

AGENDA ITEM 1 C
Consent Item

MEMORANDUM

DATE: June 8, 2018

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: Motor Coach Industries Procurement Financing

REQUESTED ACTION:
BY MOTION,

1. **Adopt Resolution No. 18-26 for a five (5) year Lease Purchase option to partially fund the purchase of five (5) MCI Commuter Coaches**
2. **Approve Installment Sale Agreement #18-005 with a semiannual payment schedule**
3. **Authorize the Executive Director, with Legal Counsel review, to execute all documents relating to the project up to the approved budget as presented in project 17-02 (2)**

BACKGROUND

On June 6, 2016 the El Dorado County Transit Authority (El Dorado Transit) Board adopted the Capital Improvement Plan for Fiscal Year 2016/17 (CIP). Included in the CIP is project 17-02 Vehicle Replacement 5 Year Plan – Commuter, which is to replace five (5) 40’ Bluebird buses.

The buses to be replaced are 2006 models and no longer supported by the manufacturer. Parts are difficult to source driving repair costs higher than expected. The intent is to replace these buses with Motor Coach Industries (MCI) commuter coaches.

El Dorado Transit is participating in a joint-procurement contract with the City of Fairfield and the Yolo County Transportation District. This agreement was approved by El Dorado Transit Board on November 7, 2017.

Board action related to project 17-02:

June 2, 2016 Board approved CIP Project 17-02.

April 5, 2018 Board approved Financing for five (5) MCI commuter coaches

DISCUSSION

The Board approved staff to engage in the most cost effective proposal received for the lease purchase for the buses.

The California Special District Association (CSDA) was chosen as the financial institution to utilize with a 3.35% interest rate and a semiannual pay schedule.

Staff is requesting the Board approve Resolution No. 18-26 and Installment Sale Agreement. The Installment Sales Agreement is under review by El Dorado Transit Legal Counsel. This item will not move forward prior to Legal Counsel approval.

FISCAL IMPACT

This item is within the approved Capital Budget.

**EL DORADO COUNTY TRANSIT AUTHORITY
RESOLUTION NO. 18-26**

AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE
AGREEMENT, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION
WITH THE ACQUISITION OF COMMUTER BUSES

WHEREAS, the El Dorado County Transit Authority (the "Authority") is a public agency duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the Authority desires to provide for financing in the approximate amount of \$1,200,000 for the acquisition of five commuter buses (the "Property"); and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective five year installment sale financing arrangement at a 3.35% interest rate;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the El Dorado County Transit Authority as follows:

SECTION 1. Installment Sale Agreement. The Chairperson of the Board of Directors, the Executive Director or a designee in writing (each, an "Authorized Officer") is hereby authorized to enter into an Installment Sale Agreement (the "Installment Sale") with the Corporation to finance the Property, subject to approval as to form by the Authority's legal counsel.

SECTION 2. Attestations. The Secretary of the Board or other appropriate Authority officer is hereby authorized and directed to attest the signature of the Authorized Officer, and to affix and attest the seal of the Authority, as may be required or appropriate in connection with the execution and delivery of the Installment Sale.

SECTION 3. Other Actions. The Authorized Officer and other officers of the Authority are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Installment Sale. Such actions are hereby ratified, confirmed and approved.

SECTION 4. Qualified Tax-Exempt Obligations. The Installment Sale is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Authority, together with all subordinate entities of the Authority, do not reasonably expect to issue during the calendar year in which the Installment Sale is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 5. Reimbursement of Prior Expenditures. The Authority declares its official intent to be reimbursed from the proceeds of the Installment Sale approved hereby for a maximum principal amount of \$1,200,000 of Property expenditures occurring no earlier than sixty days prior to the adoption of this Resolution. All reimbursed expenditures will be capital expenditures as defined in Section 1.150-1(b) of

the Federal Income Tax Regulations.

SECTION 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED BY THE GOVERNING BOARD OF THE EL DORADO COUNTY TRANSIT AUTHORITY at a regular meeting of said Board held on the 7th day of June 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Shiva Frentzen, Chairperson

ATTEST:

Megan Wilcher, Secretary of the Board

DOCUMENTATION INSTRUCTIONS AND REFERENCE

The following documents represent the complete documentation package:

1. Installment Sale Agreement and Exhibits
2. Assignment of Installment Sale and Acknowledgment of Assignment
3. Acquisition Fund Agreement
4. Certificate of the Authority
5. Arbitrage and Tax Certificate
6. Incumbency and Signature Certificate
7. Certificate of Acceptance (executed upon final acceptance of Property)

All of the above documents shall be executed with original signatures on **one-sided paper**. The signatory should be the officer(s) referenced in the resolution.

In addition to the above documents, the following additional items are required:

Resolution Please send an original or certified copy of the resolution adopted by the governing body.

Legal Opinion Please forward the documentation to your counsel for legal review and the issuance of a legal opinion like the sample provided. The legal opinion should be on the counsel's letterhead and bear an original signature.

Insurance Please fill out the Insurance Authorization Letter and send to your insurance agent requesting the issuance of insurance certificates.

8038-G Form Please sign and date on second page. MFC will complete and file the form upon funding.

Please advise the vehicle dealer to register the vehicle(s) as follows:

Lienholder

City National Bank c/o
Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

Please request the vehicle dealer to send MFC a copy of the registration application.

INSTALLMENT SALE AGREEMENT #18-005

This INSTALLMENT SALE AGREEMENT dated as of May 24, 2018 (this "Installment Sale") is by and between MUNICIPAL FINANCE CORPORATION, a corporation duly organized and existing under the laws of the State of California (the "Corporation") as seller and EL DORADO COUNTY TRANSIT AUTHORITY, a public agency duly organized and existing under the laws of the State of California (the "Authority") as purchaser.

RECITALS:

WHEREAS, the Authority deems it essential for the Authority to acquire the property described herein for its own public purposes; and

WHEREAS, it is intended that this Installment Sale be treated as a tax-exempt obligation of the Authority for federal income tax purposes; and

WHEREAS, the Authority and the Corporation agree to mutually cooperate now and hereafter, to the extent possible, in order to sustain the intent of this Installment Sale and the bargain of both parties hereto.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. Sale. The Corporation hereby sells to the Authority, and the Authority hereby purchases from the Corporation all property (the "Property") described in Exhibit A and made a part hereof. Hereinafter, reference to the Corporation means the Corporation and the Corporation's assigns for those rights, interests and obligations that may be assigned by the Corporation.

SECTION 2. Term. The terms and conditions of this Installment Sale shall become effective upon the authorized execution of this Installment Sale by the parties hereto. The installment term of the Property purchased hereunder commences and terminates on the dates specified in Exhibit B unless the term of this Installment Sale is extended as provided in this Section. If on the scheduled date of termination of this Installment Sale the Installment Payments shall not be fully paid, or provision therefor made, then the term of this Installment Sale shall be extended until the date upon which all such Installment Payments shall be fully paid.

