

AN ORDINANCE APPROVING THE DELIVERY OF SCHEDULE 4 AND SCHEDULE 5 TO AN EXISTING MASTER EQUIPMENT LEASE PURCHASE AGREEMENT, FOR THE PURPOSE OF PROVIDING FINANCING FOR THE ACQUISITION AND INSTALLATION OF CERTAIN EQUIPMENT FOR THE CITY AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Gladstone, Missouri (the "City"), desires to obtain financing for the acquisition and installation of fire equipment public works equipment (the "Project") and paying certain costs related to such actions; and

WHEREAS, in order to accomplish the purposes set forth herein, the City desires to authorize the execution and delivery of Schedule 4 ("Schedule 4") and Schedule 5 ("Schedule 5," and together with Schedule 4, the "Schedules") to an existing Master Equipment Lease Purchase Agreement dated December 22, 2017 between Clayton Holdings, LLC and the City (the "Master Lease"); and

WHEREAS, in order to facilitate the foregoing and to provide financing to pay the cost thereof, it is necessary and desirable for the City to enter into the Schedules, under which Clayton Holdings, LLC will advance the amount of \$2,500,000 for such purposes, together with two Escrow Agreements among the City, Clayton Holdings, LLC and UMB Bank, N.A. (collectively, the "Escrow Agreements"), one related to each Schedule, both in substantially the form presented to the City Council at this meeting, copies of which will be filed in the records of the City; and

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

Section 1. Authorization of Documents. The Schedules and the Escrow Agreements (collectively, the "City Documents") are hereby authorized and approved in substantially the forms submitted to and reviewed by the City Council of the City on the date hereof, with such changes therein as shall be approved by the Mayor or the City Manager of the City, with the Mayor's or City Manager's execution thereof to be conclusive of the approval thereof.

The obligation of the City to pay rental payments under the Schedules and the Master Lease is limited to payment from funds annually appropriated by the City Council of the City for that purpose, shall constitute a current expense of the City and shall not in any way be construed to be an indebtedness or liability of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness or liability by the City, nor shall anything contained in the Schedules and the Master Lease constitute a pledge of the general tax revenues, funds or moneys of the City, and all provisions of the Schedules and the Master Lease shall be construed so as to give effect to such intent.

The Mayor or the City Manager is hereby authorized and directed to execute and deliver the City Documents on behalf of the City. The City Clerk is hereby authorized to affix the City's seal thereto and attest said seal where appropriate.

Section 2. Reimbursement. The City has previously made and expects to make capital expenditures after the date of the adoption of this Ordinance in connection with the Project, and the City intends to reimburse itself for such expenditures with proceeds of the Schedules.

Section 3. Further Authority. The City shall, and the officials and agents of the City are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the City Documents and the Project.

Section 4. Severability. If any one or more of the terms, provisions or conditions of this ordinance shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, none of the remaining terms, provisions or conditions of this ordinance shall be affected thereby and each provision of this ordinance shall be valid and enforceable to the fullest extent permitted by law.


Section 5. Effective Date. This ordinance shall take effect and be in full force from and after its passage by the City Council.

INTRODUCED, READ, PASSED, AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 26TH DAY OF JUNE 2023.



Jean B. Moore, Mayor

ATTEST:



Kris Keller, City Clerk

1st Reading: June 26, 2023

2nd Reading: June 26, 2023



Request for Council Action

RES # City Clerk Only

BILL # 23-24

ORD # 4.643

Date: 6/20/2023

Department: Finance

Meeting Date Requested: 6/26/2023

Public Hearing: Yes Date: Click here to enter a date.

Subject: 2024 Fiscal Year Equipment Lease Purchase

Background: A lease purchase can be a valuable tool when purchasing several pieces of large equipment. A lease purchase, allows equipment to be repaid over its useful life. The City currently has several pieces of equipment that were purchased using a lease purchase that are at the end of their useful life and need to be replaced.

Budget Discussion: Funds are budgeted in the amount of \$ 1,627,000 from the General Fund and \$894,000 from the CWSS Funds. Ongoing costs are estimated to be \$476,600 annually. Previous years' funding was \$0.

Public/Board/Staff Input: The City issued 3 equipment lease purchases between 2013 and 2016 for multiple pieces of equipment ranging from a Vactor, street sweeper, skid loader, and dump trucks to name a few. Supply chain issues have also created problems with receiving replacement parts or new pieces of equipment with some items taking as long as two years for a replacement. Staff has worked diligently with multiple partners to create two equipment lease purchases that will replace several pieces of equipment that were secured through previous lease purchases as well as two new fire trucks (as presented during the FY2024 Budget Public Hearing and budget resolution). During the FY2022 year, \$205,000 of annual lease purchase payments fell off the debt schedule and an additional \$289,500 will fall off the schedule in FY2024 freeing up \$494,500 within the budgeted funds. Over the past couple of years, the City's fire trucks have had several thousands of dollars in repairs and down time mostly due to the age of the fleet. Staff has proposed using the funding from recreational marijuana sales tax to fund a fire vehicle replacement program. It is projected that this will fund the cost of a new fire truck and two new ambulances every five years. The lease purchase will also assist in funding an updated fire apparatus that will be able to fight fires from an elevated surface that will replace the 2002 ladder truck (this type of vehicle will not be a reoccurring item in the fire vehicle replacement program). Additional information on the lease purchases are within the lease schedules and associated documents.

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor.

Dominic Accurso
Department Director/Administrator

JM
City Attorney

BB
City Manager

SCHEDULE OF EQUIPMENT NO. 4

COUNTERPART NO. 1

LESSOR'S INTEREST IN, TO AND UNDER THIS SCHEDULE AND THE AGREEMENT AS IT RELATES TO THIS SCHEDULE MAY BE SOLD OR PLEDGED ONLY BY DELIVERING POSSESSION OF COUNTERPART NO. 1 OF THIS SCHEDULE, WHICH COUNTERPART NO. 1 SHALL CONSTITUTE CHATTEL PAPER FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE.

