

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR COLUMBIA COUNTY, OREGON

In the Matter of Adopting the Fleet  
Replacement Plan for the Columbia  
County Public Works Department

RESOLUTION NO. 7-2022

WHEREAS, the Columbia County Public Works Department (the "Department") operates a fleet of nearly 148 assets with a total replacement value of approximately \$20 million; and

WHEREAS, the Department has conducted a detailed review of its fleet replacement practices and policies in accordance with its 2019 Fleet Maintenance Policy and the American Public Works Association's guidelines for light vehicles and industry standards for heavy equipment; and

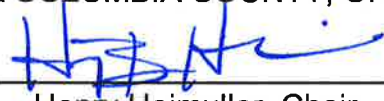
WHEREAS, based on its review, the Department developed a Fleet Replacement Plan to establish a methodology and criteria for replacing aging equipment and vehicles in an efficient and cost effective manner; and

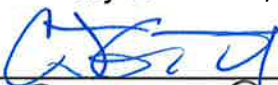
WHEREAS, the Board of County Commissioners finds that the Fleet Replacement Plan for the Columbia County Public Works Department provides a needed framework for optimal use of the Department's fleet;

NOW, THEREFORE, BE IT RESOLVED that the Board of County Commissioners for Columbia County hereby adopts the Fleet Replacement Plan for the Columbia County Public Works Department, attached hereto as Exhibit A and incorporated herein by this reference.

Dated this 23 day of February, 2022.

BOARD OF COUNTY COMMISSIONERS  
FOR COLUMBIA COUNTY, OREGON

By:   
Henry Heimuller, Chair

By:   
Casey Garrett, Commissioner

By:   
Margaret Magruder, Commissioner

EXHIBIT A

# FLEET REPLACEMENT PLAN

FOR

# Columbia County Public Works



January 2022

**FINAL**

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## BACKGROUND

The intent of this plan is to define the most effective fleet solution for Columbia County Public Works. In accordance with Columbia County's Public Works Fleet Maintenance Policy (2019), which is based on APWA's guidelines for light vehicles and industry standards for heavy equipment, an analysis of Public Works' fleet replacement lifecycle guidelines was conducted. Public Works vehicles are tools used to carry out the County's mission. Thus, the primary goals are that the vehicles are safe, reliable, and provide the necessary functionality at an economical cost. Public Works current guidelines target vehicle replacement at intervals depending on the type and usage, ranging from 8 years to 15 years. (See Exhibit 1) With the average age of the current fleet at 19 years and an average replacement cycle of 12 years, a replacement plan will need to be implemented immediately to keep pace.

## OBJECTIVE, SCOPE, AND METHODOLOGY

Our objectives focused on comparing the Public Works equipment replacement criteria and practices to current industry standards and practices. We also focused on determining the point at which it is more cost efficient to replace vehicles and equipment rather than repairing.

The scope of this plan is to determine cost savings by holding on to vehicles that have mildly aged or could also contemplate selling off older units that have high maintenance costs. A leasing program is also evaluated to determine if leasing is a viable option to purchasing.

Our methodology entailed researching available public information regarding how governments manage their fleets and the average life at time of replacement. We also researched current trends in fleet lifecycles. A combination of factors have been performed in the evaluating and planning for the fleet.

In this plan some assumptions have been made for selection of equipment to be replaced and not just by the scoring system. A first draft of the plan was presented to the Board in September 2021 and the replacements have been refined in this final plan.

## EXECUTIVE SUMMARY

This Fleet Replacement Plan represents the results of Public Works' strategic review of fleet management activities in Columbia County Public Works. The recommendations for improving the performance and cost effectiveness of fleet operations are documented in the fleet replacement plan following this Executive Summary.

Columbia County Public Works owns a large fleet of nearly 148 assets – **the largest fleet in the County**. Public Works estimates the **cost for the County to own and operate its large and diverse fleet in Public Works exceeds \$400 thousand each year.**<sup>1</sup> The replacement value of these assets is approximately **\$20 million** (See Exhibit 1). The Public Works Department could not accomplish all of the required work without its fleet of vehicles and other motorized equipment. Consequently, while cost savings are important they cannot be pursued without a full appreciation of how cost saving initiatives would impact the productivity of County employees who rely on vehicles to do their jobs.

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<sup>1</sup> Inclusive of replacement of fleet assets, maintenance and repair, and fuel.

The focus in the preparation of this plan for the County is to identify ways to improve management of fleet assets in order to provide the most cost effective way to mitigate an aging fleet. This will also enhance the quality of fleet services by leveraging economies of scale, to reduce redundancies, and to save money.

In the following sections of this Executive Summary are highlights with the most important findings and recommendations that resulted from this plan, with a focus on strategic issues that will have the greatest impact on the cost and quality of fleet services in Public Works.

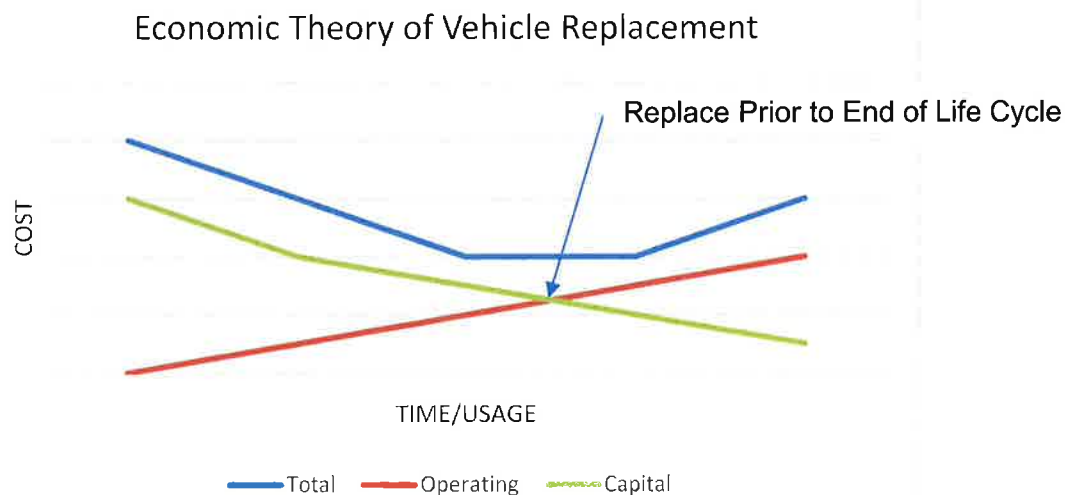
### Strategic Improvement Opportunities

⇒ **Importance of an Effective Fleet Replacement Program:** The purpose of fleet replacement program is to provide exceptional service at the best possible price to the end recipient, the citizen. The symptoms of a comprehensive, sustainable and supported fleet replacement program are dramatically different than not having a program. Efficient and functional vehicles are purchased or leased with a logical plan based on the needs of the community. An effective program only works well when it includes ongoing financial support to replace each unit on the established predetermined schedule. An annual budget of \$250,000 has been determined for the lease program and is sustainable for the life cycles.

A sophisticated system used to manage an effective replacement cycle will actualize incredible savings and lower cost of services. A young fleet managed with logical replacement schedules requires less maintenance, translating into lower staff requirements and less downtime. An older fleet, on the other hand will require substantially more effort and cost to maintain. Financial smoothing and stability can be achieved when there is a well-defined program in place.

⇒ **Purpose of Establishing Replacement Criteria:** Eventually, all vehicles wear out. As they wear, they become increasingly expensive to operate and maintain and less reliable and unsafe to use. The economic theory of vehicle replacement is illustrated in the graph below. As this diagram indicates, vehicle capital cost decline over time, while vehicle operating cost increase.

#### Example Vehicle Replacement Criteria



⇒ **Improve Planning and Funding Levels for Fleet Replacement:** The County’s fleet is old and exceeds the standard industry replacement criteria by a great margin. Some equipment was produced in 1969, with an average age of the fleet being 19 years. This has led to high operating costs, excessive vehicle downtime, and lost employee productivity. See attachment A for a complete listing of all vehicles and equipment.

In addition to spending more money on replacing fleet assets, the County has also developed a multiple-year recurring spending plan to smooth out inherent peaks and valleys in funding requirements, and identified alternative financing through a leasing program to spread capital costs over the useful lives of fleet assets. Attachment B is a proposed leasing program from NCL.

⇒ **Developing a Replacement Budget:** A multiyear vehicle replacement plan for budgeting has been developed to assure adequate funds are available throughout the program lifecycle. The establishment of the Fleet Management Plan and determining annual budget requirements will become streamlined for future needs.

The future cost of replacing equipment is determined by a simple formula:

$$\text{Initial Cost} + (\text{Initial Cost} \times \text{Inflation Rate} \times \text{Life Cycle Years}) - \text{Salvage Value} = \text{Future Replacement}$$

⇒ **Optimum Replacement Plan:** A model has been produced to depict this optimization. However, due to funding constraints, a modified version is used, as shown in attachment E.

**Exhibit 1: Projected Optimum Replacement Plan**

| Vehicle Class             | Total Quantity in Fleet <sup>2</sup><br>A | Life Expectancy (Years)<br>B | Annual Quantity Replaced<br>A/B | Average Cost Per Unit Per Vehicle<br>C | Annual Cost (Total)<br>(A/B) x C <sup>3</sup> |
|---------------------------|---|------------------------------|---------------------------------|--|---|
| Administrative Vehicles   | 2   | 8                            | 0.25                            | \$31,500                               | \$7,875                                       |
| Light Trucks (Class 1-2)  | 12  | 9                            | 1.33                            | \$54,307                               | \$72,409                                      |
| Medium Trucks (Class 3-6) | 24  | 12                           | 2                               | \$65,000                               | \$130,000                                     |
| Heavy Trucks (Class 7-8)  | 13  | 15                           | 0.87                            | \$135,000                              | \$117,000                                     |
| Backhoes                  | 4   | 15                           | 0.27                            | \$135,628                              | \$36,167                                      |
| Graders                   | 4   | 15                           | 0.27                            | \$344,000                              | \$91,733                                      |
| Excavators/Gradall        | 3   | 15                           | 0.20                            | \$343,869                              | \$68,774                                      |
| Mower/Loader              | 9   | 15                           | 0.60                            | \$316,568                              | \$189,941                                     |
| Pup Trailers              | 5   | 15                           | 0.33                            | \$75,000                               | \$25,000                                      |
| Misc Trailers             | 12  | 15                           | 0.80                            | \$35,000                               | \$28,000                                      |
| Pavers                    | 1   | 15                           | 0.07                            | \$250,000                              | \$16,667                                      |
| Rollers                   | 4   | 15                           | 0.27                            | \$55,000                               | \$14,667                                      |
| Sanders                   | 4   | 15                           | 0.27                            | \$103,783                              | \$27,675                                      |
| Plows                     | 4   | 15                           | 0.27                            | \$20,745                               | \$5,532                                       |
| <b>Annual Total</b>       | <b>101</b>                                |                              | <b>7.78</b>                     |  | <b>\$831,441<sup>3</sup></b>                  |

<sup>2</sup>Not all 148 assets are shown in this Exhibit, as some are not on-road or off-road equipment. This Exhibit only includes on-road and off-road equipment, with the exception of sanders and plows. Surplus vehicles have not been included.

<sup>3</sup>In order to operate as efficiently as possible according to industry standards, Public Works would need to spend nearly \$832,000 annually.

|                             |                       |                    |
|-----------------------------|-----------------------|--------------------|
| ⇒ <b>Typical FY Budget:</b> | Equipment & Vehicles  | \$350,000          |
|                             | Repairs & Maintenance | \$150,000          |
|                             | Fuel                  | \$120,000          |
|                             | Tires                 | \$ 35,000          |
|                             | <b>Total</b>          | <b>= \$655,000</b> |

⇒ **Definition of Class of On-Road Vehicles**

Vehicle classes are typically categorized by the gross vehicle weight rating (GVWR), which is the total weight of the vehicle including curb weight and all payload weights.

**Light-Duty Trucks**

The light-duty trucks category includes commercial truck classes 1, 2, and 3.

- Class 1: GVWR of 0–6,000 pounds
- Class 2: GVWR of 6,001–10,000 pounds
- Class 3: GVWR of 10,001–14,000 pounds

**Medium-Duty Trucks**

The medium-duty trucks category includes commercial truck classes 4, 5, and 6.

- Class 4: GVWR of 14,001–16,000 pounds
- Class 5: GVWR of 16,001–19,500 pounds
- Class 6: GVWR of 19,501–26,000 pounds

**Heavy-Duty Trucks**

The heavy-duty trucks category includes commercial truck classes 7 and 8. Drivers of vehicles in these classes are required to have a Class B commercial driving license (CDL) to operate the vehicle.

- Class 7: GVWR of 26,001 to 33,000 pounds
- Class 8: GVWR of greater than 33,001 pounds and includes all tractor-trailers.

⇒ **Proposed Replacement Plan:** In order to establish reasonable, consistent budget approaches to replacement, an approach of identifying the worst equipment in the fleet by ranking and then using a financing program to replace the equipment was chosen.

This method allows for a reasonably consistent fund balance that will not grow over the term.

From a maintenance and vehicle acceptance/get ready view point, replacement also assures that large quantities of vehicles will not all become due for maintenance at the same time.

An effective budget for replacement has been established based on accurately documenting fleet inventory of components, including classification, age, mileage, hours, condition and annual maintenance cost. A scoring system has been developed to identify and prioritize all vehicles and equipment (See Attachment C). This system has been vetted through discussions with supervisors, operators and mechanics and refined from pure empirical values.

The following two exhibits are the proposed replacement plan for a cash purchase and a 10 year lease program. The interest rate on the lease is established at 2.82% APR.

**Exhibit 2: Proposed Fleet Replacement Plan (Cash Outlay)**

|                      | 2A                        | 2B       | 2C                            | 2D  | 2E  |
|----------------------|---------------------------|----------|-------------------------------|---|---|
| Vehicle              | Cost Each<br>(Researched) | Quantity | Total Capital Cost<br>(2Ax2B) | Available Funds from Sale of Replaced Vehicles<br>(estimated) | Total Cost Minus Sale of Replaced Vehicles<br>(2C-2D) |
| Pup Trailer (Used)   | \$25,000                  | 1        | \$25,000                      | \$0   | \$25,000  |
| Flatbed Trailer      | \$35,000                  | 1        | \$35,000                      | \$8,000   | \$27,000  |
| Pickup Truck Class 3 | \$53,379                  | 3        | \$160,137                     | \$27,100  | \$133,037   |
| Belly Dump Trailer   | \$45,000                  | 1        | \$45,000                      | \$7,440   | \$37,560  |
| <b>Totals</b>        | <b>\$158,379</b>          | <b>6</b> | <b>\$265,137</b>              | <b>\$42,540</b>   | <b>\$222,597</b>                                      |

**Exhibit 3: Proposed Ten Year Fleet Replacement Plan**

|                            | 3A                        | 3B       | 3C                            | 3D  | 3E   | 3F                                      | 3G   | 3H   | 3I   |
|----------------------------|---------------------------|----------|-------------------------------|---|--|---|--|--|--|
| Vehicle                    | Cost Each<br>(Researched) | Quantity | Total Capital Cost<br>(3Ax3B) | Interest Paid 10 Years for All Vehicles<br>(calculated) | Total Cost Over 10 Years for All Vehicles<br>(3C + 3D) | Annual Cost for All Vehicles<br>(3E/10) | Residual for All Vehicles<br>(\$1/vehicle) | Available Funds from Sale of All Vehicles<br>(estimated) | Total Cost Minus Residual Sale of All Vehicles<br>(3E+3G-3H) |
| Dump Truck w/Sander & Plow | \$260,000                 | 4        | \$1,040,000                   | \$168,330   | \$1,208,330  | \$120,833                               | \$4  | \$42,000   | \$1,166,334  |
| Loader/Mower               | \$287,115                 | 1        | \$287,115                     | \$46,471  | \$333,586  | \$33,358                                | \$1  | N/A  | \$333,587  |
| <b>Totals</b>              | <b>\$547,115</b>          | <b>5</b> | <b>\$1,327,115</b>            | <b>\$214,801</b>  | <b>\$1,541,916</b>                                     | <b>\$154,192</b>                        | <b>\$5</b>                                 | <b>\$42,000</b>  | <b>\$1,499,921</b>   |

Exhibits 2 and 3 also take into account the auctioning off of the vehicles and equipment that are being replaced (Columns 2D and 3H). This offsets the costs of the program and can be reinvested into the fleet if desired.

**Exhibit 4: Proposed Cash & Ten Year Fleet Replacement Plan**

| 4A                                   | 4B                                   | 4C  | 4D   | 4E   |
|--------------------------------------|--------------------------------------|---|--|--|
| Total Cost of Equipment<br>(2C + 3C) | 10 Year Lease Total Payments<br>(3E) | Minus Maintenance Savings<br>(calculated) | Total for 10 Year Lease Minus Maintenance Savings<br>(4B - 4C) | Savings Difference of Total Cost Minus Leases<br>(4A - 4D) |
| <b>\$1,592,252</b>                   | <b>\$1,541,916</b>                   | <b>\$329,639</b>                          | <b>\$1,212,278</b>   | <b>\$379,974</b>   |

**Note:** Savings from maintenance on old equipment is based on actual cost of equipment repairs for the past 15 years and is reduced by 3% for each year of the lease. Down time and salary are not included in the savings of the lease.

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## TRENDS IN VEHICLE USEFUL LIFE

The average age of the nation's fleet of cars, SUVs, and light-duty trucks has risen to a decidedly senior 12.1 years over the past 12 months, according to a just released IHS Markit report. It's up from 11.9 years last year and 9.6 years in 2002, the first year the market research firm started tracking vehicle age. (Gorzelay, 2021) This is due in part to Covid-19 and drivers not using vehicles as previous years. The average mileage on vehicles is 145,000 miles when it is taken out of service and scrapped. According to Bureau of Transportation Statistics, the average vehicle will last about 150,000 miles; however, a properly maintained vehicle can last up to 200,000 miles.

Government fleets are keeping vehicles and heavy equipment longer. The average age of passenger vehicles on the road has increased approximately 2 years over the last decade. (Beirnes, October 4, 2012. ) This trend is due to manufacturers' continuously increasing vehicle quality through improved engineering, technological advances, and improved workmanship.

As governments continue to find ways to get the most out of their fleet and technology continues to evolve, replacement cycles are increasingly extended. Budget constraints have encouraged more fleets to be creative with cost-cutting strategies. Some governments have adopted a wait-and-see strategy where individual vehicles are replaced only when necessary or when safety concerns arise. Some governments are also streamlining their fleets by having drivers share vehicles or redefining employee job functions.

## REPLACEMENT CYCLE METHODS

The following are three options that can be used to determine when to replace a vehicle:

- Replace at established intervals based on age, mileage and utilization.
- Replace when the cost to repair exceeds the vehicle's value.
- Determine the optimum replacement point that results in the lowest total cost over the vehicle's life.

These three options are discussed in the following sections.

### ⇒ ***Replace at Established Intervals***

Established interval replacement is based on established guidelines in the Public Works Fleet Maintenance Policy for light vehicles and industry standards, as well as based on evaluation points and current needs. Under this method a light vehicle is replaced when it scores above 23 points. All other equipment is evaluated based on age, mileage and utilization and the scores range from 23-61 for replacement. A separate scoring system is utilized for any vehicle or equipment not classified as classes 1-3. A listing of scores above 40 points are depicted in Exhibit 5. Individual vehicle's maintenance and repair costs are also monitored to identify those that begin to significantly exceed the average cost within its vehicle category.

The advantage of the interval replacement method is its simplicity of implementation as it removes subjectivity and judgment from the replacement decision process. The disadvantage is that it may not result in the most economical cost because it does not consider variability of conditions among vehicles and equipment; for example, some

models are historically more reliable and durable and can usually be driven or operated longer without incurring major repairs compared to less reliable models. Consequently, some less reliable vehicles and equipment may be kept in service longer than they should thereby incurring costly repairs while others may be removed from service although they may have several years of functional service life left without incurring major repairs.

**Exhibit 5: Scores Above 40 Points**

| Vehicle Class             | Total Quantity | High Score | Low Score | Cost Per Vehicle to Replace | Total Cost         |
|---------------------------|----------------|------------|-----------|-----------------------------|--------------------|
| Light Trucks (Class 1-2)  | 7              | 60         | 45        | \$53,307                    | \$380,149          |
| Medium Trucks (Class 3-6) | 9              | 66         | 41        | \$65,000                    | \$585,000          |
| Heavy Trucks (Class 7-8)  | 13             | 99         | 53        | \$135,000                   | \$1,755,000        |
| Backhoes                  | 1              | 45         | 45        | \$135,628                   | \$135,628          |
| Graders                   | 4              | 82         | 48        | \$344,000                   | \$1,376,000        |
| Excavators/Gradall        | 1              | 49         | 49        | \$343,869                   | \$343,869          |
| Mower/Loader              | 3              | 65         | 45        | \$316,568                   | \$949,704          |
| Rollers                   | 1              | 46         | 46        | \$55,000                    | \$55,000           |
| <b>Annual Total</b>       | <b>39</b>      |            |           |                             | <b>\$5,580,350</b> |

The exhibit 5 above is a selection of the scores from attachment C and scoring of equipment by category. This represents the worst scores above 40 points and in need of replacement. Amounts for equipment are current and are for funding purposes.