SECTION 3A. Representations and Warranties of the Authority. The Authority represents and warrants to the Corporation that:

(a) The Authority is a public agency and political subdivision, duly organized and existing under the Constitution and laws of the State of California with authority to enter into this Installment Sale and to perform all of its obligations hereunder.

(b) The Authority's governing body has duly authorized the execution and delivery of this Installment Sale and further represents and warrants that all requirements have been met and procedures followed to ensure its enforceability.

(c) The execution, delivery and performance of this Installment Sale do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Authority is a party or by which it or its property is bound.

(d) There is no pending or, to the knowledge of the Authority, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of the Authority to perform its obligations under this Installment Sale.

(e) The Authority has complied with all public bidding laws or provisions of the California Public Contract Code applicable to the acquisition of the Property purchased hereunder.

(f) The Property being purchased is essential to the Authority in the performance of its governmental functions and its estimated useful life to the Authority exceeds the term of this Installment Sale.

(g) Within two hundred seventy (270) days of the end of each fiscal year of the Authority during the term hereof, the Authority shall provide the Corporation with a copy of its audited financial statements for such fiscal year.

SECTION 3B. Budget and Appropriation. The Authority shall take such action as may be necessary to include all Installment Payments in its annual budget and annually to appropriate an amount necessary to make such Installment Payments. During the term of this Installment Sale, the Authority will furnish to the Corporation, if so requested, copies of each proposed budget of the Authority within thirty (30) days after it is filed and of each final budget of the Authority within thirty (30) days after it is printed. The covenants on the part of the Authority shall be deemed and construed to be duties imposed by law and it shall be the duty of each and every public official of the Authority 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 the Authority to carry out and perform the covenants and agreements in this Installment Sale agreed to be carried out and performed by the Authority.

SECTION 4. Representations and Warranties of the Corporation. The Corporation represents and warrants to the Authority that:

(a) The Corporation is duly organized, validly existing and in good standing under the laws of the State of California, with full corporate power and authority to lease and own real and personal property.

(b) The Corporation has full power, authority and legal right to enter into and perform its obligations under this Installment Sale, and the execution, delivery and performance of this Installment Sale have been duly authorized by all necessary corporate actions on the part of the Corporation and do not require any further approvals or consents.

(c) The execution, delivery and performance of this Installment Sale do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Corporation is a party by which it or its property is bound.

(d) There is no pending or, to the knowledge of the Corporation, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of the Corporation to perform its obligations under this Installment Sale.

SECTION 5. Property Acquisition. The Corporation hereby appoints the Authority as its purchasing agent to acquire the Property purchased hereunder and the Authority hereby accepts said appointment (hereinafter, the "Agency"). The Agency is limited to i) negotiation of terms, conditions and acquisition cost of acquiring the Property from suppliers and contractors (collectively, the "Supplier") selected by the Authority; ii) to the inspection and acceptance of the Property upon its delivery and installation; and iii) to the exercise of any rights or remedies with respect to Property warranties or guarantees. All warranties and guarantees, either express or implied, that inure to the Corporation by virtue of the Agency are hereby passed through to the Authority to prosecute at the Authority's sole discretion.

SECTION 6. Deposit of Moneys. The Corporation shall cause the deposit of the sum of \$1,200,000.00 (the "Installment Sale Proceeds") in an acquisition fund (the "Acquisition Fund") with U.S. Bank National Association (the "Custodian") pursuant to an Acquisition Fund Agreement by and among the Corporation, the Authority and the Custodian, the date of such deposit to be the commencement date of this Installment Sale (the "Closing Date"). The Installment Sale Proceeds shall be invested and disbursed pursuant to the terms and conditions of the Acquisition Fund Agreement. Any moneys that remain in the Acquisition Fund after completing the disbursements for Property costs shall be applied towards the payment or prepayment of future Installment Payments.

SECTION 6. Installment Sale Proceeds. Moneys available to pay Property costs are defined as the "Installment Sale Proceeds". Disbursement of Installment Sale Proceeds to pay Property costs can be made either directly to the Supplier or to the Authority as a reimbursement of its prior expenditures for Property costs. The Authority shall deliver to the Corporation a disbursement authorization form along with the Supplier invoices and required reconciliation documents prior to the Corporation making a disbursement to the Supplier or a reimbursement to the Authority.

SECTION 7. Installment Payments. THE AUTHORITY SHALL PAY TO THE CORPORATION, AS THE PURCHASE PRICE OF THE PROPERTY, INSTALLMENT PAYMENTS (the "Installment Payments") IN THE AMOUNTS AND AT THE TIMES SET FORTH IN EXHIBIT B, AT THE OFFICE OF THE CORPORATION OR TO SUCH OTHER PERSON OR AT SUCH OTHER PLACE AS THE CORPORATION MAY FROM TIME TO TIME DESIGNATE IN WRITING. Should the Authority fail to pay any part of the Installment Payments herein within fifteen (15) days from the due date thereof, the Authority shall upon the Corporation's written request, pay interest on such delinquent Installment Payment from the date said Installment Payment was due until paid at the rate of twelve percent (12%) per annum or the maximum legal rate, whatever is less. The Authority shall pay Installment Payments exclusively from legally available funds, in lawful money of the United States of America, to the Corporation. The obligation of the Authority to pay Installment Payments hereunder shall be absolute and unconditional in all events, and will not be subject to set-off, defense, abatement, reduction, counterclaim, or recoupment for any reason whatsoever.

SECTION 8. Security Interest. As security for the payment of all of the Authority's obligations hereunder, the Authority hereby grants the Corporation, its successors or assigns, a security interest in the Property, its accessions and attachments thereto and replacements thereof and substitutions therefor and all proceeds of the Acquisition Fund and all proceeds and products of any of the foregoing. The Authority agrees to execute such additional documents, including financing statements, which the Corporation deems necessary or appropriate to establish and maintain the Corporation's security interest.

SECTION 9. Use. The Authority shall use the Property in a careful and proper manner and shall comply with and conform to all national, state, municipal, police, and other laws, ordinances, and regulations in anyway relating to the possession, use, or maintenance of the Property.

SECTION 10. Acceptance. The Authority shall acknowledge receipt, inspection and acceptance of the Property by executing a "Certificate of Acceptance".

SECTION 11. Corporation's Inspection. Upon forty-eight (48) hours prior notice, the Corporation shall at any and all times during normal business hours have the right to enter into and upon the Authority's premises where the Property is located for the purpose of inspecting the same or observing its use. The Authority shall give the Corporation immediate notice of any attachment or other judicial process affecting the Property.