Re: Schedule of Equipment No. 4 dated July 7, 2023 (the "Schedule"), to Master Equipment Lease Purchase Agreement dated as of December 22, 2017 (collectively, the "Agreement"), between Clayton Holdings, LLC, as Lessor, and City of Gladstone, Missouri, as Lessee.

1. Defined Terms. All terms used herein have the meanings ascribed to them in the Agreement.

2. Equipment. The Equipment included under this Schedule is comprised of the items described in the Equipment Description attached hereto as Attachment 1, together with all replacements, substitutions, repairs, restorations, modifications, attachments, accessions, additions and improvements thereof or thereto.

3. Payment Schedule. The Rental Payments and Purchase Prices under this Schedule are set forth in the Payment Schedule attached as Attachment 2 hereto. In accordance with the provisions of Section 10.01(a) of the Agreement, this Schedule is subject to optional prepayment by Lessee in whole on any Rental Payment Date at:

(a) 103% of the outstanding principal amount thereof, plus accrued interest to the prepayment date, beginning on July 7, 2023 to and including June 30, 2024.

(b) 102% of the outstanding principal amount thereof, plus accrued interest to the prepayment date, beginning on July 1, 2024 to and including June 30, 2025.

(c) 101% of the outstanding principal amount thereof, plus accrued interest to the prepayment date, beginning on July 1, 2025 and any date thereafter.

Notwithstanding the foregoing, there shall be no prepayment premium if the source of repayment are funds of Lessee other than grant funds or proceeds of an actual or anticipated refinancing.

4. 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 commencement of Rental Payments on this Schedule.

5. Certification as to Arbitrage. Lessee hereby represents as follows:

(a) The estimated total costs of the Equipment listed in this Schedule, together with any costs of entering into this Schedule that are expected to be financed under this Schedule, will not be less than the total principal portion of the Rental Payments listed in this Schedule.

(b) The Equipment listed in this Schedule has been ordered or is expected to be ordered within six months of the commencement of this Schedule, and the Equipment is expected to be

delivered, and the Vendor fully paid, within twenty-four months of the commencement of this Schedule.

(c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments listed in this Schedule, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments listed in this Schedule.

(d) The Equipment listed in this Schedule has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments listed in this Schedule.

(e) To the best of Lessee's knowledge, information and belief, the above expectations are reasonable.

(f) Lessee has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended, including without limitation Sections 103, 141 and 148 thereof, and the applicable regulations of the Treasury Department to maintain the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation.

6. The Agreement. This Schedule is hereby made as part of the Agreement, and Lessor and Lessee hereby ratify and confirm the Agreement. The terms and provisions of the Agreement (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated by reference and made a part hereof.

7. Cross-Collateralization; Cross-Default. Notwithstanding any provision herein to the contrary, Lessor and Lessee intend that this Schedule, Schedule of Equipment No. 1 dated December 22, 2017, Schedule of Equipment No. 3 dated September 4, 2021 and Schedule of Equipment No. 5 dated July 7, 2023 (collectively, the "Other Schedules") shall be and hereby are cross-collateralized. Without limiting the generality of the foregoing, Lessor and Lessee agree that in an Event of Default hereunder with respect to any of the Equipment subject to this Schedule and the Other Schedules, such Event of Default shall be deemed and shall constitute an Event of Default with respect to the Agreement and under each of this Schedule and the Other Schedules, and Lessor shall have the right to exercise all rights and remedies under the Agreement.

8. Anti-Discrimination Against Israel Act. Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended (the "Act"), by entering into this Schedule, the Lessor certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Schedule will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Lessor understands that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

The foregoing certification shall not be deemed an admission or agreement that the Act is applicable to this Schedule, but the foregoing certification is provided if the Act is applicable. If the Act is initially deemed or treated as applicable to any of this Schedule, but it is subsequently determined not to apply for any reason including the repeal or amendment of the Act or any ruling of a court of competent jurisdiction as to the unenforceability or invalidity of the Act, then the foregoing certification shall cease and not exist.

Dated: July 7, 2023.

CLAYTON HOLDINGS, LLC

By: _____
Title: _____
Address: 8000 Forsyth Boulevard
St. Louis, MO 63105

CITY OF GLADSTONE, MISSOURI

By: _____
Title: City Manager
Address: 7010 North Holmes
Gladstone, MO 64118

**ATTACHMENT 1 TO
SCHEDULE OF EQUIPMENT NO. 1**

EQUIPMENT DESCRIPTION

The Equipment consists of the following equipment (or equivalent) to be used by Lessee, together with any and all replacement parts, additions, repairs, modifications, attachments and accessories thereto, any and all substitutions, replacements or exchanges therefor, and any and all insurance and/or proceeds thereof:

- (a) One used ladder truck, and
- (b) One new Spartan 2120 S180 Metrostar pumper

This Equipment Description shall be deemed to be supplemented by the descriptions of the Equipment included in the Payment Requests and Acceptance Certificates submitted to UMB Bank, N.A., as escrow agent, pursuant to the Escrow Agreement dated as of July 7, 2023 and related to this Schedule, among Lessor, Lessee and UMB Bank, N.A., as escrow agent, which descriptions shall be deemed to be incorporated herein.

**ATTACHMENT 2 TO
SCHEDULE OF EQUIPMENT NO. 1**

PAYMENT SCHEDULE

Rental payments will be made in accordance with Section 4.01 of the Agreement and this Payment Schedule.