Point Ranges

|                 |               |                               |
|-----------------|---------------|-------------------------------|
| Under 18 Points | Condition I   | Excellent                     |
| 18 - 22 Points  | Condition II  | Good                          |
| 23 - 27 Points  | Condition III | Qualifies for Replacement     |
| 28 - 40 Points  | Condition IV  | Consider Replacement          |
| 41 - 60 Points  | Condition V   | Needs Immediate Consideration |
| 61 Points Plus  | Condition VI  | Must be Replaced              |

⇒ **Replace When Repairing Exceeds Value**

Replacing when repairing exceeds value approach keeps the vehicle in operation until it requires a major repair that exceeds the value of the vehicle. Typically, this occurs when a major component fails such as a transmission or engine. Transmissions are typically very expensive and the cost of an engine often exceeds the value of the vehicle.

Once a major component fails, the vehicle usually has little resale value as they are often sold for salvage. Selling the vehicle “as is” is generally preferable to repairing because the cost of the repair is usually not completely recoverable when selling the vehicle. If the major repair is performed, the investment is best realized through keeping the vehicle in service and extending its replacement target.

Repair costs tend to start increasing dramatically at about 150,000 miles for most vehicles and 6000 hours for heavy equipment. The best time to sell a unit is just before a major breakdown; however, the challenge lies in pinpointing when it will occur and is the major disadvantage to the replace when repairing exceeds value approach. A chart (Attachment D) has been established for all vehicles and equipment in Public Works, which compares the maintenance & repair cost to residual values. The intent of replacing a vehicle

is when its repair costs exceed a threshold amount is to replace it before a major repair occurs. (Beirnes, October 4, 2012. )

### ⇒ **Life Cycle Costing**

As vehicles age certain costs such as maintenance and repairs tend to increase while other costs such as depreciation tend to decrease. When the sum of these and all other ownership and operating costs reaches a minimum, the economic life is reached. Quantifying and analyzing these costs is known as economic lifecycle analysis.

Lifecycle analysis can be applied in three ways as a management tool. First, the analysis can be used to develop guidelines by vehicle or equipment class based on age, mileage/hours or utilization replacement criteria before vehicles go into service. Second, the analysis can be used to assess individual vehicles after they have been in service to determine whether they should continue in service for another year or be replaced. Third, the analysis can be applied to evaluate the economics of major rebuilding programs for larger trucks and equipment units to assess whether it is more cost effective to rebuild the unit and extend its life or replace it with a new one. The typical parameters included in these analyses are the following:

- Depreciation
- Cost of Money
- Insurance
- Fuel
- Maintenance and Repairs

In determining the optimum point in time to replace a vehicle, total cost of ownership is divided into two groups: 1) ownership costs tied to the vehicle purchase, and 2) operating costs associated with ongoing driving expenses. Ownership costs are those relatively fixed cost due to purchasing and owning a vehicle; such as, age depreciation, and insurance. Operating costs are associated with the ongoing driving expenses including fuel, maintenance, repairs, and mileage depreciation. Ownership costs diminish significantly over time while operating costs rise slightly, primarily due to increasing maintenance and repair costs as illustrated in diagram on page 5.

On average, operating costs are less than carrying costs until a vehicle is about five years old. Depreciation is the biggest reason vehicles cost so much to own during the first few years. It makes up almost 60% of the cost in the first year alone. Insurance cost is relatively fixed over the vehicle life but tends to be slightly higher for a new vehicle and declines slightly over time as the value of the vehicle declines. Fuel is directly correlated to the amount of miles driven or hours operated. These cost categories are more fully discussed in the following sections.

### **Depreciation**

Depreciation cost over the ownership period of a vehicle is the price paid for the vehicle, plus any acquisition costs to place it in service, minus the resale value (net of any selling expenses). Depreciation comprises two components; utility and prestige value. The utility component (the usefulness of the vehicle) is based entirely on mileage or hours – a vehicle loses utility value with every mile driven or hour operated. For the balance of the vehicle life, depreciation is based solely on the amount of utility left in the vehicle.

Due to the current economic conditions and the decrease of depreciation for all vehicles, a modified retention for vehicles and equipment must be realized. **This means the historical trends are not valid for this current vehicle replacement plan.** Attachment D is the basis for a revised residual value, which is only used in this plan for disposal of existing equipment. Life expectancy for this plan is identified in exhibit 1, as grouped for type of equipment.

### ***Cost of Money***

The cost of money is the interest rate that would be paid if capital were borrowed to acquire the asset.

Public Works usually purchases vehicles with its own funds. Currently, the risk-free rate of return is very low; therefore, under current conditions the Cost of Money factor in a life cycle analysis will have minimal effect on the results.

In a lease situation the amount of funds being borrowed for vehicles and equipment can be quantified by the return seen in the services provided. As an example; Public Works has established a yearly budget for purchase of vehicles and equipment of \$350,000, \$150,000 for repairs, \$120,000 for fuel and \$35,000 for tires. The \$350,000 would typically be used to purchase 1 large piece of equipment (\$250,000+) in some years and 2-3 other equipment (<\$250,000) in other years. This alternating purchases to replace equipment equates to an average of 1.083 pieces per year. The budget for repairs continues to increase as the vehicles and equipment ages. Thus the cycle of replacement is extended indefinitely without replacing additional vehicles and equipment. A lease program with a budget of \$2,566,000 will replace 10 pieces (10% of the fleet) of equipment costing from \$135,000 to \$344,000 at a total yearly cost of \$298,135. In this scenario the lease is a 9.2:1 average ratio verses purchasing. See Attachment E for a chart of cost for leasing verses purchasing. All cost are based on quotes obtained and estimations with an interest rate of 2.82% APR.

### ***Insurance***

Insurance is a relatively fixed cost; however, the cost of insuring a new vehicle is generally slightly higher during the first few years of ownership. The reason for this is that a new vehicle carries a higher value making it a greater risk in the event of an accident. However, reduced liability due to added safety features in new vehicles, are tending to offset much of the increased collision risk. Safety features are increasingly included even in basic trim models. Thus, the difference in insurance cost is not that significant to the decision making process.

### ***Fuel***

Fuel cost is a variable operating expense as it is directly related to the number of miles driven or hours operated. However, fuel expense can vary significantly due to wide fluctuations in fuel prices, which are unpredictable. However, fuel costs can be estimates based on averages over time and price trends. Fuel costs factors should include assumptions that the average price will continue to increase over time.

Vehicle replacement decisions have also been factored into the improvements in fuel economy provided in newer vehicles. Manufacturers continue to incorporate technological advancements into new vehicles that have improved fuel efficiency while maintaining and

increasing horsepower. The high cost of fuel has made increasing fuel economy a high priority for vehicle manufacturers. Federal standards also mandate that manufacturers achieve certain average minimum miles per gallon benchmarks in future years. Additionally, a vehicle's fuel efficiency tends to decline slightly for older vehicles due to engine wear and older technology.

### ***Maintenance and Repairs***

Preventive maintenance is critical to maximizing a vehicle's useful life. Missing even one oil change can shorten an engine's life span. Public Works fleet management uses a computerized information management system (IRIS) to monitor and document the preventive maintenance and repairs of its fleet. Maintenance costs typically include fluids, filters, belts, hoses, batteries, brakes, sparkplugs, and other components that are not intended to last the life of the vehicle. Repairs, on the other hand, are those components that fail prematurely, such as alternators, air compressors, transmissions, and other components that are intended to last the life of the vehicle. Vehicle repair costs are generally covered under manufacturers warranties for the first few years of ownership (typically 2 to 5 years). Repair costs tend to increase as a vehicle ages and begins to offset some of the depreciation savings from keeping a vehicle longer. Repair costs are generally manageable until a major component fails, such as a transmission or engine. Major components begin failing between 150,000 and 200,000 miles for most vehicles and 8000 and 10,000 hours for heavy equipment. Vehicles have minimal resale value once a major component fails as the cost often exceeds the vehicle's value. Such vehicles are often removed from service and sold for salvage. Vehicle condition is the most significant factor that affects resale value in older higher mileage vehicles. See Attachment D for residual values of the current fleet.

One strategy used to reduce repair cost over the life of the vehicle is to purchase vehicles and equipment that have historically proven to be reliable. Public Works has adopted a consistent make for vehicles and equipment, based on service life, as well as providing for simplicity for maintenance. Vehicles with better reliability reputations tend to last longer and provide lower total operating cost. Reliability can significantly affect the cost of maintenance and repairs over the vehicle's life, especially during the latter years. Thus, maintenance and repair costs can vary widely among fleet vehicles. See Attachment F for expenditure of repairs for the current fleet.

### **⇒ Other Replacement Considerations**

#### ***Obsolescence Cost***

Technological advancement has been considered in the vehicle replacement decisions. Manufacturers continue to add technological advancements to vehicles that improve fuel economy, improved emissions, added safety equipment, and reduced maintenance requirements. Safety features, such as traction and stability control, ABS brakes, tire pressure indicators, and side airbags, are increasingly becoming standard equipment even on base models. Safety features reduce accidents and protect occupants. Additionally, manufacturers are providing longer warranties on some models as they continue to improve reliability. Quantifying obsolescence is not easy but can be the deciding factor on how long to keep vehicles. Quantifying obsolescence requires judgment and can involve age and experience factors, manufacturers input, and safety factors. (Beirnes, October 4, 2012. )

***Downtime Costs***

As a vehicle ages, breakdowns will increase. In addition to the cost of repairing the vehicle there may be other costs such as towing expense and possible vehicle rental cost (or mileage allowance for use of personal vehicle) while the repairs are performed. In addition there is the cost of lost staff productivity, which is not reflected in fleet management costs.

Productive time may be lost due to:

- Waiting to be towed.
- Arranging for temporary use of another vehicle.
- Administrative time arranging for the repairs.
- Returning to the shop to pick up the vehicle after repairs are complete.
- Inability to complete a task or issue and having to come back at a later time.

Downtime cost parameters have not been included in the life cycle cost analysis. Downtime cost includes the loaded rate of the work crew and the cost of a spare vehicle.

***Market Conditions***

Market values of used vehicles also fluctuate based on changes in supply and demand. In the current economic state for vehicles, some vehicles less than 3 years old are valued higher than the MSRP. Green transportation is swiftly growing worldwide, owing to which the goods transportation companies are also converting their existing fleet into electric propulsion-based vehicles. As the demand for electric trucks is growing, vehicle manufacturers are planning to launch more electric trucks. The most generous manufacturer price incentives are also generally widely available during such economic periods.

***Other Factors***

The following are other factors that were considered in the vehicle replacement decisions.

- Replacement factored in the cost of removing County emblems from old vehicles and adding them to new vehicles.
- Right sizing the fleet size and vehicle sizes to meet organizational needs.
- Potential impact on the County's image has been considered if vehicles begin to look unsightly.
- Employee morale and satisfaction may be affected since employees tend to have less initiative to care for older vehicles.

**CONSIDERATIONS**

1. If the County continues to use the age and mileage target method with target guidelines in Exhibit 1, we recommend performing an annual physical condition assessment of vehicles at least 10 years or older, or exceed 150,000 miles or exceeding 6000 hours. These can be performed when the vehicle is brought in for routine maintenance.
2. Consider incorporating historical vehicle reliability into the vehicle procurement process.
3. When possible reassign older vehicles to less intensive uses, which can help

extend the replacement cycle.

## **RECOMMENDATIONS**

1. Analysis of the fleet has shown the need of an “Effective Fleet Replacement Program”, which includes maintaining the program on an annual basis.
2. Use the established replacement criteria and scoring systems provided in Attachment C.
3. Continue to explore for additional funding opportunities, i.e. Diesel Emissions Mitigation Grant Program to offset expenditures.
4. Establish and maintain a yearly budget based on the findings and analysis of this plan.
5. Enter into a leasing program for the advantage of replacing high maintenance vehicles and equipment and reducing the average age of the fleet. The maximum amount for a lease annually should not exceed 45% of the total annual budget.
6. Continue to purchase items annually with the 55% available funds.
7. Due to funding constraints and the number of equipment in the fleet, the plan should be reevaluated at the end of the 10 year term of the lease.

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Attachment A

KEY:

SALMON = ST. HELENS

TAN = RAINIER

YELLOW = VERNONIA

LIGHT BLUE = CLATSKANIE

KEY:

LAVENDER = ROADS

GREEN = PARKS

RED = OUT-OF-SERVICE

BLUE = SCRAP SOON

GREEN = DIESEL FUEL

100-199 = Passenger Cars

200-299 = Pickups

300-399 = Dump Trucks, Sanders, Trailers, Patch Trucks

400-499 = Graders, Pup Trailers, Gradalls

500-599 = Loaders, Backhoes, Bulldozer, Excavators

600-699 =

Bucket

| UASI | EQ #  | LONG EQ. #    | ROADS/PARKS    | FUEL | YEAR | MAKE              | MODEL                       | VIN # c |
|------|-------|---------------|----------------|------|------|-------------------|-----------------------------|---------|
|      | 230-R | R-2018-230-18 | Mike Russell   | UNL  | 2018 | Chevrolet         | Tahoe                       | 1GNSK   |
|      | 236-R | R-2003-236-03 | Rainier        | UNL  | 2003 | Chevrolet         | ¾ Ton 4X4 PU                | 1GCHK   |
|      | 237-R | R-2011-237-10 | Terry          | DSL  | 2011 | Ford              | ¾ Ton 4X4 Supercab PU       | 1FT7X2  |
|      | 245-R | R-2016-245-16 | Kelley         | UNL  | 2016 | GMC               | Sierra 1-ton 4x4 PU         | 1GT5V   |
|      | 256-R | R-2019-256-19 | Sign Dept.     | DSL  | 2019 | Ford              | F-450 Pickup Truck          | 1FDUF   |
|      | 257-R | R-2001-257-01 | Mechanics      | DSL  | 2001 | Ford              | F-550 4X4 Utility truck     | 1FDAF!  |
|      | 259-R | R-2002-259-02 | St. Helens     | UNL  | 2002 | Chevrolet         | ¾ Ton PU                    | 1GCGC   |
|      | 261-R | R-1997-261-97 | Rainier        | UNL  | 1997 | Chevrolet         | ¾ Ton PU                    | 1GCGC   |
|      | 263-R | R-2017-263-17 | Ryan           | DSL  | 2017 | GMC               | Sierra 1-ton 4x4 PU         | 1GT5V   |
|      | 265-R | R-2001-265-00 | Lonny          | UNL  | 2001 | Ford              | ½ Ton PU                    | 2FTRX!  |
|      | 267-R | R-2008-267-08 | Eric           | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                | 3D7KS:  |
|      | 268-R | R-2008-268-08 | St. Helens     | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                | 3D7KS:  |
|      | 269-R | R-2008-269-08 | Clatskanie     | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                | 3D7KS:  |
|      | 270-R | R-2008-270-08 | Vernonia       | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                | 3D7KS:  |
|      | 272-R | R-2002-272-02 | Mechanics      | UNL  | 2002 | Ford              | ¾ Ton PU                    | 1FTNX:  |
|      | 274-R | R-2006-274-05 | PW Office      | UNL  | 2006 | Ford              | Expedition 4X4              | 1FMPL   |
|      | 280-R | R-2002-280-15 | Clatskanie     | DSL  | 2002 | Ford              | F-550 4X4 Pickup Truck      | 1FDAF!  |
|      | 281-R | R-2019-281-19 | Jeff Goodman   | DSL  | 2019 | Ford              | F-350 Pickup Truck          | 1FT8X3  |
|      | 282-R | R-2019-282-19 | Dump Stoppers  | UNL  | 2019 | Ford              | F-450 Pickup Truck          | 1FD0W   |
|      | 283-R | R-2020-283-20 | Jeremy         | DSL  | 2020 | Ford              | F-350 Pickup Truck          | 1FT8X3  |
|      | 342-R | R-1997-342-15 | Clatskanie     | DSL  | 1997 | International     | 10 yd. Dump / Sander        | 1HTGG   |
|      | 343-R | R-1974-343-73 | Rainier        | DSL  | 1974 | White             | Sander                      | LON3FI  |
|      | 344-R | R-1974-344-73 | Out of Service | DSL  | 1974 | White             | 10 yd. Dump                 | LON3FI  |
|      | 345-R | R-1987-345-10 | Rainier        | DSL  | 1987 | International     | 10 yd. Dump / Sander / Plow | 1HTZP.  |
|      | 346-R | R-1997-346-13 | Out of Service | DSL  | 1997 | International     | Belly Dump Tractor          | 1HTGG   |
|      | 348-R | R-1986-348-08 | Vernonia       | DSL  | 1986 | Ford              | 5 yd. Truck / Sander / Plow | 1FDYR:  |
|      | 349-R | R-1999-349-20 | St. Helens     | DSL  | 1999 | Sterling          | 5 yd. Truck / Sander / Plow | 2FZHRI  |
|      | 351-R | R-1995-351-95 | St. Helens     | DSL  | 1995 | White GMC Autocar | 10 yd. Dump / Sander / Plow | 4V2SCI  |
|      | 352-R | R-1995-352-95 | St. Helens     | DSL  | 1995 | White GMC Autocar | 10 yd. Dump / Sander / Plow | 4V2SCI  |
|      | 353-R | R-1994-353-15 | St. Helens     | DSL  | 1994 | White GMC Autocar | 10 yd. Dump Truck           | 4V2SCI  |

## Attachment A

| UASI | EQ #  | LONG EQ. #    | ROADS/PARKS | FUEL | YEAR | MAKE          | MODEL                             | VIN # c |
|------|-------|---------------|-------------|------|------|---------------|-----------------------------------|---------|
|      | 368-R | R-1991-368-90 | Vernonia    | DSL  | 1991 | Peterbilt     | 10 yd. Dump                       | 1XPALF  |
|      | 371-R | R-1992-371-92 | St. Helens  | DSL  | 1992 | Isuzu         | Herbicide / Water Truck           | JALC4B  |
|      | 372-R | R-1991-372-07 | St. Helens  | DSL  | 1991 | Isuzu         | Flatbed / Tack Truck              | JALB4B  |
|      | 374-R | R-UN-374-2007 | St. Helens  | DSL  | UNKN | Finn          | T-120 Hydroseeder                 | RD-53C  |
|      | 377-R | R-2004-377-04 | Rainier     | DSL  | 2004 | Kenworth      | 12 yd. Dump                       | 1NKDL   |
|      | 379-R | R-2004-379-04 | St. Helens  | DSL  | 2004 | Kenworth      | 12 yd. Dump                       | 1NKDL   |
|      | 380-R | R-1997-380-97 | Vernonia    | N/A  | 1997 | Gem State     | Trailmax TD42T Tilt Bed Trailer   | 1G9K5   |
|      | 381-R | R-2006-381-05 | Rainier     | N/A  | 2006 | Trail-Eze     | Tilt Bed Trailer                  | 1DA13   |
|      | 382-R | R-2001-382-01 | Rainier     | UNL  | 2001 | Ford          | F450 Patch Truck                  | 1FDXF4  |
|      | 383-R | R-1994-383-09 | St. Helens  | DSL  | 1994 | International | 4700 Wood Chip Dump               | 1HTSC   |
|      | 384-R | R-1987-384-08 | St. Helens  | N/A  | 1987 | Wisconsin     | Tilt Trailer                      | 1W91S   |
| X    | 385-R | R-2008-385-08 | Clatskanie  | DSL  | 2008 | McElrath      | 599 Flatbed Trailer w/Vac Unit    | 1M9FE   |
|      | 386-R | R-1995-386-08 | St. Helens  | DSL  | 1995 | Chevrolet     | 1 Ton 4X4 Utility Truck           | 1GCHK   |
| X    | 388-R | R-2012-388-12 | St. Helens  | N/A  | 2012 | Charmac       | Legend Car 8x20' Enclosed Trailer | 4RYC2   |
|      | 389-R | R-1997-389-14 | Clatskanie  | N/A  | 1997 | Trail King    | Flatbed Trailer                   | 1TKC0   |
|      | 390-R | R-1988-390-14 | Rainier     | N/A  | 1988 | Asmbl         | Tilt Deck Equipment Trailer       | OR916   |
|      | 391-R | R-2007-391-17 | St. Helens  | N/A  | 2007 | Trail King    | 48 ft 5th Wheel Trailer           | 1TKA0   |
|      | 422-R | R-1978-422-78 | Vernonia    | DSL  | 1978 | Caterpillar   | 120G Grader                       | 87V34   |
|      | 423-R | R-1979-423-84 | Rainier     | DSL  | 1979 | Caterpillar   | 120G Grader                       | 87V44   |
|      | 424-R | R-1985-424-85 | Rainier     | DSL  | 1985 | John Deere    | 672A Grader                       | DW67    |
|      | 425-R | R-1990-425-90 | St. Helens  | DSL  | 1990 | Gradall       | G660E Rubber Tire Excavator       | LOWE    |
|      | 426-R | R-1982-426-90 | St. Helens  | DSL  | 1982 | Caterpillar   | 120-G Grader                      | 87V36   |
|      | 427-R | R-1991-427-09 | Clatskanie  | DSL  | 1991 | John Deere    | 670B Grader                       | DW67    |
|      | 428-R | R-2015-428-18 | St. Helens  | DSL  | 2015 | Gradall       | XL 41000 IV Excavator             | 41000   |
|      | 466-R | R-2000-466-00 | Clatskanie  | N/A  | 2000 | Columbia Body | 435CP 3 Axle Pup Trailer          | 1B9AD   |
|      | 467-R | R-2000-467-00 | Rainier     | N/A  | 2000 | Columbia Body | 435CP 3 Axle Pup Trailer          | 1B9AD   |
|      | 468-R | R-2000-468-00 | Vernonia    | N/A  | 2000 | Columbia Body | 435CP 3 Axle Pup Trailer          | 1B9AD   |
|      | 479-R | r-1999-479-21 | St. Helens  | N/A  | 1999 | Columbia Body | 3 Axle Pup Trailer                | 1B9AD   |
|      | 508-R | R-1969-508-69 | Rainier     | DSL  | 1969 | John Deere    | Front End Loader                  | 99618   |
|      | 509-R | R-1992-509-97 | St. Helens  | DSL  | 1992 | John Deere    | 624E Front End Loader             | 22-018  |
|      | 510-R | R-1998-510-17 | Vernonia    | DSL  | 1998 | Caterpillar   | IT14 Loader                       | 8ZM00   |
|      | 512-R | R-1994-512-17 | Clatskanie  | DSL  | 1994 | Caterpillar   | Front End Loader                  | 6ZF00   |
|      | 513-R | R-1998-513-UN | Vernonia    | DSL  | 1998 | John Deere    | 310SE Backhoe                     | T0310   |
|      | 514-R | R-1999-514-99 | St. Helens  | DSL  | 1999 | John Deere    | 310SE Backhoe                     | T0310   |
|      | 516-R | R-2004-516-07 | Clatskanie  | DSL  | 2004 | John Deere    | 310SG Backhoe                     | T0310   |
|      | 517-R | R-2007-517-08 | Rainier     | DSL  | 2007 | John Deere    | 160C-LC Excavator                 | FF160   |
|      | 518-R | R-2019-518-19 | Rainier     | DSL  | 2019 | John Deere    | 310SL HL Backhoe                  | 1T031   |
|      | 602-R | R-1998-602-14 | Rainier     | DSL  | 1998 | GMC           | 744 w/ Boco Distributor           | 1GND7   |