SECTION 12. Property Selection and Ordering. The Authority has selected or will select the type and quantity of the Property purchased hereunder. The Corporation shall not be liable for, nor shall the validity, enforceability or effectiveness of this Installment Sale be affected by, any delay in or failure of delivery of the Property. The Authority acknowledges that it is solely responsible for determining the suitability of the Property for its intended use. The Corporation shall have no duty to inspect the Property. If the Property is not properly installed, does not operate as represented or warranted by the Supplier, or is unsatisfactory for any reason, the Authority shall make any claim on account thereof solely against the Supplier. The Authority hereby assumes the risks, burdens and obligations to the Supplier on account of nonacceptance of the Property.

SECTION 13. Disclaimer of Warranty. THE CORPORATION NOT BEING THE MANUFACTURER OR SUPPLIER OF THE PROPERTY NOR A DEALER IN SIMILAR PROPERTY, HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE DESIGN, DURABILITY, FITNESS FOR USE, SUITABILITY, OR MERCHANTABILITY OF THE PROPERTY IN ANY RESPECT, AND AS BETWEEN CORPORATION AND THE AUTHORITY, ALL PROPERTY SHALL BE ACCEPTED AND PURCHASED BY THE AUTHORITY "WHERE IS," "AS IS," AND "WITH ALL FAULTS," AND THE CORPORATION SHALL NOT BE RESPONSIBLE FOR ANY PATENT OR LATENT DEFECTS THEREIN. THE AUTHORITY AGREES TO SETTLE DIRECTLY SUCH CLAIMS WITH THE SUPPLIER AND WILL NOT ASSERT ANY SUCH CLAIMS AGAINST THE CORPORATION.

SECTION 14. Alterations and Attachments. All additions and improvements that are made to the Property shall belong to and become the property of the Authority and part of the Property subject to the security interest of the Corporation except that separately identifiable attachments added to the Property by the Authority may remain the property of the Authority and not subject to this Installment Sale as long as (i) the attachment is paid for in full by the Authority and (ii) the Authority agrees to remove the attachment and restore the Property to substantially as good condition as when received, normal wear and tear excepted, if and when the Property may be returned to the Corporation.

SECTION 15. Relocation. The Authority shall provide the Corporation prior written notice of its intent to relocate the Property. The Authority assumes all risks of loss to the Property attendant to its

movement and relocation. The Property location shall be under the Authority's full control for its own governmental purpose.

SECTION 16. Maintenance and Repairs. The Authority, at its own cost and expense, shall furnish necessary labor and materials to maintain the Property in good repair, condition, and working order. The Authority's obligations to maintain the Property does not relieve the Supplier of its responsibility to fully perform with respect to all applicable Property warranties and guarantees.

SECTION 17. Risk of Loss; Damage; Destruction. With the exception of acts resulting from intentional misconduct or gross negligence by the Corporation, its agents and representatives, the Authority hereby assumes and shall bear the entire risk of loss and damage to the Property from any and every cause whatsoever. No loss or damage to the Property or any part thereof shall impair any obligation of the Authority under this Installment Sale, which shall continue in full force and effect.

SECTION 18. Physical Damage/Public Liability Insurance. The Authority shall keep the Property insured, as nearly as practicable, against risk of loss or damage from any peril covered under an "all-risk" insurance policy for not less than the replacement value thereof, and the Authority shall carry public liability and property damage insurance covering the Property. All said insurance shall be in form and amount and with reputable companies and shall name the Corporation as an additional insured and loss payee. The Authority shall pay the premiums therefore and deliver certification of said policies to the Corporation. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to the Corporation, that it will give the Corporation thirty (30) days' written notice before the policy or policies shall be altered or canceled. The proceeds of such insurance, at the option of the Authority, shall be applied: (a) toward the replacement, restoration, or repair of the Property, or (b) toward payment of the total remaining obligations of the Authority hereunder; provided, however, that the Authority shall be responsible for the amount by which such insurance proceeds are insufficient to satisfy the cost of option (a) or option (b) above, as applicable. Should the Authority replace, restore, or repair the Property as set out in option (a) above, this Installment Sale shall continue in full force and effect. The Authority may self-insure up to specified limits as evidenced by a certificate of self-insurance in form and amount acceptable to the Corporation. Any self-insurance program in which the Authority is a participant shall comply with the provisions under this Installment Sale respecting cancellation and modification and payment of losses to the Corporation as its respective interests may appear. Such self-insurance shall be maintained on a basis which is actuarially sound as established by the Authority's risk manager or an independent insurance consultant which determination shall be made annually. Any deficiency shall be

corrected within sixty (60) days of the Authority becoming aware of such deficiency.

SECTION 19. Liens and Taxes. The Authority shall keep the Property free and clear of all levies, liens, and encumbrances and shall promptly pay all fees, assessments, charges, and taxes (municipal, state and federal), including personal property taxes, which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession, or use of the Property, excluding, however, all taxes on or measured by the Corporation's income.

SECTION 20. Indemnity. Subject to California law concerning contribution and enforceability of indemnifications, the Authority shall indemnify the Corporation against and hold the Corporation harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including attorneys' fees, arising out of, connected with or resulting from the selection, possession, use, operation, or return of the Property excepting that the Authority shall not be required to indemnify the Corporation in the event that such liability or damages are caused by the gross negligence or intentional misconduct of the Corporation, its agents or representatives.

SECTION 21. Events of Default. The term "Event of Default", as used in this Installment Sale, means the occurrence of any one or more of the following events: (a) the Authority fails to make any Installment Payment (or any other payment) within fifteen (15) days after the due date thereof or the Authority fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure to either make the payment or perform the covenant, condition or agreement is not cured within ten (10) days after written notice thereof by the Corporation; (b) the Corporation discovers that any statement, representation or warranty made by the Authority in this Installment Sale or in any document ever delivered by the Authority pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect; or (c) the Authority becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of the Authority or of all or a substantial part of its assets, or a petition for relief is filed by the Authority under federal bankruptcy, insolvency or similar laws.

SECTION 22. Remedies. Upon the Authority's failure to cure an Event of Default within ten (10) days after the Corporation's written notice thereof, the Authority's rights under this Installment Sale shall terminate and the Corporation will become entitled to retain all Installment Payments previously paid and to declare the principal component of all remaining Installment Payments, together with accrued interest at the rate specified in Exhibit B from the immediately

preceding Installment Payment date upon which payment was made, to be immediately due and payable, whereupon the same shall become due and payable. The Corporation may also pursue all of its available remedies at law and in equity including, but not limited to, the repossession and sale of the Property. No right or remedy conferred upon the Corporation is exclusive of any other right or remedy, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

SECTION 23. Non-Waiver. No covenant or condition to be performed by the Authority under this Installment Sale can be waived except by the written consent of the Corporation. Forbearance or indulgence by the Corporation in any regard whatsoever shall not constitute a waiver of the covenant or condition in question. Until performance by the Authority of said covenant or condition is complete, the Corporation shall be entitled to invoke any remedy available to the Corporation under this Installment Sale or by law or in equity despite said forbearance or indulgence.