Principal Amount: \$900,000

Interest Rate: 4.73%, Actual/360 basis

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	7/7/2023				900,000.00
2023 Totals		0.00	0.00	0.00	
	1 1/7/2024	102,116.84	21,285.00	80,831.84	819,168.16
	2 7/7/2024	102,116.84	19,373.33	82,743.51	736,424.65
2024 Totals		204,233.68	40,658.33	163,575.35	
	3 1/7/2025	102,116.84	17,416.44	84,700.40	651,724.25
	4 7/7/2025	102,116.84	15,413.28	86,703.56	565,020.69
2025 Totals		204,233.68	32,829.72	171,403.96	
	5 1/7/2026	102,116.84	13,362.74	88,754.10	476,266.59
	6 7/7/2026	102,116.84	11,263.70	90,853.14	385,413.45
2026 Totals		204,233.68	24,626.44	179,607.24	
	7 1/7/2027	102,116.84	9,115.03	93,001.81	292,411.64
	8 7/7/2027	102,116.84	6,915.54	95,201.30	197,210.34
2027 Totals		204,233.68	16,030.57	188,203.11	
	9 1/7/2028	102,116.84	4,664.02	97,452.82	99,757.52
	10 7/7/2028	102,116.84	2,359.32	99,757.52	0.00
2028 Totals		204,233.68	7,023.34	197,210.34	
Grand Totals		1,021,168.40	121,168.40	900,000.00	

Last interest amount increased by 0.05 due to rounding.

* Lessee may exercise its option to purchase pursuant to Section 10.01(a) of the Agreement on the dates set forth in Schedule 3 to the Agreement and pursuant to Section 10.01(b) of the Agreement at any time.

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of the 7th day of July, 2023 and entered into among **Clayton Holdings, LLC**, a Missouri Limited Liability Company (together with its successors and assigns, "Lessor"), **City of Gladstone, Missouri**, a municipal corporation and political subdivision existing under the laws of the State of Missouri ("Lessee"), and **UMB Bank, N.A.**, a national banking association, as escrow agent (together with its successors and assigns, the "Escrow Agent").

Name of Acquisition Fund: "City of Gladstone, Missouri – Fire Equipment"

Amount of Deposit into the Acquisition Fund: \$900,000

TERMS AND CONDITIONS

1. This Escrow Agreement relates to Schedule 4 dated July 7, 2023, of the Master Equipment Lease Purchase Agreement dated as of the 22nd day of December, 2017, (collectively, the "Lease"), between Lessor and Lessee.

2. Lessor, Lessee and the Escrow Agent agree that the Escrow Agent will act as sole Escrow Agent under the Lease and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement. The Escrow Agent shall not be deemed to be a party to the Lease, and this Escrow Agreement shall be deemed to constitute the entire agreement between Lessor and Lessee and the Escrow Agent.

3. There is hereby established in the custody of the Escrow Agent a special trust fund designated as set forth above (the "Acquisition Fund") to be held and administered by the Escrow Agent in trust for the benefit of Lessor and Lessee in accordance with this Escrow Agreement.

4. Lessor shall deposit in the Acquisition Fund the amount specified above. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon written order of the Mayor, City Manager, Assistant City Manager or Finance Director of Lessee (each, an "Authorized Lessee Representative"), in accordance with the Arbitrage Instructions attached as **Exhibit A**, in Qualified Investments (as defined below) maturing or subject to redemption at the option of the holder thereof prior to the date on which it is expected that such funds will be needed. If an Authorized Lessee Representative fails to timely direct the investment of any moneys held hereunder, the Escrow Agent shall invest and reinvest such moneys in Goldman Sachs Financial Square Treasury Fund #525, which is a Qualified Investment described in Section 5(vi) below. Such investments shall be held by the Escrow Agent in the Acquisition Fund; any interest and gain earned on such investments shall be deposited in the Acquisition Fund, and any losses on such investments shall be charged to the Acquisition Fund. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

5. "Qualified Investments" means, to the extent the same are at the time legal for investment of the funds being invested: (i) direct general obligations of the United States of America; (ii) obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America; (iii) general obligations of the agencies and instrumentalities of the United States of America acceptable to Lessor; (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution including the Escrow Agent or any affiliate thereof, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in (i), (ii) or (iii) above; or (v) repurchase agreements with any state or national bank or trust company, including the Escrow Agent or any affiliate thereof, that are secured by obligations of the type described in (i), (ii) or (iii) above, provided that such collateral is free and clear of claims of third parties and that the Escrow Agent or a third party acting solely as agent for the Escrow Agent has possession of such collateral and a perfected first security interest in such collateral; or (vi) money market mutual funds that are invested in securities described in (i), (ii) or (iii) and that are rated "Aaa" by Moody's Investors Service or "AAAm-G" by Standard & Poor's Ratings Services or the comparable rating by Fitch IBCA, Inc.

6. Moneys in the Acquisition Fund shall be used to pay for the cost of acquisition of the Equipment or listed in the Lease or costs of entering into this Agreement and the Lease. Such payment shall be made from the Acquisition

Fund upon presentation to the Escrow Agent of one or more properly executed Payment Request and Acceptance Certificates, a form of which is attached as **Exhibit B**, executed by Lessee and approved in writing by Lessor, together with the Vendor's invoice specifying the acquisition price of the Equipment described in the Payment Request and Acceptance Certificate. In making any disbursement pursuant to this **Section 6**, the Escrow Agent may conclusively rely as to the completeness and accuracy of all statements in such Payment Request and Acceptance Certificate, and the Escrow Agent shall not be required to make any inquiry, inspection or investigation in connection therewith. Without limiting the foregoing, the Escrow Agent shall have no duty to review, and shall not be responsible for the contents of, invoices delivered to it hereunder. The approval of each Payment Request and Acceptance Certificate by the Lessor shall constitute unto the Escrow Agent an irrevocable determination by the Lessor that all conditions precedent to the payment of the amounts set forth therein have been completed.

7. The Acquisition Fund shall terminate upon the occurrence of the earlier of (a) the presentation of a proper Payment Request and Acceptance Certificate and the Final Acceptance Certificate, a form of which is attached as **Exhibit C**, properly executed by Lessee, (b) 12 months from the date hereof (or such later date as may be agreed to in writing by Lessor and Lessee with notice in writing to Escrow Agent), or (c) the presentation of written notification by the Lessor that the Lease has been terminated pursuant to **Section 8** or **20** of the Lease. Upon termination as described in clause (a) or (b) of this paragraph, any amount remaining in the Acquisition Fund shall be paid to Lessor for application as provided in the Lease. Upon termination as described in clause (c) of this paragraph, any amount remaining in the Acquisition Fund shall immediately be paid to Lessor. The Escrow Agent may rely conclusively upon Lessor's written instructions in disbursing any amounts remaining in the Acquisition Fund upon termination and shall not be responsible in any manner for the exclusion from gross income of interest portions of Rental Payments under the Lease.

