RKN
08/06/15
Item # 26 A

AN ORDINANCE 2015-08-06-0653

AUTHORIZING THE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT AND AN ESCROW AND ACCOUNT CONTROL AGREEMENT WITH SANTANDER BANK, N.A. AND FROST BANK; AUTHORIZING THE EXHIBITS AND RELATED SCHEDULES TO THE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT IN THE TOTAL AMOUNT OF $8,670,289.04, FOR THE ACQUISITION OF: (1) VARIOUS COLLECTION TRUCKS FOR THE SOLID WASTE MANAGEMENT DEPARTMENT AND BREATHING EQUIPMENT AND CAMERAS FOR THE FIRE DEPARTMENT AT AN INTEREST RATE OF 1.49% FOR A FIVE (5) YEAR TERM AND (2) TOTERS FOR THE SOLID WASTE MANAGEMENT DEPARTMENT AND NOTEBOOK COMPUTERS FOR THE POLICE DEPARTMENT AT AN INTEREST RATE OF 1.18% FOR A THREE (3) YEAR TERM, TO PAY THE COSTS OF THE TRANSACTION; AUTHORIZING THE EXECUTION OF DOCUMENTS RELATED TO THE TRANSACTION; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

* * * * *

WHEREAS, the City of San Antonio, Texas ("City" or "Lessee") is a home rule municipality, a political subdivision of, and is duly organized and existing pursuant to the Constitution and laws of the State of Texas ("State"); and

WHEREAS, pursuant to applicable law, the City Council of the City ("Council") is authorized to acquire, dispose of, and encumber personal property, including, without limitation, rights and interest in property, and leases necessary to the functions or operations of the City; and

WHEREAS, a Request for Bid Tax-Exempt Lease/Purchase Financing ("RFB"), soliciting bids for a master equipment lease purchase financing provider was issued by the City on June 8, 2015; and

WHEREAS, five (5) firms submitted responsive bids on June 29, 2015, in response to the RFB, which were received by the City and evaluated by the Finance Department; and

WHEREAS, City Staff recommended that the City as Lessee enter into the 2015 Master Agreement (as defined herein and attached hereto as **Exhibit A**) with Santander Bank, N.A. as "Lessor" and an Escrow and Account Control Agreement (as defined herein and attached hereto as **Exhibit B**) among the Lessor, the Lessee, and Frost Bank, San Antonio, Texas (as "Escrow Agent"), providing terms and conditions under which lease/purchase transactions shall be conducted by and among the parties; and

WHEREAS, the Lessee desires to acquire on or about August 12, 2015, various collection trucks and toters for the Solid Waste Management Department, breathing equipment and cameras for the Fire Department, and notebook computers for the Police Department ("Equipment") for the total amount of $8,670,289.04, as disclosed in Schedule No. 1 and Schedule No. 2 (collectively, the "Schedules") to the 2015 Master Agreement attached hereto as **Exhibit C** and incorporated by reference for all purposes; and

WHEREAS, Lessor shall act as lessor under the Schedule; and

WHEREAS, the Equipment is essential for the Lessee to perform its governmental and/or proprietary functions; and

WHEREAS, the Council hereby finds and determines that the adoption of this Ordinance and authorization for the execution and delivery of the 2015 Master Agreement, the Schedules, and the Escrow and Account Control Agreement are in the best interests of the City; **NOW THEREFORE**:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The terms and conditions of that certain Master Tax-Exempt Lease/Purchase Agreement ("2015 Master Agreement") by and between the City and Santander Bank, N.A., a true and correct copy of which is attached hereto as **Exhibit A**, are hereby approved. The City Manager, the City Manager's designee, the City's Chief Financial Officer, and the City's Director of Finance, acting on behalf of the City, are each hereby authorized eight (8) business days from the effective date of this Ordinance within which to negotiate and execute the 2015 Master Agreement, substantially according to the terms and conditions set forth in **Exhibit A** hereto. If the 2015 Master Agreement is not negotiated and executed within said eight (8) business days, or if the parties cannot agree to terms of such contract within such time, then there shall be no authority to execute the 2015 Master Agreement unless there is subsequent City Council approval.

SECTION 2. The terms and conditions of that certain Escrow and Account Control Agreement ("Escrow Agreement") by and among the City; Frost Bank; and Santander Bank, N.A., a true and correct copy of which is attached hereto as **Exhibit B**, are hereby approved. The City Manager, the City Manager's designee, the City's Chief Financial Officer, and the City's Director of Finance, acting on behalf of the City, are each hereby authorized eight (8) business days from the effective date of this Ordinance within which to negotiate and execute the Escrow Agreement, substantially according to the terms and conditions set forth in **Exhibit A** hereto. If the Escrow Agreement is not negotiated and executed within said eight (8) business days, or if the parties cannot agree to terms of such contract within such time, then there shall be no authority to execute the Escrow unless there is subsequent City Council approval.

SECTION 3. The Schedules to the 2015 Master Agreement, attached hereto as **Exhibit C**, are hereby approved and are incorporated by reference into this Ordinance for all purposes. The City Manager, the City Manager's designee, the City's Chief Financial Officer and the City's Director of Finance, acting on behalf of the City, are each hereby authorized eight (8) business

days from the effective date of this Ordinance within which to negotiate and execute the Schedules to the 2015 Master Agreement, substantially according to the terms and conditions set forth in **Exhibit C** hereto, which document is available for public inspection in the Office of the City Clerk. If the Schedules to the 2015 Master Agreement are not negotiated and executed within said eight (8) business days after the adoption of this Ordinance, or if the parties cannot agree to terms of such document within such time, then there shall be no authority to execute the Schedules to the 2015 Master Agreement unless there is subsequent City Council approval. The Mayor, City Manager, Chief Financial Officer, Director of Finance, City Attorney, and the City Clerk (each an "Authorized Officer"), acting on behalf of the City, are each hereby authorized to enter into, execute, and deliver such other documents and certificates relating to the Schedules to the 2015 Master Agreement as the Authorized Officer deems necessary and appropriate as specified in the Schedules to the 2015 Master Agreement, without further action by this Council. All other related contracts, certificates, and agreements necessary and incidental to the Schedules to the 2015 Master Agreement are hereby authorized, with the exception of adding future Schedules to the 2015 Master Agreement, other than the Schedules authorized by this Ordinance. Future Schedules to the 2015 Master Agreement shall require approval by Council.

SECTION 4. The aggregate original principal amount for the Equipment shall not exceed the amount set forth in the Schedules and shall bear interest as set forth in the Schedules, and the Schedules shall contain such options to purchase and/or prepay by the City as set forth therein.

SECTION 5. The City's obligations under the Schedules shall be subject to annual appropriation or renewal by the Council as set forth in the Schedules and the City's obligations under the Schedules shall not constitute a general obligation of the City or indebtedness under the Constitution or laws of the State.

SECTION 6. The Director of Finance is authorized to record and account for the Schedules in accordance with generally accepted accounting principles and all other applicable laws.

SECTION 7. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

SECTION 8. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters resolved herein.

SECTION 9. This Ordinance shall be construed and enforced in accordance with the laws of the State and the United States of America.

SECTION 10. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 11. Expenses not to exceed $3,903,386.00 associated with this ordinance will be available in Fund 55005006, 2015 Equipment Acquisition-SWMD contingent upon the execution of a lease agreement. Principal and interest payments will be charged to Cost Center 5501010001 and General Ledgers 5404010 and 5404020, respectively.

SECTION 12. Expenses not to exceed $4,325,758.00 associated with this ordinance will be available in Fund 29089013, 2015 Equipment Acquisition-Fire contingent upon the execution of a lease agreement. Principal and interest payments will be charged to Cost Center 2004010001 and General Ledgers 5404010 and 5404020, respectively.

SECTION 13. Expenses not to exceed $441,145.00 associated with this ordinance will be available in Fund 29089013, 2015 Equipment Acquisition-Police contingent upon the execution of a lease agreement. Principal and interest payments will be charged to Cost Center 1703080001 and General Ledgers 5404010 and 5404020, respectively.

SECTION 14. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may subject to concurrence by the City Manager, the City Manager's designee, or the City's Chief Financial Officer, correct allocations to specific cost centers and fund numbers as necessary to carry out the purpose of this ordinance.

SECTION 15. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

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SECTION 16. This Ordinance is effective immediately, upon passage by eight (8) affirmative votes; otherwise, said effective date shall be ten (10) days from the date of passage hereof.

PASSED AND ADOPTED by an affirmative vote of 9 members of the City Council of the City of San Antonio, Texas, this the 6th day of August, 2015.

M A Y O R
Ivy R. Taylor

ATTEST:

Leticia M. Vacek, City Clerk

(CITY SEAL)

I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Ordinance prior to its adoption and passage as aforesaid.

Martha G. Sepeda, Acting City Attorney
City of San Antonio, Texas

CERTIFICATE OF CITY CLERK
OF
CITY OF SAN ANTONIO, TEXAS

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The City of San Antonio, Texas (the "City") is a body corporate and politic and a Texas home rule municipality, and was validly created and exists under the laws and the Constitution of the State of Texas and is a political subdivision or governmental agency thereof.

2. On the 6th day of August, 2015, the City Council (the *"Council"*) of the City convened in regular session at its regular meeting place in the Municipal Plaza Building of the City (the *"Meeting"*), the duly constituted members of the Council being as follows:

Ivy R. Taylor	Mayor
Roberto C. Trevino	Mayor Pro Tem, District 1
Alan E. Warrick, III	Councilmember, District 2
Rebecca Viagran	Councilmember, District 3
Rey Saldana	Councilmember, District 4
Shirley Gonzales	Councilmember, District 5
Ray Lopez	Councilmember, District 6
Cris Medina	Councilmember, District 7
Ron Nirenberg	Councilmember, District 8
Joe Krier	Councilmember, District 9
Michael Gallagher	Councilmember, District 10

and all of such persons were present at the Meeting, except the following: GONZALES AND KRIER, thus constituting a quorum. Among other business considered at the Meeting, the attached Ordinance (the *"Ordinance"*) entitled:

AUTHORIZING THE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT AND AN ESCROW AND ACCOUNT CONTROL AGREEMENT WITH SANTANDER BANK, N.A. AND FROST BANK; AUTHORIZING THE EXHIBITS AND RELATED SCHEDULES TO THE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT IN THE TOTAL AMOUNT OF $8,670,289.04, FOR THE ACQUISITION OF: (1) VARIOUS COLLECTION TRUCKS FOR THE SOLID WASTE MANAGEMENT DEPARTMENT AND BREATHING EQUIPMENT AND CAMERAS FOR THE FIRE DEPARTMENT AT AN INTEREST RATE OF 1.49% FOR A FIVE (5) YEAR TERM AND (2) TOTERS FOR THE SOLID WASTE MANAGEMENT DEPARTMENT AND NOTEBOOK COMPUTERS FOR THE POLICE DEPARTMENT AT AN INTEREST RATE OF 1.18% FOR A THREE (3) YEAR TERM, TO PAY THE COSTS OF THE TRANSACTION; AUTHORIZING THE EXECUTION OF DOCUMENTS RELATED TO THE TRANSACTION; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the Ordinance, a motion was made by Councilmember TREVIÑO that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember WARRICK and carried by the following vote:

9 voted "For" Ø voted Against" Ø abstained

all as shown in the official Minutes of the Council for the Meeting.

3. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council of the City on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 10th day of August, 2015.

City Clerk, City of San Antonio, Texas

(SEAL)

Agenda Item:	**26A (in consent vote: 5, 6, 7, 9, 11, 12, 15, 16, 17, 18, 20, 21, 22, 23, 26A, 26B)**
Date:	08/06/2015
Time:	11:05:50 AM
Vote Type:	Motion to Approve
Description:	An Ordinance approving the Master Tax-Exempt Lease Purchase Agreement with Santander Bank, N.A and an Escrow and Account Control Agreement with Santander Bank, N.A and Frost Bank, approving Exhibits and related Schedules to the Master Tax-Exempt Lease Purchase Agreement in the amount of $8,670,289 for the acquisition of collection trucks and toters for the Solid Waste Management Department, breathing equipment and cameras for the Fire Department, and notebook computers for the Police Department.
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x			x	
Alan Warrick	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5	x					
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9	x					
Michael Gallagher	District 10		x				

E X H I B I T A

MASTER EQUIPMENT LEASE PURCHASE AGREEMENT

Dated as of August 12, 2015

This Master Equipment Lease Purchase Agreement dated as of the date listed above is entered into between Santander Bank, N.A. ("Lessor"), a national banking association and the City of San Antonio, Texas ("Lessee") a home rule municipality and a political subdivision of the state of Texas. Lessor desires from time to time to lease the Equipment (hereinafter defined) described in Equipment Schedules (each a "Schedule") to be attached hereto to Lessee and Lessee desires to lease such Equipment from Lessor subject to the terms and conditions of this Agreement, which are set forth below, and the applicable Schedule.

WHEREAS, Lessee is authorized and empowered under the laws of the State, particularly the Public Property Finance Act, Texas Loc. Gov't. Code Ann. §271.001, et seq. (the "Act") to lease, as lessee, to purchase, finance, and receive, and to control and dispose of "personal property" as defined in the Act, whether movable or fixed, considered by the City Council of Lessee to be necessary, useful or appropriate to one or more governmental purposes of Lessee; and

WHEREAS, the parties hereto desire that Lessee lease from Lessor the Equipment (defined below) to be identified by Lessee, on the terms and conditions set forth below, which Equipment the City Council of Lessee shall determine is necessary, useful and appropriate to one or more governmental purposes of Lessee and shall be specifically identified in each Equipment Schedule (as hereinafter defined) attached hereto and made a part hereof; and

WHEREAS, the relationship between the parties shall be a continuing one for the term described in this Agreement and any renewals hereof, and additional Equipment may be leased from time to time by execution of additional Equipment Schedules by the parties hereto and as otherwise provided herein; and

WHEREAS, Lessee shall make Lease Payments (as hereinafter defined) and certain other payments directly to Lessor for the possession, use and ownership of the Equipment; and

WHEREAS, this Agreement shall not constitute a debt, liability, or other obligation of the State (as hereinafter defined) or Lessee or any political subdivision of the State, or a pledge of the faith and credit or taxing power of the State, or Lessee, or any political subdivision of the State, but shall be a special obligation payable solely from the current revenues of Lessee, subject to annual appropriation by the City Council of Lessee, in accordance with the provisions hereof; and

WHEREAS, as security for the payment of all of Lessee's obligations under this Agreement, Lessee shall assign to Lessor a first priority perfected security interest in the Equipment;

NOW, THEREFORE, for and in consideration of the premises and of the covenants hereinafter contained, and other valuable considerations, the parties hereto agree as follows:

I. Definitions:

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Agreement' means this Master Lease Purchase Agreement.