SECTION 24. Assignment. The Authority shall not (a) assign, transfer, pledge, or hypothecate this Installment Sale, the Property, or any part thereof, or any interest therein, or (b) lease or lend the Property or any part thereof except with the prior written consent of the Corporation which, in the case of leasing, shall not be unreasonably withheld; provided such leasing shall not affect the tax-exempt status of the interest components of the Installment Payments payable by the Authority hereunder. No such pledge, assignment, lease or any other transfer shall in any event affect or reduce the obligation of the Authority to make the Installment Payments due hereunder. Consent to any of the foregoing acts applies only in the given instance and is not a consent to any subsequent like act by the Authority or any other person. The Corporation shall not assign its obligations under this Installment Sale with the exception of its obligation to issue default notices and its obligations pursuant to Section 28. The Corporation may assign its right, title and interest in this Installment Sale, the Installment Payments and other amounts due hereunder and the Property in whole or in part to one or more assignees or subassignees at any time, without the consent of the Authority. Any such assignment by the Corporation or its assigns shall comply with the requirements of Sections 5950-5955 of the California Government Code. No such assignment shall be effective as against the Authority unless and until the Corporation shall have filed with the Authority a copy of such assignment or written notice thereof. The Authority shall pay all Installment Payments hereunder pursuant to the direction of the Corporation or the assignee named in the most recent assignment or notice of assignment filed with the Authority. During this Installment Sale term, the Authority shall keep a complete and accurate record of all such assignments or notices of assignment. Subject to the

foregoing, this Installment Sale inures to the benefit of, and is binding upon, the successors and assigns of the parties hereto.

SECTION 25. Ownership. The Property is and shall at all times be and remain the sole and exclusive property of the Authority, subject to the security interest of the Corporation. The Corporation shall take all actions necessary to insure that legal title to the Property being acquired by the Authority hereunder, whether by the Authority or by a third party acting on behalf of the Authority, is vested in the Authority.

SECTION 26. Personal Property. The Property is and shall at all times be and remain personal property notwithstanding that the Property or any part thereof may now be or hereafter become in any manner affixed or attached to or imbedded in, or permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise.

SECTION 27. Prepayment Option. If the Authority is not in default of any term, condition or payment specified hereunder, the Authority may exercise options to prepay this Installment Sale for not less than all of the Property in "as-is" and "where-is" condition on the specified dates and for the specified amounts set forth in Exhibit B. Each prepayment option payment specified for a particular date is in addition to the Installment Payment due on the same date.

SECTION 28. Release of Liens. Upon the Authority either making all of the Installment Payments scheduled herein or making a prepayment option payment, the Corporation, its successors or assigns shall cause the release of all liens, encumbrances or security interests on the Property created pursuant to the Corporation's rights under this Installment Sale.

SECTION 29. Tax Covenants.

(a) Generally. The Authority shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Installment Payments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The Authority shall assure that the Installment Sale Proceeds are not so used as to cause this Installment Sale to satisfy the private business tests of Section 141(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or the private loan financing test of Section 141(c) of the Code.

(c) No Arbitrage. The Authority will not take any action or omit to take any action which action or omission, if reasonably expected on the

date of this Installment Sale, would have caused this Installment Sale to be an "arbitrage bond" within the meaning of Section 148(a) of the Code of the Internal Revenue Code of 1986 (as amended) (the "Code").

(d) Federal Guarantee Prohibition. The Installment Payments are not directly guaranteed or indirectly guaranteed in whole or in part by the United States or any agency or instrumentality of the United States so as to cause the Installment Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Reimbursement Regulations. The Installment Sale Proceeds used for reimbursement of prior expenditures will be made pursuant to and in compliance with Income Tax Regulations Section 1.150-2.

(f) Bank Qualified. The Authority hereby designates this Installment Sale for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Installment Sale, has been or will be issued by the Authority, including all subordinate entities of the Authority, during calendar year 2018.

SECTION 30. Extraordinary Costs. In the case of litigation, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including attorneys' fees (which may be the allocable cost of in-house counsel), incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions or provisions hereof.

SECTION 31. Severability. If any provision of this Installment Sale shall be held invalid or unenforceable by a court of competent jurisdiction, such holdings shall not invalidate or render unenforceable any other provision of this Installment Sale, unless elimination of such provision materially alters the rights and obligations embodied in this Installment Sale.

SECTION 32. Entire Agreement. This Installment Sale and any agreements that specifically refer to this Installment Sale that are duly executed by authorized agents of the parties hereto constitute the entire agreement between the Corporation and the Authority, and it shall not be further amended, altered, or changed except by a written agreement that is properly authorized and executed by the parties hereto.

SECTION 33. Notices. Service of all notices under this Installment Sale shall be sufficient if given personally or mailed to the party involved at its respective address hereinafter set forth or at such address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

SECTION 34. Titles. The titles to the Sections of this Installment Sale are solely for the convenience of the parties and are not an aid in the interpretation thereof.

SECTION 35 Further Assurances and Corrective Instruments. The Corporation and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for correcting any inadequate or incorrect description of the Property hereby purchased or intended so to be or for carrying out the expressed intention of this Installment Sale.

SECTION 36. Execution in Counterparts. This Installment Sale may be executed in several counterparts, each of which shall be original and all of which shall constitute but one and the same instrument.

SECTION 37. Time. Time is of the essence in this Installment Sale and each and all of its provisions.

SECTION 38. Agreement Interpretation. This Installment Sale and the rights of the parties hereunder shall be determined in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused their authorized agents to execute this Installment Sale on the dates specified below.

MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

EL DORADO COUNTY TRANSIT AUTHORITY
6565 Commerce Way
Diamond Springs, CA 95619

By _____

By _____

Title _____

Title _____

Date _____

Date _____

EXHIBIT A
PROPERTY DESCRIPTION

5 Commuter Buses

EXHIBIT B
INSTALLMENT PAYMENT SCHEDULE

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$65,415.53	\$55,365.53	10,050.00	1,167,527.16
2		65,415.53	55,829.22	9,586.31	1,110,581.36
3		65,415.53	56,296.79	9,118.74	1,053,158.63
4		65,415.53	56,768.27	8,647.26	995,254.99
5		65,415.53	57,243.71	8,171.82	936,866.41
6		65,415.53	57,723.12	7,692.41	877,988.83
7		65,415.53	58,206.55	7,208.98	818,618.15
8		65,415.53	58,694.03	6,721.50	758,750.24
9		65,415.53	59,185.60	6,229.93	698,380.92
10		65,415.53	59,681.27	5,734.26	637,506.03
11		65,415.53	60,181.11	5,234.42	576,121.30
12		65,415.53	60,685.12	4,730.41	514,222.47
13		65,415.53	61,193.36	4,222.17	451,805.25
14		65,415.53	61,705.85	3,709.68	388,865.28
15		65,415.53	62,222.64	3,192.89	325,398.19
16		65,415.53	62,743.76	2,671.77	261,399.55
17		65,415.53	63,269.23	2,146.30	196,864.94
18		65,415.53	63,799.11	1,616.42	131,789.84
19		65,415.53	64,333.43	1,082.10	66,169.75
20		65,415.53	64,872.30	543.23	0.00