8. The Escrow Agent may at any time resign by giving at least 30 days written notice to Lessee and Lessor, but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, the Escrow Agent may be removed at any time, with or without cause, by an instrument in writing executed by Lessor and Lessee. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent. Thereupon such successor Escrow Agent shall, without any further act or deed, be fully vested with all the trusts, powers, rights, duties and obligations of the Escrow Agent under this Escrow Agreement and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to such successor Escrow Agent whereupon the duties and obligations of the predecessor Escrow Agent shall cease and terminate. If a successor Escrow Agent has not been so appointed within 90 days of such resignation or removal, the Escrow Agent may petition a court of competent jurisdiction to have a successor Escrow Agent appointed.

9. Any corporation or association into which the Escrow Agent may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Escrow Agent hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

10. The Escrow Agent incurs no responsibility to make any disbursements pursuant to the Escrow Agreement except from funds held in the Acquisition Fund. The Escrow Agent makes no representations or warranties as to the title to any Equipment listed in the Lease or as to the performance of any obligations of Lessor or Lessee.

11. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of this Escrow Agreement other than its own execution thereof or any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

12. Unless the Escrow Agent is guilty of negligence or willful misconduct with regard to its duties hereunder, Lessee, to the extent permitted by law, and Lessor jointly and severally hereby agree to 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 Escrow Agreement; and in connection therewith, to 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.

13. The aggregate amount of the costs, fees, and expenses of the Escrow Agent in connection with the creation of the escrow described in and created by this Escrow Agreement and in carrying out any of the duties, terms or provisions of this Escrow Agreement is a one time fee in the amount of \$250 to be paid by Lessee concurrently with the execution and delivery of this Escrow Agreement.

Notwithstanding the preceding paragraph, the Escrow Agent shall be entitled to reimbursement from Lessee of reasonable out-of-pocket, legal or extraordinary expenses incurred in carrying out the duties, terms or provisions of this Escrow Agreement (including attorneys' fees and expenses). Claims for such reimbursement may be made to Lessee and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Escrow Agreement. The Escrow Agent agrees that it will not assert any lien whatsoever on any of the money or Qualified Investments on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Escrow Agreement or otherwise.

14. If Lessee, Lessor, the Escrow Agent or any other person shall be in disagreement about the interpretation of the Lease or this Escrow Agreement, 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 to resolve the disagreement. The Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Escrow Agent shall not be or become liable to the undersigned or to any other person for its refusal to comply with such demands, and the Escrow Agent shall be entitled to refuse and refrain to act until (a) such civil action has been resolved by full and final adjudication in a court assuming and having jurisdiction over such subject matter, or (b) all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties. The Escrow Agent shall be indemnified by Lessor and Lessee, to the extent permitted by law, for all costs, including reasonable attorneys' fees and expenses, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Escrow Agreement until a final judgment in such action is received.

15. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action or non-action taken by the Escrow Agent in accordance with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or willful misconduct.

16. This Escrow Agreement shall be governed by and construed in accordance with the laws of the state of Missouri.

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

18. This Escrow Agreement may not be amended except by a written instrument executed by Lessor, Lessee and the Escrow Agent.

19. This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original. The transactions described herein may be conducted and related documents may be sent and stored by electronic means.

20. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be

allocable to the Lessee. The Lessee and Lessor agree to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement. Additionally, the parties hereto agree that they will provide any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time, and the Bank Secrecy Act of 1970, as amended from time to time (together the "Acts"), which information will be used to verify the identities of the parties to ensure compliance with the terms of such Acts. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

21. Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended (the "Act"), by entering into this Escrow Agreement, the Lessor and Escrow Agent certify that they and their respective parent companies, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Escrow Agreement will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Lessor and Escrow Agent understand that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

The foregoing certification shall not be deemed an admission or agreement that the Act is applicable to this Escrow Agreement, but the foregoing certification is provided if the Act is applicable. If the Act is initially deemed or treated as applicable to any of this Escrow Agreement, but it is subsequently determined not to apply for any reason including the repeal or amendment of the Act or any ruling of a court of competent jurisdiction as to the unenforceability or invalidity of the Act, then the foregoing certification shall cease and not exist.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Lessor, Lessee and the Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives.

Clayton Holdings, LLC
LESSOR

By: _____
Title: Officer

City of Gladstone, Missouri
LESSEE

By: _____
Printed Name: Bob Baer
Title: City Manager

UMB Bank, N.A.
ESCROW AGENT

By: _____
Title: _____

EXHIBIT A

ARBITRAGE INSTRUCTIONS

These Arbitrage Instructions provide procedures for complying with § 148 of the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exclusion from federal gross income of the interest portions of the Rental Payments under the Lease.

1. Temporary Period/Yield Restriction. Except as described in this paragraph, money in the Acquisition Fund must not be invested at a yield greater than the yield on the Lease. Proceeds of the Lease in the Acquisition Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Start Date of the Lease. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without yield restriction so long as Lessee pays to the IRS all yield reduction payments under § 1.148-5(c) of the Treasury Regulations.

2. Opinion of Bond Counsel. These Arbitrage Instructions may be modified or amended in whole or in part upon receipt of an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations, satisfactory to Lessor, that such modifications and amendments will not adversely affect the exclusion of the interest portions of Rental Payments from gross income for federal income tax purposes.