"Budget Year" means the Lessee's fiscal year, which begins October 1st and ends September 30th.

"Commencement Date" is the date when Lessee's obligation to make lease payments begins.

"Equipment" means the items of Equipment listed on Exhibit "A" to the Schedule and all replacements, restorations, modifications and improvements.

"Equipment Acquisition Account" means the account pursuant to the Escrow Agreement for the purposes stated therein.

"Escrow Agreement" means the Escrow and Account Control Agreement dated as of August 6, 2015 between the Lessee, Lessor, and The Frost National Bank as provided for and described in Section 2.02 hereof.

"Lease" means this Agreement and the Schedule, which shall collectively constitute the terms and conditions applicable to the lease of the Equipment subject thereto.

"Lease Payments" means the payments Lessee is required to make under this Agreement as set forth on Exhibit "B" to the Schedule.

"Lease Term" means the Original Term and all Renewal Terms applicable to a Lease.

"Lessee" means the entity listed above as Lessee and which is leasing the Equipment from Lessor under the provisions of this Agreement and the Schedule.

"Lessor" means the entity originally listed above as Lessor or any of its assignees.

"Net Proceeds" means (a) the amount of insurance proceeds received by Lessee for replacing, repairing, restoring, modifying, or improving damaged or destroyed Equipment, or (b) the amount remaining from the gross proceeds of any condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

"Original Term" means the period from the Commencement Date until the end of Lessee's Budget Year for the year of the Commencement Date.

"Purchase Option Price" means the amount of outstanding principal balance of Lease Payments which Lessee may from time to time pay or cause to be paid to Lessor in addition to all other amounts then owed hereunder by Lessee in order to purchase the Equipment, as provided in Section 3.04 hereof, such amount being set forth in the Schedule.

"Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Lessee's Budget Year.

"Vendor" means any supplier or manufacturer of the Equipment as well as the agents or dealers of the manufacturer or supplier from whom Lessor purchased or is purchasing such Equipment.

"Schedule" means a schedule substantially in the form attached hereto and all exhibits thereto pursuant to which Lessor and Lessee agree to the lease of the Equipment described therein and which together with the terms of the Agreement applicable thereto constitutes an individual Lease.

"State" means the state in which Lessee is located, which is Texas.

II. Lessee Warranties

Section 2.01. With respect to each Lease, Lessee represents, warrants and covenants as follows for the benefit of Lessor or its assignees.

(a) Lessee is the State or a political subdivision of the State within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

(b) Lessee is authorized under the Constitution and laws of the State to enter into this Agreement and the Schedule, and has used such authority to properly execute and deliver this Agreement and the Schedule. Lessee has followed all proper procedures of its governing body in executing this Agreement and the Schedule. The Officer of Lessee executing this Agreement and the Schedule has the authority to execute and deliver this Agreement and the Schedule. This Agreement and each Schedule constitute a legal, valid, binding and enforceable obligation of the Lessee in accordance with their terms.

(c) Lessee has complied with all statutory laws and regulations that may be applicable to the execution of this Agreement and the Schedule.

(d) Lessee shall use the Equipment only for essential, traditional government purposes.

(e) Should the Lessee cease to be an issuer of tax exempt obligations or if the obligation of Lessee created under any Lease ceases to be a tax exempt obligation for any reason, then Lessee shall be required to pay additional sums to the Lessor or its assignees so as to bring the after tax yield on any Lease to the same level as the Lessor or its assignees would attain if the transaction continued to be tax-exempt.

(f) Lessee has never non-appropriated funds under an agreement similar to this Agreement.

(g) Lessee will submit to the Secretary of the Treasury an information reporting statement as required by the Code with respect to this Lease.

(h) Upon Lessor's written request, Lessee will, within thirty days after its receipt and acceptance of the Certified Annual Financial Report for the preceding Fiscal Year, provide a copy of the publicly available portions of the Certified Annual Financial Report to Lessor.

(i) Lessee shall retain the Equipment free of any hazardous substances as defined in the applicable law.

(j) As of the Commencement Date for this Lease, but subject to Lessee's rights under Section 4.01 hereof, Lessee presently intends to continue this Lease for the Original Term and all Renewal Terms as set forth on Exhibit "B" to the Schedule relating thereto and Lessee reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose.

Section 2.02. Escrow Agreement and Funding Conditions.

(a) In order to provide financing to pay the costs to acquire the Equipment ("Purchase Price") as described in the Schedule, Lessor and Lessee hereby agree to execute and deliver an Escrow Agreement relating to Exhibit A and Exhibit B, on the Commencement Date ("Escrow Agreement"). Lessor will deposit or cause to be deposited into an Equipment Acquisition Account under the Escrow Agreement an amount (which may include estimated investment earnings thereon) equal to the Purchase Price for the Equipment to be financed under the Schedule.

(b) Lessor shall have no obligation to deposit the Purchase Price into the Equipment Acquisition Account unless the following conditions established by Lessor ("Funding Conditions") have been satisfied: (i) Lessee has signed and delivered to Lessor this Lease, the Schedule and the Escrow Agreement; (ii) no material adverse change shall have occurred in the financial condition of Lessee; (iii) the Equipment is reasonably satisfactory to Lessor, and is free and clear of any Liens (except Lessor's Liens); (iv) all representations of Lessee in this Lease remain true, accurate and complete; (vi the amount (if any) that Lessor may require in advance that Lessee apply to the payment of Equipment costs has been received; and (vi) 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 required by the Lease; (2) an opinion of Lessee's counsel; (3) Uniform Commercial Code (UCC) financing statements with respect to the Equipment; (4) copies of resolutions or ordinances by Lessee's governing body, duly authorizing the Lease and the Escrow Agreement and incumbency certificates for the person(s) who will sign the Lease and the Escrow Agreement; and (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 sixty days prior to the date on which the Funding Conditions are satisfied.

(c) If a Nonappropriation Event or an Event of Default occurs prior to Lessee's acceptance of all the Equipment under the Schedule, the amount then on deposit in the Equipment Acquisition Account shall be applied to prepay the unpaid principal component of the Lease Payments in whole on the first business day of the month next succeeding the occurrence of either such event plus accrued interest to the prepayment date; *provided, however,* that the amount to be prepaid by Lessee pursuant to this subsection (c) shall first be paid from moneys in the Equipment Acquisition Account and then from legally available funds and other moneys available for such purpose as a result of the exercise by Lessor of its rights and remedies under the Schedule. Any funds on deposit in the Equipment Acquisition Account on the prepayment date described in this subsection (c) in excess of the unpaid principal component of the Lease Payments to be prepaid plus accrued interest thereon to the prepayment date shall be paid promptly to Lessee.

III. Acquisition of Equipment, Rental Payments and the Purchase Option Price

Section 3.01. Acquisition. Lessee shall be solely responsible for the ordering of the Equipment and the delivery and installation thereof.

Section 3.02. Lease Payments. Lessee shall pay Lease Payments exclusively to Lessor or its assignees in lawful, legally available money of the United States of America. The Lease Payments shall be sent to the location specified by the Lessor or its assignees. The Lease Payments shall constitute a current expense of the Lessee and shall not constitute an indebtedness of the Lessee. Lessor shall have the option to charge interest at the highest lawful rate on any Lease Payment received later than the due date. The Lease Payments will be payable without notice or demand.

Section 3.03. Lease Payments Unconditional. Except as provided under Section 4.01, THE OBLIGATIONS OF LESSEE TO MAKE LEASE PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS CONTAINED IN THIS AGREEMENT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE.

Section 3.04. Purchase Option. With respect to the Schedule, upon 30 days written notice, Lessee shall have the option to pay, in addition to any Lease Payment due thereunder, the corresponding Purchase Option Price which is listed on the same line on Exhibit B to the Schedule. If Lessee chooses this option and pays the Purchase Option Price to Lessor then Lessor will transfer any and all of its rights, title and interest in the Equipment subject to this Lease

to Lessee.

Section 3.05. Lease Term. The Lease Term of this Lease shall be the Original Term and all Renewal Terms thereunder until all the Lease Payments due thereunder are paid as set forth in the Schedule except as provided under Section 4.01 and Section 9.01 below. If, after the end of the budgeting process which occurs at the end of the Original Term or any Renewal Term, Lessee has not terminated this Lease pursuant to Section 4.01 hereof then the Lease Term for such Lease shall be extended into the next Renewal Term and the Lessee shall be obligated to make the Lease Payments that come due during such Renewal Term.

Section 3.06. Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, AND FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE ARISING OUT OF THE INSTALLATION, OPERATION, POSSESSION, STORAGE OR USE OF THE EQUIPMENT BY LESSEE.

IV. Non-Appropriation

Section 4.01. Non-Appropriation. If insufficient funds are available in Lessee's budget for the next Budget Year to make the Lease Payments for the next Renewal Term under this Lease, then Lessee shall have the option to non-appropriate the funds to pay the Lease Payments for the next Renewal Term with respect to this Lease. Lessee shall give Lessor written notice containing evidence of such non-appropriation (e.g. ordinance or resolution prohibiting Lessee from performing its obligations under this Lease) within ten (10) business days after adoption of a budget by Lessee's governing body that does not include a sufficient appropriation for Lease Payments that will become due during that Budget Year.
If Lessee chooses this option, then all obligations of the Lessee under this Lease regarding Lease Payments for all remaining Renewal Terms shall be terminated at the end of the then current Original Term or Renewal Term without penalty or liability to the Lessee of any kind provided that if Lessee has not delivered possession of the Equipment subject to such Lease to Lessor as provided herein and conveyed to Lessor or released its interest in such Equipment by the end of the last Budget Year for which Lease Payments were paid, 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 Lease Payments thereafter coming due under Exhibit "B" to the Schedule which are attributable to the number of days after such Budget Year during which Lessee fails to take such actions as a result of Lessee's failure to take such actions as required. Lessee shall immediately notify the Lessor as soon as the decision to non-appropriate is made. If such non-appropriation occurs, then Lessee shall deliver the Equipment to Lessor or to a location designated by Lessor that is reasonably convenient to Lessor within the State, at Lessor's sole expense, including, without limitation, all costs of transportation. Lessee shall be liable for all damage to the Equipment other than normal wear and tear. If Lessee fails to deliver such Equipment to Lessor, then Lessor may enter the premises where such Equipment is located and take possession of the Equipment and charge Lessee for costs incurred.

V. Insurance, Damage, Insufficiency of Proceeds, Indemnification

Section 5.01. Insurance. Lessee shall maintain both casualty insurance and liability insurance at its own expense with respect to the Equipment. Lessee shall be solely responsible for selecting the insurer(s) and for making all premium payments and ensuring that all policies are continuously kept in effect during the term of any Lease. Lessee shall provide Lessor with a Certificate of Insurance, which lists the Lessor and/or assigns as a loss payee and an additional insured on the policies with respect to the Equipment.

(a) Lessee shall insure the Equipment against any loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Lessor in an amount at least equal to the then applicable Purchase Option Price of the Equipment. Alternatively, Lessee may insure the Equipment under a blanket insurance policy or policies.

(b) The liability insurance shall insure Lessor from liability and property damage in any form and amount satisfactory to Lessor.

(c) Provided that, with Lessor's prior written consent, Lessee may self-insure against the risks described in (a) and (b) above. Lessee shall furnish Lessor evidence of such self-insurance coverage throughout each Lease Term. Lessee shall not materially modify or cancel such self-insurance coverage without first giving written notice thereof to Lessor at lease 10 days in advance of such cancellation or modification.

(d) All insurance policies issued or affected by this Section shall be so written or endorsed such that the Lessor and its assignees are named additional insured and loss payees and that all losses are payable to Lessee and Lessor or its assignees as their interests may appear. Each policy issued or affected by this Section shall contain a provision that the insurance company shall not cancel or materially modify the policy without first giving thirty 30 days advance notice to Lessor or its assignees. Lessee shall furnish to Lessor certificates evidencing such coverage throughout each Lease Term.

(e) If Lessee is self-insured under an actuarially sound self-insurance program that is acceptable to Lessor with respect to equipment such as the Equipment under this Lease, Lessee shall maintain during the Original Term and each Renewal Term of this Lease such actuarially sound self-insurance program and shall provide evidence thereof in form and substance satisfactory to Lessor. Execution of this Lease on behalf of Lessor evidences its prior written consent to Lessee's self-insurance against such risks. Lessee shall furnish to Lessor evidence of such insurance or self-insurance coverage throughout the Original Term and each Renewal Term of this Lease. Lessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least thirty (30) days in advance of such cancellation or modification. This sub-section (e) shall prevail over sub-sections (a) through) (d) above so long as Lessee's actuarially sound self-insurance program remains in effect. Notwithstanding the foregoing to the contrary, Lessee shall be fully responsible for any loss deficiency replacement.

Section 5.02. Damage to or Destruction of Equipment; Replacement of Equipment. Lessee assumes the risk of loss or damage to the Equipment. If the Equipment or any portion thereof is lost, stolen, damaged, or destroyed by fire or other casualty, Lessee will immediately report all such losses to all possible insurers and take the proper procedures to attain all insurance proceeds. At the option of Lessor, Lessee shall either (1) apply the Net Proceeds to replace, repair or restore the Equipment or (2) apply the Net Proceeds to the applicable Purchase Option Price. For purposes of this Section and Section 5.03, the term Net Proceeds shall mean the amount of insurance proceeds collected from all applicable insurance policies after deducting all expenses incurred in the collection thereof.

With the prior written consent of Lessor, which will not be unreasonably withheld, Lessee may elect to replace all or any portion of the Equipment at any time during this Lease. If Lessee elects to replace any item of the Equipment (the "Replaced Equipment") pursuant to this Section, the replacement equipment (the "Replacement Equipment") shall be of similar type, utility and condition to the Replaced Equipment and shall be of equal or greater value than the Replaced Equipment. Lessee shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor's security interest in the Replacement Equipment. Lessor and Lessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this Lease. In the event of any such replacement, Lessee shall complete the documentation of Replacement Equipment on or before the next Lease Payment date.

Section 5.03. Insufficiency of Net Proceeds. If there are no Net Proceeds for whatever reason or if the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement of the Equipment, then Lessee shall, at the option of Lessor, either complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or apply the Net Proceeds to the Purchase Option Price and pay the deficiency, if any, to the Lessor.

