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SECOND AMENDMENT TO MASTER LEASE PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO MASTER LEASE PURCHASE AGREEMENT (this "Amendment"), dated as of October 21, 2013, is between Frost Bank, a state banking association, as lessor ("Lessor") and the City of Corpus Christi, a political subdivision of the State of Texas, as lessee ("City").

RECITALS:

WHEREAS, Lessor and City entered into that certain Master Lease Purchase Agreement dated as of February 15, 2013 (the "Agreement").

WHEREAS, Lessor and City now desire to amend the Agreement as herein set forth.

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

1. Amendment to Section 3.1. Effective as of the date hereof, Section 3.1 is hereby amended to read as follows:

The aggregate amount of all Leases which may be entered into pursuant to this Agreement shall not exceed \$9,020,422.80.

2. Continued Effectiveness. Except as expressly modified by the terms and provisions hereof, each of the terms and provisions of the Agreement are hereby ratified and confirmed, and shall remain in full force and effect.

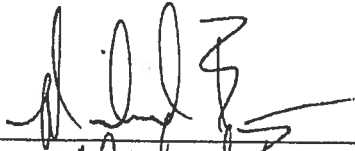
3. Governing Law. THE TERMS AND PROVISIONS HEREOF SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

4. No Oral Agreements. This Amendment and the Agreement embody the final, entire agreement among the parties hereto. There are no oral agreements among the parties hereto.

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EXECUTED as of the date first above written.

CITY OF CORPUS CHRISTI

By: 
Name: Michael Barry
Title: Asst. Dir. of Financial Services

LESSOR:

FROST BANK

By: 
Name: B. STOLOWSKI
Title: SR. Vice President

ARTICLE 3. LEASE OF PROPERTY

Section 3.1. Acquisition of Property. During the Lease Term, when City desires to lease a Property Group from Lessor, Contract Administrator shall complete an **Exhibit "E"**, Requisition Report, which includes the Property Group, an estimated price for each piece of Property, the budgeted amount for the Property Group, and the desired number of Lease Payments for the Property Group.

For any Property not on the annually approved Exhibit "F", Lessor must advise the Contract Administrator in writing whether Lessor will lease the Property Group to City within three (3) business days after receipt of a completed Exhibit "E".

City will initiate the procurement process to purchase the Property Group. Upon receipt of bids and award by City Council of a contract to purchase City shall notify Lessor in writing of the Property Group cost and estimated delivery period, and Lessor shall execute an Exhibit "A", numbered with the assigned Lease Number, and forward it to the Contract Administrator.

If City so desires, or if Lessor chooses not to lease a Property Group to City or chooses not to lease for the number of Lease Payments City requested, City may lease the Property Group from any one else it chooses.

Section 3.2. Property Delivery; Documentation. Upon Lessor's written approval of an **Exhibit "E"** Lessor shall provide City with an assigned Lease Number and Contract Administrator will prepare working file copies of **Exhibits "A"** and **"B"**, and forward a copy of each to Lessor's designated representative. After delivery of a Property Group to City, City staff shall inspect the Property Group for compliance with Specifications. Within three (3) business days after the Contract Administrator receives staff's written acceptance of the Property Group, City will complete the previously furnished **Exhibits "A"** and **"B"** and will provide Lessor a completed and executed **Exhibit "C"** (Certificate of Acceptance).

Lessor must pay a Contractor, or reimburse City for any payment it made to a Contractor, for a Property Group on the same day that the Amortization Schedule **Exhibit "B"** begins, which must be within three business days of receipt of all documents from the City. Contract Administrator must provide Lessor, in a form satisfactory to Lessor, the following:

- (a) an **Exhibit "A"** and **Exhibit "B"** executed by City and Lessor;
- (b) an **Exhibit "C"** executed by City;
- (c) a motion, or other evidence, showing official action taken by the City Council to authorize acquisition of the Property Group on the terms provided in **Exhibit "A"**;
- (d) Contractor invoice(s) and/or bill(s) of sale relating to the Property Group, and if the invoices have been paid by City evidence of payment thereof, and if applicable, evidence of official intent to reimburse such payment as required by the Regulations;

FIRST AMENDMENT TO MASTER LEASE PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO MASTER LEASE PURCHASE AGREEMENT (this "Amendment"), dated as of February 15, 2013, is between Frost Bank, a state banking association, as lessor ("Lessor") and the City of Corpus Christi, a political subdivision of the State of Texas, as lessee ("City").

RECITALS:

WHEREAS, Lessor and City entered into that certain Master Lease Purchase Agreement dated as of February 15, 2013 (the "Agreement").

WHEREAS, Lessor and City now desire to amend the Agreement as herein set forth.

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

1. Amendment to Section 3.1. Effective as of the date hereof, a new first sentence shall be added to Section 3.1 and such sentence shall read as follows:

The aggregate amount of all Leases which may be entered into pursuant to this Agreement shall not exceed \$6,701,612.60.

2. Continued Effectiveness. Except as expressly modified by the terms and provisions hereof, each of the terms and provisions of the Agreement are hereby ratified and confirmed, and shall remain in full force and effect.


3. Governing Law. THE TERMS AND PROVISIONS HEREOF SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

4. No Oral Agreements. This Amendment and the Agreement embody the final, entire agreement among the parties hereto. There are no oral agreements among the parties hereto.