EXHIBIT B

FORM OF PAYMENT REQUEST AND ACCEPTANCE CERTIFICATE

To: Clayton Holdings, LLC, as Lessor
8000 Forsyth Blvd., Suite 510
St. Louis, Missouri 63105

UMB Bank, N.A., as Escrow Agent
928 Grand Blvd., 12th Floor
Kansas City, MO 64106

Re: City of Gladstone – Fire Equipment Acquisition Fund established by the Escrow Agreement, dated July 7, 2023 (the "Escrow Agreement") among Clayton Holdings, LLC, as lessor ("Lessor"), the City of Gladstone, Missouri ("Lessee") and UMB Bank, N.A., as Escrow Agent (the "Escrow Agent")

Ladies and Gentlemen:

The Escrow Agent is hereby requested to pay from the Acquisition Fund to the person or corporation designated below as Payee, the sum set forth below in payment of a portion or all of the cost of the acquisition of the equipment, costs of entering into the Lease (described below) or the Escrow Agreement, or the interest portions of Rental Payment(s) described below. The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the equipment or payment of the interest portions of Rental Payment(s) and has not formed the basis of any prior request for payment.

The equipment described below is part or all of the "Equipment" described in the Lease as that term is defined in the Escrow Agreement.

Equipment: _____

Payee: _____

Amount: \$ _____

Lessee hereby certifies and represents to and agrees with Lessor and the Escrow Agent as follows:

1. All of the above-listed Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
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.
5. Lessee is currently maintaining the insurance coverage required by **Section 17** of the Lease

6. If applicable, the serial number for each item of Equipment which is set forth on Schedule A to the Lease is correct.

7. For any chassis prepayment, Lessor is listed (a) as first lien holder, and (b) for any 100% prepayment structure, as an insured party on a payment and performance bond under a "dual obligee" rider.

APPROVED:

Dated: _____, 20__

Clayton Holdings, LLC
LESSOR

City of Gladstone, Missouri
LESSEE

By: _____

By: _____

Title: Officer

Printed Name: _____

Title: _____

EXHIBIT C

FINAL ACCEPTANCE CERTIFICATE

[THIS CERTIFICATE IS TO BE EXECUTED ONLY WHEN ALL EQUIPMENT
HAS BEEN ACCEPTED]

The undersigned hereby certifies that the equipment described above, together with the equipment described in and accepted by Payment Request and Acceptance Certificates previously filed by Lessee with the Escrow Agent and Lessor pursuant to the Escrow Agreement, constitutes all of the Equipment subject to the Lease.

Dated: _____

LESSEE

By: _____

Printed Name: _____

Title: _____

SCHEDULE OF EQUIPMENT NO. 5

COUNTERPART NO. 1

LESSOR'S INTEREST IN, TO AND UNDER THIS SCHEDULE AND THE AGREEMENT AS IT RELATES TO THIS SCHEDULE MAY BE SOLD OR PLEDGED ONLY BY DELIVERING POSSESSION OF COUNTERPART NO. 1 OF THIS SCHEDULE, WHICH COUNTERPART NO. 1 SHALL CONSTITUTE CHATTEL PAPER FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE.

Re: Schedule of Equipment No. 5 dated July 7, 2023 (the "Schedule"), to Master Equipment Lease Purchase Agreement dated as of December 22, 2017 (collectively, the "Agreement"), between Clayton Holdings, LLC, as Lessor, and City of Gladstone, Missouri, as Lessee.

1. Defined Terms. All terms used herein have the meanings ascribed to them in the Agreement.

2. Equipment. The Equipment included under this Schedule is comprised of the items described in the Equipment Description attached hereto as Attachment 1, together with all replacements, substitutions, repairs, restorations, modifications, attachments, accessions, additions and improvements thereof or thereto.

3. Payment Schedule. The Rental Payments and Purchase Prices under this Schedule are set forth in the Payment Schedule attached as Attachment 2 hereto. In accordance with the provisions of Section 10.01(a) of the Agreement, this Schedule is subject to optional prepayment by Lessee in whole on any Rental Payment Date at:

(a) 103% of the outstanding principal amount thereof, plus accrued interest to the prepayment date, beginning on July 7, 2023 to and including June 30, 2024.

(b) 102% of the outstanding principal amount thereof, plus accrued interest to the prepayment date, beginning on July 1, 2024 to and including June 30, 2025.

(c) 101% of the outstanding principal amount thereof, plus accrued interest to the prepayment date, beginning on July 1, 2025 and any date thereafter.

Notwithstanding the foregoing, there shall be no prepayment premium if the source of repayment are funds of Lessee other than grant funds or proceeds of an actual or anticipated refinancing.

4. 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 commencement of Rental Payments on this Schedule.

5. Certification as to Arbitrage. Lessee hereby represents as follows:

(a) The estimated total costs of the Equipment listed in this Schedule, together with any costs of entering into this Schedule that are expected to be financed under this Schedule, will not be less than the total principal portion of the Rental Payments listed in this Schedule.

(b) The Equipment listed in this Schedule has been ordered or is expected to be ordered within six months of the commencement of this Schedule, and the Equipment is expected to be

delivered, and the Vendor fully paid, within twenty-four months of the commencement of this Schedule.

(c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments listed in this Schedule, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments listed in this Schedule.

(d) The Equipment listed in this Schedule has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments listed in this Schedule.

(e) To the best of Lessee's knowledge, information and belief, the above expectations are reasonable.

(f) Lessee has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended, including without limitation Sections 103, 141 and 148 thereof, and the applicable regulations of the Treasury Department to maintain the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation.

6. The Agreement. This Schedule is hereby made as part of the Agreement, and Lessor and Lessee hereby ratify and confirm the Agreement. The terms and provisions of the Agreement (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated by reference and made a part hereof.

7. Cross-Collateralization; Cross-Default. Notwithstanding any provision herein to the contrary, Lessor and Lessee intend that this Schedule, Schedule of Equipment No. 1 dated December 22, 2017, Schedule of Equipment No. 3 dated September 4, 2021 and Schedule of Equipment No. 4 dated July 7, 2023 (collectively, the "Other Schedules") shall be and hereby are cross-collateralized. Without limiting the generality of the foregoing, Lessor and Lessee agree that in an Event of Default hereunder with respect to any of the Equipment subject to this Schedule and the Other Schedules, such Event of Default shall be deemed and shall constitute an Event of Default with respect to the Agreement and under each of this Schedule and the Other Schedules, and Lessor shall have the right to exercise all rights and remedies under the Agreement.