Section 5.04. Lessee Negligence. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment and for injury to or death of any person or damage to any property whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others including, without limitation, liabilities for loss or damage related to the release or threatened release of hazardous substances under applicable law or similar or successor law or any state or local equivalent now existing or hereinafter enacted which in any manner arise out of or are incident to any possession, use, operation, condition or storage of any of the Equipment by Lessee which is proximately caused by the negligent conduct of Lessee, its officers, employees and agents. To the maximum extent permitted by law, Lessee hereby assumes responsibility for and agrees to reimburse Lessor for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses including reasonable attorneys' fees of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor that in any way relate to or arise out of a claim, suit or proceeding, based in whole or in part upon the negligent conduct of Lessee, its officers, employees and agents.

VI. Title and Security Interest

Section 6.01. Title. Title to the Equipment shall vest in Lessee when Lessee acquires and accepts the Equipment. Title to the Equipment subject to this Lease will automatically transfer to the Lessor in the event Lessee non-appropriates under Section 4.01 or in the event Lessee defaults under Section 9.01. In either of such events, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title to the Equipment subject to such Lease to Lessor.

Section 6.02. Security Interest. To secure the payment of all Lessee's obligations under each Lease, Lessee hereby grants to Lessor a security interest under the UCC constituting a first lien on the Equipment described more fully in the Schedule. The security interest established by this section includes not only all additions, attachments, repairs and replacements to the Equipment but also all proceeds therefrom. Lessee agrees that Lessor or its assignee may execute such additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Lessee which Lessor deems necessary or appropriate to protect Lessor's interest in the Equipment and in this Lease. Lessee authorizes Lessor to record such documentation as necessary for Lessor to perfect its security interest.

VII. Assignment

Section 7.01. Assignment by Lessor. Lessor's right, title and interest in and to this Lease, including Lease Payments and any other amounts payable by Lessee thereunder and all proceeds therefrom, may be assigned and reassigned to one or more assignees by Lessor without the necessity of obtaining the consent of Lessee; provided, however, that any such assignment shall not be effective until (a) Lessee has received written notice, signed by the assignor, of the name and address of the assignee, and (b) it is registered on the registration books. Lessee shall retain all such notices as a register of all assignees designated in such register. Lessor, including any subsequent assignee, will maintain the exemption from the approval of the Texas Attorney General described herein in Section 10.10 and hereby covenants not to take any action which will convert this Lease into a public security pursuant to the provisions of Chapter 1201, as amended, Texas Government Code, and require the approval of the Texas Attorney General, including any action to "participate" or issue certificates of participation in the Lessee's Lease Payment stream. Lessee agrees to execute all documents that may be reasonably requested by Lessor or any assignee to protect its interests and property assigned pursuant to this Section. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Lessee may have against Lessor or Vendor. Assignments may include without limitation assignment of all of Lessor's security interest in and to the Equipment listed in this Lease and all rights in, to and under this Lease related to such Equipment. None of Lessee's right, title and interest in, to and under any Lease or any portion of the Equipment listed in each Lease may be assigned, subleased, or encumbered by Lessee for any reason without obtaining prior written consent of Lessor, which consent will not be unreasonably withheld.

Section 7.02. Assignment by Lessee. None of Lessee's right, title and interest under this Lease and in the Equipment may be assigned by Lessee unless Lessor approves of such assignment in writing before such assignment occurs, which approval will not be unreasonably withheld, but only after Lessee first obtains an opinion from nationally recognized counsel stating that such assignment will not jeopardize the tax exempt status of the obligation.

VIII. Maintenance of Equipment

Section 8.01. Lessee shall keep the Equipment in good repair and working order. Lessor shall have no obligation to inspect, test, service, maintain, repair or make improvements or additions to the Equipment under any circumstances. Lessee will be liable for all damage to the Equipment, other than normal wear and tear, caused by Lessee, its employees or its agents. Lessee shall pay for and obtain all permits, licenses and taxes necessary for the installation, operation, possession, storage or use of the Equipment. If the Equipment includes any titled vehicles, then Lessee is responsible for obtaining such titles from the State and also for ensuring that Lessor is listed as first lien holder on all of the titles. Lessee shall not use the Equipment to haul, convey or transport hazardous waste as defined by the applicable law. Lessee shall not during the term of this Lease create, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment except those created by this Lease. The Equipment is and shall at all times be and remain personal property. Lessee shall allow Lessor to examine and inspect the Equipment at all reasonable times.

IX. Default

Section 9.01. Events of Default defined. The following events shall constitute an "Event of Default" with respect to a Lease:

(a) Failure by Lessee to pay any Lease Payment listed on Exhibit "B" to the Schedule for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit "B".

(b) Failure to pay any other payment required to be paid under this Agreement and the Schedule at the time specified herein and therein and a continuation of said failure for a period of thirty (30) days after written notice by Lessor that such payment must be made. If Lessee continues to fail to pay any payment after such period, then Lessor may, but will not be obligated to, make such payments and charge Lessee for all costs incurred plus interest at the highest lawful rate.

(c) Failure by Lessee to observe and perform any warranty, covenant, condition, promise or duty under this Agreement or the Schedule for a period of thirty 30 days after written notice specifying such failure is given to Lessee by Lessor, unless Lessor agrees in writing to an extension of time. Lessor will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Lessee. Subsection (c) does not apply to Lease Payments and other payments discussed above.

(d) Any statement, material omission, representation or warranty made by Lessee in or pursuant to this Agreement or the Schedule which proves to be false, incorrect or misleading on the date when made regardless of Lessee's intent and which materially adversely affects the rights or security of Lessor under this Agreement or the applicable Schedule.

(e) Any provision of this Agreement or the Schedule which ceases to be valid for whatever reason and the loss of such provision, would materially adversely affect the rights or security of Lessor.

(f) Lessee admits in writing its inability to pay its obligations as they become due. Lessee applies or consents to the appointment of a receiver or a custodian to manage its affairs. Lessee makes a general assignment for the benefit of creditors.

(g) Lessee defaults on one or more of its obligations under this Agreement with Lessor.

Section 9.02. Remedies on Default. Whenever any Event of Default exists with respect to any Lease, Lessor shall have the right to take one or any combination of the following remedial steps:

(a) With or without terminating the Lease, Lessor may declare all Lease Payments and other amounts payable by Lessee thereunder to the end of the then current Budget Year to be immediately due and payable.

(b) With or without terminating the Lease, Lessor may require Lessee to redeliver any or all of the Equipment subject thereto to Lessor to a location specified by Lessor that is reasonably convenient to Lessor within the State, at Lessor's sole expense, including, without limitation, all costs of transportation. Such delivery shall take place within 15 days after the Event of Default occurs. If Lessee fails to deliver such Equipment, Lessor may enter the premises where such Equipment is located and take possession of such Equipment and charge Lessee for such costs incurred. Notwithstanding that Lessor has taken possession of such Equipment, Lessee shall still be obligated to pay the remaining Lease Payments under the Lease due up until the end of the then current Original Term or Renewal Term. Lessee will be liable for any damage to such Equipment caused by Lessee or its employees or agents.

(c) Lessor may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights.

Section 9.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

X. Miscellaneous

Section 10.01. Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing.

Section 10.02. Binding Effect. This Agreement and each Schedule shall inure to the benefit of and shall be binding upon Lessee and Lessor and their respective successors and assigns.

Section 10.03. 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, and the remainder of this Lease shall continue in full force and effect.

Section 10.04. Amendments, Addenda, Changes or Modifications. This Agreement and the Lease may be amended, added to, changed or modified by written agreement duly executed by Lessor and Lessee. In addition, where required by statute or Ordinance, Lessee's governing body must approve any material amendment, change, or modification, which approval shall be evidenced by the adoption of an Ordinance.

Section 10.05. Execution in Counterparts. This Agreement and the Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.06. Captions and Headings. The captions or headings in this Agreement do not define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 10.07. Entire Writing. This Agreement and the Schedule executed hereunder constitute the entire writing between Lessor and Lessee. No waiver, consent, modification or change of terms of this Agreement or any Lease shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Agreement or the Lease or the Equipment leased thereunder. Any terms and conditions of any purchase order or other documents submitted by Lessee in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement or any Lease will not be binding on Lessor and will not apply to this Agreement or any Lease.

Section 10.08. Tax and Arbitrage Representations. Tax and Arbitrage Representations. Lessee hereby represents as follows:

(a) General. Lessee intends that the interest on the Lease be excludable from gross income for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code and the applicable Treasury Regulations (the "Regulations"). Lessee covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Lease to be includable in gross income, as defined in Section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of Section 103 and 141 through 150 of the Code and the applicable Regulations. In particular, Lessee covenants and agrees to comply with each requirement of this Section 10.08; provided, however, that Lessee will not be required to comply with any particular requirement of this Section 10.08 if Lessee has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Lease or (ii) compliance with some other requirement set forth in this Section 10.08 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion will constitute compliance with the corresponding requirement specified in this Section 10.08.

(b) No Private Activity Bond. Lessee covenants and agrees that it will make such use of the proceeds of the Lease, including interest or other investment income derived from the Lease proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Lease will not be a "private activity bond" within the meaning of Section 141 of the Code and the Regulations promulgated thereunder. Moreover, Lessee will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Lease is delivered, that the proceeds of the Lease will not be used in a manner that would cause the Lease to be a "private activity bond" within the meaning of Section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. Lessee covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the Lease to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by Section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bond. Lessee covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the Lease to be a "hedge bond" within the meaning of Section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. Lessee covenants and agrees that it will make such use of the proceeds of the Lease, including interest or other investment income

derived from the Lease, regulate investments of proceeds of the Lease, and take such other and further action as may be required so that the Lease will not be an "arbitrage bond" within the meaning of Section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, Lessee will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Lease is delivered, that proceeds of the Lease will not be used in a manner that would cause the Lease to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If Lessee does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, Lessee will take all necessary steps to comply with the requirement that certain amounts earned by Lessee on the investment of the "gross proceeds" of the Lease (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, Lessee will (i) maintain records regarding the investment of the gross proceeds of the Lease as may be required to calculate the amount earned on the investment of the gross proceeds of the Lease separately from records of amounts on deposit in the funds and accounts of Lessee allocable to other bond issues of Lessee or moneys that do not represent gross proceeds of any bonds of Lessee, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Lease that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Lease, or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, Lessee will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Lease that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. Lessee covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Lease is issued, an information statement concerning the Lease, all under and in accordance with Section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Record Retention. Lessee will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Lease until three years after the final payment of the Lease Payments is made, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of Lessee to retrieve and reproduce such books and records in the event of an examination of the Lease by the Internal Revenue Service.

(i) Deliberate Actions. Lessee will not take a deliberate action (as defined in Section 1.141-2(d)(3) of the Regulations) that causes the Lease to fail to meet any requirement of Section 141 of the Code after the issue date of the Finance Contract unless an appropriate remedial action is permitted by Section 1.141-12 of the Regulations, Lessee takes such remedial action and a Counsel's Opinion is obtained that such remedial action cures any failure to meet the requirements of Section 141 of the Code.

(k) Continuing Obligation. Notwithstanding any other provision of this Agreement, Lessee's obligations under the covenants and provisions of this Section 10.98 will survive the defeasance and discharge of the Lease for as long as such matters are relevant to the exclusion from gross income of interest on the Lease for federal income tax purposes.

Section 10.09. Lessor Warranty and Representation. Lessor warrants and represents that it has the power and authority to enter into and perform this Agreement. The Lease, when executed and delivered, will be a valid and binding obligation of the Lessor, enforceable in accordance with its terms, subject to applicable laws.

Section 10.10. No Texas Attorney General Approval. The Agreement is exempt from review by the Texas Attorney General pursuant to the provisions of Section 1202.007, as amended, Texas Government Code.

Section 10.11. Not Bank Qualified. Lessor acknowledges and recognizes that Lessee will issue more than $10,000,000.00 in tax-exempt debt in 2015. Accordingly, this Lease entered will not be designated as a "qualified tax-exempt obligation" pursuant to section 265 of the Code.

Section 10.12. Waiver. No covenant or condition of this Agreement can be waived except by the written consent of the parties. Any failure of a party to require strict predominance by the other party or any waiver by a party of any terms, covenants or agreements herein shall not be construed as a waiver of any other breach of the same or of any other term, covenant or agreement herein.

Section 10.13 Choice of Law, Venue. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State. Venue for any legal proceeding relating to this Agreement shall lie in Bexar County, Texas.

Section 10.14. Notice of Final Agreement. THIS WRITTEN AGREEMENT AND ANY OTHER DOCUMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NOT UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Lessor and Lessee have caused this Agreement to be executed in their names by their duly authorized representatives listed below.