## Attachment A

| UASI | EQ #  | LONG EQ. #    | ROADS/PARKS    | FUEL     | YEAR | MAKE           | MODEL                                 | VIN # c |
|------|-------|---------------|----------------|----------|------|----------------|---------------------------------------|---------|
|      | 648-R | R-2009-648-09 | St. Helens     | UNL      | 2009 | Wacker Neuson  | Vibrating Plate Compactor             | 66708   |
|      | 649-R | R-2009-649-09 | Rainier        | UNL      | 2009 | Wacker Neuson  | Vibrating Plate Compactor             | 66708   |
|      | 650-R | R-2009-650-09 | Clatskanie     | UNL      | 2009 | Wacker Neuson  | WP1550 Vibrating Plate Compactor      | 66708   |
|      | 651-R | R-1996-651-16 | St. Helens     | DSL      | 1996 | Read           | Screening Plant                       |         |
|      | 652-R | R-2020-652-20 | St. Helens     | N/A      | 2020 | Ag Enterprise  | 1800 Gallon Anti-Icing Unit           | AESM-   |
|      | 653-R | R-UN-653-UN   | Rainier        | N/A      | UNKN | Diamond Bilt   | 3000 Gallon Slip-In Water Tank        | DB 523  |
|      | 654-R | R-2010-654-10 | Rainier        | N/A      | 2010 | Slip-In        | 1800 Gallon Anti-Icing Unit           | AES-SK  |
|      | 655-R | R-1997-655-00 | St. Helens     | DSL      | 1997 | Yale           | GDP080L Forklift                      | B813D   |
|      | 662-R | R-1994-662-18 | St. Helens     | DSL      | 1994 | Volvo          | FE Chassis Cab w/MB Co. Stripper Body | 4V52C   |
|      | 663-R | R-1993-663-03 | St. Helens     | UNL      | 1993 | GMC            | C7H Bucket Truck                      | 1GDL7   |
|      | 665-R | R-UN-665-UN   | Rainier        | DSL      | UNKN | Caterpillar    | C8-534C Steel Roller                  | 5HK66   |
|      | 670-R | R-UN-670-93   | Rainier        | DSL      | UNKN | Bomag          | BW172D Roller                         | 109520  |
|      | 671-R | R-2008-671-10 | Rainier        | DSL      | 2008 | Ingersoll Rand | DD24 Roller                           | 196175  |
|      | 673-R | R-2014-673-14 | St. Helens     | N/A      | 2014 | Honda          | SC8E Scarifier                        | 2361    |
|      | 674-R | R-1993-674-93 | St. Helens     | N/A      | 1993 | Allied Ho-Pak  | 9700-C Compactor                      | 719600  |
|      | 675-R | R-UN-675-93   | Rainier        | UNL      | UNKN | Yale           | G83P Forklift                         | P21900  |
|      | 676-R | R-2007-676-UN | Clatskanie     | DSL      | 2007 | Superior       | DT80J Broom Sweeper                   | 807574  |
|      | 677-R | R-2016-677-20 | St. Helens     | DSL      | 2016 | Superior       | DT80J Broom Sweeper                   | 81633   |
|      | 679-R | R-2020-679-20 | Clatskanie     | UNL      | 2020 | Buffalo        | BTMEGA Mega Blower Slip-In Unit       | 33162   |
|      | 682-R | R-1991-682-04 | Out of Service | N/A      | 1991 | MSI            | Flatbed Trailer                       | 1M9AE   |
| X    | 685-R | R-UN-685-UN   | St. Helens     | N/A      | UNKN | Addco          | Variable Message Board #1             | 52156   |
| X    | 687-R | R-UN-687-UN   | Clatskanie     | N/A      | UNKN | Addco          | Variable Message Board #2             | 52221   |
| X    | 688-R | R-UN-688-UN   | Clatskanie     | N/A      | UNKN | Addco          | Variable Message Board #3             | 52227   |
| X    | 689-R | R-2008-689-UN | St. Helens     | N/A      | 2008 | Addco          | Mag 6X2V Message Board #4             | 4SEPA0  |
| X    | 690-R | R-2009-690-09 | Rainier        | DSL      | 2009 | Terex          | AL5000 Flood Light Trailer            | 4ZJSL1  |
| X    | 691-R | R-2009-691-09 | Rainier        | DSL      | 2009 | Terex          | AL5000 Flood Light Trailer            | 4ZJSL1  |
|      | 692-R | R-2019-692-19 | St. Helens     | N/A      | 2019 | Ver-Mac        | 548/4L Variable Message Board         | 2S9US   |
| X    | 693-R | R-2013-693-12 | St. Helens     | DSL      | 2013 | Terex          | AL5 Flood Light Generator Unit        | 4ZJSC1  |
|      | 699-R | R-UN-699-UN   | Roads          |          |      |                | Rental Equipment                      |         |
|      | 716-R | R-UN-716-00   | Rainier        | Electric | UNKN | Ingersoll Rand | 2475 Air Compressor 80 Gal.           | 601970  |
|      | 717-R | R-UN-717-UN   | Clatskanie     | Electric | UNKN | Westinghouse   | WSH 4G61402-1 Stick Welder            | J8-3    |
|      | 719-R | R-UN-719-UN   | St. Helens     | Electric | UNKN | Ingersoll Rand | TS-10 Air Compressor 80 Gal.          | 050419  |
|      | 720-R | R-UN-720-UN   | St. Helens     | Electric | UNKN | Ingersoll Rand | 7100 Air Compressor 120 Gal.          | 00122   |
|      | 728-R | R-UN-728-10   | St. Helens     | Unleaded | UNKN | Stone          | 6 CMED Cement Mixer w/Hitch           | 375109  |
|      | 730-R | R-UN-730-UN   | Clatskanie     | Electric | UNKN | Ingersoll Rand | 2475 Air Compressor 80 Gal.           | 080226  |
|      | 731-R | R-UN-731-95   | St. Helens     | UNL      | UNKN | Dayton         | 4000W Pro Duty Generator              | 254509  |
|      | 734-R | R-2010-734-10 | Vernonia       | UNL      | 2010 | DeWalt         | 729-690 Pressure Washer               | CAT# 6  |
|      | 735-R | R-2007-735-UN | Clatskanie     | UNL      | 2007 | Yamaha         | 6600 Watt Generator                   | 700-03  |

## Attachment A

| UASI | EQ #  | LONG EQ. #    | ROADS/PARKS    | FUEL     | YEAR | MAKE            | MODEL                             | VIN # c |
|------|-------|---------------|----------------|----------|------|-----------------|-----------------------------------|---------|
|      | 770-R | R-UN-770-UN   | St. Helens     | UNL      | UNKN | Target          | Portacut IV Asphalt Cutter        | 409706  |
|      | 773-R | R-UN-773-10   | St. Helens     | N/A      | UNKN | Speed Shore     | Shoring Box for EQ# 387-R         | cannot  |
|      | 774-R | R-UN-774-UN   | Rainier        | UNL      | UNKN | Honda           | WT30X Trash Pump 3"               | G004-4  |
|      | 775-R | R-UN-775-UN   | Rainier        | UNL      | UNKN | Honda           | WB20X Trash Pump 2"               | WABT1   |
|      | 776-R | R-2011-776-11 | Clatskanie     | UNL      | 2011 | Honda           | WB20X Trash Pump 2"               | WABT1   |
|      | 780-R | R-2015-780-15 | Rainier        | UNL      | 2015 | Karcher         | Liberty Hot Water Pressure Washer | 157559  |
|      | 781-R | R-2015-781-15 | St. Helens     | UNL      | 2015 | Karcher         | Liberty Hot Water Pressure Washer | 157559  |
|      | 782-R | R-2018-782-18 | Clatskanie     | UNL      | 2018 | Landa           | Hot Water Pressure Washer         | 111050  |
|      | 805-R | R-UN-805-UN   | Clatskanie     | Electric | UNKN | Miller          | Millermatic 210 Welder            | LC2809  |
|      | 855-R | R-UN-855-12   | Out of Service | N/A      | UNKN | Unknown         | Shoulder Rocker                   | cannot  |
|      | 999-R |               | Roads          |          |      | Misc. Equipment |                                   |         |

2002.07

DSL

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[Letterhead of Counsel to Lessee]

[Date]

NCL  
Address

Re: Lease Schedule No. 1 dated \_\_\_\_\_, 2021 under that certain Master Lease Purchase Agreement dated as of between \_\_\_\_\_, Inc., as Lessor, and the \_\_\_\_\_, as Lessee

Ladies and Gentlemen:

[I][We] have acted as counsel to the \_\_\_\_\_ (“Lessee”) in connection with the above-referenced transaction. In such capacity, [I][We] have reviewed (a) an executed counterpart of a certain Master Lease Purchase Agreement, dated as of \_\_\_\_\_, 2021 (the “Agreement”), by and between \_\_\_\_\_, Inc. (“Lessor”) and Lessee and an executed counterpart of Lease Schedule No. 1 dated \_\_\_\_\_, 2021 (the “Lease Schedule”), by and between Lessor and Lessee, which, among other things, provides for the lease of certain property listed in the Lease Schedule (the “Equipment”) and that certain Escrow Agreements dated \_\_\_\_\_, 2021 (the “Escrow Agreement”), among Lessor, Lessee, and XXXXX Bank of XXXXX as escrow agent, (b) an executed counterpart of the ordinances or resolutions of Lessee which, among other things, authorize Lessee to execute the Agreement and the Lease Schedule and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions. The Lease Schedule and the terms and provisions of the Agreement incorporated therein by reference together with the Payment Schedule attached to the Lease Schedule are herein referred to collectively as the “Lease”, and the Lease and the Escrow Agreement are referred to collectively as the “Transaction Documents.” Terms capitalized in this opinion but not defined herein shall have the meanings assigned to them in the Lease. Based upon foregoing, it is [my][our] opinion that:

1. Lessee is a political subdivision of the State of \_\_\_\_\_ (the “State”) within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, and is duly organized, existing and operating under the Constitution and laws of the State.
2. Lessee has the requisite power and authority to lease and acquire the Equipment and to execute and deliver the Transaction Documents and to perform its obligations under the Lease.
3. Each of the Transaction Documents has been duly authorized, executed and delivered by and on behalf of Lessee, and is a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency

and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

4. The authorization and execution of the Transaction Documents and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public records, public bidding and all other laws, rules and regulations of the State.

5. The execution of the Transaction Documents and the appropriation of moneys to pay the Rental Payments coming due thereunder do not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

6. There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Transaction Documents or the security interest of Lessor or its assigns, as the case may be, in the Equipment or other collateral thereunder.

This opinion may be relied upon by the addressee hereof and its successors and assignees of interests in the Transaction Documents.

Very truly yours,

**XXXXXXXXXX**  
**Lease Purchase Financing**  
**Lease Schedule No. 1: \$**  
**October 30, 2021**

Closing Documents

- ✓ W-9 for Lessee
- Certification of Beneficial Owners (p. 2 / exemption)
  
- Master Lease Purchase Agreement – enclosed
- Lease Schedule No. 1 – enclosed
  - Ex. 1 Equipment Description (VIN to be inserted when available)
  - Ex. 2 Payment Schedule
- Acceptance Certificate – hold for future use (when applicable)
- Escrow Agreement – enclosed
  - Disbursement Request form – for future use (when applicable)
- Payment Proceeds Letter – enclosed
- Notice & Acknowledgment of Assignment – enclosed
- Tax Certificate – enclosed
- Opinion of Counsel – sample enclosed
- Incumbency Certificate of Lessee – enclosed
- Approval of Governing Body of Lessee – *Lessee to provide prior to closing*
- IRS Form 8038-G – *Lessee to provide signed copy prior to closing, confirm filing with IRS when available (post-closing)*
- Evidence of Insurance – *Lessee to provide (prior to escrow disbursement)*

*Please print documents one-sided, sign where applicable in blue ink, and return original signatures for closing. Copies of fully executed closing documents will be circulated for your records post-closing.*

## MASTER LEASE PURCHASE AGREEMENT

This Master Lease Purchase Agreement (this "Agreement"), dated as of October 30, 2021, is made and entered into by and between Lease Servicing Center, Inc. dba NCL Government Capital, its successors and assigns ("Lessor"), and the XXXXXXXXXX, a political subdivision of the State of XXXXXXX ("Lessee").

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

### 1. LEASE OF EQUIPMENT; FUNDING

1.1. Lease; Possession and Use. Lessor hereby agrees to sell, transfer and lease to Lessee, and Lessee hereby agrees to acquire, purchase and lease from Lessor the property described in each Lease Schedule (defined herein) executed and delivered by Lessor and Lessee, upon the terms and conditions set forth herein, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto (the "Equipment"). Each Lease executed and delivered by Lessor and Lessee pursuant to this Agreement shall constitute a separate and independent lease and installment purchase of the Equipment described therein. This Agreement is not a commitment by Lessor to enter into any Lease and nothing in this Master Lease shall be construed to impose any obligation upon Lessor to enter into any proposed Lease. The decision whether Lessor enters into any Lease is within Lessor's sole discretion. As used herein, (i) "Lease Schedule" means a schedule substantially in the form attached as Exhibit A to this Agreement, together with all addenda, riders, attachments, certificates and exhibits thereto, as the same may from time to time be amended, modified or supplemented, and (ii) "Lease" means a Lease Schedule each together with this Agreement the terms and conditions of which are incorporated therein.

1.2. Funding. Unless otherwise provided in the applicable Lease Schedule, in order to provide financing to pay the costs to acquire and install the Equipment set forth in the applicable Lease Schedule (the "Purchase Price"), Lessor and Lessee shall execute and deliver an escrow agreement relating to such Schedule in form and substance and with an escrow agent satisfactory to Lessor (an "Escrow Agreement"). If all conditions set forth in Section 1.3 have been satisfied in full or waived, then Lessor will deposit or cause to be deposited into an escrow fund under the related Escrow Agreement, if applicable, or pay to Lessee an amount equal to the Purchase Price for the Equipment to be financed under the related Lease Schedule.

1.3. Funding Requirements. The funding of the Purchase Price and the performance by Lessor of any of its obligations pursuant to any Lease, are subject to the satisfaction or waiver of the following:

(a) Lessor has received all of the following documents, which shall be reasonably satisfactory, in form and substance, to Lessor: (1) evidence of insurance coverage or self-insurance as required by the Lease; (2) an opinion of Lessee's counsel and/or bond counsel to Lessee; (3) waivers of third parties holders of interests in the real property where the Equipment will be located, as Lessor may deem necessary; (4) copies of resolutions by Lessee's governing body, duly authorizing the Lease and the Escrow Agreement and incumbency certificates for the person(s) executing the Lease and the Escrow Agreement; (5) such documents and certificates as Lessor may request relating to federal tax-exemption of interest payable under the Lease, including (without limitation) IRS Form 8038-G or 8038-GC and evidence of the adoption of a reimbursement resolution or other official action in the event that Lessee is to be reimbursed for expenditures that it has paid more than 60 days prior to the funding of the Purchase Price; (6) if the Purchase Price will be paid to Lessee (or vendor(s) or supplier(s) of the Equipment on behalf of Lessee), an acceptance certificate for the Equipment (substantially in the form attached as Exhibit B to this Agreement)(an "Acceptance Certificate"), and (7) such other documents and information previously identified by Lessor or otherwise reasonably requested by Lessor.

- (b) Lessee has executed and delivered to Lessor the Lease Schedule, its related Payment Schedule and the related Escrow Agreement (if applicable);
- (c) no Event of Default shall have occurred and be continuing under any Lease;
- (d) no material adverse change shall have occurred in the financial condition of Lessee;
- (e) the Equipment is reasonably satisfactory to Lessor and is free and clear of any Liens (defined herein) other than the respective rights of Lessor and Lessee as herein provided; and
- (f) all representations of Lessee in the Lease remain true, accurate and complete.

1.4. Delivery, Installation and Acceptance of Equipment. Lessee shall order each Equipment, shall cause the Equipment to be delivered and installed at the locations specified under the applicable Lease Schedule and shall pay all taxes, delivery costs and installation costs, if any, in connection therewith. If the Purchase Price is deposited under an Escrow Agreement for the acquisition of the Equipment, such funds shall be disbursed as provided therein. The insufficiency of proceeds of any Lease to pay all costs of the Equipment subject thereto shall not affect Lessee's obligations under this Section. When the Equipment described in such Lease Schedule is delivered, installed and accepted, Lessee shall promptly execute and deliver to Lessor an Acceptance Certificate for the Equipment.

## 2. TERM

2.1. Term. The term of each Lease (the "Lease Term") shall commence on the Lease Date set forth in the applicable Lease Schedule and shall terminate upon payment of the all Rental Payments, unless sooner terminated pursuant to the Lease.

## 3. RENTAL PAYMENTS

3.1. Rental Payments. Lessee agrees to pay the rent payments ("Rental Payments") in the amounts and on the dates (each a "Payment Date") as specified in the Payment Schedule attached to each Lease Schedule. A portion of each Rental Payment is paid as interest as specified in the Payment Schedule for each Lease. All Rental Payments shall be paid to Lessor, at such places as Lessor may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments with lawful money of the United States of America from moneys legally available therefor.

3.2. Current Expense. The obligations of Lessee, including its obligation to pay the Rental Payments due in any fiscal year shall constitute a current expense of Lessee for such fiscal year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State of XXXXXXXX (the "State"). THE RENTAL PAYMENTS ARE TO BE MADE ONLY FROM LESSEE'S LEGALLY AVAILABLE REVENUES APPROPRIATED ON AN ANNUAL BASIS, AND NEITHER LESSEE, THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER A LEASE FROM THE COMPELLED LEVY OF AD VALOREM OR OTHER TAXES EXCEPT FROM THOSE LEGALLY AVAILABLE REVENUES APPROPRIATED BY LESSEE ON AN ANNUAL BASIS. Nothing herein shall constitute a pledge by Lessee of the full faith and credit or taxing power of the Lessee. The person or entity in charge of preparing Lessee's budget will include in the budget request for each fiscal year the Rental Payments to become due during such fiscal year, and will use all reasonable and lawful means available to secure the appropriation of money for such fiscal year sufficient to pay all Rental Payments coming due therein. Lessor acknowledges that appropriation for Rental Payments is a governmental function which Lessee cannot contractually commit itself in advance to perform. Lessee reasonably believes that moneys in an amount

sufficient to make all Rental Payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Equipment in the performance of its essential functions during the applicable Lease Terms.

3.3. Unconditional Rental Payments. Subject to Section 3.4 hereof: (a) Lessee's obligation to make Rental Payments and any other payments hereunder shall be absolute and unconditional; (b) Lessee shall make these payments when due and shall not withhold any of these payments pending final resolution of any disputes; (c) Lessee shall not assert any right of set-off or counterclaim against its obligation to make these payments; (d) Lessee's obligation to make Rental Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment; and (e) Lessee shall be obligated to continue to make payments required of it by this Agreement if title to, or temporary use of, the Equipment or any part thereof shall be taken under exercise of the power of eminent domain.

3.4. Nonappropriation. If during the then current fiscal year of Lessee, sufficient funds are not appropriated to make Rental Payments required under a Lease for the following fiscal year (an "Event of Nonappropriation"), Lessee shall be deemed not to have renewed such Lease for the following fiscal year, and the Lease shall terminate at the end of the then current fiscal year, and Lessee shall not be obligated to make Rental Payments under the Lease beyond the then current fiscal year for which funds have been appropriated. Upon an Event of Nonappropriation, Lessee shall return the Equipment subject to the Lease to Lessor in accordance with the requirements of Section 11.3. Lessee shall notify Lessor in writing no later than 30 days following an Event of Nonappropriation, but failure to provide such notice shall not operate to extend the Lease Term. If Lessee fails to return the applicable Equipment or otherwise comply with Section 11.3, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the Rental Payments that would thereafter have come due if the Lease had not been terminated and which are attributable to the number of days after which Lessee fails to comply with Lessor's instructions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions as required. In addition, Lessor may instruct any escrow agent who is holding proceeds of the Lease to release all such proceeds and any earnings thereon to Lessor.