8. Anti-Discrimination Against Israel Act. Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended (the "Act"), by entering into this Schedule, the Lessor certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Schedule will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Lessor understands that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

The foregoing certification shall not be deemed an admission or agreement that the Act is applicable to this Schedule, but the foregoing certification is provided if the Act is applicable. If the Act is initially deemed or treated as applicable to any of this Schedule, but it is subsequently determined not to apply for any reason including the repeal or amendment of the Act or any ruling of a court of competent jurisdiction as to the unenforceability or invalidity of the Act, then the foregoing certification shall cease and not exist.

Dated: July 7, 2023.

CLAYTON HOLDINGS, LLC

By: _____
Title: _____
Address: 8000 Forsyth Boulevard
St. Louis, MO 63105

CITY OF GLADSTONE, MISSOURI

By: _____
Title: City Manager
Address: 7010 North Holmes
Gladstone, MO 64118

**ATTACHMENT 1 TO
SCHEDULE OF EQUIPMENT NO. 1**

EQUIPMENT DESCRIPTION

The Equipment consists of the following equipment (or equivalent) to be used by Lessee, together with any and all replacement parts, additions, repairs, modifications, attachments and accessories thereto, any and all substitutions, replacements or exchanges therefor, and any and all insurance and/or proceeds thereof:

- (a) One new Case TV370B-T4 skid loader
- (b) One new Elgin Whirlwind street sweeper
- (c) Two new F650 dump trucks with plow and spreader
- (d) One new F650 dump truck/wing plow with plow and spreader
- (e) One new Vactor 2100i
- (f) One new Case CX57C mini excavator
- (g) One new breaker
- (h) One new 8x20 trailer

This Equipment Description shall be deemed to be supplemented by the descriptions of the Equipment included in the Payment Requests and Acceptance Certificates submitted to UMB Bank, N.A., as escrow agent, pursuant to the Escrow Agreement dated as of July 7, 2023 and related to this Schedule, among Lessor, Lessee and UMB Bank, N.A., as escrow agent, which descriptions shall be deemed to be incorporated herein.

**ATTACHMENT 2 TO
SCHEDULE OF EQUIPMENT NO. 1**

PAYMENT SCHEDULE

Rental payments will be made in accordance with Section 4.01 of the Agreement and this Payment Schedule.

Principal Amount: \$1,600,000

Interest Rate: 4.83%, Actual/360 basis

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	7/7/2023				1,600,000.00
2023 Totals		0.00	0.00	0.00	
	1 1/7/2024	136,053.97	38,640.00	97,413.97	1,502,586.03
	2 7/7/2024	136,053.97	36,287.45	99,766.52	1,402,819.51
2024 Totals		272,107.94	74,927.45	197,180.49	
	3 1/7/2025	136,053.97	33,878.09	102,175.88	1,300,643.63
	4 7/7/2025	136,053.97	31,410.54	104,643.43	1,196,000.20
2025 Totals		272,107.94	65,288.63	206,819.31	
	5 1/7/2026	136,053.97	28,883.40	107,170.57	1,088,829.63
	6 7/7/2026	136,053.97	26,295.24	109,758.73	979,070.90
2026 Totals		272,107.94	55,178.64	216,929.30	
	7 1/7/2027	136,053.97	23,644.56	112,409.41	866,661.49
	8 7/7/2027	136,053.97	20,929.87	115,124.10	751,537.39
2027 Totals		272,107.94	44,574.43	227,533.51	
	9 1/7/2028	136,053.97	18,149.63	117,904.34	633,633.05
	10 7/7/2028	136,053.97	15,302.24	120,751.73	512,881.32
2028 Totals		272,107.94	33,451.87	238,656.07	
	11 1/7/2029	136,053.97	12,386.08	123,667.89	389,213.43
	12 7/7/2029	136,053.97	9,399.50	126,654.47	262,558.96
2029 Totals		272,107.94	21,785.58	250,322.36	
	13 1/7/2030	136,053.97	6,340.80	129,713.17	132,845.79
	14 7/7/2030	136,053.97	3,208.18	132,845.79	0.00
2030 Totals		272,107.94	9,548.98	262,558.96	
Grand Totals		1,904,755.58	304,755.58	1,600,000.00	

* Lessee may exercise its option to purchase pursuant to Section 10.01(a) of the Agreement on the dates set forth in Schedule 3 to the Agreement and pursuant to Section 10.01(b) of the Agreement at any time.

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of the 7th day of July, 2023 and entered into among **Clayton Holdings, LLC**, a Missouri Limited Liability Company (together with its successors and assigns, "Lessor"), **City of Gladstone, Missouri**, a municipal corporation and political subdivision existing under the laws of the State of Missouri ("Lessee"), and **UMB Bank, N.A.**, a national banking association, as escrow agent (together with its successors and assigns, the "Escrow Agent").

Name of Acquisition Fund: "City of Gladstone, Missouri – Public Works Equipment"

Amount of Deposit into the Acquisition Fund: \$1,600,000

TERMS AND CONDITIONS

1. This Escrow Agreement relates to Schedule 5 dated July 7, 2023, of the Master Equipment Lease Purchase Agreement dated as of the 22nd day of December, 2017, (collectively, the "Lease"), between Lessor and Lessee.

2. Lessor, Lessee and the Escrow Agent agree that the Escrow Agent will act as sole Escrow Agent under the Lease and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement. The Escrow Agent shall not be deemed to be a party to the Lease, and this Escrow Agreement shall be deemed to constitute the entire agreement between Lessor and Lessee and the Escrow Agent.