Lessee
City of San Antonio, Texas
111 Soledad, 5th Floor

San Antonio, Texas 78205

By: _____

Typed: Troy Elliott

Title: Director of Finance

Lessor
Santander Bank, N.A.
3 Huntington Quadrangle, Suite 101N

Melville, NY 11747

By: _____

Typed: _____

Title: _____

CITY OF SAN ANTONIO
Department of Finance
Tax-Exempt Lease Purchase Financing
SOLID WASTE MANAGEMENT
(CARTS)
FISCAL YEAR 2015

Lessor:	Santander
Lease Purchase Amount	$1,090,543.64
Lease Purchase Rate	1.1800%
Term (Years)	3
Number of Periods	12
Quarterly Payment	$ 92,630.65

Periods	Date	Principal Payment	Interest Payment	Total Payment	Total Payment by FY	Outstanding Principal Balance
	08/12/15					$ 1,090,543.64
	11/01/15	0.00	$ 2,823.90	2,823.90		1,090,543.64
1	02/01/16	89,413.54	3,217.10	92,630.65		1,001,130.10
2	05/01/16	89,677.31	2,953.33	92,630.65		911,452.79
3	08/01/16	89,941.86	2,688.79	92,630.65	280,715.84	821,510.93
4	11/01/16	90,207.19	2,423.46	92,630.65		731,303.74
5	02/01/17	90,473.30	2,157.35	92,630.65		640,830.44
6	05/01/17	90,740.20	1,890.45	92,630.65		550,090.25
7	08/01/17	91,007.88	1,622.77	92,630.65	370,522.58	459,082.37
8	11/01/17	91,276.35	1,354.29	92,630.65		367,806.02
9	02/01/18	91,545.62	1,085.03	92,630.65		276,260.40
10	05/01/18	91,815.68	814.97	92,630.65		184,444.72
11	08/01/18	92,086.53	544.11	92,630.65	370,522.58	92,358.19
12	11/01/18	92,358.19	272.46	92,630.65	92,630.65	(0.00)
		$ 1,090,543.64	$ 23,848.00	$ 1,114,391.64	$ 1,114,391.64	

CITY OF SAN ANTONIO
Department of Finance
Tax-Exempt Lease Purchase Financing
SAPD
(LAPTOPS)
FISCAL YEAR 2015

Lessor:	Santander
Lease Purchase Amount	$441,144.80
Lease Purchase Rate	1.1800%
Term (Years)	3
Number of Periods	12
Quarterly Payment	$ 37,470.79

Periods	Date	Principal Payment	Interest Payment	Total Payment	Total Payment by FY	Outstanding Principal Balance
	08/12/15					$ 441,144.80
	11/01/15	0.00	$ 1,142.32	1,142.32		441,144.80
1	02/01/16	36,169.41	1,301.38	37,470.79		404,975.39
2	05/01/16	36,276.11	1,194.68	37,470.79		368,699.28
3	08/01/16	36,383.12	1,087.66	37,470.79	113,554.68	332,316.16
4	11/01/16	36,490.45	980.33	37,470.79		295,825.71
5	02/01/17	36,598.10	872.69	37,470.79		259,227.61
6	05/01/17	36,706.06	764.72	37,470.79		222,521.54
7	08/01/17	36,814.35	656.44	37,470.79	149,883.14	185,707.19
8	11/01/17	36,922.95	547.84	37,470.79		148,784.24
9	02/01/18	37,031.87	438.91	37,470.79		111,752.37
10	05/01/18	37,141.12	329.67	37,470.79		74,611.26
11	08/01/18	37,250.68	220.10	37,470.79	149,883.14	37,360.57
12	11/01/18	37,360.57	110.21	37,470.79	37,470.79	(0.00)
		$ 441,144.80	$ 9,646.95	$ 450,791.75	$ 450,791.75	

	08/12/15	0.00	0.00	0.00	0.00	1,531,688.44	0.00
	11/01/15	0.00	3,966.22	3,966.22	0.00	1,531,688.44	0.00
1	02/01/16	125,582.95	4,518.48	130,101.43	0.00	1,406,105.49	0.00
2	05/01/16	125,953.42	4,148.01	130,101.43	0.00	1,280,152.07	0.00
3	08/01/16	126,324.98	3,776.45	130,101.43	394,270.52	1,153,827.09	0.00
4	11/01/16	126,697.64	3,403.79	130,101.43	0.00	1,027,129.45	0.00
5	02/01/17	127,071.40	3,030.03	130,101.43	0.00	900,058.05	0.00
6	05/01/17	127,446.26	2,655.17	130,101.43	0.00	772,611.79	0.00
7	08/01/17	127,822.23	2,279.20	130,101.43	520,405.72	644,789.56	0.00
8	11/01/17	128,199.30	1,902.13	130,101.43	0.00	516,590.26	0.00
9	02/01/18	128,577.49	1,523.94	130,101.43	0.00	388,012.77	0.00
10	05/01/18	128,956.79	1,144.64	130,101.43	0.00	259,055.98	0.00
11	08/01/18	129,337.22	764.22	130,101.43	520,405.72	129,718.76	0.00
12	11/01/18	129,718.76	382.67	130,101.43	130,101.43	(0.00)	0.00
		1,531,688.44	33,494.95	1,565,183.39	1,565,183.39	0.00	0.00

CITY OF SAN ANTONIO
Department of Finance
Tax-Exempt Lease Purchase Financing
FIRE DEPARTMENT
(BREATHING APPARATUS) & (THERMAL IMAGING CAMERAS)
FISCAL YEAR 2015

Lessor:	Santander
Lease Purchase Amount	$4,325,758.08
Lease Purchase Rate	1.4900%
Term (Years)	5
Number of Periods	20
Quarterly Payment	$ 224,847.06

Periods	Date	Principal Payment	Interest Payment	Total Payment	Total Payment by FY	Outstanding Principal Balance
	08/12/15					$ 4,325,758.08
	11/01/15		$ 14,144.03	14,144.03		4,325,758.08
1	02/01/16	208,733.61	16,113.45	224,847.06		4,117,024.47
2	05/01/16	209,511.14	15,335.92	224,847.06		3,907,513.33
3	08/01/16	210,291.57	14,555.49	224,847.06	688,685.20	3,697,221.76
4	11/01/16	211,074.91	13,772.15	224,847.06		3,486,146.85
5	02/01/17	211,861.16	12,985.90	224,847.06		3,274,285.69
6	05/01/17	212,650.34	12,196.71	224,847.06		3,061,635.35
7	08/01/17	213,442.47	11,404.59	224,847.06	899,388.23	2,848,192.88
8	11/01/17	214,237.54	10,609.52	224,847.06		2,633,955.34
9	02/01/18	215,035.57	9,811.48	224,847.06		2,418,919.77
10	05/01/18	215,836.58	9,010.48	224,847.06		2,203,083.19
11	08/01/18	216,640.57	8,206.48	224,847.06	899,388.23	1,986,442.62
12	11/01/18	217,447.56	7,399.50	224,847.06		1,768,995.06
13	02/01/19	218,257.55	6,589.51	224,847.06		1,550,737.51
14	05/01/19	219,070.56	5,776.50	224,847.06		1,331,666.95
15	08/01/19	219,886.60	4,960.46	224,847.06	899,388.23	1,111,780.35
16	11/01/19	220,705.68	4,141.38	224,847.06		891,074.67
17	02/01/20	221,527.80	3,319.25	224,847.06		669,546.87
18	05/01/20	222,353.00	2,494.06	224,847.06		447,193.87
19	08/01/20	223,181.26	1,665.80	224,847.06	899,388.23	224,012.61
20	11/01/20	224,012.61	834.45	224,847.06	224,847.06	0.00
		$ 4,325,758.08	$ 185,327.10	$ 4,511,085.18	$ 4,511,085.18	

	08/12/15	0.00	0.00	0.00	0.00	7,138,600.60
	11/01/15	0.00	23,341.24	23,341.24	0.00	7,138,600.60
1	02/01/16	344,463.52	26,591.29	371,054.81	0.00	6,794,137.08
2	05/01/16	345,746.65	25,308.16	371,054.81	0.00	6,448,390.43
3	08/01/16	347,034.56	24,020.25	371,054.81	1,136,505.67	6,101,355.87
4	11/01/16	348,327.26	22,727.55	371,054.81	0.00	5,753,028.61
5	02/01/17	349,624.78	21,430.03	371,054.81	0.00	5,403,403.84
6	05/01/17	350,927.13	20,127.68	371,054.81	0.00	5,052,476.71
7	08/01/17	352,234.33	18,820.48	371,054.81	1,484,219.24	4,700,242.37
8	11/01/17	353,546.41	17,508.40	371,054.81	0.00	4,346,695.97
9	02/01/18	354,863.37	16,191.44	371,054.81	0.00	3,991,832.60
10	05/01/18	356,185.23	14,869.58	371,054.81	0.00	3,635,647.37
11	08/01/18	357,512.02	13,542.79	371,054.81	1,484,219.24	3,278,135.34
12	11/01/18	358,843.76	12,211.05	371,054.81	0.00	2,919,291.59
13	02/01/19	360,180.45	10,874.36	371,054.81	0.00	2,559,111.14
14	05/01/19	361,522.12	9,532.69	371,054.81	0.00	2,197,589.02
15	08/01/19	362,868.79	8,186.02	371,054.81	1,484,219.24	1,834,720.23
16	11/01/19	364,220.48	6,834.33	371,054.81	0.00	1,470,499.75
17	02/01/20	365,577.20	5,477.61	371,054.81	0.00	1,104,922.55
18	05/01/20	366,938.97	4,115.84	371,054.81	0.00	737,983.58
19	08/01/20	368,305.82	2,748.99	371,054.81	1,484,219.24	369,677.76
20	11/01/20	369,677.76	1,377.05	371,054.81	371,054.81	0.00
		7,138,600.60	305,836.83	7,444,437.43	7,444,437.43	0.00

CITY OF SAN ANTONIO
Department of Finance
Tax-Exempt Lease Purchase Financing
SOLID WASTE MANAGEMENT
(Trucks)
FISCAL YEAR 2015

Lessor:	Santander
Lease Purchase Amount	$2,812,842.52
Lease Purchase Rate	1.4900%
Term (Years)	5
Number of Periods	20
Quarterly Payment	$ 146,207.75

Periods	Date	Principal Payment	Interest Payment	Total Payment	Total Payment by FY	Outstanding Principal Balance
	08/12/15					$ 2,812,842.52
	11/01/15		$ 9,197.21	9,197.21		2,812,842.52
1	02/01/16	135,729.91	10,477.84	146,207.75		2,677,112.61
2	05/01/16	136,235.51	9,972.24	146,207.75		2,540,877.10
3	08/01/16	136,742.98	9,464.77	146,207.75	447,820.47	2,404,134.11
4	11/01/16	137,252.35	8,955.40	146,207.75		2,266,881.76
5	02/01/17	137,763.62	8,444.13	146,207.75		2,129,118.14
6	05/01/17	138,276.79	7,930.97	146,207.75		1,990,841.36
7	08/01/17	138,791.87	7,415.88	146,207.75	584,831.01	1,852,049.49
8	11/01/17	139,308.87	6,898.88	146,207.75		1,712,740.62
9	02/01/18	139,827.79	6,379.96	146,207.75		1,572,912.83
10	05/01/18	140,348.65	5,859.10	146,207.75		1,432,564.18
11	08/01/18	140,871.45	5,336.30	146,207.75	584,831.01	1,291,692.73
12	11/01/18	141,396.20	4,811.56	146,207.75		1,150,296.53
13	02/01/19	141,922.90	4,284.85	146,207.75		1,008,373.63
14	05/01/19	142,451.56	3,756.19	146,207.75		865,922.07
15	08/01/19	142,982.19	3,225.56	146,207.75	584,831.01	722,939.88
16	11/01/19	143,514.80	2,692.95	146,207.75		579,425.08
17	02/01/20	144,049.39	2,158.36	146,207.75		435,375.69
18	05/01/20	144,585.98	1,621.77	146,207.75		290,789.71
19	08/01/20	145,124.56	1,083.19	146,207.75	584,831.01	145,665.15
20	11/01/20	145,665.15	542.60	146,207.75	146,207.75	0.00
		$ 2,812,842.52	$ 120,509.73	$ 2,933,352.25	$ 2,933,352.25	

Schedule No. 1
EXHIBIT A

DESCRIPTION OF EQUIPMENT

RE: Master Equipment Lease Purchase Agreement dated as of August 6, 2015, between Santander Bank, N.A. (Lessor) and City of San Antonio, Texas (Lessee)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

Department	QTY	GENERAL DESCRIPTION	MAKE & MODEL
Solid Waste Management	19,680	Carts	Toter 96 Gallon Green Carts
Police	110	Toughbook Lap Top Version C31	Panasonic Toughbook 31, Touchscreen LED Notebook – Intel Core i5-3340M 2.7 GHz, 8 GB RAM – 128 GB SSD – DVD Writer – LTE – Windows 7 Professional – 1024 x 768 Display – Bluetooth

EQUIPMENT LOCATION Complete only if equipment will not be located at Lessee's address

Address	City	State	County

Schedule No. 1
EXHIBIT B

SCHEDULE OF PAYMENTS

Periods	Date	Principal Payment	Interest Payment	Total Payment	Total Payment by FY	Outstanding Principal Balance
	08/12/15					1,531,688.44
	11/01/15	0.00	3,966.22	3,966.22		1,531,688.44
1	02/01/16	125,582.95	4,518.48	130,101.43		1,406,105.49
2	05/01/16	125,953.42	4,148.01	130,101.43		1,280,152.07
3	08/01/16	126,324.98	3,776.45	130,101.43	394,270.52	1,153,827.09
4	11/01/16	126,697.64	3,403.79	130,101.43		1,027,129.45
5	02/01/17	127,071.40	3,030.03	130,101.43		900,058.05
6	05/01/17	127,446.26	2,655.17	130,101.43		772,611.79
7	08/01/17	127,822.23	2,279.20	130,101.43	520,405.72	644,789.56
8	11/01/17	128,199.30	1,902.13	130,101.43		516,590.26
9	02/01/18	128,577.49	1,523.94	130,101.43		388,012.77
10	05/01/18	128,956.79	1,144.64	130,101.43		259,055.98
11	08/01/18	129,337.22	764.22	130,101.43	520,405.72	129,718.76
12	11/01/18	129,718.76	382.67	130,101.43	130,101.43	0.00
		1,531,688.44	33,494.95	1,565,183.39	1,565,183.39	

SIGNATURE: _____

NAME/TITLE: Troy Elliott, Director of Finance

DATE: _____

Schedule No. 1
EXHIBIT C

OPINION OF COUNSEL

"SAMPLE FORM OPINION PROVIDED BY CITY'S BOND COUNSEL"

Schedule No. 1
EXHIBIT D

LESSEE RESOLUTION

"SAMPLE CITY CLERK'S CERTIFICATE WITH ORDINANCE AND REIMBURSEMENT RESOLUTION PROVIDED BY COSA CITY ATTORNEY'S OFFICE"

Schedule No. 1
EXHIBIT E

AGREEMENT TO PROVIDE INSURANCE

Lessee:

Name: **City of San Antonio, Texas**

Address: 111 Soledad, 5th Floor
San Antonio, Texas 78205

Phone: 210-207-5734

Lessor:

Name: **Santander Bank, N.A.**

Address: 3 Huntington Quadrangle, Suite 101N
Melville, NY 11747

Phone: 631-531-0600

Description of Equipment:

I understand that to provide protection from serious financial loss, should an accident or loss occur, my lease contract requires the equipment to be continuously covered with insurance against the risks of fire and theft, and that failure to provide such insurance gives the Lessor the right to declare the entire unpaid balance immediately due and payable. Accordingly, I have arranged for the required insurance through the self insurance program described in section 5.01(e) of this agreement and the insurance company shown below and have requested my broker to note Lessor's interest in the equipment and name Lessor as additional insured.

NAME OF BROKER

Name: Marsh USA Inc.