TOTALS: \$1,308,310.60 \$1,200,000.00 \$108,310.60

MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

EL DORADO COUNTY TRANSIT AUTHORITY
6565 Commerce Way
Diamond Springs, CA 95619

By _____

By _____

Title _____

Title _____

Date _____

Date _____

ASSIGNMENT OF INSTALLMENT SALE AGREEMENT #18-005

FOR VALUE RECEIVED, MUNICIPAL FINANCE CORPORATION (the "Corporation") as assignor without recourse does hereby sell, assign, and transfer to City National Bank (the "Assignee") as assignee and its successors and assigns (i) all of its right, title and interest in and to the Installment Sale Agreement #18-005 dated as of May 24, 2018 between the Corporation as seller and EL DORADO COUNTY TRANSIT AUTHORITY (the "Authority") as purchaser (hereinafter said agreement and any supplements, amendments, additions thereof and any extension or renewals thereof is referred to as the "Installment Sale") and (ii) all moneys, sums and amounts now due or hereinafter to become due under the Installment Sale.

The Corporation represents and warrants that it has made no prior sale or assignment of any interest covered hereby; that the Installment Sale is genuine and in all respects is what it purports to be; that the Assignee shall not be liable for and does not assume responsibility for the performance of any of the covenants, agreements, or obligations specified in the Installment Sale to be kept, paid or performed by the Corporation with exception of the Assignee's obligation to issue notices upon the Authority's default of the Installment Sale. The Corporation further represents and warrants that as of the date this assignment is made, the Installment Sale is in full force and effect, has not been amended except as set forth in instrument delivered to the Assignee and the Authority is not in default of any terms thereunder.

The Corporation hereby constitutes and irrevocably appoints the Assignee the true and lawful attorney of the Corporation to demand, receive and endorse payments and to give receipts, releases and satisfactions either in the name of the Assignee or in the name of the Corporation in the same manner and with the same effect as the Corporation could do if this Assignment of Installment Sale Agreement had not been made. Within fifteen (15) days after receiving its full bargain with respect to the Installment Sale, the Assignee shall cause to be released to the Authority its vested interest in the Property thereto.

This Assignment of Installment Sale Agreement shall be construed and governed in accordance with the laws of the State of California. Any provision of this Assignment of Installment Sale Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment of Installment Sale Agreement.

This Assignment of Installment Sale Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns and is made in accordance with the Municipal Lease Placement Agreement dated as of January 1, 1999, as amended, entered into between the Corporation and Assignee. In the case of litigation, the prevailing

party shall be entitled to recover from the opposing party all costs and expenses, including attorneys' fees which may be the allocable cost of in-house counsel, incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, or provisions hereof.

IN WITNESS WHEREOF, the Corporation has caused this Assignment of Installment Sale Agreement to be executed by its duly authorized agent on the date specified below.

MUNICIPAL FINANCE CORPORATION

By _____

Title _____

Date _____

ACKNOWLEDGEMENT OF ASSIGNMENT

The undersigned hereby acknowledges the assignment by MUNICIPAL FINANCE CORPORATION over to City National Bank of that certain Installment Sale Agreement #18-005 dated as of May 24, 2018 (the "Installment Sale"), entered into between MUNICIPAL FINANCE CORPORATION as seller and the undersigned as the Authority.

With respect to the Installment Sale, the undersigned agrees to pay, commencing with the first scheduled Installment Payment, all installments and moneys due or to become due under said Installment Sale to City National Bank, _____, and further agrees it shall have no counterclaim or offset against installments due thereunder as to said Assignee and expressly further agrees that said Assignee shall not (except for the obligations specifically set forth in the foregoing Assignment of Installment Sale) be liable for any of the obligations of the seller under said Installment Sale.

IN WITNESS WHEREOF, the Authority has caused this Acknowledgment of Assignment to be executed by its authorized agent on the date specified below.

EL DORADO COUNTY TRANSIT AUTHORITY

By _____

Title _____

Date _____

ACQUISITION FUND AGREEMENT #18-005

This Acquisition Fund Agreement (this "Agreement"), dated as of May 24, 2018, is among MUNICIPAL FINANCE CORPORATION, a California corporation (the "Corporation"), EL DORADO COUNTY TRANSIT AUTHORITY, a political subdivision of the State of California (the "Authority") and U.S. BANK NATIONAL ASSOCIATION, a national trust company (the "Custodian").

Reference is made to that certain Installment Sale Agreement #18-005 dated as of May 24, 2018 between the Corporation and the Authority (the "Installment Sale"), covering the financing of a certain property described therein (the "Property"). It is a requirement of the Installment Sale that the funds for the acquisition of the Property be deposited with the Custodian hereunder for the purpose of providing a mechanism for the application of such amounts to the payment of Property costs. Capitalized terms used in this Agreement and not otherwise defined shall have the respective meanings given such terms in the Installment Sale.

The parties agree as follows:

1. Creation of Acquisition Fund.

(a) There is hereby created a special trust fund to be known as the "EL DORADO COUNTY TRANSIT AUTHORITY ACQUISITION FUND" (the "Acquisition Fund") to be held in trust by the Custodian for the purposes stated herein, for the benefit of the Corporation and the Authority, to be held, disbursed and returned in accordance with the terms hereof. On the Closing Date, the Authority has caused the amount of \$1,200,000.00 to be transferred to the Custodian for deposit into the Acquisition Fund.

(b) The Custodian shall invest and reinvest moneys on deposit in the Acquisition Fund in Qualified Investments in accordance with written instructions received from Authority. Authority shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Custodian for the reinvestment of any maturing investment. Accordingly, neither the Custodian nor the Corporation shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Acquisition Fund, and Authority agrees to and does hereby release the Custodian and the Corporation from any such liability, cost, expenses, loss or claim. Interest on the Acquisition Fund shall become part of the Acquisition Fund, and gains and losses on the investment of the moneys on deposit in the Acquisition Fund shall be borne by the Acquisition Fund. For purposes of this agreement, "Qualified Investments" means any

investments which meet the requirements of Section 53601 of the California Government Code. **IN THE ABSENCE OF WRITTEN INSTRUCTIONS, THE CUSTODIAN IS HEREBY AUTHORIZED AND DIRECTED TO INVEST AND RE-INVEST ALL FUNDS ON HAND IN THE DB CASH RESERVE.**

(c) Unless the Acquisition Fund is earlier terminated in accordance with the provisions of paragraph (d) below, amounts in the Acquisition Fund shall be disbursed by the Custodian in payment of amounts described in Section 2 hereof upon receipt of written authorization(s) from the Corporation, as is more fully described in Section 2 hereof. If the amounts in the Acquisition Fund are insufficient to pay such amounts, Authority shall be solely responsible for the balance of the funds needed to complete the Acquisition of the Property. Any moneys remaining in the Acquisition Fund after _____ (the "Acquisition Period") shall be applied as provided in Section 4 hereof.