3.5. No Mortgage or Security Agreement. Lessor and Lessee acknowledge that this Agreement is not intended to create a mortgage of or a security interest in the Equipment.

#### 4. PURCHASE AND PREPAYMENT

4.1. End of Lease Term. Lessee shall have the option to purchase all of the Equipment under a Lease upon the expiration of the Lease Term and payment in full of all Rental Payments then due and all other amounts then owing under the Lease, and the payment of \$1.00 to Lessor.

4.2. Optional Prepayment. Lessee shall have the option to prepay its obligations under any Lease in whole but not in part on any Payment Date as set forth in the applicable Payment Schedule, but only if and to the extent the Lease Schedule provides for such prepayment. Lessee shall give written notice to Lessor of its intention to exercise its option not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall pay to Lessor not later than such Payment Date an amount equal to all Rental Payments and any other amounts then due or past due under such Lease, including the Rental Payment due on the Payment Date on which the option shall be effective, and the applicable Prepayment Price set forth in the applicable Payment Schedule (the "Prepayment Price").

4.3. Excess Proceeds. Lessee's obligations under a Lease shall be prepaid in part from the excess proceeds of the Lease on the terms set forth in any Escrow Agreement pursuant to which proceeds of the Lease are being held.

4.4. Release of Lessor's Interest. Upon timely receipt, in collected funds, of all amounts required for the purchase of the Equipment subject to any Lease pursuant to Section 4.1 or the prepayment in whole of any Lease pursuant to Section 4.2, such Lease shall terminate, all of Lessor's right, title and interest in and to the Equipment shall terminate, and Lessor shall deliver to Lessee all such documents and instruments as Lessee may reasonably request to evidence the termination of the Lease and Lessor's interest in the Equipment, without warranty by or recourse to Lessor.

## 5. REPRESENTATION, WARRANTIES AND COVENANTS.

5.1. Representations and Warranties. Lessee shall be deemed to make the following representations and warranties to Lessor with respect to each Lease, in each case as of the Lease Date for such Lease:

(a) Lessee is a state or political subdivision of the State within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code"), duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, the Lease and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement and the Lease.

(b) The execution and delivery of this Agreement and the Lease Schedule have been duly authorized by all necessary action of Lessee's governing body and such action is in compliance with all public bidding and other State and federal laws applicable to this Agreement and the acquisition and financing of the Equipment by Lessee.

(c) This Agreement and the Lease Schedule have been duly executed and delivered by and constitute the valid and binding obligations of Lessee, enforceable against Lessee in accordance with their respective terms.

(d) The execution, delivery and performance of this Agreement and the Lease Schedule by Lessee does not (i) violate any State or federal law or local law or ordinance, or any order, writ, injunction, decree, or regulation of any court or other governmental agency or body applicable to Lessee, or (ii) conflict with or result in the breach or violation of any term or provision of, or constitute a default under, any note, bond, mortgage, indenture, agreement, deed of trust, lease or other obligation to which Lessee is bound.

(e) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement or the Lease Schedule or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or the Lease Schedule.

(f) Lessee or Lessee's governing body has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments during the current fiscal year, and such moneys will be applied in payment of all Rental Payments due and payable during such current fiscal year.

(g) Lessee has an immediate need for, and expects to make immediate use of, the Equipment, which need is not temporary or expected to diminish during the applicable Lease Term.

## 5.2. Tax Covenants.

(a) Lessee covenants and agrees that it will (i) complete and timely file an information reporting return with the Internal Revenue Service (“IRS”) in accordance with Section 149(e) of the Code; (ii) not permit the Equipment to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code including, without limitation, use by private persons or entities pursuant to contractual arrangements which do not satisfy IRS guidelines for permitted management contracts, as the same may be amended from time to time; (iii) invest and reinvest moneys on deposit in the escrow fund related to each Lease from time to time in a manner that will not cause such Lease to be classified as an “arbitrage bond” within the meaning of Section 148(a) of the Code; (iv) rebate an amount equal to excess earnings in any such escrow fund to the federal government if required by, and in accordance with, Section 148(f) of the Code and make the determinations and maintain the records required by the Code; and (v) comply with all provisions and regulations applicable to establishing and maintaining the excludability of the interest component of the Rental Payments under each Lease from federal gross income pursuant to Section 103 of the Code.

(b) If Lessor either (i) receives notice, in any form, from the IRS; or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor that Lessor may not exclude the interest component of any Rental Payment under a Lease from federal gross income, then Lessee shall pay to Lessor, within thirty (30) days after Lessor notifies Lessee of such determination, the amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of all Rental Payments under the Lease due through the date of such event) that are imposed on Lessor as a result of the loss of the exclusion, will restore to Lessor the same after tax yield on the transaction evidenced by such Lease (assuming tax at the highest marginal corporate tax rate) that it would have realized had the exclusion not been lost. Additionally, Lessee agrees that upon the occurrence of such an event, it shall pay additional rent to Lessor on each succeeding Rental Payment due date in such amount as will maintain such after tax yield to Lessor. Lessor’s determination of the amount necessary to maintain its after-tax yield as provided in this subsection (b) shall be conclusive (absent manifest error).

## 6. INSURANCE; CASUALTY AND CONDEMNATION

6.1. Liability and Property Insurance. Lessee shall, at its own expense, procure and maintain continuously in effect during each Lease Term: (a) public liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the Equipment sufficient to protect Lessor and its assigns from liability in all events, with a coverage of not less than \$1,000,000 per occurrence unless specified differently in the related Lease Schedule, and (b) insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the greater of the full replacement cost of the Equipment or the applicable Prepayment Price.

6.2. Insurance Requirements. All insurance policies required by Section 6.1 shall be taken out and maintained with insurance companies acceptable to Lessor and shall contain a provision that thirty (30) days prior to any change in the coverage (including cancellation) the insurer must provide written notice to the insured parties. No insurance shall be subject to any co-insurance clause. Each liability insurance policy shall be endorsed to name Lessor and its assigns as an additional insured party and each casualty and property insurance policy shall be endorsed to name Lessor and its assigns as loss payee (unless prohibited by applicable State law) in each case regardless of any breach of warranty or other act or omission of Lessee. Lessee may self-insure against the risks described in Section 6.1 with the prior written consent of Lessor.

## 7. ADDITIONAL OBLIGATIONS

7.1. Use and Maintenance of Equipment. Lessee shall, at its own expense, maintain the Equipment in good condition and proper working order, and shall make all necessary repairs and replacements to keep the Equipment in such condition. The Equipment will be used by Lessee only for the purpose of performing Lessee's essential governmental functions. Lessee shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any manufacturer's guidelines or in violation of any applicable law or regulation or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment. Lessee shall have sole responsibility to maintain and repair the Equipment. Lessee shall keep (or in the case of Equipment constituting motor vehicles, house) the Equipment at the address specified in the related Lease Schedule; provided that Lessee may change the location at which any Equipment is kept (or housed) with thirty (30) days prior written notice to Lessor specifying the address of the new location. Lessee shall provide Lessor access at all reasonable times to examine and inspect the Equipment and provide Lessor with such access to the Equipment as may be reasonably necessary to perform maintenance on the Equipment in the event of failure by Lessee to perform its obligations hereunder. If Lessor reasonably determines that Lessee is not maintaining any of the Equipment in accordance with this Section, Lessor may (in addition to any other remedies it may have) require Lessee to enter into maintenance contracts for such Equipment in form approved by Lessor and with approved providers.

7.2. Taxes. Lessee shall pay all taxes, assessments and other charges which are assessed or levied against the Equipment or any part thereof, during the Lease Term, whether assessed against Lessee or Lessor. With respect to any taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the then current fiscal year of the Lease Term for such Equipment.

7.3. Modification of Equipment. Lessee will not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition will change or impair the originally intended value, function or use of the Equipment.

7.4. Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other claim with respect to the Equipment (each, a "Lien"), other than the respective rights of Lessor and Lessee as herein provided. Lessee shall promptly, at its own expense, take such actions as may be necessary duly to discharge or remove any such claim if the same shall arise at any time.

7.5. Financial Information. Lessee shall deliver to Lessor (i) its annual audited financial statements within 210 days after the end of each fiscal year, (ii) its annual budget the each fiscal year promptly following approval thereof, and (iii) such other financial statements and information relating to the ability of Lessee to satisfy its obligations under this Agreement and the Lease as may be reasonably requested by Lessor from time to time.

## 8. TITLE; NO WARRANTIES BY LESSOR

8.1. Title. During the Lease Term, legal title to all Equipment shall be in Lessee, subject to Lessor's interests under the applicable Lease Schedule and this Agreement. Upon an Event of Default or an Event of Nonappropriation, title shall immediately vest in Lessor, free and clear of any right, title or interest of Lessee.

8.2. Personal Property. The Equipment is and shall at all times be and remain personal property and not fixtures.

8.3. No Warranties. LESSEE ACQUIRES AND LEASES THE EQUIPMENT UNDER EACH LEASE "AS IS." LESSEE ACKNOWLEDGES THAT LESSOR DID NOT MANUFACTURE THE EQUIPMENT UNDER ANY LEASE. LESSOR DOES NOT REPRESENT THE MANUFACTURER, SUPPLIER, OWNER OR DEALER, AND LESSEE SELECTED THE EQUIPMENT BASED UPON LESSEE'S OWN JUDGMENT. LESSOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE OR AS TO THE EQUIPMENT'S VALUE, DESIGN, CONDITION, USE, CAPACITY OR DURABILITY. LESSEE AGREES THAT REGARDLESS OF CAUSE, LESSOR IS NOT RESPONSIBLE FOR, AND LESSEE WILL NOT MAKE ANY CLAIM AGAINST LESSOR FOR, ANY DAMAGES, WHETHER CONSEQUENTIAL, DIRECT, SPECIAL OR INDIRECT INCURRED BY LESSEE IN CONNECTION WITH THE EQUIPMENT UNDER ANY LEASE. NEITHER THE MANUFACTURER, SUPPLIER OR DEALER NOR ANY SALESPERSON, EMPLOYEE OR AGENT OF THE MANUFACTURER, SUPPLIER OR DEALER IS LESSOR'S AGENT OR HAS ANY AUTHORITY TO SPEAK FOR LESSOR OR TO BIND LESSOR IN ANY WAY. For and during the Lease Term under each Lease, Lessor assigns to Lessee any manufacturer's or Supplier's product warranties, express or implied, applicable to any Equipment and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's sole expense. Lessee agrees that (a) all Equipment will have been purchased by Lessor for the benefit of the Lessee in accordance with Lessee's specifications from suppliers selected by Lessee, (b) Lessor is not a manufacturer or dealer of any Equipment and has no liability for the delivery or installation of any Equipment, (c) Lessor assumes no obligation with respect to any manufacturer's or Supplier's product warranties or guaranties, (d) no manufacturer or Supplier or any representative of said parties is an agent of Lessor, (e) any warranty, representation, guaranty or agreement made by any manufacturer or supplier or any representative of said parties shall not be binding upon Lessor, and (f) the Lessor shall cause the supplier to identify the Lessee as an intended beneficiary of its warranty, if any.

## 9. RISK OF LOSS; CASUALTY

9.1. Risk of Loss. As between Lessee and Lessor, Lessee bears the entire risk of loss, theft, damage or destruction of any Equipment in whole or in part for any reason whatsoever. No loss to any Equipment shall relieve Lessee from the obligation to make any Rental Payments or to perform any other obligation under any Lease. Proceeds of any insurance recovery will be applied to Lessee's obligations under this Section 9.

9.2. Notice of Loss. If a casualty occurs to any Equipment, Lessee shall immediately notify Lessor of the same and Lessee shall, unless otherwise directed by Lessor, immediately repair the same.

9.3. Application of Proceeds. If Lessor determines that any item of Equipment has suffered a casualty loss is beyond repair, then Lessee shall either: (a) immediately replace such Equipment with similar equipment in good repair, condition and working order free and clear of any liens and deliver to Lessor a purchase order, bill of sale or other evidence of sale to Lessee covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under the applicable Lease, or (b) on the next scheduled Payment Date, pay Lessor (i) all amounts owed by Lessee under the applicable Lease, including the Rental Payment due on such date, plus (ii) an amount equal to the applicable Prepayment Price set forth in the Payment Schedule to the applicable Lease. If Lessee is making such payment with respect to less than all of the Equipment under a Lease, then Lessor will provide Lessee with the pro rata amount of the Prepayment Price to be paid by Lessee with respect to the such Equipment.

9.4. Claims and Expenses. Lessee shall bear the risk of loss for, shall pay directly and shall defend against any and all claims, liabilities, proceedings, actions, expenses (including reasonable attorney's fees), damages or losses arising under or related to any Equipment, including, but not limited to,

the possession, ownership, lease, use or operation thereof. These obligations of Lessee shall survive any expiration or termination of any Lease. Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses (including attorney's fees), damages or losses which arise directly from events occurring after any Equipment has been returned by Lessee to Lessor in accordance with the terms of the applicable Lease or which arise directly from the gross negligence or willful misconduct of Lessor.

## 10. ASSIGNMENT

10.1. Assignment by Lessor. Lessor may assign its rights, title and interest in and to any Lease, any Equipment or any Escrow Agreement (including the escrow fund thereunder), and/or may grant or assign a security interest in any Lease, its Equipment or any Escrow Agreement (including the escrow fund thereunder), in whole or in part, to any party at any time and from time to time without Lessee's consent. Any such assignee or lien holder (an "Assignee") shall have all of the rights of Lessor under the applicable Lease and Escrow Agreement. LESSEE AGREES NOT TO ASSERT AGAINST ANY ASSIGNEE ANY CLAIMS, ABATEMENTS, SETOFFS, COUNTERCLAIMS, RECOUPMENT OR ANY OTHER SIMILAR DEFENSES WHICH LESSEE MAY HAVE AGAINST LESSOR. Unless otherwise agreed by Lessee in writing, any such assignment transaction shall not release Lessor from any of Lessor's obligations under the applicable Lease. An assignment or reassignment of any of Lessor's right, title or interest in a Lease, its Equipment or any Escrow Agreement (including the Escrow Fund thereunder) shall be enforceable against Lessee only after Lessee receives a written notice of assignment that discloses the name and address of each such Assignee. Lessee shall keep a complete and accurate record of all such assignments in the form necessary to comply with Section 149(a) of the Code. Lessee agrees to acknowledge in writing any such assignments if so requested.

10.2. Assignment and Subleasing by Lessee. Neither this Agreement nor any Lease or any Equipment may be assigned, subleased, sold, transferred, pledged or mortgaged by Lessee.

## 11. EVENTS OF DEFAULT; REMEDIES

11.1. Events of Default Defined. The occurrence of any of the following events with respect to a Lease shall constitute an Event of Default under the Lease:

- (a) Lessee's failure to pay any Rental Payment or other amount required to be paid to Lessor under the Lease within ten (10) days following the due date thereof, other than by reason of an Event of Nonappropriation;
- (b) Lessee fails to perform or observe any of its obligations under Section 6, 7.4 or 10.2 hereof;
- (c) With the exception of the above clauses (a) or (b), Lessee's failure to perform or abide by any condition, agreement or covenant with respect to the Lease for a period of thirty (30) days after written notice by Lessor to Lessee specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of time prior to its expiration;
- (d) Lessee is in default with respect to the payment or performance of any indebtedness, liability or obligation to Lessor or any of its affiliates under any note, loan agreement, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement (including the occurrence of any Event of Default under any other Lease then held by Lessor), whether accelerated or otherwise and any applicable grace period with respect thereto has expired; or

(e) any statement, representation or warranty made by Lessee in the Lease or in any writing delivered by Lessee pursuant thereto or in connection therewith proves at any time to have been false, misleading or erroneous in any material respect as of the time when made; or

(f) Lessee applies for or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or a substantial part of its assets, or a petition for relief is filed by Lessee under any federal or state bankruptcy, insolvency, moratorium or similar law.

11.2. Remedies on Default. Upon the occurrence of any Event of Default with respect to a Lease, Lessor shall have the right, at its option and without any further demand or notice to one or more or all of the following remedies with respect to the Lease:

(a) Lessor, with or without terminating the Lease, may declare all Rental Payments payable under the Lease to the end of the then-current fiscal year of Lessee to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable.

(b) To the extent permitted by law, Lessor may terminate the Lease and by written notice to Lessee request Lessee to deliver the Equipment in the manner provided in Section 11.3. Lessor may thereafter dispose of the Equipment. If Lessor terminates the Lease and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs and expenses (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all costs and expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes incurred in the disposition of the Equipment; (iv) any Rental Payments payable under the Lease to the end of the then-current fiscal year of Lessee; (v) the outstanding principal component of Rental Payments under the Lease; and (vi) any other amounts then due under the Lease. Any disposition proceeds remaining after the requirements of clauses (i), (ii), (iii), (iv), (v) and (vi) have been met shall be paid to Lessee. No deficiency shall be allowed against Lessee, except with respect to any unpaid Rental Payments to the end of the then-current fiscal year of Lessee and unpaid costs and expenses incurred by Lessor in connection with the repossession and disposition of the Equipment.

(c) By written notice to any escrow agent that is holding proceeds of the Lease under an Escrow Agreement, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Lease; or

(d) Lessor may exercise any other remedy available, at law or in equity, with respect to such Event of Default. Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in exercising any remedy hereunder.

(e) The occurrence of an Event of Default with respect to any Lease Schedule shall, at the sole discretion of Lessor, constitute an Event of Default with respect to any or all Lease Schedules to which it is then a party. Notwithstanding anything to the contrary set forth herein, Lessor may exercise all rights and remedies hereunder independently with respect to each Lease Schedule.

11.3. Return of Equipment; Release of Lessee's Interest. Upon termination of any Lease prior to the payment of all Rental Payments or the applicable Prepayment Price (whether as result of an Event of Nonappropriation or Event of Default) thereunder, Lessee shall, within ten (10) days after such termination, at its own expense: (a) perform any testing and repairs required to place the related Equipment in the condition required by Section 7; (b) if deinstallation, disassembly or crating is required, cause such Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; (c) return such Equipment to a location in the continental United States specified by Lessor, freight and insurance prepaid by Lessee; and (d) comply with

any additional return conditions specified in the Lease Schedule. Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title and ownership to Lessor and termination of Lessee's interest in the Equipment.

11.4. Late Charge. To the extent permitted by applicable law, Lessee shall pay Lessor a charge on any Rental Payment not paid on the date such payment is due at a rate equal to the interest rate set forth in the applicable Lease Schedule plus 5% per annum or the maximum amount permitted by law, whichever is less (the "Default Rate"), from such date.

11.5. No Remedy Exclusive. Each of the rights and remedies under this Agreement and each Lease is cumulative and may be enforced separately or concurrently. No course of dealing or conduct between Lessor and Lessee shall be effective to amend, modify or change any provisions of this Agreement or any Lease. No failure or delay by Lessor to insist upon the strict performance of any term, covenant or agreement of the Agreement or any Lease, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, covenant or agreement or of any such breach, or preclude Lessor from exercising any such right, power or remedy at any later time or times.

11.6. Costs and Attorneys' Fees. Upon the occurrence of an Event of Default, Lessee agrees to pay to Lessor or reimburse Lessor for, in addition to all other amounts payable hereunder, all of Lessor's costs of collection, including reasonable attorneys' fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Lessee, shall be secured by this Agreement until paid, and shall bear interest at the Default Rate. In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial and on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

## 12. MISCELLANEOUS PROVISIONS

12.1. Notices. All written notices to be given under this Agreement shall be given (a) personally, (b) by mail in registered or certified form, with postage prepaid, or (c) by overnight courier, charges prepaid, in each case to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time, and to any assignee at its address as it appears on the registration books maintained by Lessee. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail, 24 hours after deposit with a courier, or, if given by other means, when delivered.

12.2. Binding Effect. This Agreement and each Lease hereunder shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. Specifically, as used herein the term "Lessor" means, with respect to a Lease, any person or entity to whom Lessor has assigned its right to receive Rental Payments under such Lease.

12.3. Severability. In the event any provision of this Agreement or any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

12.4. Entire Agreement; Amendments. Each Lease constitutes the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. Each Lease may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee.

12.5. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or clauses hereof.

12.6. Further Assurances and Corrective Instruments. Lessor and Lessee 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 reasonably be required to perfect, confirm, establish, reestablish, continue or complete the interests of Lessor in this Agreement and each Lease, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement and each Lease.

12.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

12.8. Usury. It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in any Lease Schedule, in no event shall this Agreement or any Lease hereunder require the payment or permit the collection of interest or any amount in the nature of interest or fees in excess of the maximum amount permitted by applicable law. Any such excess interest or fees shall first be applied to reduce principal, and when no principal remains, refunded to Lessee. In determining whether the interest paid or payable exceeds the highest lawful rate, the total amount of interest shall be spread through the applicable Lease Term so that the interest is uniform through such term.

12.9. Waiver of Jury Trial. To the extent permitted by applicable law, Lessor and Lessee hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Agreement.