Address: 9830 Colonnade Blvd., Suite 400

San Antonio, Texas 78230, USA

INSURANCE COMPANY

Name: FM Global

Policy #: To be provided under separate cover

Lessee's Signature:_____

Schedule No. 1
EXHIBIT F

GENERAL CERTIFICATE

"SAMPLE GENERAL CERTIFICATE PROVIDED BY COSA CITY ATTORNEY'S OFFICE"

Schedule No. 1
EXHIBIT G

NO-ARBITRAGE AND TAX-CERTIFICATE

Schedule No. 1
EXHIBIT H

8038-G

Schedule No. 2
EXHIBIT A

DESCRIPTION OF EQUIPMENT

RE: Master Equipment Lease Purchase Agreement dated as of August 6, 2015, between Santander Bank, N.A. (Lessor) and City of San Antonio, Texas (Lessee)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

Department	QTY	GENERAL DESCRIPTION	MAKE & MODEL
Solid Waste Management	9	Automated Side Loader Refuse Truck	2015 ACX64 XPEDITOR Cab & Chassis with Heil Durapak Python Refuse Collection Body
Fire	110	Toughbook Lap Top Version C31	Panasonic Toughbook 31, Touchscreen LED Notebook – Intel Core i5-3340M 2.7 GHz, 8 GB RAM – 128 GB SSD – DVD Writer – LTE – Windows 7 Professional – 1024 x 768 Display – Bluetooth
Fire	555	Frame and attachments for SCBA	Scott EX CGA, SEMS II, QC Reg, Dual EBSS
Fire	250	SCBA Bottle (45 minute capacity)	CYL&VLV ASSY, CARB, 45MIN, 4500
Fire	1,000	Masks – 100 small, 450 medium, 450 large	AV3000 HT, KEVLAR HEADNET, SIZE LARGE, RIGHT SIDE COMM BRKT
Fire	350	Voice amplifier/communication device	EPIC 3 VOICE AMPLIFIER INDIVIDUAL
Fire	540	Hose connecting harness to mask	REG ASY, 2013, QD ASSEMBLY, WIRELESS BOOT LOADER
Fire	2	Wireless locator equipment to radio and computer	Assembly, Wireless Boot Loader
Fire	10		SEMS II GATEWAY USB
Fire	2		SEMS II GATEWAY ASSY
Fire	2	Bar Code Scanner to track masks	Bar code scanner
Fire	80	SCBA equipment in separate casing	RIT PAK III ASSY, 4500 PSI
Fire	80	SCBA Bottle (60 minute capacity) - goes with equipment in separate casing	(HM) CYL & VALVE CARBON 60
Fire	61	Camera Body	ISG-INFRASYS X380 and accessories

EQUIPMENT LOCATION Complete only if equipment will not be located at Lessee's address

Address	City	State	County

Schedule No. 2
EXHIBIT B

SCHEDULE OF PAYMENTS

Periods	Date	Principal Payment	Interest Payment	Total Payment	Total Payment by FY	Outstanding Principal Balance
	08/12/15					7,138,600.60
	11/01/15	0.00	23,341.24	23,341.24	0.00	7,138,600.60
1	02/01/16	344,463.52	26,591.29	371,054.81	0.00	6,794,137.08
2	05/01/16	345,746.65	25,308.16	371,054.81	0.00	6,448,390.43
3	08/01/16	347,034.56	24,020.25	371,054.81	1,136,505.67	6,101,355.87
4	11/01/16	348,327.26	22,727.55	371,054.81	0.00	5,753,028.61
5	02/01/17	349,624.78	21,430.03	371,054.81	0.00	5,403,403.84
6	05/01/17	350,927.13	20,127.68	371,054.81	0.00	5,052,476.71
7	08/01/17	352,234.33	18,820.48	371,054.81	1,484,219.24	4,700,242.37
8	11/01/17	353,546.41	17,508.40	371,054.81	0.00	4,346,695.97
9	02/01/18	354,863.37	16,191.44	371,054.81	0.00	3,991,832.60
10	05/01/18	356,185.23	14,869.58	371,054.81	0.00	3,635,647.37
11	08/01/18	357,512.02	13,542.79	371,054.81	1,484,219.24	3,278,135.34
12	11/01/18	358,843.76	12,211.05	371,054.81	0.00	2,919,291.59
13	02/01/19	357,512.02	10,874.36	371,054.81	0.00	2,559,111.14
14	05/01/19	358,843.76	9,532.69	371,054.81	0.00	2,197,589.02
15	08/01/19	360,180.45	8,186.02	371,054.81	1,484,219.24	1,834,720.23
16	11/01/19	361,522.12	6,834.33	371,054.81	0.00	1,470,499.75
17	02/01/20	362,868.79	5,477.61	371,054.81	0.00	1,104,922.55
18	05/01/20	366,938.97	4,115.84	371,054.81	0.00	737,983.58
19	08/01/20	368,305.82	2,748.99	371,054.81	1,484,219.24	369,677.76
20	11/01/20	369,677.76	1,377.05	371,054.81	371,054.81	0.00
		7,138,600.60	305,836.83	7,444,437.43	7,444,437.43	

SIGNATURE: _____

NAME/TITLE: Troy Elliott, Director of Finance

DATE: _____

Schedule No. 2
EXHIBIT C

OPINION OF COUNSEL

"SAMPLE FORM OPINION PROVIDED BY CITY'S BOND COUNSEL"

Schedule No. 2
EXHIBIT D

LESSEE RESOLUTION

"SAMPLE CITY CLERK'S CERTIFICATE WITH ORDINANCE AND REIMBURSEMENT RESOLUTION PROVIDED BY COSA CITY ATTORNEY'S OFFICE"

Schedule No. 2
EXHIBIT E

AGREEMENT TO PROVIDE INSURANCE

Lessee:		**Lessor:**	
Name:	**City of San Antonio, Texas**	Name:	**Santander Bank, N.A.**
Address:	111 Soledad, 5th Floor San Antonio, Texas 78205	Address:	3 Huntington Quadrangle, Suite 101N Melville, NY 11747
Phone:	210-207-5734	Phone:	631-531-0600

Description of Equipment:

I understand that to provide protection from serious financial loss, should an accident or loss occur, my lease contract requires the equipment to be continuously covered with insurance against the risks of fire and theft, and that failure to provide such insurance gives the Lessor the right to declare the entire unpaid balance immediately due and payable. Accordingly, I have arranged for the required insurance through the self insurance program described in section 5.01(e) of this agreement and the insurance company shown below and have requested my broker to note Lessor's interest in the equipment and name Lessor as additional insured.

NAME OF BROKER		INSURANCE COMPANY	
Name:	Marsh USA Inc.	Name:	FM Global
Address:	9830 Colonnade Blvd., Suite 400 San Antonio, Texas 78230, USA	Policy #:	To be provided under separate cover

Lessee's Signature:_____

Schedule No. 2
EXHIBIT F

GENERAL CERTIFICATE

"SAMPLE GENERAL CERTIFICATE PROVIDED BY COSA CITY ATTORNEY'S OFFICE"

Schedule No. 2
EXHIBIT G

NO-ARBITRAGE AND TAX-CERTIFICATE

Schedule No. 2
EXHIBIT H

8038-G

E X H I B I T B

ESCROW AND ACCOUNT CONTROL AGREEMENT

THIS ESCROW AND ACCOUNT CONTROL AGREEMENT (*"Escrow Agreement"*) is made as of August 12, 2015 by and among Santander Bank, N.A., a national banking association (*"Lessor"*), City of San Antonio, Texas, a political subdivision of the State of Texas (*"Lessee"*), and The Frost Bank, San Antonio, Texas, a national banking association, as escrow agent (*"Escrow Agent"*).

Lessor and Lessee have heretofore entered into that certain Master Equipment Lease Purchase Agreement dated as of August 12, 2015 (the *"Agreement"*) and Schedule No. 1 and Schedule No.2 also dated as of August 12, 2015 (the *"Schedule"* and, together with the terms and conditions of the Agreement incorporated therein, the *"Lease"*). The Lease contemplates that certain equipment described therein (the *"Equipment"*) is to be acquired from the vendor(s) or manufacturer(s) thereof. After acceptance of the Equipment by Lessee, the Equipment is to be leased by Lessor to Lessee pursuant to the terms of the Lease.

The Lease further contemplates that Lessor will deposit an amount equal to the anticipated aggregate acquisition cost of the Equipment and Lessee's costs of issuance (the *"Purchase Price"*), being $8,670,289.04 (Schedule No. 1 in the amount of $1,531,688.44 and Schedule No.2 in the amount of $7,138,600.60), with Escrow Agent to be held in escrow and applied on the express terms set forth herein. The Purchase Price shall be held in the Equipment Acquisition Account (defined herein), together with all interest and other additions received with respect thereto, is to be applied to pay the vendor(s) or manufacturer(s) of the Equipment (the *"Vendor"*) its invoice cost (a portion of which may, if required, be paid prior to final acceptance of the Equipment by Lessee), and to the reimbursement of Lessee for its costs of issuance. Lessor and Lessee acknowledge to Escrow Agent that the Lease does not contain any provision that expands the liabilities or duties of the Escrow Agent beyond those set forth in this instrument, or as otherwise required by law.

The parties desire to set forth the terms on which the Equipment Acquisition Account is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, the parties agree as follows:

1. (a) There is hereby created a special escrow account to be known as the "City of San Antonio Equipment Acquisition Account (2015)" (the "Equipment Acquisition Account") to be held by the Escrow Agent for the purposes stated herein. (b) Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. (c) The moneys and investments held in the Equipment Acquisition Account are irrevocably held in escrow for the benefit of Lessee and Lessor, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Escrow Agreement, and Lessor and Lessee acknowledge, and declare that the same shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessee or Lessor, Lessee and Escrow Agent intend that the Equipment Acquisition Account constitute an escrow account in which Lessee has no legal or equitable right, title or interest until satisfaction in full of all conditions contained herein for the disbursement of funds

by the Escrow Agent therefrom. However, if the parties' intention that Lessee shall have no legal or equitable right, title or interest until all conditions for disbursement are satisfied in full is not respected in any legal proceeding, the parties hereto intend that Lessor shall have a security interest in the Equipment Acquisition Account, and such security interest is hereby granted by Lessee to secure payment of all sums due to Lessor under the Lease. For such purpose, Escrow Agent hereby agrees to act as agent for Lessor in connection with the perfection of such security interest and agrees to note, or cause to be noted, on all books and records relating to the Equipment Acquisition Account, the Lessor's interest therein.

2. On such day as is determined to the mutual satisfaction of the parties (the *"Closing Date"*), Lessor shall deposit with Escrow Agent cash in the amount of the Purchase Price, to be held in escrow by Escrow Agent on the express terms and conditions set forth herein.

On the Closing Date, Escrow Agent agrees to accept the deposit of the Purchase Price by Lessor, and further agrees to hold the amount so deposited together with all interest and other cash additions received with respect thereto, as the Equipment Acquisition Account hereunder, in escrow on the express terms and conditions set forth herein.

3. Escrow Agent shall at all times segregate the Equipment Acquisition Account into an account maintained for that express purpose, which shall be clearly identified on the books and records of Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments comprising the Equipment Acquisition Account from time to time shall be held or registered in the name of "City of San Antonio Equipment Acquisition Account (2015)". The Equipment Acquisition Account shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Lessor).

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

(a) All terms used in this Section 4 which are defined in the Commercial Code of the State of Texas ("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 Escrow 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) 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 Escrow 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 Escrow 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 in writing 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, Escrow Agent may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Equipment Acquisition Account, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Equipment Acquisition 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 withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Equipment Acquisition Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Lessor to Escrow Agent (no later than two (2) business days of its receipt thereof) 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 Equipment Acquisition 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 on the execution page hereof, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Equipment Acquisition Account statements or reports issued or sent to Lessee with respect to the Equipment Acquisition Account.

5. As directed by the Lessee, the cash comprising the Equipment Acquisition Account from time to time shall be invested and reinvested by Escrow Agent in any investment authorized pursuant to the Public Funds Investment Act V.T.C.A. Government Code §2256.001 et seq., as amended from time to time, and the written investment policy of Lessee most recently approved by the City Council of the Lessee. Escrow Agent will use due diligence to collect amounts payable under a check or other instrument for the payment of money comprising the Equipment Acquisition Account and shall promptly notify Lessee and Lessor in the event of dishonor of payment under any such check or other instruments. Interest or other amounts earned and received by Escrow Agent with respect to the Equipment Acquisition Account shall be deposited in and comprise a part of the Equipment Acquisition Account.

6. Escrow Agent shall send monthly statements of account to Lessee and Lessor, which statements shall set forth all withdrawals from and interest earnings on the Equipment Acquisition Account as well as the investments in which the Equipment Acquisition Account is invested.

7. Escrow Agent shall take the following actions with respect to the Equipment Acquisition Account:

(a) From time to time, Escrow Agent shall disburse funds from the Equipment Acquisition Account that are then due and payable to the Vendor of the Equipment and/or other named party, upon Escrow Agent's receipt of a duly and fully executed Requisition Request and Certificate of Acceptance that authorizes the payment, describes it with specificity, and is signed by an authorized representative of each of Lessee and Lessor who is also an authorized signer on the Equipment Acquisition Account. The form of the Requisition Request and Certificate of Acceptance is set forth in Exhibit I hereto.

(b) If an Event of Default or Nonappropriation Event occurs under the Lease prior to the Lessee's acceptance of all the Equipment, or to the extent that funds have not been disbursed from the Equipment Acquisition Account within the thirty-six month period identified in the Lease, Escrow Agent shall, upon receipt of written notice from Lessor, disburse by wire transfer to Lessor in accordance with Lessor's wiring instructions all funds then on deposit in the Equipment Acquisition Account, and all such funds shall be applied by Lessor to the prepayment of Lease Payments under the Lease.

(c) Upon receipt by Escrow Agent of written notice from Lessor that the purchase price of the Equipment has been paid in full, Escrow Agent shall disburse to Lessor by wire transfer in accordance with Lessor's wiring instructions all funds (if any) then remaining in the Equipment Acquisition Account, to be applied by Lessor against

any current interest component of Lease Payments due under the Lease as provided therein, then to remaining outstanding principal in reverse order.

8. 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 extraordinary 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. The Escrow Agent has advised Lessor and Lessee that (except as set forth below) it will not charge any fees or costs for providing its services hereunder to Lessee. Escrow Agent waives any claim against Lessor with respect to compensation hereunder.

9. Escrow Agent shall have no liability for acting upon any written instruction presented by Lessor in connection with this Escrow Agreement, which Escrow Agent in good faith believes to be genuine. Furthermore, Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own negligence, willful misconduct or bad faith. Escrow Agent shall not be liable for any loss or diminution in value of the Equipment Acquisition Account as a result of the investments made by Escrow Agent.