(d) The Acquisition Fund shall be terminated at the earliest of (i) the final distribution of amounts in the Acquisition Fund or (ii) written notice given by the Corporation of the occurrence of a default or termination of the Installment Sale.

(e) The Custodian 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 Custodian shall not be liable 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 Custodian, and for the disposition of the same in accordance herewith.

(f) Unless the Custodian is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Authority agrees to and does hereby release and indemnify the Custodian 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 Custodian under this agreement; and in connection therewith, does to the extent permitted by law indemnify the Custodian against any and all expenses; including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

(g) If the Authority and the Corporation shall be in disagreement about the interpretation of the Installment Sale, or about the rights and obligations, or the propriety of any action contemplated by the Custodian hereunder, the Custodian may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Custodian shall be reimbursed by Authority for all costs, including

reasonable attorneys' fees, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under the Installment Sale until a final judgment in such action is received.

(h) The Custodian may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Custodian shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct.

(i) The Authority shall reimburse the Custodian for all reasonable costs and expenses, including those of the Custodian's attorneys, agents and employees incurred for extraordinary administration of the Acquisition Fund and the performance of the Custodian's powers and duties hereunder in connection with any Event of Default under the Installment Sale, or in connection with any dispute between the Corporation and Authority concerning the Acquisition Fund.

2. Acquisition of Property.

(a) Acquisition Contracts. The Authority will arrange for, supervise and provide for, or cause to be supervised and provided for, the Acquisition of the Property, with moneys available in the Acquisition Fund. Authority represents the estimated costs of the Property are within the funds estimated to be available therefor, and the Corporation makes no warranty or representation with respect thereto. The Corporation shall have no liability under any of the acquisition or construction contracts. The Authority shall obtain all necessary permits and approvals, if any, for the acquisition, construction, equipping and installation of the Property, and the operation and maintenance thereof.

(b) Authorized Acquisition Fund Disbursements. Disbursements from the Acquisition Fund shall be made for the purpose of paying (including the reimbursement to the Authority for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring and constructing the Property.

(c) Requisition Procedure. No disbursement from the Acquisition Fund shall be made unless and until the Corporation has approved such requisition. Prior to disbursement from the Acquisition Fund there shall be filed with the Custodian 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. Each such requisition shall be signed by an authorized representative of Authority (an "Authorized Representative") and by the Corporation. Authority shall provide to the Corporation a Certificate of Completion along with the final Disbursement Request.

3. Deposit to Acquisition Fund. Upon satisfaction of the conditions specified in the Installment Sale, the Corporation will cause the Installment Sale Proceeds to be deposited in the Acquisition Fund. Authority agrees to pay any costs with respect to the Property in excess of amounts available therefor in the Acquisition Fund.

4. Excessive Moneys in the Acquisition Fund. Following the final disbursement from the Acquisition Fund at the end of the Acquisition Period, or termination of the Acquisition Fund as otherwise provided herein, the Custodian shall transfer any remainder from the Acquisition Fund to the Corporation (or to Authority at the Corporation's written direction) for application to amounts owed under the Installment Sale in accordance with Section 6 of the Installment Sale.

5. Security Interest. The Custodian and the Authority acknowledge and agree that the Acquisition Fund and all proceeds thereof are being held by Custodian for disbursement or return as set forth herein. Authority hereby grants to the Corporation a first priority perfected security interest in the Acquisition Fund, and all proceeds thereof, and all investments made with any amounts in the Acquisition Fund. If the Acquisition Fund, or any part thereof, is converted to investments as set forth in this agreement, such investments shall be made in the name of Custodian and the Custodian hereby agrees to hold such investments as bailee for the Corporation so that the Corporation is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. Control of Acquisition Fund. In order to perfect the Corporation's security interest by means of control in (i) the Acquisition Fund established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Acquisition Fund, (iii) all of Authority's rights in respect of the Acquisition Fund, 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"), the Corporation, Authority and Custodian 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) The Custodian will comply with all entitlement orders originated by the Corporation with respect to the Collateral, or any portion of the Collateral, without further consent by Authority.

(c) The Custodian hereby represents and warrants (a) that the records of Custodian show that Authority is the sole owner of the Collateral, (b) that Custodian has not been served with any notice of

levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than the Corporation's claim pursuant to this Agreement, and (c) that Custodian is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Custodian is obligated to accept from the Corporation under this Agreement and entitlement orders that Custodian, subject to the provisions of paragraph (e) below, is obligated to accept from Authority.

(d) Without the prior written consent of the Corporation, Custodian will not enter into any agreement by which Custodian agrees to comply with any entitlement order of any person other than the Corporation or, subject to the provisions of paragraph (e) below, Authority, with respect to any portion or all of the Collateral. Custodian shall promptly notify the Corporation if any person requests Custodian 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.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, Custodian may allow Authority to effect sales, trades, transfers and exchanges of Collateral within the Acquisition Fund, but will not, without the prior written consent of the Corporation, allow the Authority to withdraw any Collateral from the Acquisition Fund. The Custodian acknowledges that the Corporation reserves the right, by delivery of written notice to Custodian, to prohibit Authority from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Acquisition Fund. Further, the Custodian hereby agrees to comply with any and all written instructions delivered by the Corporation to Custodian (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by the Corporation, the amount of any obligations of Authority to the Corporation, the validity of any of the Corporation's claims against or agreements with Authority, the existence of any defaults under such agreements, or any other matter.

(f) The Authority hereby irrevocably authorizes the Custodian to comply with all instructions and entitlement orders delivered by the Corporation to Custodian.

(g) Custodian will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Custodian will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Custodian and Authority hereby agree that any property held in the Acquisition Fund shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of

the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Custodian may be a party.

(i) Custodian is hereby authorized and instructed, and hereby agrees, to send to the Corporation at its address set forth in Section 7 below, concurrently with the sending thereof to Authority, duplicate copies of any and all monthly Acquisition Fund statements or reports issued or sent to Authority with respect to the Acquisition Fund.

7. Miscellaneous. 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 address below:

If to the Corporation: Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attn: William Morton
Phone: 805-719-1236
Fax: 805-230-2224

If to Authority: EL DORADO COUNTY TRANSIT AUTHORITY
6565 Commerce Way
Diamond Springs, CA 95619
Attn: Julie Petersen
Phone: (530) 642-5383 ext. 206
Fax:

If to Custodian: U.S. Bank National Association
1761 East St. Andrew Place
Santa Ana, CA 92705
Attn: Jane Snyder
Phone: 714-247-6038
Fax: 714-247-6409

In Witness Whereof, the parties have executed this Acquisition Fund Agreement as of the date first above written.

