**

**Compliance:**

Lessee acknowledges that pursuant to the requirements of the USA Patriot Act, as amended from time to time (including as amended by the USA Freedom Act of 2015) (the "Patriot Act"), Lessor is required to obtain, verify and record information that identifies Lessee, which information includes the name and address of Lessee and other information that will allow Lessor to identify Lessee in accordance with the Patriot Act.

**Proposal Expiration:** This proposal will expire on July 01, 2022 and may be re-issued at Lessor's discretion.

**ACCEPTANCE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

*This proposal is submitted in response to your Request for Proposals due March 25, 2022. The contents of this proposal and any subsequent discussions between us, including any and all information, recommendations, opinions, indicative pricing, quotations and analysis with respect to any municipal financial product or issuance of municipal securities, are provided to you in reliance upon the exemption provided for responses to requests for proposals or qualifications under the municipal advisor rules (the "Rules") of the Securities and Exchange Commission (240 CFR 15Ba1-1 et seq.).*

*The Staff of the SEC's Office of Municipal Securities has issued guidance which provides that, in order for a request for proposals to be consistent with this exemption, it must (a) identify a particular objective, (b) be open for not more than a reasonable period of time (up to six months being generally considered as reasonable), and (c) involve a competitive process (such as by being provided to at least three reasonably competitive market participants) or by being publicly posted to your official website. In submitting this proposal, we have relied upon your compliance with this guidance.*

*In submitting this proposal, we are not undertaking to act as a "municipal advisor" to you or any other person within the meaning of the Rules. In connection with this proposal and the transactions described herein, we are not subject to, and we hereby disclaim, any fiduciary duty to you or to any other person. We understand that you will consult with and rely on the advice of your own municipal, financial, tax, legal and other advisors as and to the extent you deem necessary in connection with your evaluation of this proposal and the transactions described herein.*

**FIRM QUALIFICATIONS: Banc of America Public Capital Corp**

Banc of America Public Capital Corp (“BAPCC”) is a corporation and wholly-owned subsidiary of Bank of America, N.A., one of the world's largest financial institutions, providing a full range of banking, investing, asset management and other financial and risk management products and services. Along with Global Leasing the number one market share leader in net assets and syndicated volume among U.S. leasing companies<sup>1</sup>, BAPCC provides full-service leasing and equipment financing solutions that structure, invest in and distribute equipment financing products. BAPCC and Global Leasing have a strong combined presence in both the domestic and international markets with nearly 900 associates worldwide. Our team includes associates with a wide range of skills and expertise, including originators, debt and equity syndicators, pricing specialists, accountants, tax specialists, attorneys, equipment appraisers, credit analysts, portfolio managers, and contract administrators. These professionals ensure that our clients receive the soundest advice, the most competitive solutions, and the best execution available in the market.

In the public sector, BAPCC’s Government Finance team is one of the tax-exempt industry's largest financial solutions providers with approximately \$3.7 billion in commitments serving roughly 471 clients. With its nationwide presence in the municipal equipment financing realm, the group structures, implements and distributes tax-exempt financing solutions to complement the current and long-term financial strategies of tax-exempt entities.

<sup>1</sup>Special Issue 2020 Monitor 100 (June)

**Aircraft/Helicopter Experience:**

BAPCC has master lease arrangements with a number of large municipalities including the City of Riverside. These agreements finance all types of equipment including aircraft and marine assets. Bank of America has a dedicated aircraft division which focuses solely on the financing of this asset type. On the governmental side, this expertise is utilized to finance aircraft for law enforcement, safety and medical transport for various Cities and Counties. BAPCC is highly experienced with these assets and the documentation can be accommodated with an addendum to the existing agreement for our master lease clients. Here is small sampling of recent transactions for aircraft that required FAA involvement.

- City of San Diego
- State of CA
- Maricopa County
- Riverside County
- Kern County

### **ASSIGNED STAFF:**

The two key individuals that support the City with this financing include Jill Forsyth and Lisa Coggi. Jill Forsyth has been the key contact for leasing in California over the last fifteen years and has over 25 years of municipal banking experience. Jill is a government financing expert and has been a top performer for the Bank year after year. Lisa Coggi has over 25 years of expertise in the customer service and documentation and process areas of Leasing. She insures the deal is handled smoothly throughout the process and she is always available to help the City with any customer related issues.

**Jill M. Forsyth:** Senior Vice President, Banc of America Public Capital Corp  
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Jill is a Senior Vice President Banc of America Public Capital Group and is responsible for tax-exempt equipment transactions in the West and Mid-West. Jill works directly with issuers including cities, counties, school district, transit authorities, state governments and agencies, to structure unique solutions to finance equipment and provides master lease lines of credit. Jill has over twenty-five years of experience in the tax-exempt leasing industry and resides in Arizona. She joined Banc of America Leasing 16 years ago after over 20 years with JP Morgan Chase. Jill has received both her undergraduate and Master of Business degrees from Arizona State University.

**Lisa A. Coggi:** Senior Vice President, Banc of America Public Capital Corp  
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Lisa is a Senior Vice President, Transaction Management with the Banc of America Public Capital Corp (“BAPCC”) Government Finance team. In that role, Lisa is responsible for acting as liaison between clients and internal BAPCC support teams. Lisa joined Banc of America in 2006 and has in excess 25 years of experience in equipment finance in lease administration, originations, relationship management and process improvement roles. Lisa has earned her Bachelor of Arts degree from Loyola University–Chicago and her Juris Doctor degree from Saint Louis University School of Law, and she is a member of the Missouri Bar.