10. Lessor, Lessee, and Escrow Agent acknowledge that Escrow Agent presently serves as Lessee's depository financial institution. All of the above named parties agree that in the event that at any time during the term of this Agreement and the Lease, Escrow Agent ceases to be Lessee's depository financial institution, Escrow Agent shall deliver its written resignation as Escrow Agent to Lessee and Lessor in the manner specified in Section 13 of this Agreement for notices. Such resignation shall be effective as of the end of business on the last day on which Escrow Agent is Lessee's depository financial institution, and shall be delivered to Lessee and Lessor not later than thirty (30) days prior thereto. Lessee's new depository financial institution shall be substituted as the Escrow Agent under this Agreement and the Lease ("Substitute Escrow Agent"), effective on the first day on which it is Lessee's new depository financial institution. Escrow Agent shall take any and all actions necessary to effect the complete and immediate transition of all of its rights, obligations and duties under this Agreement and the Lease to the Substitute Escrow Agent. Escrow Agent shall not be responsible for any actions of the Substitute Escrow Agent after the effective date of the Substitute Escrow Agent's substitution under this Agreement and the Lease, but shall remain responsible (but only if and to the extent provided in this Agreement) to Lessor and Lessee for its actions during the entire time it served as Escrow Agent.

11. This Escrow Agreement and the escrow established hereunder shall terminate upon receipt by Escrow Agent of the written notice from Lessor specified in Section 7(b) or Section 7(c) hereof or upon disbursement of all funds or mutual agreement of Lessor and Lessee.

12. In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with or for any moneys involved herein or affected hereby, Escrow Agent shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue,

and in so refusing Escrow Agent may refrain from making any delivery or other disposition of any moneys involved herein or affected hereby and in so doing Escrow Agent shall not be or become liable to the undersigned or any of them or to any person or party for its failure or refusal to comply with such conflicting or adverse demands, and Escrow Agent shall be entitled to continue so to refrain and refuse so to act until:

(a) the rights of the adverse claimants have been finally adjudicated in a court assuming and having jurisdiction of the parties and the moneys involved herein or affected hereby; or

(b) all differences shall have been adjusted by agreement and Escrow Agent shall have been notified thereof in writing signed by all of the persons interested.

13. All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, and shall be sufficiently given and served upon the other party if delivered (a) personally, (b) by United States registered or certified mail, return receipt requested, postage prepaid, (c) by an overnight delivery by a service such as Federal Express or Express Mail from which written confirmation of overnight delivery is available, or (d) by facsimile with a confirmation copy by regular United States mail, postage prepaid, addressed to the other party at its respective address stated below the signature of such party or at such other address as such party shall from time to time designate in writing to the other party, and shall be effective from the date of receipt.

If to Lessor:
Santander Bank, N.A.
3 Huntington Quadrangle, Suite 101N
Melville, NY 11747
Attention: Michael Paez
Phone: (631) 531-0601
Fax: (631) 531-0677

If to Lessee:
City of San Antonio, Texas
Finance Department
111 Soledad, 5th Floor
San Antonio, TX 78205
Attn: Division of Financial Management
Phone: (210) 207-8637
Fax: (210) 207-7774

If to Escrow Agent:
The Frost Bank
P.O. Box 1600
San Antonio, TX 78296-1600
Attn: Tom Frost, III
Phone: (210) 220-5764
Fax: (210) 220-4040

14. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Lessor.

15. This Escrow Agreement shall be governed by and construed in accordance with the laws in the state of the. This Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification or change of terms hereof shall bind any party unless in writing signed by all parties.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

Santander Bank, N.A., as Lessor

By:_____
Name:
Title:

City of San Antonio, Texas, as Lessee

By: _____
Name: Troy Elliott.
Title: Director of Finance

The Frost Bank, as Escrow Agent

By: _____
Name: Tom Frost, III
Title: Senior Executive Vice President

EXHIBIT 1

REQUISITION REQUEST AND CERTIFICATE OF ACCEPTANCE NO._____
(to be submitted with each requisition request for payment to the vendor)

-or-

____ ( ) FINAL REQUISITION REQUEST AND CERTIFICATE OF ACCEPTANCE
(to be submitted with the final requisition request upon acceptance of the Equipment)

The Escrow Agent is hereby requested to pay from the Equipment Acquisition Account established and maintained under that certain Escrow Agreement dated as of August 12, 2015 (the *"Escrow Agreement"*) by and among Santander Bank, N.A., a national banking association (the *"Lessor"*), City of San Antonio, Texas (the *"Lessee"*), and The Frost Bank (the *"Escrow Agent"*), the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to Lessee) with respect to Equipment being leased under that certain Master Equipment Lease Purchase Agreement dated as of August 12, 2015 (the *"Master Lease"*) and Schedule No. 1 of Exhibit A-1 and Schedule No. 2 of Exhibit A-2 each dated August 12, 2015 (collectively, the *"Schedule"* and, together with the terms and conditions of the Master Lease incorporated therein, the *"Lease"*), by and between the Lessor and the Lessee, and has not formed the basis of any prior requisition request.

PAYEE'S FUNDING INSTRUCTIONS	INVOICE NUMBER	AMOUNT	PURPOSE

Total requisition amount $_____

The undersigned, as Lessee under the Lease hereby certifies:

1. The items of the Equipment, as such term is defined in the Lease, fully and accurately described on the Equipment Schedule attached hereto have been delivered and installed at the location(s) set forth therein.

2. A present need exists for the Equipment which need is not temporary or expected to diminish in the near future. The Equipment is essential to and will be used by the Lessee only for the purpose of performing one or more governmental functions of Lessee consistent with the permissible scope of Lessee's authority.

3. The estimated useful life of the Equipment based upon the manufacturer's representations and the Lessee's projected needs is not less than the Lease Term of lease with respect to the Equipment.

4. The Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes as of the date of this Certificate.

5. The Equipment is covered by insurance in the types and amounts required by the Lease.

6. No Event of Default or Nonappropriation Event, as each such term is defined in the Lease, and no event which with the giving of notice or lapse of time, or both, would become such an Event of Default or Non-Appropriation Event has occurred and is continuing on the date hereof.

7. Sufficient funds have been appropriated by the Lessee for the payment of all Lease Payments due under the Lease during Lessee's current fiscal year.

8. Based on the foregoing, Lessor is hereby authorized and directed to fund the acquisition of the Equipment set forth on the Equipment Schedule by paying, or causing to be paid, the manufacturer(s)/vendor(s) the amounts set forth on the attached invoices.

9. The following documents are attached hereto and made a part hereof:

(a) Original Invoice(s);

(b) Copies of Certificate(s) of Origin designating Lessor as lienholder if any part of the Equipment consists of motor vehicles, and evidence of filing; and

(c) Requisition for Payment

10. If this is the final acceptance of Equipment, then as of the Acceptance Date stated below and as between the Lessee and the Lessor, the Lessee hereby agrees that: (a) the Lessee has received and inspected all of the Equipment described in the Lease; (b) all Equipment is in good working order and complies with all purchase orders, contracts and specification; (c) the Lessee accepts all Equipment for purposes of the Lease "as-is, where-is"; and (d) the Lessee waives any right to revoke such acceptance.

If Lessee paid an invoice prior to the commencement date of the Lease and is requesting reimbursement for such payment, also attach a copy of evidence of such payment and other evidence that Lessee has satisfied the requirements for reimbursement set forth in Treas. Reg. §1.150-2.

[Remainder of page intentionally left blank.]

Acceptance Date: _____

City of San Antonio, Texas
as Lessee

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

Santander Bank, N.A.,
as Lessor

By: _____
Title: _____
Date: _____

E X H I B I T C

Schedule No. 1
EXHIBIT A

DESCRIPTION OF EQUIPMENT

RE: Master Equipment Lease Purchase Agreement dated as of August 6, 2015, between Santander Bank, N.A. (Lessor) and City of San Antonio, Texas (Lessee)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

Department	QTY	GENERAL DESCRIPTION	MAKE & MODEL
Solid Waste Management	19,680	Carts	Toter 96 Gallon Green Carts
Police	110	Toughbook Lap Top Version C31	Panasonic Toughbook 31, Touchscreen LED Notebook – Intel Core i5-3340M 2.7 GHz, 8 GB RAM – 128 GB SSD – DVD Writer – LTE – Windows 7 Professional – 1024 x 768 Display – Bluetooth

EQUIPMENT LOCATION Complete only if equipment will not be located at Lessee's address

Address	City	State	County

Schedule No. 1
EXHIBIT B

SCHEDULE OF PAYMENTS

Periods	Date	Principal Payment	Interest Payment	Total Payment	Total Payment by FY	Outstanding Principal Balance
	08/12/15					1,531,688.44
	11/01/15	0.00	3,966.22	3,966.22		1,531,688.44
1	02/01/16	125,582.95	4,518.48	130,101.43		1,406,105.49
2	05/01/16	125,953.42	4,148.01	130,101.43		1,280,152.07
3	08/01/16	126,324.98	3,776.45	130,101.43	394,270.52	1,153,827.09
4	11/01/16	126,697.64	3,403.79	130,101.43		1,027,129.45
5	02/01/17	127,071.40	3,030.03	130,101.43		900,058.05
6	05/01/17	127,446.26	2,655.17	130,101.43		772,611.79
7	08/01/17	127,822.23	2,279.20	130,101.43	520,405.72	644,789.56
8	11/01/17	128,199.30	1,902.13	130,101.43		516,590.26
9	02/01/18	128,577.49	1,523.94	130,101.43		388,012.77
10	05/01/18	128,956.79	1,144.64	130,101.43		259,055.98
11	08/01/18	129,337.22	764.22	130,101.43	520,405.72	129,718.76
12	11/01/18	129,718.76	382.67	130,101.43	130,101.43	0.00
		1,531,688.44	33,494.95	1,565,183.39	1,565,183.39	

SIGNATURE: _____

NAME/TITLE: Troy Elliott, Director of Finance

DATE:_____

Schedule No. 1
EXHIBIT C

OPINION OF COUNSEL

"SAMPLE FORM OPINION PROVIDED BY CITY'S BOND COUNSEL"

Schedule No. 1
EXHIBIT D

LESSEE RESOLUTION

"SAMPLE CITY CLERK'S CERTIFICATE WITH ORDINANCE AND REIMBURSEMENT RESOLUTION PROVIDED BY COSA CITY ATTORNEY'S OFFICE"

CERTIFICATE OF CITY CLERK
OF
CITY OF SAN ANTONIO, TEXAS

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The City of San Antonio, Texas (the "City") is a body corporate and politic and a Texas home rule municipality, and was validly created and exists under the laws and the Constitution of the State of Texas and is a political subdivision or governmental agency thereof.

2. On the 6th day of August, 2015, the City Council (the *"Council"*) of the City convened in regular session at its regular meeting place in the Municipal Plaza Building of the City (the *"Meeting"*), the duly constituted members of the Council being as follows:

Ivy R. Taylor	Mayor
Roberto C. Trevino	Mayor Pro Tem, District 1
Alan E. Warrick, III	Councilmember, District 2
Rebecca Viagran	Councilmember, District 3
Rey Saldana	Councilmember, District 4
Shirley Gonzales	Councilmember, District 5
Ray Lopez	Councilmember, District 6
Cris Medina	Councilmember, District 7
Ron Nirenberg	Councilmember, District 8
Joe Krier	Councilmember, District 9
Michael Gallagher	Councilmember, District 10

and all of such persons were present at the Meeting, except the following: _____ _____, thus constituting a quorum. Among other business considered at the Meeting, the attached Ordinance (the *"Ordinance"*) entitled:

AUTHORIZING THE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT AND AN ESCROW AND ACCOUNT CONTROL AGREEMENT WITH SANTANDER BANK, N.A. AND FROST BANK; AUTHORIZING THE EXHIBITS AND RELATED SCHEDULES TO THE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT IN THE TOTAL AMOUNT OF $8,670,289.04, FOR THE ACQUISITION OF: (1) VARIOUS COLLECTION TRUCKS FOR THE SOLID WASTE MANAGEMENT DEPARTMENT AND BREATHING EQUIPMENT AND CAMERAS FOR THE FIRE DEPARTMENT AT AN INTEREST RATE OF 1.49% FOR A FIVE (5) YEAR TERM AND (2) TOTERS FOR THE SOLID WASTE MANAGEMENT DEPARTMENT AND NOTEBOOK COMPUTERS FOR THE POLICE DEPARTMENT AT AN INTEREST RATE OF 1.18% FOR A THREE (3) YEAR TERM, TO PAY THE COSTS OF THE TRANSACTION; AUTHORIZING THE EXECUTION OF DOCUMENTS RELATED TO THE TRANSACTION; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the Ordinance, a motion was made by Councilmember _____ that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember _____ and carried by the following vote:

_____ voted "For" _____ voted Against" _____ abstained

all as shown in the official Minutes of the Council for the Meeting.

3. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council of the City on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this ___ day of August, 2015.

_____

City Clerk, City of San Antonio, Texas

(SEAL)

RKN
08/06/15
Item # 26 B

A RESOLUTION

AUTHORIZING THE REIMBURSEMENT OF FUNDS PREVIOUSLY EXPENDED FROM THE PROCEEDS OF THE MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT ENTERED INTO AND BETWEEN THE CITY OF SAN ANTONIO AND SANTANDER BANK, N.A.; AND ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS RESOLUTION.

* * * *

WHEREAS, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer to finance the costs associated with: (i) all equipment financed pursuant the Master Tax-Exempt Lease/Purchase Agreement entered into with Santander Bank, N.A. dated as of August 12, 2015 (the *Acquisition Costs*) and (ii) the payment of various administrative costs, including the fees of bond counsel, escrow agent, depository bank or other financial institution, and other professionals and other fees directly or indirectly related to the Acquisition Costs (the *Administrative Costs*) [the Acquisition Costs and Administrative Costs collectively constitute costs of the project (the *Project*)]; and

WHEREAS, the provisions of Chapter 1201, as amended, Texas Government Code provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Issuer, for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the *Department*) released Regulation Section 1.150-2 which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the *Code*); and

WHEREAS, the Issuer intends to reimburse itself, within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures are paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of tax-exempt master lease obligations (the *Lease Transaction*) that the Issuer currently contemplates issuing in the principal amount of $8,670,289.04 to finance a portion of the costs of the Project; and

WHEREAS, under certain Department Regulations, to fund such reimbursement with proceeds of the Lease Transaction, the Issuer must declare its expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer is not inconsistent with the Issuer's budgetary and financial circumstances; and

WHEREAS, the Governing Body hereby finds and determines that the adoption of this Resolution is in the best interests of the citizens of the Issuer; **NOW THEREFORE:**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO THAT:

SECTION 1. This Resolution is a declaration of intent to establish the Issuer's reasonable, official intent under Department Regulation Section 1.150-2 to reimburse itself from the proceeds of the Lease Transaction for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) with respect to the Project from the Issuer's General Fund or other lawfully available funds of the Issuer.

SECTION 2. The Issuer intends to close and fund the Lease Transaction and allocate within 30 days after the date of closing and funding of the Lease Transaction the proceeds therefrom to reimburse the Issuer for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3. The reimbursement expenditures will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles.