Municipal Finance Corporation

EL DORADO COUNTY TRANSIT AUTHORITY

By: _____

By: _____

Title: _____

Title: _____

U.S. Bank National Association

By: _____

Title: _____

U.S. Bank National Association

By: _____

Title: _____

SCHEDULE 1

FORM OF DISBURSEMENT REQUEST

Re: Installment Sale Agreement #18-005 dated as of May 24, 2018 by and between Municipal Finance Corporation and EL DORADO COUNTY TRANSIT AUTHORITY (the "Installment Sale")

In accordance with the terms of the Acquisition Fund Agreement, dated as of May 24, 2018 (the "Acquisition Fund Agreement") by and among Municipal Finance Corporation ("the Corporation"), EL DORADO COUNTY TRANSIT AUTHORITY ("Authority") and U.S. Bank National Association (the "Custodian"), the undersigned hereby requests the Custodian pay the following persons the following amounts from the Acquisition Fund created under the Acquisition Fund Agreement (the "Acquisition Fund") for the following purposes.

Payee's Name and Address	Invoice Number	Dollar Amount	Purpose

The undersigned hereby certifies as follows:

(i) An obligation in the stated amount has been incurred by Authority, and the same is a proper charge against the Acquisition Fund for costs relating to the Property identified in the Installment Sale, and has not been paid. Attached hereto is the original invoice with respect to such obligation.

(ii) 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.

(iii) This requisition contains no item representing payment on account, or any retained percentages which Authority is, at the date hereof, entitled to retain.

(iv) The Property is insured in accordance with the Installment Sale.

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

(vi) The disbursement shall occur during the Acquisition Period set forth in this Agreement.

(vii) No material adverse change in Authority's financial condition shall have occurred since the date of the Installment Sale.

Dated: _____

EL DORADO COUNTY TRANSIT AUTHORITY

By: _____
Authorized Representative

Disbursement of funds from the Property
Fund in accordance with the foregoing
Disbursement Request hereby is authorized

MUNICIPAL FINANCE CORPORATION

By: _____
Title: President

ARBITRAGE AND TAX CERTIFICATE #18-005

The undersigned hereby certifies that he/she is a duly appointed authorized agent, of the EL DORADO COUNTY TRANSIT AUTHORITY (the "Authority"), for the purpose of executing and delivering, on behalf of the Authority, the Installment Sale Agreement dated as of May 24, 2018 (the "Installment Sale"), by and between MUNICIPAL FINANCE CORPORATION (the "Corporation") as seller and the Authority as purchaser. This Certificate is being issued pursuant to Section 148 of the Internal Revenue Code of 1986 (the "Code"), and Treasury Regulations, Sections 1.148-1 through 1.148-11 promulgated thereunder (the "Regulations"). The following facts, estimates and circumstances are either in existence on the date of this Arbitrage and Tax Certificate or are reasonably expected to occur hereafter.

1. Under the Installment Sale, the Corporation is required to acquire the property described in Exhibit A attached to the Installment Sale (the "Property"), and to sell the Property to the Authority; and the Authority is required to purchase the Property from the Corporation by making Installment Payments with respect thereto, comprising principal and interest, on the dates and in the amounts set forth in Exhibit B to the Installment Sale.

2. On the Installment Sale issuance date, the Authority will receive not less than \$1,200,000.00 from the Corporation. Such moneys will be deposited with the Authority and used, together with interest earnings thereon, to pay the Property costs.

3. The Authority on behalf of the Corporation, will proceed to acquire and install the Property with due diligence and, based upon the provisions of the purchase contracts, delivery and acceptance of the Property is scheduled to occur on or before six months after the date hereof but in no case later than three years from the date hereof, and it is expected that all Installment Sale proceeds will be spent by such date.

4. The original proceeds of the Installment Sale plus the interest earned thereon, will not exceed by more than 5% the amount necessary for the governmental purpose for which the Installment Sale is issued.

5. No sinking fund will be maintained for the payment of the Installment Payments due under the Installment Sale.

6. The term of the Installment Sale is not longer than is reasonably necessary for the governmental purpose of the Installment Sale, and the weighted average maturity of the Installment Sale does not exceed 120 percent of the average reasonably expected economic life of the purchased Property.

7. The Property has not been, and is not expected during the term of the Installment Sale, to be sold or otherwise disposed of by the Authority.

8. To the best of the knowledge and belief of the undersigned, the expectations of the Authority, as set forth above, are reasonable, and there are no present facts, estimates and circumstances which would change the foregoing expectations.

IN WITNESS WHEREOF, the party hereto has caused its authorized agent to execute this Arbitrage and Tax Certificate on the date specified below.

EL DORADO COUNTY TRANSIT AUTHORITY

By _____

Title _____

Date _____

CERTIFICATE OF ACCEPTANCE #18-005

This Certificate of Acceptance is issued pursuant to the Installment Sale Agreement #18-005 dated as of May 24, 2018 (the "Installment Sale") between EL DORADO COUNTY TRANSIT AUTHORITY (the "Authority") as purchaser and MUNICIPAL FINANCE CORPORATION (the "Corporation") as seller. The Authority hereby acknowledges as of the date specified below, the receipt, inspection and acceptance of the Property described on Exhibit A to the Installment Sale.

The Authority hereby certifies that the Property has been inspected, is now in the Authority's possession and is in good order and repair (subject to any undischarged vendor/contractor warranty obligations). The Authority further certifies that no event has occurred and is continuing which constitutes, or would constitute, an event of default but for any requirement of notice or lapse of time or both.

Property Acceptance Date: _____

The Authority authorizes the Corporation to disburse the balance of Installment Sale Proceeds in the Acquisition Fund to the Authority, which shall apply such proceeds towards making future Installment Payments due under the Installment Sale. Such Installment Sale Proceeds shall be immediately yield restricted in accordance with applicable U.S. Treasury Regulations.

IN WITNESS WHEREOF, the Authority's authorized agent confirms the Property acceptance date above by executing this Certificate of Acceptance.