12.10. USA Patriot Act Compliance Notification. Lessor hereby notifies Lessee that pursuant to the requirements of the USA PATRIOT Act (the "Patriot Act"), it 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 Lessor in accordance with the Patriot Act. Lessee shall, promptly upon Lessor's request, provide all documentation and other information that Lessor requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

12.11. Relationship of Parties. Lessee acknowledges and agrees that (i) this Agreement and each Lease and the transactions related thereto is an arm's-length commercial transaction between Lessor and Lessee, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, Lessor is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of Lessee, (iii) Lessor has not assumed an advisory or fiduciary responsibility in favor of Lessee with respect to the transactions contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether Lessor or any affiliate thereof has provided other services or is currently providing other services to Lessee on other matters) and Lessor has no obligation to Lessee with respect to the transactions contemplated hereby except the obligations expressly set forth in this Agreement and any Lease, and (iv) Lessee has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

12.12. Filing of Leases. Lessee shall not file or submit, or permit the filing or submission, of all or any portion of this Agreement or any Lease, any document related to this Agreement or any Lease, any default, event of acceleration, termination event, waiver, modification of terms or other similar events relating to this Agreement or any Lease or any summary of the foregoing with the Municipal Securities Rulemaking Board ("MSRB") (or any successor to the MSRB or similar entity or service) unless such

document or portion thereof has been provided to the Lessor in advance for review and redaction to the extent required by the Lessor and otherwise permitted under applicable MSRB rules or federal securities law, if any. Lessor is not responsible for the Lessee's or any other entity's compliance with any continuing disclosure obligations under any applicable securities law or related agreement or undertaking.

12.13. Counterparts. This Agreement and any Lease Schedules may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and in making proof of this Agreement and any Lease Schedules it shall not be necessary to produce or account for more than one such counterpart.

12.14. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement and any Lease Schedule shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement and such Lease Schedule(s). The parties agree that any electronically signed document (including this Agreement and any Lease Schedule) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts", if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[The remainder of this page is intentionally blank. Signature page follows.]

**IN WITNESS WHEREOF**, Lessor has caused this Agreement to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Agreement to be executed in its name by its duly authorized officer.

**XXXXXXXXXX**

Lessee

**LEASE SERVICING CENTER, INC. dba NCL  
GOVERNMENT CAPITAL**

Lessor

By: \_\_\_\_\_

Name: XXXXXX

Title: XXXXXX

By: \_\_\_\_\_

Name:

Title:

Address: XXXXXXXXXXXX

XXXXXXXXXX

Attn: XXXXXX

XXXXXX

Address: 220 22nd Ave E., Ste 106

Alexandria, MN 56308

E-mail:

Telephone:

E-mail: [tgoetsch@lscfinancial.com](mailto:tgoetsch@lscfinancial.com)

Telephone: (320) 763-7600

**LEASE SCHEDULE NO. 1**  
to Master Lease Purchase Agreement

Dated: October 30, 2021 (the "Lease Date")

This Lease Schedule (this "Lease Schedule") relates to the Master Lease Purchase Agreement dated as of October 30, 2021 (the "Agreement") between the undersigned Lessor and Lessee, together with the terms and conditions of the Agreement incorporated herein by reference, constitutes a Lease. Unless otherwise defined herein, capitalized terms will have the same meaning ascribed to them in the Agreement. All terms and conditions of the Agreement are incorporated herein by reference.

1. Equipment Description. As used in the Lease, "Equipment" means all of the property described in Exhibit 1 attached to this Lease Schedule and all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.
2. Purchase Price. The Purchase Price for the Equipment is \$XXXXXXX, which amount shall be deposited in the escrow fund related to this Lease Schedule and established pursuant to that certain Escrow Agreement dated as of October 30, 2021 among Lessor, Lessee and Escrow Agent.
3. Rental Payments; Lease Term. The Rental Payments to be paid by Lessee to Lessor, the Lease Date of this Lease and the Lease Term of this Lease are set forth on the Payment Schedule attached to this Lease Schedule as Exhibit 2.
4. Essential Use; Current Intent of Lessee. Lessee represents that (a) the use of the Equipment is essential to Lessee's proper, efficient and economic functioning or to the services that Lessee provides to its citizens, (b) the Equipment will be used by Lessee only for the purpose of performing its governmental or proprietary functions consistent with the permissible scope of its authority and will not be used in a trade or business of any person or entity, and (c) the useful life of the Equipment is not less than the stated full Lease Term of this Lease. Lessee has determined that a present need exists for the Equipment which need is not temporary or expected to diminish in the near future. Lessee currently intends for the full Lease Term: to use the Equipment; and to continue this Lease.
5. Representations, Warranties and Covenants. Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Agreement are true and correct as though made on the date of execution of this Lease Schedule.
6. Bank Qualified. Lessee certifies that it has designated this Lease as a qualified tax-exempt obligation in accordance with Section 265(b)(3) of the Code, that it has not designated more than \$10,000,000 of its obligations as qualified tax-exempt obligations in accordance with such Section for the current calendar year and that it reasonably anticipates that the total amount of tax-exempt obligations to be issued by Lessee during the current calendar year will not exceed \$10,000,000.
7. Optional Prepayment. As provided in Section 4.2 of the Agreement, Lessee has the option to prepay its obligations under this Lease Schedule to the extent provided herein, therefore, the Payment Schedule attached hereto as Exhibit 2 sets forth the applicable Prepayment Price for any Payment Date on which such option is available.

**IN WITNESS WHEREOF**, Lessor has caused this Lease Schedule to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Lease Schedule to be executed in its name by its duly authorized officer.

**XXXXXXXXXX**  
Lessee

**LEASE SERVICING CENTER, INC. dba NCL  
GOVERNMENT CAPITAL**  
Lessor

By: \_\_\_\_\_  
Name: XXXXXX  
Title: XXXXXX

By: \_\_\_\_\_  
Name:  
Title:

Address: XXXXXXXXXXXX  
XXXXXXXXXXXXAttn:  
XXXXXX XXXXXX

Address: 220 22nd Ave E., Ste 106  
Alexandria, MN 56308

E-mail:  
Telephone:

E-mail: [tgoetsch@lscfinancial.com](mailto:tgoetsch@lscfinancial.com)  
Telephone: (320) 763-7600

**Equipment Description**

VIN \_\_\_\_\_

**Equipment Total: \$**

Location of Equipment: \_\_\_\_\_

**Payment Schedule**

**Annual Rate: %**

| <b>Payment<br/>Date</b> | <b>Payment<br/>Amount</b> | <b>Interest</b> | <b>Principal</b> | <b>Balance</b> | <b>Prepayment<br/>Price</b> |
|-------------------------|---------------------------|-----------------|------------------|----------------|-----------------------------|
|-------------------------|---------------------------|-----------------|------------------|----------------|-----------------------------|

ACCEPTANCE CERTIFICATE

Lease Servicing Center, Inc. dba NCL Government Capital  
220 22nd Ave E., Ste 106  
Alexandria, MN 56308

Re: Lease Schedule No. 1 dated October 30, 2021 (the "Lease Schedule") to that certain Master Lease Purchase Agreement dated as of October 30, 2021 (the "Agreement") and together with the Lease Schedule, the "Lease") between Lease Servicing Center, Inc. dba NCL Government Capital, as Lessor, its successors and assigns, and the XXXXXXXXXXXXorida, as Lessee

Ladies and Gentlemen:

I, the undersigned, hereby certify that I am the duly qualified and acting officer of Lessee identified below and, with respect to the above-referenced Lease Schedule, that:

1. The Equipment subject to the Lease Schedule and the Lease has been delivered and installed, is in good working order and is fully operational and has been fully accepted by Lessee on or before the date hereof.

2. *Attached hereto* are true and correct copies of the manufacturers' and dealers' invoices for the Equipment.

3. Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Lease during the current fiscal year of Lessee. Such moneys will be applied in payment of all such Rental Payments due and payable during such current fiscal year.

4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Lease) exists at the date hereof.

Date of Acceptance: \_\_\_\_\_

XXXXXXXXXX  
Lessee

By: \_\_\_\_\_  
Name: XXXXXX  
Title: XXXXXX

## ESCROW AGREEMENT

This Escrow Agreement (this "Agreement"), dated as of October 30, 2021, by and among Lease Servicing Center, Inc. dba NCL Government Capital (and any successors and permitted assigns "Lessor"), the XXXXXXXXXXX, a body corporate and politic and a political subdivision existing under the laws of the State of XXXXXXXX ("Lessee"), and XXXXXXXXXXXXXXXX, in its capacity as escrow agent hereunder ("Escrow Agent").

Reference is made to that certain Lease Schedule No. 1 dated October 30, 2021 to that certain Master Lease Purchase Agreement dated as of October 30, 2021, each between Lessor and Lessee (hereinafter collectively referred to as the "Lease"), covering the acquisition and lease of certain Equipment described therein (the "Equipment"). It is a requirement of the Lease that the Purchase Price (\$XXXXXXXX) be deposited into a segregated escrow account under terms satisfactory to Lessor, for the purpose of fully funding the Lease, and providing a mechanism for the application of such amounts to the purchase of and payment for the Equipment.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Creation of Escrow Account.

(a) There is hereby created an escrow fund to be known as the "XXXXXXXXXXXX Escrow Account 001" (the "Escrow Account") to be held by the Escrow Agent for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof.

(b) The Escrow Agent shall place all escrow funds in a demand deposit account or as otherwise agreed upon between the parties.

(c) Unless the Escrow Account is earlier terminated in accordance with the provisions of paragraph (d) below, amounts in the Escrow Account shall be disbursed by the Escrow Agent in payment of amounts described in Section 2 hereof upon receipt of written instruction(s) from Lessor, as is more fully described in Section 2 hereof. If the amounts in the Escrow Account are insufficient to pay such amounts, Lessee shall deposit into the Escrow Account any funds needed to complete the acquisition of the Equipment. Any moneys remaining in the Escrow Account on or after the earlier of (i) April 30, 2023 ("Termination Date") and (ii) the date on which Lessee executes an Acceptance Certificate shall be applied as provided in Section 4 hereof.

(d) The Escrow Account shall be terminated at the earliest of (i) the final distribution of amounts in the Escrow Account or (ii) written notice given by Lessor of the occurrence of a default or termination of the Lease due to non-appropriation.

(e) The Escrow Agent 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 Escrow Agent 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 Escrow Agent, and for the disposition of the same in accordance herewith. In the event conflicting instructions as to the disposition

of all or any portion of the Escrow Account are at any time given by Lessor and Lessee, the Escrow Agent shall abide by the instructions or entitlement orders given by Lessor without consent of the Lessee.

(f) Unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees to and does hereby release and indemnify the Escrow Agent 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 Escrow Agent under this agreement; and in connection therewith, does to the extent permitted by law (solely from legally available funds) indemnify the Escrow Agent 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 Lessee and Lessor shall be in disagreement about the interpretation of the Lease, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action including an interpleader action to resolve the disagreement. The Escrow Agent shall be reimbursed by Lessee for all costs in connection with such civil action, and shall be fully protected in suspending all or part of its activities under the Lease until a final judgment in such action is received, to the extent permitted by law and solely from legally available funds.

(h) The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. Lessee shall reimburse the Escrow Agent for all such reasonable costs and expenses. The Escrow Agent 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) Lessee shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for non-routine administration of the Escrow Account and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Escrow Account.

(j) The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation (the "Effective Date"), which shall be a date not less than 60 days after such notice is delivered to an express carrier, charges prepaid, unless an earlier resignation date and the appointment of a successor shall have been approved by the Lessee and Lessor. After the Effective Date, the Escrow Agent shall be under no further obligation except to hold the Escrow Account in accordance with the terms of this Agreement, pending receipt of written instructions from Lessor regarding further disposition of the Escrow Account.

(k) The Escrow Agent shall have no responsibilities, obligations or duties other than those expressly set forth in this Agreement and no implied duties responsibilities or obligations shall be read into this Agreement.

## 2. Acquisition of Equipment.

(a) Acquisition Contracts. Lessee will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Equipment, with moneys available in the Escrow Account. Lessee represents the estimated costs of the Equipment are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor shall have no liability under any of the acquisition or construction contracts. Lessee shall obtain all necessary permits

and approvals, if any, for the acquisition, equipping and installation of the Equipment, and the operation and maintenance thereof. Escrow Agent shall have no duty to monitor or enforce Lessee's compliance with the foregoing covenant.

(b) Authorized Escrow Account Disbursements. It is agreed as between Lessee and Lessor that Disbursements from the Escrow Account shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring the Equipment.

(c) Requisition Procedure. No disbursement from the Escrow Account shall be made unless and until Lessor has approved such requisition. Prior to disbursement from the Escrow Account there shall be filed with the Escrow Agent a requisition for such payment in the form of Disbursement Request attached hereto as Schedule I, stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due and the manner of disbursement (check or wire).

Each such requisition shall be signed by an authorized representative of Lessee (an "Authorized Representative") and by Lessor, and shall be subject to the following conditions, which Escrow Agent shall conclusively presume have been satisfied at such time as a requisition executed by Lessee and Lessor is delivered to it:

1. Delivery to Lessor of an executed Disbursement Request in the form attached hereto as Schedule I; and
2. Delivery to Lessor true and correct copies of invoices (and proofs of payment of such invoices, if Lessee seeks reimbursement) and bills of sale (if title to such Equipment has passed to Lessee) therefor as required by Section 1.3 of the Lease and any additional documentation reasonably requested by Lessor.

Lessee and Lessor agree that their execution of the form attached hereto as Schedule I and delivery of the executed form to Escrow Agent confirms that all of the requirements and conditions with respect to disbursements set forth in this Section 2 have been satisfied.

3. Deposit to Escrow Account. Upon satisfaction of the conditions specified in Section 1.3 of the Lease, Lessor will cause the Purchase Price to be deposited in the Escrow Account. Lessee agrees to pay any costs with respect to the Equipment in excess of amounts available therefor in the Escrow Account.

4. Excessive Escrow Account. Lessor shall provide Escrow Agent written instructions and a representation that one of the following conditions has been satisfied, (upon which representation Escrow Agent shall conclusively rely,) (a) the Termination Date; or (b) the date on which Lessee executes an Acceptance Certificate; or (c) upon a termination of the Escrow Account as otherwise provided herein. Upon receipt of such written instructions, any funds remaining in the Escrow Agreement shall be distributed by the Escrow Agent first, ten percent (10%) of the funds then remaining in the Escrow Account shall be disbursed to the Escrow Agent as its escrow agent fees ("Fees") and second, the remaining balance after deducting the Fees shall be disbursed to the Lessor and Lessor shall apply such funds to amounts owed by Lessee under the Lease.

5. Security Interest. The Escrow Agent and Lessee acknowledge and agree that the Escrow Account and all proceeds thereof are being held by Escrow Agent for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first priority perfected security interest in the Escrow Account, and all proceeds thereof.

6. Control of Escrow Account. In order to perfect Lessor's security interest by means of control in (i) the Escrow Account established hereunder, (ii) all funds now or hereafter credited to the Escrow Account, (iii) all of Lessee's rights in respect of the Escrow Account, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Escrow Agent further agree as follows:

(a) All terms used in this Section 6 which are defined in the Commercial Code of the State of XXXXXXXX ("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) Escrow Agent will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Provided that account investments shall be held in the name of the Escrow Agent, Escrow Agent hereby represents and warrants (a) that the records of Escrow Agent show that Lessee is the sole owner of the Collateral, (b) that Escrow Agent 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 Lessor's claim pursuant to this Agreement, and (c) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Lessor under this Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person requests Escrow Agent 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, Lessee may affect the form of deposit account for the Collateral within the Escrow Account, but will not, without the prior written consent of Lessor, withdraw any Collateral from the Escrow Account. Escrow Agent acknowledges that Lessor reserves the right, by delivery of written notice to Escrow Agent, to prohibit Lessee from effecting any withdrawals (including interest income), transfers or exchanges of any Collateral held in the Escrow Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Lessor to Escrow Agent (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 Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Lessor to Escrow Agent.

(g) Escrow Agent 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 Escrow Agent 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) Escrow Agent and Lessee hereby agree that any property held in the Escrow Account 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 Escrow Agent may be a party.

(i) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth in Section 8 below, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Escrow Account statements or reports issued or sent to Lessee with respect to the Escrow Account.

7. Information Required Under USA PATRIOT ACT. The parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the Escrow Agent such information as it may request, from time to time, in order for the Escrow Agent to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

8. Miscellaneous. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. 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.

Notices and other communications hereunder may be delivered or furnished by electronic mail; provided that any formal notice be attached to an email message in PDF format; and provided further that any notice or other communication sent to an e-mail address shall be deemed received upon and only upon the sender's receipt of affirmative acknowledgement or receipt from the intended recipient. For purposes hereof no acknowledgement of receipt generated on an automated basis shall be deemed sufficient for any purpose hereunder or admissible as evidence of receipt.

If to Lessor: Lease Servicing Center, Inc. dba NCL Government Capital  
220 22nd Ave E., Ste 106  
Alexandria, MN 56308  
Attention: Chris Canavati

If to Lessee: XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX Attention:  
XXXXXX

If to Escrow Agent: CCCCCCCCCCCCCCCCCC  
CCCCCCCCCCCCCCCCCC  
CCCCCCCCCCCCCCCCCC  
Attention: Legal Department

9. This Agreement shall be governed by and construed in accordance with the laws of the State of XXXXXXXX.

10. Any bank or corporation into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or corporation to whom the Escrow Agent may transfer a substantial amount of its escrow business, shall be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding. Any bank or corporation into which the Lessor may be merged or with which it may be consolidated, or any bank or corporation to whom the Lessor may transfer a substantial amount of its business, shall be the successor to the Lessor without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding.

11. This Agreement may be amended, modified, and/or supplemented only by an instrument in writing executed by all parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement as of the date first above written.

**Lease Servicing Center, Inc. dba NCL**  
**Government Capital**  
as Lessor

**XXXXXXXXXXXX**  
as Lessee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: XXXXXXX  
Title: XXXXXXX

**CCCCCCCCCCCCCCCCCC**  
as Escrow Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE I**  
**to the Escrow Agreement**  
**‘Form of’ DISBURSEMENT REQUEST**

Re: Lease Schedule No. 1 dated October 30, 2021 to that certain Master Lease Purchase Agreement dated as of October 30, 2021, each between Lessor and Lessee (hereinafter collectively referred to as the “Lease”) (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease.)

In accordance with the terms of the Escrow Agreement, dated as of October 30, 2021 (the “Escrow Agreement”) by and among Lease Servicing Center, Inc. dba NCL Government Capital, as lessor (and its successors and permitted assigns, “Lessor”), the XXXXXXXXXXX (“Lessee”) and City NationalBank of XXXXXXX, as escrow agent (the “Escrow Agent”), the undersigned hereby requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow Agreement for the following purposes:

| Payee’s Name and Address (if disbursement via wire, must include wire transfer instructions) | Invoice Number | Dollar Amount | Purpose |
|--|----------------|---------------|---------|
|  |                |               |         |
|  |                |               |         |

(i) (a) Each obligation specified in the foregoing table has been incurred by Lessee in the stated amount, (b) the same is a proper charge against the Escrow Account for costs relating to the Equipment identified in the Lease, and (c) has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof).

(ii) Each item of Equipment relating to an obligation specified in the foregoing table has been delivered, installed and accepted by Lessee. Attached hereto is a true and correct copy of the invoice with respect to such obligation.

(iii) The undersigned, as authorized representative of Lessee, 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.

(iv) This requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

(v) The Equipment is insured in accordance with the Lease.

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

(vii) The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

(vii) No material adverse change has occurred since the date of the execution and delivery of the Lease.

Dated: \_\_\_\_\_

XXXXXXXXXXXX

By: \_\_\_\_\_  
Name: XXXXXX  
Title: XXXXXX

Disbursement of funds from the Escrow  
Account in accordance with the foregoing  
Disbursement Request hereby is authorized

LEASE SERVICING CENTER, INC. dba NCL GOVERNMENT CAPITAL  
as Lessor under the Lease

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

XXXXXXXXXXXXXXXXXXXX  
as Assignee under the Lease

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PAY PROCEEDS LETTER**

October 30, 2021

Lease Servicing Center, Inc. dba NCL Government Capital  
220 22nd Ave E., Ste 106  
Alexandria, MN 56308

Ladies and Gentlemen:

The undersigned, an authorized officer of the XXXXXXXXXXXX ("Lessee"), hereby authorizes Lease Servicing Center, Inc. dba NCL Government Capital ("Lessor") to pay the proceeds of the financial accommodations provided to Lessee by Lessor evidenced by that certain Master Lease Purchase Agreement dated as of October 30, 2021 and the related Lease Schedule No. 1 dated October 30,2021, each between Lessor and Lessee, to the following account:

**Destination Information**

Bank Name: \_\_\_\_\_  
Account Name: XXXXXXXXXXXX \_\_\_\_\_  
ABA/Routing # \_\_\_\_\_  
Account # \_\_\_\_\_  
Reference: Lease # \_\_\_\_\_  
Deposit Amount: \$ \_\_\_\_\_

**XXXXXXXXXX**

By: \_\_\_\_\_  
Name: XXXXXX  
Title: XXXXXX

NOTICE AND ACKNOWLEDGMENT OF ASSIGNMENT

Reference is hereby made to that certain Master Lease Purchase Agreement dated as of October 30, 2021 (the "**Lease Agreement**"), between Lease Servicing Center, Inc. dba NCL Government Capital ("**Lessor**") and the XXXXXXXXXXXXorida ("**Lessee**"). Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Lease Agreement.