SECTION 4. The Issuer intends to otherwise comply with all the requirements contained in the Regulations.

SECTION 5. This Resolution establishes compliance by the Issuer with the requirements of Texas law and the Regulations.

SECTION 6. With respect to the proceeds of the Lease Transaction allocated to reimburse the Issuer for prior expenditures, the Issuer shall not employ an abusive device under Department Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Lease Transaction in a manner that results in the creation of replacement proceeds, as defined in Department Regulation Section 1.148-1, of the Lease Transaction or another issuer of tax-exempt obligations.

SECTION 7. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 8. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 11. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12. This Resolution shall be in force and shall take effect on the tenth day after the date of its adoption by the City Council, and it is so resolved.

PASSED and APPROVED this 6th day of August, 2015.

M A Y O R
Ivy R. Taylor

ATTEST:

_____
Leticia M. Vacek, City Clerk

I the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Resolution prior to its adoption and passage aforesaid.

_____
Martha G. Sepeda, Acting City Attorney
City of San Antonio, Texas

Schedule No. 1
EXHIBIT E

AGREEMENT TO PROVIDE INSURANCE

Lessee:

Name: **City of San Antonio, Texas**

Address: 111 Soledad, 5th Floor
San Antonio, Texas 78205

Phone: 210-207-5734

Lessor:

Name: **Santander Bank, N.A.**

Address: 3 Huntington Quadrangle, Suite 101N
Melville, NY 11747

Phone: 631-531-0600

Description of Equipment:

I understand that to provide protection from serious financial loss, should an accident or loss occur, my lease contract requires the equipment to be continuously covered with insurance against the risks of fire and theft, and that failure to provide such insurance gives the Lessor the right to declare the entire unpaid balance immediately due and payable. Accordingly, I have arranged for the required insurance through the self insurance program described in section 5.01(e) of this agreement and the insurance company shown below and have requested my broker to note Lessor's interest in the equipment and name Lessor as additional insured.

NAME OF BROKER

Name: Marsh USA Inc.

Address: 9830 Colonnade Blvd., Suite 400

San Antonio, Texas 78230, USA

INSURANCE COMPANY

Name: FM Global

Policy #: To be provided under separate cover

Lessee's Signature:_____

Schedule No. 1
EXHIBIT F

GENERAL CERTIFICATE

"SAMPLE GENERAL CERTIFICATE PROVIDED BY COSA CITY ATTORNEY'S OFFICE"

GENERAL CERTIFICATE
OF
CITY OF SAN ANTONIO, TEXAS

I, the undersigned Authorized Officer of the **CITY OF SAN ANTONIO, TEXAS**, (*"Lessee"*) acting in my official capacity as such, hereby certify with respect to the **2015 Master Equipment Lease Purchase Agreement**, dated as of August 12, 2015, (the *"Master Lease")* by and between Lessee, as lessee, and **SANTANDER BANK, N.A.,** as lessor (*"Lessor"*) and Exhibits and (collectively, "*Schedule*") issued thereunder (the Master Lease and the Schedule collectively referred to as the *"Agreement"*), as follows:

1. That Lessee is a body corporate and politic and a Texas home rule municipality, and was validly created and exists under the laws and the Constitution of the State of Texas and is a political subdivision or governmental agency thereof.

2. That as of the date of approval of the Master Lease and the Schedule, the following named persons constitute the members of the City Council of Lessee:

Ivy R. Taylor	Mayor
Roberto C. Trevino	Mayor Pro Tem, District 1
Alan E. Warrick, III	Councilmember, District 2
Rebecca Viagran	Councilmember, District 3
Rey Saldana	Councilmember, District 4
Shirley Gonzales	Councilmember, District 5
Ray Lopez	Councilmember, District 6
Cris Medina	Councilmember, District 7
Ron Nirenberg	Councilmember, District 8
Joe Krier	Councilmember, District 9
Michael Gallagher	Councilmember, District 10

3. The City Council of Lessee duly adopted by a majority vote the ordinance (the *"Ordinance"*) authorizing and approving entering into the Agreement, at a duly called public meeting, at which a quorum was present and acting throughout; the Ordinance is in full force and effect and has not been altered, amended or repealed as of the date hereof; that said meeting was duly called and open to the public in accordance with the laws of the State of Texas.

4. The following described instruments (collectively, the *"Instruments"*), as executed and delivered or authorized by Lessee, are in substantially the same form and text as copies of such Instruments which were before and were approved or ratified by the City Council of Lessee, and which the officers of Lessee were authorized to execute and deliver for and on behalf of Lessee:

(a) The Master Lease; and

(b) The Schedule (including Exhibits and thereto).

5. To the best knowledge of the undersigned, on the date hereof, Lessee is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Instruments.

6. The representations and warranties of Lessee contained in the Instruments are correct on and as of the date hereof as though made on and as of such date.

IN WITNESS WHEREOF, I have duly executed this certificate this ___ day of _____, 2015 to be effective August 12, 2015.

CITY OF SAN ANTONIO, TEXAS,
as Lessee

By: _____

Name: Troy Elliott

Title: Director of Finance

BEFORE ME, on this day personally appeared the foregoing individual, known to me to be the person whose name is subscribed to the foregoing instrument.

GIVEN UNDER MY HAND AND SEAL of office, this _____ day of August, 2015.

(NOTARY SEAL)

_____
Notary Public, State of Texas

Schedule No. 1
EXHIBIT G

NO-ARBITRAGE AND TAX-CERTIFICATE

FEDERAL TAX CERTIFICATE

I, the undersigned officer of the City of San Antonio, Texas (the "**City**"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid by the City under the Master Equipment Lease Purchase Agreement, including the schedules thereto, dated August 12, 2015 (the "**Finance Agreement**"), by and between the City and Santander Bank, N.A. (the "**Lender**"). The Finance Agreement is being issued in the original principal amount of $8,670,289.04 and delivered simultaneously with the delivery of this Federal Tax Certificate. I do hereby certify as follows in good faith as of the date hereof:

1. Definitions. Each capitalized term used in this Federal Tax Certificate has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Federal Tax Certificate or in Exhibits to this Federal Tax Certificate and for all purposes hereof has the meaning or is the amount therein specified. All such terms defined in the Code or Regulations that are not defined herein shall for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

"***Authorizing Document***" means the ordinance adopted by the City on August 6, 2015, for purposes of authorizing the City to enter into the Finance Agreement.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Equipment***" means the personal property acquired with the Proceeds of the Finance Agreement, as more fully described in Schedule No. 1, Exhibit A, to the Finance Agreement.

"***Equipment Acquisition Account***" means the account established pursuant to the Escrow Agreement into which the Escrow Agent will deposit Proceeds of the Finance Agreement received from the Lender from which the City will use to pay the costs of the Equipment.

"***Escrow Agent***" means The Frost Bank, San Antonio, Texas.

"***Escrow Agreement***" means the Escrow and Account Control Agreement, made and entered into as of August 12, 2015, by and between the Lender, the City and the Escrow Agent.

"***Favorable Opinion of Bond Counsel***" means an opinion of nationally recognized bond counsel to the effect that an action, or omission of an action, does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Finance Agreement.

"***Gross Proceeds***" means any Proceeds and any Replacement Proceeds.

"***Investment Proceeds***" is defined in section 1.148-1(b) of the Regulations and generally consists of any amounts actually or constructively received from investing Proceeds.

"***Issuance Costs***" means costs to the extent incurred in connection with, and allocable to,

the issuance of the Finance Agreement within the meaning of section 147(g) of the Code. For example, Issuance Costs include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"***Issue Date***" means, with respect to the Finance Agreement, the first date on which the City receives the purchase price in exchange for delivery of the evidence of indebtedness.

"***Issue Price***" means the "issue price" as defined in sections 1273 and 1274 of the Code, unless otherwise provided in sections 1.148-0 through 1.148-11 of the Regulations and, generally, is the price that, represents the price paid by the Lender for the Finance Agreement.

"***Minor Portion***" means that portion of the Gross Proceeds of the Finance Agreement that does not exceed in the aggregate $100,000.

"***Net Proceeds***" means Proceeds less any Proceeds invested in a "reasonably required reserve or replacement fund," as described in section 148 of the Code.

"***Original Issue Discount***" means the excess of the Stated Redemption Price at Maturity over the Issue Price.

"***Pre-Issuance Accrued Interest***" is defined in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

"***Proceeds***" is defined in section 1.148-1(b) of the Regulations and generally means any Sale Proceeds and Investment Proceeds of the Finance Agreement.

"***Regulations***" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"***Replacement Proceeds***" has the meaning set forth in section 1.148-1(c) of the Regulations and generally consists of amounts that have a sufficiently direct nexus to the Finance Agreement or the governmental purpose of the Finance Agreement to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

"***Sale Proceeds***" is defined in section 1.148-1(b) of the Regulations and generally consists of any amounts actually or constructively received from the sale (or other disposition) of any Finance Agreement, including amounts used to pay underwriters' discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any Finance Agreement and that is described in section 1.148-4(b)(4) of the Regulations.

"***Stated Redemption Price at Maturity***" means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of 1 year or less during the entire term of the debt instrument).

"***Weighted Average Maturity***" has the meaning ascribed to it in the "Weighted Average Maturity" paragraph of this Federal Tax Certificate.

"***Yield***" on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the investment produces an amount equal to all payments for the investment.

2. Responsible Officer. I am the duly chosen, qualified and acting officer of the City for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this Federal Tax Certificate on behalf of the City. I am the officer of the City charged, along with other officers of the City, with responsibility for issuing the Finance Agreement.

3. Code and Regulations. I am aware of the provisions of sections 141, 148, 149 and 150 of the Code and the Regulations heretofore promulgated under sections 141, 148, 149 and 150 of the Code. This Federal Tax Certificate is being executed and delivered pursuant to sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations.

4. Reasonable Expectations. The facts and estimates that are set forth in this Federal Tax Certificate are accurate. The expectations that are set forth in this Federal Tax Certificate are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. In connection with this Federal Tax Certificate, the undersigned has to the extent necessary reviewed the certifications set forth herein with other representatives of the City as to such accuracy and reasonableness. The undersigned has also relied, to the extent appropriate, on representations set forth in the Certificate of the Lender, attached as Exhibit A to this Federal Tax Certificate. The undersigned is aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of such documents.

5. Description of Governmental Purpose. The City is issuing the Finance Agreement pursuant to the Authorizing Document to (a) fund the acquisition and delivery of the Equipment, which generally includes (i) toters and trucks to be used by the City's Solid Waste Management Department, (ii) breathing apparatus and cameras to be used by the City's Fire Department, and (iii) notebook computers to be used by the City's Police Department, and (b) pay the Issuance Costs of the Finance Agreement.

6. Amount and Expenditure of Sale Proceeds of the Finance Agreement. The Sale Proceeds of the Finance Agreement will be $8,670,289.04, representing the Stated Redemption Price at Maturity. The Sale Proceeds of the Finance Agreement will be expended as follows:

(a) Equipment. The amount of $8,647,789.04 will be deposited in the Equipment Acquisition Account and is expected to be disbursed to pay or reimburse the costs of the Equipment. The aggregate amount of the costs of the Equipment is anticipated to exceed such amount. Any costs of the Equipment not financed out of Proceeds of the Finance Agreement will be financed out of the City's available funds.

(b) Issuance Costs. The amount of $22,500 will be disbursed to pay Issuance Costs of the Finance Agreement.

(c) Reimbursement. Other than (i) the amount of $100,000 and (ii) preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Equipment, other than land acquisition, site preparation, and similar costs incident to commencement of construction) not in excess of 20 percent of the Issue Price, no portion of the amount described in the "Amount and Expenditure of Sale Proceeds of the Finance Agreement—Equipment" subparagraph above will be disbursed to reimburse the City for any expenditures made by the City prior to the date that is 60 days before the date the City adopted the Authorizing Document. The City expects to use Proceeds of the Bonds in the amount of $201,182.80 to reimburse itself for expenditures paid prior to the Issue Date of the Bonds.

(d) No Working Capital. Except for any amount that does not exceed 5 percent of the Sale Proceeds of the Finance Agreement (and that is directly related to capital expenditures financed by the Finance Agreement), the City will only expend Proceeds of the Finance Agreement for (i) costs that would be chargeable to the capital accounts of the Equipment if the City's income were subject to federal income taxation and (ii) interest on the Finance Agreement in an amount that does not cause the aggregate amount of interest paid the Finance Agreement to exceed that amount of interest on the Finance Agreement that is attributable to the period that commences on the date hereof and ends on the later of (A) the date that is three years from the Issue Date of the Finance Agreement or (B) the date that is one year after the date on which the applicable Equipment is placed in service.

(e) No Sale of Conduit Loan. No portion of the Sale Proceeds of the Finance Agreement has been or will be used to acquire, finance, or refinance any conduit loan.

(f) No Overburdening. The Proceeds of the Finance Agreement will not exceed the amount necessary to accomplish the governmental purposes of the Finance Agreement and, in fact, are not expected to exceed by any amount the amount of Proceeds allocated to expenditures for the governmental purposes of the Finance Agreement.

(g) Allocations and Accounting. The Proceeds of the Finance Agreement will be allocated to expenditures not later than 18 months after the later of the date the expenditure is made or the date the applicable Equipment is placed in service, but in no event later than the date that is 60 days after the fifth anniversary of the date hereof or the retirement of the Finance

Agreement, if earlier. The allocation of Proceeds will be made by using a reasonable, consistently applied accounting method. No Proceeds of the Finance Agreement will be allocated to any expenditure to which Proceeds of any other obligations have heretofore been allocated. The City will maintain records and documentation regarding the allocation of expenditures to Proceeds of the Finance Agreement and the investment of Gross Proceeds of the Finance Agreement for at least three years after the close of the final calendar year during which the Finance Agreement is outstanding.

7. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Finance Agreement.

8. Investment Proceeds. The best estimate of the City is that Investment Proceeds resulting from the investment of any Proceeds of the Finance Agreement described in the "Amount and Expenditure of Sale Proceeds of the Finance Agreement—Equipment" subparagraph above pending expenditure of such Proceeds for costs of the Equipment will be retained in the Equipment Acquisition Account and disbursed to pay or reimburse costs of the Equipment.

9. Replacement Proceeds.

(a) No Sinking Funds. There is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Finance Agreement.