EL DORADO COUNTY TRANSIT AUTHORITY

By _____

Title _____

CERTIFICATE OF THE AUTHORITY #18-005

The undersigned, duly authorized representative of EL DORADO COUNTY TRANSIT AUTHORITY (the "Authority") as purchaser under that Installment Sale Agreement #18-005 dated as of May 24, 2018 (the "Installment Sale") with Municipal Finance Corporation as seller, hereby certifies as follows:

1. I have been duly authorized to execute and deliver, on behalf of the Authority, the Installment Sale and related documents pursuant to a resolution adopted by the Authority's governing body, which resolution is in full force and effect and has not been amended, modified, supplemented or rescinded as of the date hereof.
2. The Authority has complied with all agreements and covenants and satisfied all conditions contemplated by the Installment Sale on its part to be performed or satisfied on or before the date hereof.
3. The representations, warranties and covenants of the Authority contained in the Installment Sale are true and correct in all material respects as of the date hereof, as if made on this date.
4. No litigation is pending or, to the best of my knowledge, threatened (either in state or federal courts) (a) to restrain or enjoin the issuance and delivery of the Installment Sale or the collection of revenues to be used to meet the Authority's obligations under the Installment Sale; (b) in any way contesting or affecting the authority for the execution or delivery of the Installment Sale, or the validity of the Installment Sale; (c) in any way contesting the existence or powers of the Authority, as such existence or powers in any way relate to the issuance of the Installment Sale or the Authority's obligations under the Installment Sale, or (d) could materially adversely affect the financial position of the Authority.
5. The Property being purchased pursuant to the Installment Sale is essential to the function of the Authority and is immediately needed by the Authority. Such need is neither temporary nor expected to diminish during the Installment Sale term. The Property is expected to be used by the Authority for a period in excess of the Installment Sale term.
6. The Authority's federal tax identification number is _____.

The meaning of the capitalized terms in this Certificate are the same as those provided in the Installment Sale.

EL DORADO COUNTY TRANSIT AUTHORITY

By _____

Title _____

Date _____

INCUMBENCY AND SIGNATURE CERTIFICATE

I do hereby certify that I am the duly appointed and acting Secretary/Clerk of the EL DORADO COUNTY TRANSIT AUTHORITY, a public agency validly existing under the Constitution and laws of the State of California (the "Authority"), and that, as of the date hereof, the individual named below is the duly appointed officer of the Authority holding the office set forth opposite his/her respective name. I further certify that (i) the signature set forth opposite his/her respective name and title is true and authentic and (ii) such officer has the authority on behalf of the Authority to enter into that certain Installment Sale Agreement #18-005 dated as of May 24, 2018, between the Authority and Municipal Finance Corporation, and all documents relating thereto.

Name

Title

Signature

IN WITNESS WHEREOF, I have duly executed this certificate hereto this _____ day of _____, 2018.

Secretary/Clerk

SAMPLE ONLY
(PLEASE PREPARE ON COUNSEL'S LETTERHEAD
AND FORWARD 1 ORIGINAL TO ADDRESSEE)

MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

RE: Installment Sale Agreement #18-005 dated as of May 24, 2018 by and between MUNICIPAL FINANCE CORPORATION, (the "Corporation") as seller, and EL DORADO COUNTY TRANSIT AUTHORITY (the "Authority") as purchaser.

Ladies and Gentlemen:

I have acted as counsel to the Authority with respect to the Installment Sale Agreement described above (the "Installment Sale") and in this capacity have reviewed a copy of the executed Installment Sale and related documents or exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. The Authority is a public agency and political subdivision of the State of California (the "State"), duly organized, existing and operating under the Constitution and laws of the State.

2. The Authority is authorized and has the power under applicable law to enter into the Installment Sale, and to carry out its obligations thereunder and the transactions contemplated thereby.

3. The Installment Sale has been duly authorized, approved, executed and delivered by and on behalf of the Authority, and is a legal, valid and binding contract of the Authority enforceable in accordance with its terms, except to the extent limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditor's rights.

4. A resolution duly authorizing the execution and delivery of the Installment Sale and related documents was duly adopted by the governing body of the Authority on _____ and such resolution has not been amended or repealed and remains in full force and effect.

MUNICIPAL FINANCE CORPORATION

RE: Installment Sale Agreement #18-005 dated as of May 24, 2018 by and between MUNICIPAL FINANCE CORPORATION (the "Corporation") as seller, and EL DORADO COUNTY TRANSIT AUTHORITY (the "Authority") as purchaser.

(Date)

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5. There is no litigation, action, suit or proceeding pending or, to the best of my knowledge after due inquiry, threatened before any court, administrative agency, arbitrator or governmental body that challenges the authority of the Authority to enter into the Installment Sale or the ability of the Authority to perform its obligations under the Installment Sale and the transactions contemplated thereby.

This opinion may be relied upon by Municipal Finance Corporation, its successors and assigns.

Dated: _____ Very truly yours,

Please type name and title under signature.

INSURANCE AUTHORIZATION LETTER

TO: _____

Attn: _____

RE: Installment Sale Agreement #18-005 dated May 24, 2018 between the undersigned as purchaser, and MUNICIPAL FINANCE CORPORATION as seller and City National Bank as Assignee of seller.

The Insurance Requirements listed below are required to cover property described as follows:

All Property covered by Installment Sale Agreement #18-005

Evidence of insurance in the form of a binder or cover letter is acceptable until formal certificates can be issued. Mail this within five (5) working days to:

City National Bank
c/o Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

I. BODILY INJURY AND PROPERTY DAMAGE:

- A. 1,000,000 combined limits (primary plus umbrella) for Bodily Injury and Property Damage Coverage.
- B. Endorsement naming Assignee as an Additional Insured.
- C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
- D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment purchased from the Corporation."

II. PHYSICAL DAMAGE REQUIREMENTS:

- A. All Risk Coverage for not less than the total cost of \$1,200,000.00.
- B. Endorsement naming Assignee as Loss Payee.
- C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
- D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment purchased from the Corporation."

The Authority hereby authorizes you to provide the Corporation and Assignee with Certificates and Endorsements per the above.

EL DORADO COUNTY TRANSIT AUTHORITY

By _____

Date _____

Payment Schedule #18-005

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$65,415.53	\$55,365.53	10,050.00	1,167,527.16
2		65,415.53	55,829.22	9,586.31	1,110,581.36
3		65,415.53	56,296.79	9,118.74	1,053,158.63
4		65,415.53	56,768.27	8,647.26	995,254.99
5		65,415.53	57,243.71	8,171.82	936,866.41
6		65,415.53	57,723.12	7,692.41	877,988.83
7		65,415.53	58,206.55	7,208.98	818,618.15
8		65,415.53	58,694.03	6,721.50	758,750.24
9		65,415.53	59,185.60	6,229.93	698,380.92
10		65,415.53	59,681.27	5,734.26	637,506.03
11		65,415.53	60,181.11	5,234.42	576,121.30
12		65,415.53	60,685.12	4,730.41	514,222.47
13		65,415.53	61,193.36	4,222.17	451,805.25
14		65,415.53	61,705.85	3,709.68	388,865.28
15		65,415.53	62,222.64	3,192.89	325,398.19
16		65,415.53	62,743.76	2,671.77	261,399.55
17		65,415.53	63,269.23	2,146.30	196,864.94
18		65,415.53	63,799.11	1,616.42	131,789.84
19		65,415.53	64,333.43	1,082.10	66,169.75
20		65,415.53	64,872.30	543.23	0.00

TOTALS: \$1,308,310.60 \$1,200,000.00 \$108,310.60