Lessor hereby gives Lessee notice, and Lessee hereby acknowledges receipt of notice, that Lessor has assigned to XXXXXXXXXX. ("**Assignee**"), whose offices are at XXXXXXXXXXXXXXXXXXXX, all right, title, interest and obligations of Lessor in and to Lease Schedule No. 1 dated as of October 30, 2021 ("**Lease Schedule**"), executed pursuant to the Lease Agreement, and the Lease Agreement together with all schedules, exhibits, addenda, instruments, certificates and other agreements executed in connection therewith, including without limitation the Escrow Agreement, in each case solely to the extent related to such Lease Schedule (together with the Lease Schedule, collectively, the "**Lease Documents**") together with the equipment described in the Lease Documents (the "**Equipment**");

From and after the date of this Notice, all payments now or hereafter becoming due pursuant to the Lease Documents or with respect to the Equipment described in the Lease Documents shall be paid directly to Assignee as Assignee shall direct in Assignee's invoices.

In recognition of Assignee's reliance upon this Notice and Acknowledgment of Assignment, Lessee certifies, confirms and agrees as follows:

1. The Lease Documents have been duly authorized, executed and delivered by Lessee; constitute the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with the terms thereof; are in full force and effect on the date of execution of this notice by such party; are free from all defenses, set-offs, claims, counterclaims or any right to cancellation or termination; and no default or event which, with the passage of time or the giving of notice, or both, would constitute a default under the Lease Documents has occurred. All names, addresses, signatures, amounts and other facts contained in the Lease Documents are correct.

2. There are no modifications, amendments or supplements to, or waiver of Lessee's obligations under, the Lease Documents which relate to the Lease Documents; and any future modification, termination, amendment, supplement or waiver to the Lease Documents which relates to the Lease Documents, or settlement of amounts due thereunder which relates to the Lease Documents, shall be ineffective without Assignee's prior written consent.

3. There has been no prepayment of any sums payable under the Lease Documents. Under Lease Schedule No. 1, there are (X) annual rental payments under the Lease Documents, in arrears, each in the amount of \$XXXXXXX, commencing on XXXXXX with the final payment due XXXXXXXX. No casualty has occurred with respect to the Equipment. The Equipment has been or will be delivered to and accepted by Lessee and to the extent delivered, is in good working order, the condition required under the Lease Agreement, and suitable for Lessee's purposes in all respects. The Equipment will be in the possession of Lessee. The Lease Documents are current in all respects, including, but not limited to, the payment of any applicable sales, use and personal property taxes (if any).

4. Lessee acknowledges and agrees that (i) Assignee shall be the lien holder on the Equipment and Assignor shall have no interest or authority of any nature regarding the Equipment or the Lease Documents, (ii) Lessee will deal exclusively with respect to the Lease Documents with Assignee, and Lessee will deliver all payments and copies of all notices and other communications given or made by Lessee relating to the Lease Documents and the Equipment to Assignee at the address listed above, (iii) so

far as enforcement of the Lease Documents is concerned, notwithstanding the existence of other schedules or supplements thereto, the Lease Documents are separate and severable and Assignee may take enforcement action independently of other lessors, equipment owners or financing parties having an interest in the Lease Agreement and other equipment schedules not included in the Lease Documents, (iv) Lessee will execute such other instruments and take such actions as Assignee reasonably may require to further confirm the vesting of rights under the Lease Documents in Assignee and Assignee's ownership of the Equipment, and (v) Lessee waives any right to revoke its acceptance of the Equipment.

5. Lessee has not received notice of a prior sale, transfer, assignment, hypothecation or pledge of the Lease Documents or any payments due or to become due thereunder.

6. Lessee will keep the Lease Documents and the Equipment free and clear of all liens and encumbrances (other than the interest of Assignee or parties claiming by, through or under Assignee).

7. All representations and duties of Lessor intended to induce Lessee to enter into the Lease Documents, whether required by the Lease Documents or otherwise, have been fulfilled.

8. Lessee has executed one (1) original each of the Lease Documents (which were delivered to Lessor), and currently has no original in its possession.

9. All representations and warranties of the Lessee in the Lease Documents are true and correct.

10. Lessee agrees to promptly send to Assignee such financial statements and other notices as may be required to be sent to Lessor under the terms of the Lease Agreement, as assignee of Assignor's interest under the Lease Documents, directly to Assignee at Assignee's address set forth hereinabove.

11. Pursuant to the terms of the Lease Documents, to the extent permitted by applicable law, Lessee hereby agrees to promptly add Assignee as a loss payee and as an additional insured under each casualty and liability insurance policy maintained by Lessee as may be required under the Lease Documents and to furnish to Assignee evidence of such insurance coverage not later than the date hereof.

12. Lessee and Assignor acknowledge that any fees or costs related to or associated with the Escrow Agreement (if any) are the sole responsibility of the Lessee.

[Signatures on following page.]

**ACCEPTED AND AGREED** to on this 30th day of October, 2021.

Lease Servicing Center, Inc. dba NCL  
Government Capital  
Lessor

XXXXXXXXXX  
Lessee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: XXXXXX  
Title: XXXXXX

XXXXXXXXXX  
Assignee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## TAX CERTIFICATE

This Tax Certificate (this "Certificate") is executed and delivered as of October 30, 2021 (the "Lease Date") by the XXXXXXXXXXXX ("Lessee") in connection with that certain Master LeasePurchase Agreement dated as of October 30, 2021 (the "Agreement") by and between Lessee and Lease Servicing Center, Inc. dba NCL Government Capital ("Lessor") and Lease Schedule No. 1 dated as of October 30, 2021, between Lessee and Lessor (the "Lease Schedule," and together with the Agreement, the "Lease"). The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Lease.

### **Section 1. In General.**

1.1. This Certificate is executed for the purpose of establishing the reasonable expectations of Lessee as to future events regarding the financing of certain equipment (the "Equipment") to be acquired by Lessor and leased to Lessee pursuant to and in accordance with the Lease. As described in the Lease, Lessor shall apply \$XXXXXXXXXXXXX (the "Principal Amount") toward the acquisition of the Equipment and Lessee shall make Rental Payments under the terms and conditions as set forth in the Lease.

1.2. The individual executing this Certificate on behalf of Lessee is an officer of Lessee delegated with the responsibility of reviewing and executing the Lease, pursuant to the resolution or other official action of Lessee adopted with respect to the Lease, a copy of which has been delivered to Lessor.

1.3. The Lease is being entered into for the purpose of providing funds for financing the cost of acquiring, equipping and installing the Equipment which is essential to the governmental functions of Lessee, which Equipment is described in the Lease Schedule. The Principal Amount will be paid to Lessee on the date hereof.

1.4. Lessee will complete and timely file for each payment schedule issued under the Lease a Form 8038-G relating to such Lease with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").

### **Section 2. Non-Arbitrage Certifications.**

2.1. The Rental Payments due under the Lease will be made with monies retained in Lessee's general operating fund (or an account or subaccount therein). No sinking, debt service, reserve or similar fund or account will be created or maintained for the payment of the Rental Payments due under the Lease or pledged as security therefor.

2.2. There have been and will be issued no obligations by or on behalf of Lessee that would be deemed to be (i) issued or sold within fifteen (15) days before or after the Lease Date, (ii) issued or sold pursuant to a common plan of financing with the Lease and (iii) paid out of substantially the same source of funds as, or deemed to have substantially the same claim to be paid out of substantially the same source of funds as, the Lease.

2.3. Other than the Principal Amount, Lessee does not and will not have on hand any funds that are or will be restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, as a substitute, replacement or separate source of financing for the Equipment.

2.4. No portion of the Principal Amount is being used by Lessee to acquire investments which produce a yield materially higher than the yield realized by Lessor from Rental Payments received under the Lease. As used in this certificate, the term "yield" means yield computed by the actuarial method using

a 360-day year and semi-annual compounding, resulting in a discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the issue price, fair market value, present value or purchase price thereof, as applicable, and is determined in all respects in accordance with Section 148 of the Code.

2.5. The Principal Amount does not exceed the amount necessary for the governmental purpose for which the Lease was entered into. Such funds are expected to be needed and fully expended for payment of the costs of acquiring, equipping and installing the Equipment.

2.6. Lessee does not expect to convey, sublease or otherwise dispose of the Equipment, in whole or in part, at a date which is earlier than the final Payment Date under the Lease.

### **Section 3. Disbursement of Funds; Reimbursement to Lessee.**

3.1. It is contemplated that the entire Principal Amount will be used to pay the acquisition cost of Equipment to the vendors or manufacturers thereof, provided that, if applicable, a portion of the Principal Amount may be used by Lessee as reimbursement for acquisition cost payments already made by it so long as the conditions set forth in Section 3.2 below are satisfied.

3.2. Lessee shall not use any portion of the principal amount in order to be reimbursed for Equipment acquisition cost payments already made by it unless each of the following conditions have been satisfied:

(a) Lessee adopted a resolution or otherwise declared its official intent in accordance with Treasury Regulation § 1.150-2 (the "Declaration of Official Intent"), wherein Lessee expressed its intent to be reimbursed from the proceeds of a borrowing for all or a portion of the cost of the Equipment, which expenditure was paid to the Vendor not earlier than sixty (60) days before Lessee adopted the Declaration of Official Intent;

(b) The reimbursement being requested will be made by a written allocation before the later of eighteen (18) months after the expenditure was paid or eighteen (18) months after the items of Equipment to which such payment relates were placed in service;

(c) The entire payment with respect to which reimbursement is being sought is a capital expenditure, being a cost of a type properly chargeable to a capital account under general federal income tax principles; and

(d) Lessee will use any reimbursement payment for general operating expenses and not in a manner which could be construed as an artifice or device under Treasury Regulation § 1.148-10 to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

### **Section 4. Use and Investment of Funds; Temporary Period.**

4.1. Lessee has incurred or will incur, within six (6) months from the Lease Date, binding obligations to pay an amount equal to at least five percent (5%) of the Principal Amount toward the costs of the Equipment. An obligation is not binding if it is subject to contingencies within Lessee's control. The ordering and acceptance of the items of Equipment will proceed with due diligence to the date of final acceptance of the Equipment.

4.2. An amount equal to at least eighty-five percent (85%) of the Principal Amount will be expended to pay the cost of the Equipment by the end of the three-year period commencing on the Lease

Date. No portion of the Principal Amount will be used to acquire investments that do not carry out the governmental purpose of the Lease and that have a substantially guaranteed yield in excess of the yield on the Lease.

4.3. (a) Lessee covenants and agrees that it will rebate an amount equal to excess earnings on the Principal Amount to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Lessee reasonably expects to cause the Equipment to be acquired by no later than 18 months from the Lease Date.

(b) Lessee will provide evidence to Lessor that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code unless: (i) the entire Principal Amount is expended on the Equipment by the date that is the six-month anniversary of the Lease Date or (ii) the Principal Amount is expended on the Equipment in accordance with the following schedule: At least fifteen percent (15%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within six months from the Lease Date; at least sixty percent (60%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within 12 months from the Lease Date; and one hundred percent (100%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment by no later than 18 months from the actual Lease Date.

**Section 5. No Private Use; No Consumer Loan.**

5.1. Lessee will not exceed the private use restrictions set forth in Section 141 of the Code. Specifically, Lessee will not permit more than 10% of the Principal Amount to be used for a Private Business Use (as defined herein) if, in addition, the payment of more than ten percent (10%) of the Principal Amount plus interest earned thereon is, directly or indirectly, secured by (i) any interest in property used or to be used for a Private Business Use or (ii) any interest payments in respect of such property or derived from any payment in respect of property or borrowed money used or to be used for a Private Business Use.

In addition, if both (A) more than five percent (5%) of the Principal Amount is used as described above with respect to Private Business Use and (B) more than five percent (5%) of the Principal Amount plus interest earned thereon is secured by Private Business Use property or payments as described above, then the excess over such five percent (5%) (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of the Equipment. Any such Excess Private Use Portion of the Principal Amount will not exceed the portion of the Principal Amount used for the governmental use of the particular project to which such Excess Private Use Portion is related. For purposes of this paragraph 5.1, "Private Business Use" means use of bond proceeds or bond financed-property directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and excluding use as a member of the general public.

5.2. No part of the Principal Amount or interest earned thereon will be used, directly or indirectly, to make or finance any loans to non-governmental entities or to any governmental agencies other than Lessee.

**Section 6. No Federal Guarantee.**

6.1. Payment of the principal or interest due under the Lease is not directly or indirectly guaranteed, in whole or in part, by the United States or an agency or instrumentality thereof.

6.2. No portion of the Principal Amount or interest earned thereon shall be (i) used in making loans the payment of principal or interest of which are to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts if such investment would cause the financing under the Lease to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

**Section 7. Post-Issuance Compliance.**

7.1 In the event an action takes place (or is anticipated to take place) that will cause the Equipment not to be used for qualified uses under Section 141 of the Code, Lessee will consult with bond counsel as soon as practicable about taking remedial action as described in Treasury Regulation Section 1.141-12. Lessee will take all actions necessary to ensure that the “nonqualified bonds” (as defined in Treasury Regulation Section 1.141-12) are properly remediated in accordance with the requirements of the Treasury Regulations. Lessee is familiar with the Internal Revenue Service’s Voluntary Compliance Agreement Program pursuant to which issuers of tax-exempt debt may voluntarily resolve violations of the Code and applicable Treasury Regulations on behalf of the holders of such debt or themselves through closing agreements with the Internal Revenue Service.

7.2. Lessee will actively monitor the requirements of the Code and the Treasury Regulations (a) set forth in this certificate and confirm that such requirements are met no less than once per year; (b) related to the allocation and accounting of proceeds to capital projects and will maintain a list that specifies the allocation of proceeds of the Lease to the costs of the Equipment; and (c) related to arbitrage limitations, including yield restriction, rebate requirements and the investment of gross proceeds of the Lease. The office within Lessee that is currently responsible for such monitoring is the finance department.

**Section 8. Miscellaneous.**

8.1. Lessee shall keep a complete and accurate record of all owners or assignees of the Lease in form and substance satisfactory to comply with the registration requirements of Section 149(a) of the Code unless Lessor or its assignee agrees to act as Lessee’s agent for such purpose.

8.2. Lessee shall maintain complete and accurate records establishing the expenditure of the Principal Amount and interest earnings thereon for a period of five (5) years after payment in full under the Lease.

8.3. To the best of the undersigned’s knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.

[Signature Page Follows]

**IN WITNESS WHEREOF**, this Tax Certificate has been executed on behalf of Lessee as of the  
Lease Date.

**XXXXXXXXXX**  
Lessee

By: \_\_\_\_\_  
Print Name: XXXXXX  
Title: XXXXXX

**INCUMBENCY CERTIFICATE**

The undersigned, the duly appointed and acting \_\_\_\_\_ for the  
XXXXXXXXXX, a political subdivision of the State of XXXXXXXX ("Lessee") certifies as follows:

1. The individuals identified below are the duly elected or appointed officers of Lessee holding the offices set forth opposite their respective names.

2. The individuals identified below have the authority on behalf of Lessee to enter into that certain Master Lease Purchase Agreement dated as of October 30, 2021 between such entity and Lease Servicing Center, Inc. dba NCL Government Capital, its successors and assigns, as Lessor.

| <u>Name</u> | <u>Title</u> | <u>Signature</u> |
|-------------|--------------|------------------|
| XXXXXXXX    | XXXXXXXX     | _____            |
| _____       | _____        | _____            |
| _____       | _____        | _____            |

**IN WITNESS WHEREOF**, I have duly executed this certificate as of this 30th day of October, 2021.

By: \_\_\_\_\_  
Print Name:  
Title:

**ATTACHMENT C  
Light Vehicle Replacement Guidelines\***

| <b>Factor</b>                | <b>Evaluation Points</b>  |               |                               |
|------------------------------|---|---------------|-------------------------------|
| Age                          | One point for each year of chronological age, based on in-service date.   |               |                               |
| Miles                        | One point for each 10,000 miles of use.   |               |                               |
| Type of Service              | 1, 3 or 5 points are assigned based on the type of service a vehicle receives. Example, a patrol car would be assigned 5 points because it is in severe duty service. By contrast, an administrative/shared pool vehicle would receive a 1.   |               |                               |
| Reliability                  | 1, 3 or 5 points are assigned depending on the frequency the vehicle is in the shop for repair. Assign a 5 to a vehicle that is in the shop on average two or more times a month. Assign a 1 if the vehicle is in the shop an average of once every three months or less.   |               |                               |
| Maintenance and Repair Costs | 1, 3 or 5 points are assigned based on total life M&R Costs (excluding repair of accident damage or damaged in operation). A 5 is assigned to a vehicle a life M&R cost equal or greater than the vehicle's original purchase price. A 1 is assigned to a vehicle with a life M&R costs 20% or less than the vehicle's original purchase price. |               |                               |
| Condition                    | This category takes into consideration body condition, accident history, anticipated repairs etc. A scale of 1-5 is used with 5 being poor condition.   |               |                               |
| Point Ranges                 | Under 18 Points   | Condition I   | Excellent                     |
|                              | 18 - 22 Points  | Condition II  | Good                          |
|                              | 23 - 27 Points  | Condition III | Qualifies for Replacement     |
|                              | 28 - 40 Points  | Condition IV  | Consider Replacement          |
|                              | 41 - 60 Points  | Condition V   | Needs Immediate Consideration |
|                              | 61 - points or more   | Condition VI  | Must be Replaced              |

*\*Guidelines established by American Public Works Association (APWA).*

### Medium/Heavy Vehicle Replacement Guidelines

| Medium/Heavy Equipment       | Evaluation Points  |               |                               |
|------------------------------|--|---------------|-------------------------------|
| Age                          | One point for each year of chronological age, based on in-service date.  |               |                               |
| Miles/Hours                  | One point for each 10,000 miles of use or 1,000 hours.   |               |                               |
| Type of Service              | 1, 2, 3, 4 or 5 points are assigned based on the type of service equipment receives. Dump truck = 5, Grader = 1, Backhoe = 3, Excavator = 3, Mower = 4, Loader = 3, Trailers = 2, Paver = 4, Rollers = 3, Utility Truck = 2, Pickup = 2, Paver = 3   |               |                               |
| Reliability                  | 1, 2, 3, 4 or 5 points are assigned depending on the frequency the vehicle is in the shop for repair. Dump truck = 5, Grader = 1, Backhoe = 3, Excavator = 3, Mower = 4, Loader = 3, Trailers = 2, Paver = 4, Rollers = 3  |               |                               |
| Maintenance and Repair Costs | 1, 2, 3, 4 or 5 points are assigned based on total life M&R Costs (excluding repair of accident damage or damaged in operation). A 5 is assigned to a vehicle a life M&R cost equal or greater than the vehicle's original purchase price. A 1 is assigned to a vehicle with a life M&R costs 20% or less than the vehicle's original purchase price. 2 = 40%, 3 = 60%, 4 = 80%, 5 = >100%<br>See attachment C |               |                               |
| Condition                    | This category takes into consideration body condition, accident history, anticipated repairs etc. A scale of 1-5 is used with 5 being poor condition.  |               |                               |
| Point Ranges                 | Under 18 Points  | Condition I   | Excellent                     |
|                              | 18 - 22 Points   | Condition II  | Good                          |
|                              | 23 - 27 Points   | Condition III | Qualifies for Replacement     |
|                              | 28 - 40 Points   | Condition IV  | Consider Replacement          |
|                              | 41 - 60 Points   | Condition V   | Needs Immediate Consideration |
|                              | 61 - points or more  | Condition VI  | Must be Replaced              |

| REPLACE | EQ #  | ROADS/PARKS  | FUEL | YEAR | MAKE      | MODEL                 | PURCH.DT.  | Mileage | Hours | New Cost | Auction  | Maintenance Cost | Original Purchase Cost | Life Expentancy Years | FY202 Usag |
|---------|-------|--------------|------|------|-----------|-----------------------|------------|---------|-------|----------|----------|------------------|------------------------|-----------------------|------------|
|         | 236-R | Rainier      | UNL  | 2003 | Chevrolet | ¾ Ton 4X4 PU          | 2/11/2003  | 278390  | 0     | \$54,307 | \$2,775  | \$66,753         | \$21,463               | 9                     | 6          |
| S       | 261-R | Rainier Eric | UNL  | 1997 | Chevrolet | ¾ Ton PU              | 5/27/1997  | 186248  | 0     | \$54,307 | \$2,150  | \$27,324         | \$17,476               | 9                     | 3          |
| S       | 265-R | Scott        | UNL  | 2001 | Ford      | ½ Ton PU              | 12/29/2000 | 184350  | 0     | \$54,307 | \$2,625  | \$30,302         | \$20,100               | 9                     | 4          |
| R       | 270-R | Vernonia     | UNL  | 2008 | Dodge     | ¾ Ton 4X4 PU          | 2/25/2008  | 234653  | 0     | \$54,307 | \$8,550  | \$125,381        | \$19,693               | 9                     | 4          |
|         | 272-R | Mechanics    | UNL  | 2002 | Ford      | ¾ Ton PU              | 2/28/2002  | 171444  | 0     | \$54,307 | \$1,425  | \$22,600         | \$19,439               | 9                     | 3          |
|         | 259-R | St. Helens   | UNL  | 2002 | Chevrolet | ¾ Ton PU              | 3/15/2002  | 151553  | 0     | \$54,307 | \$2,125  | \$44,423         | \$15,326               | 9                     | 5          |
| R       | 269-R | Clatskanie   | UNL  | 2008 | Dodge     | ¾ Ton 4X4 PU          | 2/25/2008  | 156754  | 0     | \$54,307 | \$8,425  | \$92,403         | \$19,693               | 9                     | 4          |
| R       | 267-R | Eric         | UNL  | 2008 | Dodge     | ¾ Ton 4X4 PU          | 2/25/2008  | 107900  | 0     | \$54,307 | \$10,125 | \$27,635         | \$19,693               | 9                     | 14         |
| S       | 274-R | PW Office    | UNL  | 2006 | Ford      | Expedition 4X4        | 6/10/2005  | 123350  | 0     | \$34,984 | \$2,825  | \$17,081         | \$26,867               | 8                     | 1          |
|         | 237-R | Terry        | DSL  | 2011 | Ford      | ¾ Ton 4X4 Supercab PU | 9/23/2010  | 124883  | 0     | \$54,307 | \$19,000 | \$75,951         | \$30,225               | 9                     | 7          |
|         | 268-R | St. Helens   | UNL  | 2008 | Dodge     | ¾ Ton 4X4 PU          | 4/1/2008   | 67570   | 0     | \$54,307 | \$11,150 | \$26,907         | \$19,693               | 9                     | 3          |
|         | 230-R | Mike Russell | UNL  | 2018 | Chevrolet | Tahoe                 | 6/17/2018  | 33540   | 0     | \$47,600 | \$44,025 | \$16,645         | \$35,137               | 8                     | 3          |