(b) No Pledged Funds. There is no amount that is directly or indirectly pledged to pay principal or interest on the Finance Agreement, or to a guarantor of part or all of the Finance Agreement, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Finance Agreement if the City encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Finance Agreement.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Finance Agreement because the City reasonably expects that the term of the Finance Agreement will not be longer than is reasonably necessary for the governmental purposes of the Finance Agreement. Furthermore, even if the Finance Agreement were outstanding longer than necessary for the purpose of the Finance Agreement, no Replacement Proceeds will arise because the City reasonably expects that no amounts will become available during the period that the Finance Agreement remain outstanding longer than necessary based on the reasonable expectations of the City as to the amounts and timing of future revenues. The Finance Agreement would be issued to achieve the governmental purpose of the Finance Agreement independent of any arbitrage benefit as evidenced by the expectation that the Finance Agreement reasonably would have been issued if the interest on the Finance Agreement were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(d) Weighted Average Economic Life. The Weighted Average Maturity of the Finance Agreement is not greater than 120 percent of the weighted average estimated economic life of the portion of the Equipment financed by the Finance Agreement, determined in accordance with section 147(b) of the Code. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Finance Agreement; (ii) the reasonably expected economic life of an asset was determined as of the later of the date hereof or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the Equipment financed by the Finance Agreement allowing for normal wear and tear and assuming prudent and customary maintenance; and (iv) land or any interest therein has not been taken into account in determining the average reasonably expected economic life of such Equipment.

10. Yield on the Finance Agreement. For the purposes of this Federal Tax Certificate, the Yield on the Finance Agreement is the discount rate that, when used in computing the present value as of the Issue Date of the Finance Agreement, of all unconditionally payable payments of principal and interest on the Finance Agreement, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price of the Finance Agreement as of the Issue Date.

The Issue Price is the first price at which the Finance Agreement was sold to the Lender. The Lender intends to hold the Finance Agreement for investment purposes. The Finance Agreement is not being offered to the public and is not being issued in exchange for property.

The Yield on the Finance Agreement is calculated by treating the outstanding stated principal amounts payable on the dates set forth in the Schedule of Payments attached to the Finance Agreement as Exhibit B. The City has no present intention of exercising the purchase option under the Finance Agreement prior to its maturity.

As set forth in Exhibit B, the Yield on the Finance Agreement, calculated in the manner set forth above, is 1.4520 percent.

The City has not entered into a hedging transaction with respect to the Finance Agreement. The City will not enter into a hedging transaction with respect to the Finance Agreement unless there is first received a Favorable Opinion of Bond Counsel.

11. Temporary Periods and Yield Restriction.

(a) Equipment. The City has incurred, or will incur within six months of the date hereof, a binding obligation to a third party that is not subject to any contingencies within the control of the City or a related party pursuant to which the City is obligated to expend at least five percent of the Sale Proceeds of the Finance Agreement on the Equipment. The City reasonably expects that work on or acquisition of the Equipment will proceed with due diligence to completion and that the Proceeds of the Finance Agreement will be expended on the Equipment with reasonable dispatch. The City reasonably expects that 85 percent of the Sale

Proceeds of the Finance Agreement will have been expended on the Equipment prior to the date that is three years after the Issue Date. Any Sale Proceeds not expended prior to the date that is three years after the Issue Date, will be invested at a Yield not "materially higher" than the Yield on the Finance Agreement, except as set forth in the "Minor Portion and Yield Reduction Payments" paragraph below. The City reasonably expects that any amount derived from the investment of moneys received from the sale of the Finance Agreement and from the investment of such investment income will not be commingled with substantial other receipts or revenues of the City and will be expended prior to the date that is three years after the Issue Date, or one year after receipt of such investment income, whichever is later. Any such Investment Proceeds not expended prior to such date will be invested at a Yield not "materially higher" than the Yield on the Finance Agreement, except as set forth in the "Minor Portion and Yield Reduction Payments" paragraph below.

(b) Issuance Costs. It is expected that the amount described in the "Amount and Expenditure of Sale Proceeds of the Finance Agreement—Issuance Costs" subparagraph above will be disbursed within 30 days of the date hereof for costs of issuing the Finance Agreement; therefore, such amount will be invested for an allowable temporary period. To the extent any portion of the amount described in the "Amount and Expenditure of Sale Proceeds of the Finance Agreement—Issuance Costs" subparagraph is not expended as described herein, the City will take steps to restrict the investment of such amounts to a Yield which is not materially higher than the Yield on the Finance Agreement.

12. Funds.

(a) No Debt Service Fund. As described under the "Replacement Proceeds" paragraph above, the City has not established a debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Finance Agreement. Accordingly, there is no assurance that amounts on deposit with the City, if any, will be available to pay debt service on the Finance Agreement if the City encounters financial difficulties.

(b) Equipment Acquisition Account. All of the Proceeds of the Finance Agreement in the Equipment Acquisition Account are expected to be invested and disbursed as described in the Escrow Agreement and the "Temporary Periods and Yield Restriction—Equipment" subparagraph of this Federal Tax Certificate; therefore, all of such amounts will be invested without regard to Yield restriction. Nevertheless, any such Proceeds not expended prior to the dates set forth in the "Temporary Periods and Yield Restriction—Equipment" subparagraph will be Yield restricted to the extent set forth in such subparagraph.

13. Minor Portion and Yield Reduction Payments. All Gross Proceeds will be invested in accordance with the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above. To the extent such amounts remain on hand following the periods set forth in the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above or exceed the limits set forth in the "Funds" paragraph above, the City will invest such amounts at a restricted Yield as set forth in such paragraphs; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield which is higher than the Yield on the Finance Agreement and, provided further, that the City may satisfy the yield restriction

requirements by making yield reduction payments to the federal government to the extent permitted by section 1.148-5(c) of the Regulations.

14. Issue. There are no other obligations that (a) are sold at substantially the same time as the Finance Agreement (i.e., less than 15 days apart), (b) are sold pursuant to the same plan of financing with the Finance Agreement, and (c) will be paid out of substantially the same source of funds as the Finance Agreement.

15. Compliance With Rebate Requirements. The City has covenanted in the Finance Agreement that, if it does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, it will take all steps necessary to comply with the requirement that "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Finance Agreement be rebated to the United States. Specifically, the City will (i) maintain records regarding the investment of the Gross Proceeds of the Finance Agreement as may be required to calculate such "rebatable arbitrage earnings" separately from records of amounts on deposit in the funds and accounts of the City which are allocable to other bond issues of the City or moneys that do not represent "gross proceeds" of any bonds of the City, (ii) calculate at such intervals as may be required by applicable Regulations, the amount of "rebatable arbitrage earnings," if any, earned from the investment of the Gross Proceeds of the Finance Agreement, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Finance Agreement and within 60 days following the final maturity of the Finance Agreement, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. The City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Finance Agreement that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's-length and had the Yield on the issue not been relevant to either party.

16. Not an Abusive Transaction.

(a) General. No action taken in connection with the issuance of the Finance Agreement will enable the City to (i) exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Finance Agreement over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Finance Agreement are not invested in higher yielding investments over the term of the Finance Agreement), and (ii) issue more bonds, issue bonds earlier, or allow bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Finance Agreement. To the best of our knowledge, no actions have been taken in connection with the issuance of the Finance Agreement other than actions that would have been taken to accomplish the governmental purposes of the Finance Agreement if the interest on the Finance Agreement were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Finance Agreement).

(b) No Sinking Fund. No portion of the Finance Agreement has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Finance Agreement.

(c) No Window. No portion of the Finance Agreement has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the City to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

17. No Arbitrage. On the basis of the foregoing facts, estimates and circumstances, it is expected that the Gross Proceeds of the Finance Agreement will not be used in a manner that would cause the Finance Agreement to be an "arbitrage bond" within the meaning of section 148 of the Code and the Regulations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change such expectations.

18. No Private Use, Payments or Loan Financing.

(a) General. The City reasonably expects, as of the date hereof, that no action or event during the entire stated term of the Finance Agreement will cause either the "private business tests" or the "private loan financing test," as such terms are defined in the Regulations, to be met.

(i) Based on the reasonable belief of the City, no portion of the Proceeds of the Finance Agreement will be used in a trade or business of a nongovernmental person. For purposes of determining use, the City will apply rules set forth in applicable Regulations and Revenue Procedures promulgated by the Internal Revenue Service, including, among others, the following rules: (A) any activity carried on by a person other than a natural person or a state or local governmental unit will be treated as a trade or business of a nongovernmental person, provided that, such use will be treated as general public use (and not use in a trade or business) if the property is intended to be available, and is in fact reasonably available, for use on the same basis by natural persons not engaged in a trade or business; (B) the use of all or any portion of the Equipment is treated as the direct use of Proceeds; (C) a nongovernmental person will be treated as a private business user of Proceeds of the Finance Agreement as a result of ownership, actual or beneficial use pursuant to a lease, or a management or incentive payment contract, or certain other arrangements such as a take-or-pay or other output-type contract; and (D) the private business use test is met if a nongovernmental person has special legal entitlements to use directly or indirectly the Equipment.

(ii) The City has not taken and will not take any deliberate action that would cause or permit the use of any portion of any Equipment to change so that such portion will be deemed to be used in the trade or business of a nongovernmental person for so long as the Finance Agreement remains outstanding (or until the City receives a Favorable Opinion of Bond Counsel).

For this purpose, any action within the control of the City is treated as a deliberate action. A deliberate action occurs on the date the City enters into a binding contract with a nongovernmental person for use of the Equipment that is not subject to any material contingencies.

(iii) Payments of the debt service on the Finance Agreement will be paid from and secured by a generally applicable tax. For this purpose, a generally applicable tax is a tax (A) that is an enforced contribution exacted pursuant to legislative authority in the exercise of the taxing power that is imposed and collected for the purpose of raising revenue to be used for governmental purposes and (B) that has a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction using a generally applicable manner of determination and collection. No portion of the payment of the debt service on the Finance Agreement will be directly or indirectly derived from payments (whether or not to the City or any related party) in respect of property, or borrowed money, used or to be used for a private business use. Furthermore, no portion of the payment of the debt service on the Finance Agreement will be directly or indirectly secured by any interest in property used or to be used for a private business use or payments in respect of property used or to be used for a private business use.

(iv) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City will not use Gross Proceeds of the Finance Agreement to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (A) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (B) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (C) significant benefits and burdens of ownership of such Gross Proceeds or such property are otherwise transferred in a transaction that is the economic equivalent of a loan.

(b) Dispositions of Personal Property in the Ordinary Course. The City does not reasonably expect that it will sell or otherwise dispose of the Equipment other than in the ordinary course of an established governmental program that satisfies the following requirements:

(i) The Weighted Average Maturity of the Finance Agreement is not greater than 120 percent of the reasonably expected actual use of such personal property for governmental purposes;

(ii) The reasonably expected fair market value of such personal property on the date of disposition will be not greater than 25 percent of its cost;

(iii) Such personal property will no longer be suitable for its governmental purposes on the date of disposition; and

(iv) The City is required to deposit amounts received from such disposition in a commingled fund with substantial tax or other governmental revenues and the City reasonably expects to spend such amounts on governmental programs within 6 months from the date of commingling.

Furthermore, the City will not sell or otherwise dispose of all or any portion of the Equipment in circumstances in which the foregoing requirements are not satisfied unless it has received a Favorable Opinion of Bond Counsel.

(c) Other Agreements. The City will not enter into any agreement with any nongovernmental person regarding the use of all or any portion of the Equipment during the stated term of the Finance Agreement unless it has received in each and every case a Favorable Opinion of Bond Counsel; provided that, the City will not be required to obtain a Favorable Opinion of Bond Counsel with respect to (i) any contracts for services that are solely incidental to the primary governmental function or functions of the Equipment (e.g., contracts for janitorial or similar services), (ii) any contract for services if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties; or (iii) any contract related to use of the Equipment as a member of, and on the same basis as, the general public, so long as the term of such contract is not greater than 200 days.

19. Weighted Average Maturity. As shown in the calculations attached hereto as Exhibit B, the Weighted Average Maturity of the Finance Agreement is 2.6948 years and is is the sum of the products of the Issue Price of the Finance Agreement and the number of years to maturity (taking into account mandatory payments), divided by the aggregate Sale Proceeds of the Finance Agreement.

20. Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the Proceeds of the Finance Agreement and the calculation or exemption from rebate until three years after the Finance Agreement is paid, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Finance Agreement by the Internal Revenue Service.

21. Finance Agreement is Not a Hedge Bond. Not more than 50 percent of the Proceeds of the Finance Agreement will be invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code. Further, the City reasonably expects that at least 85 percent of the spendable Proceeds of the Finance Agreement will be used to carry out the governmental purposes of the Finance Agreement within the three-year period beginning on the date the Finance Agreement is issued.

22. Post-Issuance Compliance Procedures. The City has implemented written post-issuance compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds of the Finance Agreement are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code.

EXECUTED as of this 12th day of August, 2015.

CITY OF SAN ANTONIO, TEXAS

By:_____

Name:_____

Title:_____

Attachment:

Exhibit A: Certificate of Lender

Exhibit B: Calculations

Signature page to Federal Tax Certificate

EXHIBIT A

CERTIFICATE OF LENDER

I, the undersigned officer of Santander Bank, N.A. (the "Lender"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest on the Master Equipment Lease Purchase Agreement, including the schedules thereto, dated August 12, 2015 (the "Finance Agreement"), by and between the City of San Antonio, Texas (the "City") and the Lender. Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit A is attached (the "Federal Tax Certificate"). I hereby certify as follows in good faith as of the Issue Date:

1. I am the duly chosen, qualified and acting officer of the Lender for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Lender. I am the officer of the Lender charged, along with other officers of the Lender, with responsibility for the Finance Agreement.

2. The Lender has purchased the Finance Agreement from the City for an aggregate purchase price of $8,670,289.04 (the "Issue Price"), which price includes no amount of Pre-Issuance Accrued Interest. The Lender intends to hold the Finance Agreement for its own account and not in the capacity of bondhouse, broker, dealer, or similar person or organization acting in the capacity of underwriter or wholesaler. The Finance Agreement is not being offered to the public and is not being issued in exchange for property.

3. To the best of my knowledge the statements set forth in the "Not an Abusive Transaction" paragraph of the Federal Tax Certificate are true.

The City may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Finance Agreement from the gross income of their owners. Bracewell & Giuliani, LLP also may rely on this Certificate of Lender for purposes of its opinion regarding the treatment of interest on the Finance Agreement as excludable from gross income for federal income tax purposes and the preparation of the Internal Revenue Service Form 8038-G. The Lender makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED as of this 12th day of August, 2015.

SANTANDER BANK, N.A.

By:_____

Name:_____

Title:_____

Signature page to Certificate of Lender

EXHIBIT B

CALCULATIONS

[See attached]

Schedule No. 1
EXHIBIT H

8038-G