3. There is hereby established in the custody of the Escrow Agent a special trust fund designated as set forth above (the "Acquisition Fund") to be held and administered by the Escrow Agent in trust for the benefit of Lessor and Lessee in accordance with this Escrow Agreement.

4. Lessor shall deposit in the Acquisition Fund the amount specified above. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon written order of the Mayor, City Manager, Assistant City Manager or Finance Director of Lessee (each, an "Authorized Lessee Representative"), in accordance with the Arbitrage Instructions attached as **Exhibit A**, in Qualified Investments (as defined below) maturing or subject to redemption at the option of the holder thereof prior to the date on which it is expected that such funds will be needed. If an Authorized Lessee Representative fails to timely direct the investment of any moneys held hereunder, the Escrow Agent shall invest and reinvest such moneys in Goldman Sachs Financial Square Treasury Fund #525, which is a Qualified Investment described in Section 5(vi) below. Such investments shall be held by the Escrow Agent in the Acquisition Fund; any interest and gain earned on such investments shall be deposited in the Acquisition Fund, and any losses on such investments shall be charged to the Acquisition Fund. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

5. "Qualified Investments" means, to the extent the same are at the time legal for investment of the funds being invested: (i) direct general obligations of the United States of America; (ii) obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America; (iii) general obligations of the agencies and instrumentalities of the United States of America acceptable to Lessor; (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution including the Escrow Agent or any affiliate thereof, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in (i), (ii) or (iii) above; or (v) repurchase agreements with any state or national bank or trust company, including the Escrow Agent or any affiliate thereof, that are secured by obligations of the type described in (i), (ii) or (iii) above, provided that such collateral is free and clear of claims of third parties and that the Escrow Agent or a third party acting solely as agent for the Escrow Agent has possession of such collateral and a perfected first security interest in such collateral; or (vi) money market mutual funds that are invested in securities described in (i), (ii) or (iii) and that are rated "Aaa" by Moody's Investors Service or "AAAm-G" by Standard & Poor's Ratings Services or the comparable rating by Fitch IBCA, Inc.

6. Moneys in the Acquisition Fund shall be used to pay for the cost of acquisition of the Equipment or listed in the Lease or costs of entering into this Agreement and the Lease. Such payment shall be made from the Acquisition

Fund upon presentation to the Escrow Agent of one or more properly executed Payment Request and Acceptance Certificates, a form of which is attached as **Exhibit B**, executed by Lessee and approved in writing by Lessor, together with the Vendor's invoice specifying the acquisition price of the Equipment described in the Payment Request and Acceptance Certificate. In making any disbursement pursuant to this **Section 6**, the Escrow Agent may conclusively rely as to the completeness and accuracy of all statements in such Payment Request and Acceptance Certificate, and the Escrow Agent shall not be required to make any inquiry, inspection or investigation in connection therewith. Without limiting the foregoing, the Escrow Agent shall have no duty to review, and shall not be responsible for the contents of, invoices delivered to it hereunder. The approval of each Payment Request and Acceptance Certificate by the Lessor shall constitute unto the Escrow Agent an irrevocable determination by the Lessor that all conditions precedent to the payment of the amounts set forth therein have been completed.

7. The Acquisition Fund shall terminate upon the occurrence of the earlier of (a) the presentation of a proper Payment Request and Acceptance Certificate and the Final Acceptance Certificate, a form of which is attached as **Exhibit C**, properly executed by Lessee, (b) 12 months from the date hereof (or such later date as may be agreed to in writing by Lessor and Lessee with notice in writing to Escrow Agent), or (c) the presentation of written notification by the Lessor that the Lease has been terminated pursuant to **Section 8** or **20** of the Lease. Upon termination as described in clause (a) or (b) of this paragraph, any amount remaining in the Acquisition Fund shall be paid to Lessor for application as provided in the Lease. Upon termination as described in clause (c) of this paragraph, any amount remaining in the Acquisition Fund shall immediately be paid to Lessor. The Escrow Agent may rely conclusively upon Lessor's written instructions in disbursing any amounts remaining in the Acquisition Fund upon termination and shall not be responsible in any manner for the exclusion from gross income of interest portions of Rental Payments under the Lease.

8. The Escrow Agent may at any time resign by giving at least 30 days written notice to Lessee and Lessor, but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, the Escrow Agent may be removed at any time, with or without cause, by an instrument in writing executed by Lessor and Lessee. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent. Thereupon such successor Escrow Agent shall, without any further act or deed, be fully vested with all the trusts, powers, rights, duties and obligations of the Escrow Agent under this Escrow Agreement and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to such successor Escrow Agent whereupon the duties and obligations of the predecessor Escrow Agent shall cease and terminate. If a successor Escrow Agent has not been so appointed within 90 days of such resignation or removal, the Escrow Agent may petition a court of competent jurisdiction to have a successor Escrow Agent appointed.

9. Any corporation or association into which the Escrow Agent may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Escrow Agent hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

10. The Escrow Agent incurs no responsibility to make any disbursements pursuant to the Escrow Agreement except from funds held in the Acquisition Fund. The Escrow Agent makes no representations or warranties as to the title to any Equipment listed in the Lease or as to the performance of any obligations of Lessor or Lessee.

11. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of this Escrow Agreement other than its own execution thereof or any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

12. Unless the Escrow Agent is guilty of negligence or willful misconduct with regard to its duties hereunder, Lessee, to the extent permitted by law, and Lessor jointly and severally hereby agree to 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 Escrow Agreement; and in connection therewith, to 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.

13. The aggregate amount of the costs, fees, and expenses of the Escrow Agent in connection with the creation of the escrow described in and created by this Escrow Agreement and in carrying out any of the duties, terms or provisions of this Escrow Agreement is a one time fee in the amount of \$250 to be paid by Lessee concurrently with the execution and delivery of this Escrow Agreement.