Under 18 Points  
 18-22 Points  
 23-27 Points  
 28-40 Points  
 41- 60 Points  
 61- or more

Condition I Excellent  
 Condition II Good  
 Condition III Qualifies for Replacement  
 Condition IV Consider Replacement  
 Condition V Needs Immediate Consideration  
 Condition VI Must be Replaced

| REPLACE  | EQ #   | ROADS/PARKS   | FUEL | YEAR | MAKE          | MODEL                                 | PURCH.DT.  | Mileage | Hours | New Cost  | Auction  | Maintenance Cost | Original Purchase Cost | Life Expentancy Years |
|----------|--------|---------------|------|------|---------------|---------------------------------------|------------|---------|-------|-----------|----------|------------------|------------------------|-----------------------|
|          | 372-R  | St. Helens    | DSL  | 1991 | Isuzu         | Flatbed / Tack Truck                  | 6/18/2007  | 179759  | 0     | \$64,988  | \$13,500 | \$22,600         | \$6,500                | 9                     |
| <b>S</b> | 348-R  | Vernonia      | DSL  | 1986 | Ford          | 5 yd. Truck / Sander / Plow           | 8/20/2008  | 98595   | 0     | \$64,988  | \$8,500  | \$70,390         | \$8,150                | 9                     |
|          | 371-R  | St. Helens    | DSL  | 1992 | Isuzu         | Herbicide / Water Truck               | 11/18/1992 | 106505  | 0     | \$64,988  | \$13,500 | \$138,183        | \$48,075               | 9                     |
|          | 662-R  | St. Helens    | DSL  | 1994 | Volvo         | FE Chassis Cab w/MB Co. Stripper Body | 7/12/2018  | 0       | 8752  | \$200,000 | \$25,500 | \$61,744         | \$24,309               | 15                    |
| <b>S</b> | 382-R  | Rainier       | UNL  | 2001 | Ford          | F450 Patch Truck                      | 4/27/2001  | 126059  | 0     | \$64,988  | \$12,750 | \$39,532         | \$30,396               | 15                    |
|          | 383-R  | St. Helens    | DSL  | 1994 | International | 4700 Wood Chip Dump                   | 4/10/2009  | 120289  | 0     | \$200,000 | \$15,000 | \$13,339         | \$14,483               | 15                    |
|          | 349-R  | St. Helens    | DSL  | 1999 | Sterling      | 5 yd. Truck / Sander / Plow           | 7/1/2020   | 89883   | 0     | \$200,000 | \$18,500 | \$19,114         | \$10,000               | 15                    |
|          | 386-R  | St. Helens    | DSL  | 1995 | Chevrolet     | 1 Ton 4X4 Utility Truck               | 11/28/2008 | 35685   | 0     | \$54,308  | \$15,000 | \$45,125         | \$7,500                | 15                    |
|          | 602-R  | Rainier       | DSL  | 1998 | GMC           | 7H4 w/ Rosco Distributor              | 6/20/2014  | 30143   | 0     | \$220,576 | \$20,000 | \$49,609         | \$24,750               | 15                    |
|          | 257-R  | Mechanics     | DSL  | 2001 | Ford          | F-550 4X4 Utility truck               | 5/23/2001  | 68956   | 0     |           | \$22,500 | \$42,405         | \$70,079               | 15                    |
|          | 663-R  | St. Helens    | UNL  | 1993 | GMC           | C7H Bucket Truck                      | 1/7/2003   | 0       | 0     |           | \$24,900 | \$40,466         | \$29,112               | 15                    |
|          | 280-R  | Clatskanie    | UNL  | 2002 | Ford          | F-550 4X4 Pickup Truck w/compressor   | 1/14/2015  | 98716   | 0     |           | \$21,500 | \$12,863         | \$8,187                | 15                    |
|          | 362-R  | St. Helens    | DSL  | 2011 | Ford          | F450 4X4 Patch Truck                  | 12/27/2010 | 76085   | 0     |           | \$35,000 | \$89,797         | \$46,705               | 15                    |
|          | 364-R  | Clatskanie    | DSL  | 2011 | Ford          | F450 4X4 Patch Truck w/compressor     | 12/27/2010 | 48159   | 0     |           | \$37,500 | \$117,707        | \$46,705               | 15                    |
|          | 357-R  | St. Helens    | UNL  | 2009 | Ford          | 1 Ton 4X4 PU Emerg. Response          | 4/23/2009  | 45261   | 0     |           | \$25,000 | \$43,132         | \$24,447               | 15                    |
|          | 245-R  | Kelley        | UNL  | 2016 | GMC           | Sierra 1-ton 4x4 PU                   | 2/17/2016  | 106428  | 0     |           | \$31,500 | \$57,459         | \$32,437               | 15                    |
|          | 361-R  | Clatskanie    | UNL  | 2008 | Ford          | 1 Ton 4X4 PU Emerg. Response          | 8/7/2008   | 32069   | 0     |           | \$25,000 | \$36,071         | unknown                | 15                    |
|          | 363-PW | St. Helens    |      | 2001 | Ford          | F-350 Pickup Truck                    |            | 10593   | 0     |           | \$7,500  | \$117            | \$14,934               | 15                    |
|          | 263-R  | Ryan          | DSL  | 2017 | GMC           | Sierra 1-ton 4x4 PU                   | 1/24/2017  | 34596   | 0     |           | \$48,125 | \$53,678         | \$40,327               | 15                    |
|          | 374-R  | St. Helens    | DSL  | UNKN | Finn          | T-120 Hydroseeder                     | 12/13/2007 | 0       | 428   |           | \$15,000 | \$14,898         | \$3,500                | 15                    |
|          | 360-R  | Vernonia      | DSL  | 2016 | Ford          | F550 4x4 Patch Truck                  | 11/24/2015 | 39158   | 0     |           | \$53,500 | \$48,995         | \$56,256               | 15                    |
|          | 256-R  | Sign Dept.    | DSL  | 2019 | Ford          | F-450 Pickup Truck                    | 8/15/2019  | 12040   | 0     |           | \$52,150 | \$63,030         | \$46,778               | 15                    |
|          | 281-R  | Jeff Goodman  | DSL  | 2019 | Ford          | F-350 Pickup Truck                    | 5/6/2019   | 18269   | 0     |           | \$58,500 | \$31,331         | \$42,951               | 15                    |
| <b>M</b> | 365-R  | Rainier       | DSL  | 2019 | Ford          | F-550 4X4 Patch Truck                 | 2/22/2019  | 11890   | 0     |           | \$70,000 | \$48,922         | \$44,518               | 15                    |
|          | 283-R  | Jeremy        | DSL  | 2020 | Ford          | F-350 Pickup Truck                    | 1/30/2020  | 17231   | 0     |           | \$62,675 | \$19,910         | \$45,690               | 15                    |
|          | 282-R  | Dump Stoppers | UNL  | 2019 | Ford          | F-450 Pickup Truck                    | 10/18/2019 | 700     | 0     |           | \$58,000 | \$15,940         | \$56,710               | 15                    |

Under 18 Points

18-22 Points

23-27 Points

28-40 Points

41- 60 Points

61- or more

Condition I Excellent

Condition II Good

Condition III Qualifies for Replacement

Condition IV Consider Replacement

Condition V Needs Immediate Consideration

Condition VI Must be Replaced

| REPLACE | EQ #  | ROADS/PARKS    | FUEL | YEAR | MAKE              | MODEL                       | PURCH.DT.  | Mileage | Hours | New Cost  | Auction  | Maintenance Cost | Original Purchase Cost | Life Expentancy Years | FY |
|---------|-------|----------------|------|------|-------------------|-----------------------------|------------|---------|-------|-----------|----------|------------------|------------------------|-----------------------|----|
| S       | 343-R | Rainier        | DSL  | 1974 | White             | Sander                      | 12/3/1973  | 325831  | 0     | \$248,941 | \$7,500  | \$37,528         | unknown                | 15                    |    |
|         | 367-R | Rainier        | DSL  | 1991 | Peterbilt         | 10 yd. Dump                 | 12/18/1990 | 419511  | 0     | \$248,941 | \$15,000 | \$138,951        | \$73,417               | 15                    |    |
| R       | 345-R | Rainier        | DSL  | 1987 | International     | 10 yd. Dump / Sander / Plow | 12/9/2010  | 373812  | 0     | \$248,941 | \$4,000  | \$69,315         | \$7,500                | 15                    |    |
|         | 368-R | Vernonia       | DSL  | 1991 | Peterbilt         | 10 yd. Dump                 | 12/18/1990 | 310302  | 0     | \$248,941 | \$15,000 | \$152,368        | \$60,000               | 15                    |    |
|         | 366-R | Clatskanie     | DSL  | 1991 | Peterbilt         | 10 yd. Dump                 | 12/18/1990 | 230823  | 0     | \$248,941 | \$15,000 | \$161,103        | \$73,417               | 15                    |    |
| S       | 346-R | Out of Service | DSL  | 1997 | International     | Belly Dump Tractor          | 10/10/2013 | 304915  | 0     | \$80,000  | \$1,000  | \$105,649        | \$8,500                | 15                    |    |
| R       | 353-R | St. Helens     | DSL  | 1994 | White GMC Autocar | 10 yd Dump Truck            | 4/10/2015  | 242714  | 0     | \$248,941 | \$12,000 | \$113,627        | \$15,000               | 15                    |    |
| R       | 352-R | St. Helens     | DSL  | 1995 | White GMC Autocar | 10 yd. Dump / Sander / Plow | 2/3/1995   | 232503  | 0     | \$248,941 | \$12,000 | \$128,662        | \$81,692               | 15                    |    |
| S       | 344-R | Out of Service | DSL  | 1974 | White             | 10 yd. Dump                 | 12/3/1973  | 0       | 0     | \$248,941 | \$500    | \$10,702         | unknown                | 15                    |    |
| R       | 351-R | St. Helens     | DSL  | 1995 | White GMC Autocar | 10 yd. Dump / Sander / Plow | 2/3/1995   | 190953  | 0     | \$248,941 | \$14,000 | \$161,946        | \$81,692               | 15                    |    |
|         | 379-R | St. Helens     | DSL  | 2004 | Kenworth          | 12 yd. Dump                 | 3/18/2004  | 261624  | 0     | \$248,941 | \$30,000 | \$126,920        | \$105,360              | 15                    |    |
|         | 377-R | Rainier        | DSL  | 2004 | Kenworth          | 12 yd. Dump                 | 3/18/2004  | 248403  | 0     | \$248,941 | \$30,000 | \$166,809        | \$105,360              | 15                    |    |
|         | 342-R | Clatskanie     | DSL  | 1997 | International     | 10 yd. Dump / Sander        | 3/5/2015   | 95703   | 0     | \$248,941 | \$8,000  | \$90,306         | \$7,000                | 15                    |    |

Under 18 Points  
 18-22 Points  
 23-27 Points  
 28-40 Points  
 41- 60 Points  
 61- or more

Condition I Excellent  
 Condition II Good  
 Condition III Qualifies for Replacement  
 Condition IV Consider Replacement  
 Condition V Needs Immediate Consideration  
 Condition VI Must be Replaced

Backhoes

| REPLACE | EQ #  | ROADS/PARKS | FUEL | YEAR | MAKE       | MODEL            | PURCH.DT.  | Mileage | Hours | New Cost  | Auction  | Maintenance Cost | Original Purchase Cost | Life Expectancy Years | FY20 Fuel Usage |
|---------|-------|-------------|------|------|------------|------------------|------------|---------|-------|-----------|----------|------------------|------------------------|-----------------------|-----------------|
| R       | 513-R | Vernonia    | DSL  | 1998 | John Deere | 310SE Backhoe    | Unknown    | 0       | 6184  | \$135,628 | \$15,000 | \$104,924        | unknown                | 15                    | 28              |
| R       | 514-R | St. Helens  | DSL  | 1999 | John Deere | 310SE Backhoe    | 12/31/1999 | 0       | 698   | \$135,628 | \$15,000 | \$70,684         | \$75,025               | 15                    | 75              |
|         | 516-R | Clatskanie  | DSL  | 2004 | John Deere | 310SG Backhoe    | 5/30/2007  | 0       | 4017  | \$135,628 | \$22,000 | \$92,379         | \$33,500               | 15                    | 40              |
|         | 518-R | Rainier     | DSL  | 2019 | John Deere | 310SL HL Backhoe | 3/20/2019  | 0       | 482   | \$135,628 | \$90,000 | \$16,759         | \$126,200              | 15                    | 46              |

Under 18 Points    Condition I    Excellent  
 18-22 Points      Condition II    Good  
 23-27 Points      Condition III    Qualifies for Replacement  
 28-40 Points      Condition IV    Consider Replacement  
 41- 60 Points     Condition V    Needs Immediate Consideration  
 61- or more        Condition VI    Must be Replaced

Graders

| REPLACE | EQ #  | ROADS/P ARKS | FUEL | YEAR | MAKE        | MODEL        | PURCH.DT.  | Mileage | Hours | New Cost  | Auction  | Maintenance Cost | Original Purchase Cost | Life Expentan cy Years | FY2021 Fuel Usage, gal |
|---------|-------|--------------|------|------|-------------|--------------|------------|---------|-------|-----------|----------|------------------|------------------------|------------------------|------------------------|
| R       | 422-R | Vernonia     | DSL  | 1978 | Caterpillar | 120G Grader  | 12/14/1978 | 274008  | 0     | \$343,869 | \$20,000 | \$123,313        | \$40,891               | 15                     | 334                    |
| R       | 426-R | St. Helens   | DSL  | 1982 | Caterpillar | 120-G Grader | 12/27/1990 | 63260   | 0     | \$343,869 | \$20,000 | \$172,927        | \$52,000               | 15                     | 852                    |
|         | 423-R | Rainier      | DSL  | 1979 | Caterpillar | 120G Grader  | 5/23/1984  | 0       | 2073  | \$343,869 | \$20,000 | \$648,623        | \$78,500               | 15                     | 456                    |
| S       | 424-R | Rainier      | DSL  | 1985 | John Deere  | 672A Grader  | 7/15/1985  | 0       | 648   | \$343,869 | \$12,750 | \$55,988         | \$88,562               | 15                     | 76                     |
|         | 427-R | Clatskanie   | DSL  | 1991 | John Deere  | 670B Grader  | 10/23/2009 | 1188    | 0     | \$343,869 | \$18,000 | \$108,179        | \$15,000               | 15                     | 527                    |

Under 18 Points    Condition I    Excellent  
 18-22 Points    Condition II    Good  
 23-27 Points    Condition III    Qualifies for Replacement  
 28-40 Points    Condition IV    Consider Replacement  
 41- 60 Points    Condition V    Needs Immediate Consideration  
 61- or more    Condition VI    Must be Replaced

Excavators

| REPLACE | EQ #  | ROADS/P ARKS | FUEL | YEAR | MAKE       | MODEL                       | PURCH.DT. | Mileage | Hours | New Cost  | Auction   | Maintenance Cost | Original Purchase Cost | Life Expentancy Years |
|---------|-------|--------------|------|------|------------|-----------------------------|-----------|---------|-------|-----------|-----------|------------------|------------------------|-----------------------|
| R       | 425-R | St. Helens   | DSL  | 1990 | Gradall    | G660E Rubber Tire Excavator | 3/28/1990 | 20423   | 0     | \$294,695 | \$5,500   | \$132,152        | \$171,850              | 15                    |
|         | 517-R | Rainier      | DSL  | 2007 | John Deere | 160C-LC Excavator           | 8/27/2008 | 0       | 5475  |           | \$35,000  | \$185,541        | \$144,896              | 15                    |
|         | 428-R | St. Helens   | DSL  | 2015 | Gradall    | XL 41000 IV Excavator       | 5/4/2018  | 0       | 3002  |           | \$120,000 | \$19,096         | \$300,000              | 15                    |

- Under 18 Points      Condition I   Excellent
- 18-22 Points        Condition II   Good
- 23-27 Points        Condition III   Qualifies for Replacement
- 28-40 Points        Condition IV   Consider Replacement
- 41- 60 Points       Condition V    Needs Immediate Consideration
- 61- or more         Condition VI   Must be Replaced

Misc Trailers

| REPLACE | EQ #  | ROADS/P ARKS   | FUEL       | YEAR | MAKE       | MODEL                             | PURCH.DT.  | Mileage | Hours | New Cost | Auction  | Maintenance Cost | Original Purchase Cost | Life Expentacy Year |
|---------|-------|----------------|------------|------|------------|-----------------------------------|------------|---------|-------|----------|----------|------------------|------------------------|---------------------|
| R       | 358-R | St. Helens     | N/A        | 1979 | Fruehauf   | Belly Dump                        | 4/4/1979   | 0       | 0     | \$47,000 | 7440     | \$6,859          | 2.48                   | 15                  |
|         | 384-R | St. Helens     | N/A        | 1987 | Wisconsin  | Tilt Trailer                      | 3/28/2008  | 0       | 0     |          | \$5,500  | \$4,391          | \$1,058                | 15                  |
|         | 390-R | Rainier        | N/A        | 1988 | Asmbl      | Tilt Deck Equipment Trailer       | 4/24/2014  | 0       | 0     |          | \$2,500  | \$1,272          | \$2,500                | 15                  |
| S       | 682-R | Out of Service | N/A        | 1991 | MSI        | Flatbed Trailer                   | 5/4/2004   | 0       | 0     |          | \$500    | \$16,637         | \$2,709                | 15                  |
|         | 380-R | Vernonia       | N/A        | 1997 | Gem State  | Trailmax TD42T Tilt Bed Trailer   | 2/10/1997  | 0       | 0     |          | \$7,500  | \$9,432          | \$4,608                | 15                  |
| R       | 389-R | Clatskanie     | N/A        | 1997 | Trail King | Flatbed Trailer                   | 1/31/2014  | 0       | 0     | \$35,000 | \$3,000  | \$6,440          | \$3,500                | 15                  |
|         | 381-R | Rainier        | N/A        | 2006 | Trail-Eze  | Tilt Bed Trailer                  | 10/27/2005 | 0       | 0     |          | \$20,000 | \$27,874         | \$14,921               | 15                  |
|         | 391-R | St. Helens     | N/A        | 2007 | Trail King | 48 ft 5th Wheel Trailer           | 3/28/2017  | 0       | 0     |          | \$20,000 | \$3,166          | \$31,500               | 15                  |
|         | 385-R | R-2008-38      | Clatskanie | 2008 | McElrath   | 599 Flatbed Trailer w/Vac Unit    | 8/5/2008   | 0       | 0     |          | \$3,000  | \$5,192          |                        | 15                  |
|         | 388-R | St. Helens     | N/A        | 2012 | Charmac    | Legend Car 8x20' Enclosed Trailer | 3/29/2012  | 0       | 0     |          | \$5,000  | \$3,048          | \$698                  | 15                  |