Notwithstanding the preceding paragraph, the Escrow Agent shall be entitled to reimbursement from Lessee of reasonable out-of-pocket, legal or extraordinary expenses incurred in carrying out the duties, terms or provisions of this Escrow Agreement (including attorneys' fees and expenses). Claims for such reimbursement may be made to Lessee and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Escrow Agreement. The Escrow Agent agrees that it will not assert any lien whatsoever on any of the money or Qualified Investments on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Escrow Agreement or otherwise.

14. If Lessee, Lessor, the Escrow Agent or any other person shall be in disagreement about the interpretation of the Lease or this Escrow Agreement, 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 to resolve the disagreement. The Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Escrow Agent shall not be or become liable to the undersigned or to any other person for its refusal to comply with such demands, and the Escrow Agent shall be entitled to refuse and refrain to act until (a) such civil action has been resolved by full and final adjudication in a court assuming and having jurisdiction over such subject matter, or (b) all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties. The Escrow Agent shall be indemnified by Lessor and Lessee, to the extent permitted by law, for all costs, including reasonable attorneys' fees and expenses, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Escrow Agreement until a final judgment in such action is received.

15. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action or non-action taken by the Escrow Agent in accordance with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or willful misconduct.

16. This Escrow Agreement shall be governed by and construed in accordance with the laws of the state of Missouri.

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

18. This Escrow Agreement may not be amended except by a written instrument executed by Lessor, Lessee and the Escrow Agent.

19. This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original. The transactions described herein may be conducted and related documents may be sent and stored by electronic means.

20. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be

allocable to the Lessee. The Lessee and Lessor agree to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement. Additionally, the parties hereto agree that they will provide any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time, and the Bank Secrecy Act of 1970, as amended from time to time (together the "Acts"), which information will be used to verify the identities of the parties to ensure compliance with the terms of such Acts. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

21. Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended (the "Act"), by entering into this Escrow Agreement, the Lessor and Escrow Agent certify that they and their respective parent companies, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Escrow Agreement will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Lessor and Escrow Agent understand that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

The foregoing certification shall not be deemed an admission or agreement that the Act is applicable to this Escrow Agreement, but the foregoing certification is provided if the Act is applicable. If the Act is initially deemed or treated as applicable to any of this Escrow Agreement, but it is subsequently determined not to apply for any reason including the repeal or amendment of the Act or any ruling of a court of competent jurisdiction as to the unenforceability or invalidity of the Act, then the foregoing certification shall cease and not exist.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Lessor, Lessee and the Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives.

Clayton Holdings, LLC
LESSOR

By: _____
Title: Officer

City of Gladstone, Missouri
LESSEE

By: _____
Printed Name: Bob Baer
Title: City Manager

UMB Bank, N.A.
ESCROW AGENT

By: _____
Title: _____

EXHIBIT A

ARBITRAGE INSTRUCTIONS

These Arbitrage Instructions provide procedures for complying with § 148 of the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exclusion from federal gross income of the interest portions of the Rental Payments under the Lease.

1. Temporary Period/Yield Restriction. Except as described in this paragraph, money in the Acquisition Fund must not be invested at a yield greater than the yield on the Lease. Proceeds of the Lease in the Acquisition Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Start Date of the Lease. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without yield restriction so long as Lessee pays to the IRS all yield reduction payments under § 1.148-5(c) of the Treasury Regulations.

2. Opinion of Bond Counsel. These Arbitrage Instructions may be modified or amended in whole or in part upon receipt of an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations, satisfactory to Lessor, that such modifications and amendments will not adversely affect the exclusion of the interest portions of Rental Payments from gross income for federal income tax purposes.

EXHIBIT B

FORM OF PAYMENT REQUEST AND ACCEPTANCE CERTIFICATE

To: Clayton Holdings, LLC, as Lessor
8000 Forsyth Blvd., Suite 510
St. Louis, Missouri 63105

UMB Bank, N.A., as Escrow Agent
928 Grand Blvd., 12th Floor
Kansas City, MO 64106

Re: City of Gladstone – Public Works Equipment Acquisition Fund established by the Escrow Agreement, dated July 7, 2023 (the "Escrow Agreement") among Clayton Holdings, LLC, as lessor ("Lessor"), the City of Gladstone, Missouri ("Lessee") and UMB Bank, N.A., as Escrow Agent (the "Escrow Agent")

Ladies and Gentlemen:

The Escrow Agent is hereby requested to pay from the Acquisition Fund to the person or corporation designated below as Payee, the sum set forth below in payment of a portion or all of the cost of the acquisition of the equipment, costs of entering into the Lease (described below) or the Escrow Agreement, or the interest portions of Rental Payment(s) described below. The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the equipment or payment of the interest portions of Rental Payment(s) and has not formed the basis of any prior request for payment.

The equipment described below is part or all of the "Equipment" described in the Lease as that term is defined in the Escrow Agreement.

Equipment: _____

Payee: _____

Amount: \$ _____

Lessee hereby certifies and represents to and agrees with Lessor and the Escrow Agent as follows:

1. All of the above-listed Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
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.
5. Lessee is currently maintaining the insurance coverage required by **Section 17** of the Lease

6. If applicable, the serial number for each item of Equipment which is set forth on Schedule A to the Lease is correct.

7. For any chassis prepayment, Lessor is listed (a) as first lien holder, and (b) for any 100% prepayment structure, as an insured party on a payment and performance bond under a "dual obligee" rider.

APPROVED:

Dated: _____, 20__

Clayton Holdings, LLC
LESSOR

City of Gladstone, Missouri
LESSEE

By: _____

By: _____

Title: Officer

Printed Name: _____

Title: _____

EXHIBIT C

FINAL ACCEPTANCE CERTIFICATE

[THIS CERTIFICATE IS TO BE EXECUTED ONLY WHEN ALL EQUIPMENT
HAS BEEN ACCEPTED]

The undersigned hereby certifies that the equipment described above, together with the equipment described in and accepted by Payment Request and Acceptance Certificates previously filed by Lessee with the Escrow Agent and Lessor pursuant to the Escrow Agreement, constitutes all of the Equipment subject to the Lease.

Dated: _____

LESSEE

By: _____

Printed Name: _____

Title: _____