Under 18 Points

18-22 Points

23-27 Points

28-40 Points

41- 60 Points

61- or more

Condition I Excellent

Condition II Good

Condition III Qualifies for Replacement

Condition IV Consider Replacement

Condition V Needs Immediate Consideration

Condition VI Must be Replaced

Mower-Loader

| REPLACE | EQ #  | ROADS/PARKS | FUEL | YEAR | MAKE            | MODEL                     | PURCH.DT. | Mileage | Hours | New Cost  | Auction   | Maintenance Cost | Original Purchase Cost | Life Expectancy Years |
|---------|-------|-------------|------|------|-----------------|---------------------------|-----------|---------|-------|-----------|-----------|------------------|------------------------|-----------------------|
| S       | 508-R | Rainier     | DSL  | 1969 | John Deere      | Front End Loader          | 12/1/1969 | 0       | 1071  | \$316,568 | \$4,500   | \$76,892         | unknown                | 15                    |
|         | 605-R | Rainier     | DSL  | 2000 | Caterpillar     | IT14 Loader/Mower/Sweeper | 3/15/2002 | 0       | 8690  | \$316,568 | \$10,000  | \$273,985        | \$136,615              | 15                    |
|         | 509-R | St. Helens  | DSL  | 1992 | John Deere      | 624E Front End Loader     | 9/23/1997 | 0       | 4308  | \$316,568 | \$18,000  | \$45,188         | \$4,250                | 15                    |
| S       | 607-R | Clatskanie  | DSL  | 1998 | Massey Ferguson | 6150-2 Mower              | 9/3/1998  | 0       | 4219  | \$316,568 | \$10,000  | \$167,023        | \$75,178               | 15                    |
|         | 608-R | St. Helens  | DSL  | 2003 | Caterpillar     | IT-14G Mower              | 2/8/2006  | 0       | 8521  | \$316,568 | \$20,000  | \$261,642        | \$67,500               | 15                    |
|         | 512-R | Clatskanie  | DSL  | 1994 | Caterpillar     | Front End Loader          | 8/18/2017 | 0       | 325   | \$316,568 | \$10,000  | \$10,029         | \$18,000               | 15                    |
|         | 510-R | Vernonia    | DSL  | 1998 | Caterpillar     | IT14 Loader               | 9/25/2017 | 0       | 4271  | \$316,568 | \$10,000  | \$8,093          | \$17,000               | 15                    |
|         | 609-R | St. Helens  | DSL  | 2003 | Caterpillar     | IT-14G Mower / Loader     | 2/8/2006  | 0       | 4579  | \$316,568 | \$20,000  | \$232,702        | \$67,500               | 15                    |
|         | 621-R | Vernonia    | DSL  | 2019 | Caterpillar     | 926M Cat Loader           | 10/3/2019 | 0       | 1061  | \$316,568 | \$225,000 | \$52,115         | \$261,439              | 15                    |

Under 18 Points  
 18-22 Points  
 23-27 Points  
 28-40 Points  
 41- 60 Points  
 61- or more

Condition I Excellent  
 Condition II Good  
 Condition III Qualifies for Replacement  
 Condition IV Consider Replacement  
 Condition V Needs Immediate Consideration  
 Condition VI Must be Replaced

Paver

| REPLACE | EQ #  | ROADS/P<br>ARKS | FUEL    | YEAR | MAKE    | MODEL           | PURCH.DT. | Mileage | Hours | New Cost  | Auction  | Maintenance<br>Cost | Original<br>Purchase<br>Cost | E |
|---------|-------|-----------------|---------|------|---------|-----------------|-----------|---------|-------|-----------|----------|---------------------|------------------------------|---|
| S       | 603-R | Rainier         | Propane | 1979 | Layton  | D-500 Paver     | 4/15/1993 |         | 0     |           | \$1,700  | \$16,362            | \$6,700                      |   |
|         | 604-R | Roads           | DSL     | 2020 | Carlson | CP-100 II Paver | 9/1/2020  |         | 400   | \$230,792 | \$12,000 | \$21,939            | \$230,792                    |   |

Under 18 Points    Condition I    Excellent  
 18-22 Points    Condition II    Good  
 23-27 Points    Condition III    Qualifies for Replacement  
 28-40 Points    Condition IV    Consider Replacement  
 41- 60 Points    Condition V    Needs Immediate Consideration  
 61- or more    Condition VI    Must be Replaced

Pup Trailers

| REPLACE | EQ #  | ROADS/PARKS | FUEL | YEAR | MAKE          | MODEL                    | PURCH.DT. | Mileage | Hours | New Cost | Auction  | Maintenance Cost | Original Purchase Cost |
|---------|-------|-------------|------|------|---------------|--------------------------|-----------|---------|-------|----------|----------|------------------|------------------------|
|         | 466-R | Clatskanie  | N/A  | 2000 | Columbia Body | 435CP 3 Axle Pup Trailer | 6/5/2000  |         |       | \$75,000 | \$12,000 | \$21,939         | unknown                |
|         | 467-R | Rainier     | N/A  | 2000 | Columbia Body | 435CP 3 Axle Pup Trailer | 6/5/2000  |         |       | \$75,000 | \$12,000 | \$18,021         | unknown                |
|         | 468-R | Vernonia    | N/A  | 2000 | Columbia Body | 435CP 3 Axle Pup Trailer | 6/5/2000  |         |       | \$75,000 | \$12,000 | \$18,710         | unknown                |
|         | 479-R | St. Helens  | N/A  | 1999 | Columbia Body | 3 Axle Pup Trailer       | 5/14/2021 |         |       | \$75,000 | \$10,000 | \$6,462          | \$19,000               |

Under 18 Points

18-22 Points

23-27 Points

28-40 Points

41- 60 Points

61- or more

Condition I Excellent

Condition II Good

Condition III Qualifies for Replacement

Condition IV Consider Replacement

Condition V Needs Immediate Consideration

Condition VI Must be Replaced

Rollers

| REPLACE | EQ #  | ROADS/P<br>ARKS | FUEL | YEAR | MAKE           | MODEL                    | PURCH.DT. | Mileage | Hours | New Cost  | Auction  | Maintenance<br>Cost | Original<br>Purchase<br>Cost |
|---------|-------|-----------------|------|------|----------------|--------------------------|-----------|---------|-------|-----------|----------|---------------------|------------------------------|
| R       | 670-R | Rainier         | DSL  | 1993 | Bomag          | BW172D Roller            | 6/4/1993  |         | 791   | \$60,000  | \$5,000  | \$34,087            | unknown                      |
|         | 644-R | St. Helens      | DSL  | 1999 | Caterpillar    | PS-200B Pneumatic Roller | 8/13/2010 |         | 2625  | \$123,000 | \$12,000 | \$13,366            | \$35,000                     |
|         | 665-R | Rainier         | DSL  | 1999 | Caterpillar    | C8-534C Steel Roller     | Unknown   |         | 2071  | \$155,000 | \$10,000 | \$37,505            | unknown                      |
| R       | 671-R | Rainier         | DSL  | 2008 | Ingersoll Rand | DD24 Roller              | 2/8/2010  |         | 1367  | \$60,000  | \$8,000  | \$5,930             | \$30,675                     |

|                 |   |
|-----------------|---|
| Under 18 Points | Condition I Excellent                     |
| 18-22 Points    | Condition II Good                         |
| 23-27 Points    | Condition II Qualifies for Replacement    |
| 28-40 Points    | Condition I Consider Replacement          |
| 41- 60 Points   | Condition V Needs Immediate Consideration |
| 61- or more     | Condition V Must be Replaced              |

| EQ #   | ROADS/PARKS    | FUEL | YEAR | MAKE              | MODEL                                 | PURCH.DT.  | Mileage | Hours | Residual Value | Mi |
|--------|----------------|------|------|-------------------|---------------------------------------|------------|---------|-------|----------------|----|
| 261-R  | Rainier Eric   | UNL  | 1997 | Chevrolet         | ¾ Ton PU                              |            |         |       |                |    |
| 265-R  | Scott          | UNL  | 2001 | Ford              | ¾ Ton PU                              | 5/27/1997  | 186248  |       | \$2,150        |    |
| 272-R  | Mechanics      | UNL  | 2002 | Ford              | ¾ Ton PU                              | 12/29/2000 | 184350  |       | \$2,625        |    |
| 259-R  | St. Helens     | UNL  | 2002 | Chevrolet         | ¾ Ton PU                              | 2/28/2002  | 171444  |       | \$1,425        |    |
| 236-R  | Rainier        | UNL  | 2003 | Chevrolet         | ¾ Ton 4X4 PU                          | 3/15/2002  | 151553  |       | \$2,125        |    |
| 274-R  | PW Office      | UNL  | 2006 | Ford              | Expedition 4X4                        | 2/11/2003  | 278390  |       | \$2,775        |    |
| 267-R  | Eric           | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                          | 6/10/2005  | 123350  |       | \$2,825        |    |
| 268-R  | St. Helens     | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                          | 2/25/2008  | 107900  |       | \$10,125       |    |
| 269-R  | Clatskanie     | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                          | 4/1/2008   | 67570   |       | \$11,150       |    |
| 270-R  | Vernonia       | UNL  | 2008 | Dodge             | ¾ Ton 4X4 PU                          | 2/25/2008  | 156754  |       | \$8,425        |    |
| 237-R  | Terry          | DSL  | 2011 | Ford              | ¾ Ton 4X4 PU                          | 2/25/2008  | 234653  |       | \$8,550        |    |
| 230-R  | Mike Russell   | UNL  | 2018 | Chevrolet         | ¾ Ton 4X4 Supercab PU                 | 9/23/2010  | 124883  |       | \$19,000       |    |
| 348-R  | Vernonia       | DSL  | 1986 | Ford              | Tahoe                                 | 6/17/2018  | 33540   |       | \$44,025       |    |
| 372-R  | St. Helens     | DSL  | 1991 | Isuzu             | 5 yd. Truck / Sander / Plow           | 8/20/2008  | 98595   |       | \$12,500       |    |
| 371-R  | St. Helens     | DSL  | 1992 | Isuzu             | Flatbed / Tack Truck                  | 6/18/2007  | 179759  |       | \$13,500       |    |
| 663-R  | St. Helens     | UNL  | 1993 | GMC               | Herbicide / Water Truck               | 11/18/1992 | 106505  |       | \$13,500       |    |
| 662-R  | St. Helens     | DSL  | 1994 | Volvo             | C7H Bucket Truck                      | 1/7/2003   |         |       | \$24,900       |    |
| 383-R  | St. Helens     | DSL  | 1994 | International     | FE Chassis Cab w/MB Co. Stripper Body | 7/12/2018  |         | 8752  | \$25,500       |    |
| 386-R  | St. Helens     | DSL  | 1995 | Chevrolet         | 4700 Wood Chip Dump                   | 4/10/2009  | 120289  |       | \$15,000       |    |
| 602-R  | Rainier        | DSL  | 1998 | GMC               | 1 Ton 4X4 Utility Truck               | 11/28/2008 | 35685   |       | \$15,000       |    |
| 349-R  | St. Helens     | DSL  | 1999 | Sterling          | 7H4 w/ Rosco Distributor              | 6/20/2014  | 30143   |       | \$20,000       |    |
| 382-R  | Rainier        | UNL  | 2001 | Ford              | 5 yd. Truck / Sander / Plow           | 7/1/2020   | 89883   |       | \$18,500       |    |
| 363-PW | St. Helens     |      | 2001 | Ford              | F450 Patch Truck                      | 4/27/2001  | 126059  |       | \$26,500       |    |
| 257-R  | Mechanics      | DSL  | 2001 | Ford              | F-350 Pickup Truck                    |            | 10593   |       | \$7,500        |    |
| 280-R  | Clatskanie     | DSL  | 2002 | Ford              | F-550 4X4 Utility truck               | 5/23/2001  | 68956   |       | \$22,500       |    |
| 361-R  | Clatskanie     | UNL  | 2008 | Ford              | F-550 4X4 Pickup Truck                | 1/14/2015  | 98716   |       | \$21,500       |    |
| 357-R  | St. Helens     | UNL  | 2009 | Ford              | 1 Ton 4X4 PU Emerg. Response          | 8/7/2008   | 32069   |       | \$25,000       |    |
| 362-R  | St. Helens     | DSL  | 2011 | Ford              | 1 Ton 4X4 PU Emerg. Response          | 4/23/2009  | 45261   |       | \$25,000       |    |
| 364-R  | Clatskanie     | DSL  | 2011 | Ford              | F450 4X4 Patch Truck                  | 12/27/2010 | 76085   |       | \$35,000       |    |
| 245-R  | Kelley         | UNL  | 2016 | GMC               | F450 4X4 Patch Truck                  | 12/27/2010 | 48159   |       | \$37,500       |    |
| 360-R  | Vernonia       | DSL  | 2016 | Ford              | Sierra 1-ton 4x4 PU                   | 2/17/2016  | 106428  |       | \$31,500       |    |
| 263-R  | Ryan           | DSL  | 2017 | GMC               | F550 4x4 Patch Truck                  | 11/24/2015 | 39158   |       | \$53,500       |    |
| 256-R  | Sign Dept.     | DSL  | 2019 | Ford              | Sierra 1-ton 4x4 PU                   | 1/24/2017  | 34596   |       | \$48,125       |    |
| 281-R  | Jeff Goodman   | DSL  | 2019 | Ford              | F-450 Pickup Truck                    | 8/15/2019  | 12040   |       | \$52,150       |    |
| 282-R  | Dump Stoppers  | UNL  | 2019 | Ford              | F-350 Pickup Truck                    | 5/6/2019   | 18269   |       | \$58,500       |    |
| 365-R  | Rainier        | DSL  | 2019 | Ford              | F-450 Pickup Truck                    | 10/18/2019 | 700     |       | \$58,000       |    |
| 283-R  | Jeremy         | DSL  | 2020 | Ford              | F-550 4X4 Patch Truck                 | 2/22/2019  | 11890   |       | \$70,000       |    |
| 374-R  | St. Helens     | DSL  | UNKN | Finn              | F-350 Pickup Truck                    | 1/30/2020  | 17231   |       | \$62,675       |    |
| 343-R  | Rainier        | DSL  | 1974 | White             | T-120 Hydroseeder                     | 12/13/2007 |         | 428   | \$15,000       |    |
| 344-R  | Out of Service | DSL  | 1974 | White             | Sander                                | 12/3/1973  | 325831  |       | \$7,500        |    |
| 345-R  | Rainier        | DSL  | 1987 | International     | 10 yd. Dump                           | 12/3/1973  |         |       | \$500          |    |
| 366-R  | Clatskanie     | DSL  | 1991 | Peterbilt         | 10 yd. Dump / Sander / Plow           | 12/9/2010  | 373812  |       | \$4,000        |    |
| 367-R  | Rainier        | DSL  | 1991 | Peterbilt         | 10 yd. Dump                           | 12/18/1990 | 230823  |       | \$15,000       |    |
| 368-R  | Vernonia       | DSL  | 1991 | Peterbilt         | 10 yd. Dump                           | 12/18/1990 | 419511  |       | \$15,000       |    |
| 353-R  | St. Helens     | DSL  | 1994 | White GMC Autocar | 10 yd. Dump                           | 12/18/1990 | 310302  |       | \$15,000       |    |
| 351-R  | St. Helens     | DSL  | 1995 | White GMC Autocar | 10 yd. Dump Truck                     | 4/10/2015  | 242714  |       | \$12,000       |    |
| 352-R  | St. Helens     | DSL  | 1995 | White GMC Autocar | 10 yd. Dump / Sander / Plow           | 2/3/1995   | 190953  |       | \$14,000       |    |
| 342-R  | Clatskanie     | DSL  | 1997 | International     | 10 yd. Dump / Sander / Plow           | 2/3/1995   | 232503  |       | \$12,000       |    |
| 377-R  | Rainier        | DSL  | 2004 | Kenworth          | 10 yd. Dump / Sander                  | 3/5/2015   | 95703   |       | \$8,000        |    |
| 379-R  | St. Helens     | DSL  | 2004 | Kenworth          | 12 yd. Dump                           | 3/18/2004  | 248403  |       | \$30,000       |    |
| 513-R  | Vernonia       | DSL  | 1998 | John Deere        | 12 yd. Dump                           | 3/18/2004  | 261624  |       | \$30,000       |    |
| 514-R  | St. Helens     | DSL  | 1999 | John Deere        | 310SE Backhoe                         | Unknown    |         | 6184  | \$15,000       |    |
| 516-R  | Clatskanie     | DSL  | 2004 | John Deere        | 310SE Backhoe                         | 12/31/1999 |         | 698   | \$15,000       |    |
| 518-R  | Rainier        | DSL  | 2019 | John Deere        | 310SG Backhoe                         | 5/30/2007  |         | 4017  | \$22,000       |    |
| 422-R  | Vernonia       | DSL  | 1978 | Caterpillar       | 310SL HL Backhoe                      | 3/20/2019  |         | 482   | \$90,000       |    |
| 423-R  | Rainier        | DSL  | 1979 | Caterpillar       | 120G Grader                           | 12/14/1978 | 274008  |       | \$20,000       |    |
| 424-R  | Rainier        | DSL  | 1985 | John Deere        | 120G Grader                           | 5/23/1984  |         | 2073  | \$20,000       |    |
| 426-R  | St. Helens     | DSL  | 1982 | Caterpillar       | 672A Grader                           | 7/15/1985  |         | 648   | \$16,000       |    |
| 427-R  | Clatskanie     | DSL  | 1991 | John Deere        | 120-G Grader                          | 12/27/1990 | 63260   |       | \$20,000       |    |
| 425-R  | St. Helens     | DSL  | 1990 | Gradall           | 670B Grader                           | 10/23/2009 | 1188    |       | \$18,000       |    |
| 428-R  | St. Helens     | DSL  | 2015 | Gradall           | G660E Rubber Tire Excavator           | 3/28/1990  | 20423   |       | \$5,500        |    |
| 517-R  | Rainier        | DSL  | 2007 | John Deere        | XL 41000 IV Excavator                 | 5/4/2018   |         | 3002  | \$120,000      |    |
| 346-R  | Out of Service | DSL  | 1997 | International     | 160C-LC Excavator                     | 8/27/2008  |         | 5475  | \$35,000       |    |
| 358-R  | St. Helens     | N/A  | 1979 | Fruehauf          | Belly Dump Tractor                    | 10/10/2013 | 304915  |       | \$1,000        |    |
|        |                |      |      |                   | Belly Dump                            | 4/4/1979   | 0       | 0     | \$3,000        |    |

FLEET REPLACEMENT PLAN  
ATTACHMENT E

EQUIPMENT FINANCED

| Budget \$727,040   |                       |                          |           |                    | Annual    |           |           |           |           |
|--|-----------------------|--------------------------|-----------|--------------------|-----------|-----------|-----------|-----------|-----------|
| Equipment List for FY22                                  |                       |                          |           |                    | 2022      |           |           |           |           |
| Qty  | Priority List Overall | Cost Each                | Cost      | 2022               | 2023      | 2024      | 2025      | 2026      |           |
| 1  | 4                     | Dump Truck, Sander, Plow | \$260,000 | \$1,040,000        | \$120,833 | \$120,833 | \$120,833 | \$120,833 | \$120,833 |
| 2  | 1                     | Loader/Mower             | \$287,115 | \$287,115          | \$33,359  | \$33,359  | \$33,359  | \$33,359  | \$33,359  |
| <b>Total</b>   | <b>5</b>              | <b>Total Financed</b>    |           | <b>\$1,327,115</b> |           |           |           |           |           |
| <b>Annual Cost</b>                                       |                       |                          |           |                    | \$154,192 | \$154,192 | \$154,192 | \$154,192 | \$154,192 |
| <b>Total Paid Over 10 Year Period</b>                    |                       |                          |           |                    |           |           |           |           |           |
| <b>Maintenance Cost Savings Yearly minus 3% per Year</b> |                       |                          |           |                    | \$33,408  | \$33,310  | \$33,211  | \$33,112  | \$33,013  |
| <b>Total Maintenance Savings over 10 Years</b>           |                       |                          |           |                    |           |           |           |           |           |

|  |                    |
|--|--------------------|
| <b>Total Paid Over 10 Year Period</b>          | <b>\$1,541,921</b> |
| <b>Total Financed</b>                          | <b>\$1,327,115</b> |
| <b>Finance Charges Over 10 Years</b>           | <b>\$214,806</b>   |
| <b>Total Maintenance Savings over 10 Years</b> | <b>\$329,639</b>   |
| <b>Difference from Maintenance Savings</b>     | <b>\$1,212,283</b> |

EQUIPMENT PAYING CASH

| Budget After Lease Payment \$572,848                         |                       |                        |          |                  | Annual    |      |      |      |     |
|--|-----------------------|------------------------|----------|------------------|-----------|------|------|------|-----|
| Equipment List for FY22                                      |                       |                        |          |                  | 2022      |      |      |      |     |
| Qty  | Priority List Overall | Cost Each              | Cost     | 2022             | 2023      | 2024 | 2025 | 2026 |     |
| 1  | 3                     | ¾ Ton 4X4 PU           | \$53,379 | \$160,137        | \$160,137 |      |      |      |     |
| 2  | 1                     | Belly Dump             | \$45,000 | \$45,000         | \$45,000  |      |      |      |     |
| 3  | 1                     | Flatbed Trailer        | \$35,000 | \$35,000         | \$35,000  |      |      |      |     |
| 4  | 1                     | 3 Axle Pup Trailer     | \$25,000 | \$25,000         | \$25,000  |      |      |      |     |
| 5  | 1                     | Peterbilt              | \$90,000 | \$90,000         | \$90,000  |      |      |      |     |
| 6  | 1                     | F-550 4X4 Patch Truck  | \$13,727 | \$13,727         | \$13,727  |      |      |      |     |
| <b>Total</b>   | <b>7</b>              | <b>Total Purchased</b> |          | <b>\$368,864</b> |           |      |      |      |     |
| <b>Annual Cost</b>   |                       |                        |          |                  | \$368,864 | \$0  | \$0  | \$0  | \$0 |
| <b>Remaining after purchases - Annual Budget = \$350,000</b> |                       |                        |          |                  | \$203,984 |      |      |      |     |
| <b>Maintenance Cost Savings Yearly</b>                       |                       |                        |          |                  | \$20,428  |      |      |      |     |
| <b>Total Maintenance Savings over 10 Years</b>               |                       |                        |          |                  |           |      |      |      |     |

|                                  |                  |
|----------------------------------|------------------|
| <b>Total Purchased</b>           | <b>\$368,864</b> |
| <b>Total Maintenance Savings</b> | <b>\$20,428</b>  |