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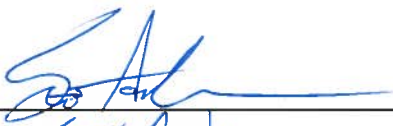
EXECUTED as of the date first above written.

CITY OF CORPUS CHRISTI

By: 
Name: Michael Pappone
Title: Assistant Director of Financial Services

LESSOR:

FROST BANK

By: 
Name: Scott Anderson
Title: Vice President

**MASTER LEASE PURCHASE AGREEMENT
BETWEEN**

The City of Corpus Christi, as "City"

and

Frost Bank, as Lessor

THIS MASTER LEASE PURCHASE AGREEMENT (the **Agreement**), is by and between Frost Bank, a state banking association, as lessor (**Lessor**) whose address is 100 West Houston Street, San Antonio, Texas 78205, and the City of Corpus Christi, a political subdivision of the State of Texas as lessee (**City**), whose address is 1201 Leopard, Corpus Christi, Nueces County, Texas 78401.

WITNESSETH:

WHEREAS, the City is authorized by law to acquire such items of personal property as are needed to carry out its governmental functions, and to acquire such personal property by entering into a lease with the option to purchase; and

WHEREAS, the City has determined that it is necessary for it to acquire under this Agreement certain items of personal property described herein as the Property; and

WHEREAS, Lessor is willing to lease certain Property to the City pursuant to this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein City and Lessor hereto recite and agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. The terms defined in this Section, for all purposes of this Agreement, have the following meanings:

Additional Terms: Consecutive terms, each of a one-year fiscal period, for which a Lease with respect to a Property Group remains in effect unless terminated by City. Each Additional Term commences at the end of the Original Term or the preceding Additional Term and continues for a period within which all of the Lease Payments specified in **Exhibit "B"** will be paid as provided in Section 4.1.

Agreement: The Master Lease Agreement and all Exhibits hereto.

Business Day: Each day on which the City is open for business.

Contractor: Each manufacturer or vendor from whom the City has ordered or contracted for the manufacture, delivery, and/or installation of the Property.

Contract Administrator: The City's designated representative for administering this Agreement is the Director of Financial Services or designee.

Fiscal Year: The twelve (12) month fiscal period of the City which commences annually on August 1 and ends on the following July 31.

Independent Counsel: An attorney duly admitted to the practice of law before the highest court of Texas and who has no past or present relationship with either Lessor or City.

Interest: The portion of any Lease Payment designated as and comprising interest as shown in any Exhibit "B" hereto.

Lease: With respect to each Property Group, this Agreement and the Schedule relating thereto, which shall constitute a separate contract relating to such Property Group.

Lease Payment: The payment of Principal and Interest due from the City to Lessor on each Payment Date as shown on each Exhibit "B".

Lease Term: With respect to any Property Group, the Original Term and all Additional Terms during which the related Lease is in effect as specified in Section 4.1.

Net Proceeds: Any insurance proceeds or condemnation award, paid with respect to any Property, remaining after payment therefrom of all expenses incurred in the collection thereof.

Non-appropriation: The failure of the City Council of the City to appropriate money for any Fiscal Year sufficient for the continued performance of a Lease by the City with respect to the related Property Group, which may be evidenced by a budget ordinance or resolution which prohibits the City from using any monies to pay the Lease Payments due under such Lease with respect to such Property Group for a designated Fiscal Year.

Original Term: The period from the date of execution of an Exhibit A with respect to a Property Group until the end of the Fiscal Year which includes the date of execution.

Payment Date: The date upon which any Lease Payment is due and payable as provided in any Exhibit "B".

Permitted Encumbrances: As of any particular time: (i) liens for taxes and assessments not then delinquent, or which the City may, pursuant to the provisions of Section 7.3 hereof, permit to remain unpaid, (ii) this Agreement and amendments hereto, (iii) Lessor's interest in the Property, and (iv) any mechanic's, laborer's, material men's, supplier's or vendor's lien or right not filed or perfected in the manner prescribed by law, other than any lien arising through a Contractor or which the City may, pursuant to Article 8, hereof, permit to remain unpaid.

Principal: The portion of any Lease Payment designated as principal in any Exhibit "B" hereto.

Property: Individually or collectively as the context requires, the personal property designated by the City, which is described in one or more **Exhibit "A"**s as now or hereafter constituted. The City may lease-purchase all Property it determines necessary to provide essential services, which includes computer hardware and software.

Property Group: The Property listed on any **Exhibit "A,"** comprising a single purchase or a group of items, equipment, or associated products.

Purchase Option Price: With respect to a Property Group listed on any single **Exhibit "A,"** the amount equal to the unpaid Principal Balance of the Property Group, plus unpaid interest accrued to the prepayment date.

Schedule: A schedule consisting of separate but like-numbered pages of Exhibits A and B which have been completed with respect to a Property Group and executed by Lessor and City.

Specifications: The procurement specifications and/or purchase order pursuant to which the City has ordered any Property from a Contractor.

Section 1.2. Exhibits. The following Exhibits are attached to and by reference made a part of this Agreement:

Exhibit "A": Property Group Description. Each Lease will have consecutively numbered **Exhibit "A"**s. Each **Exhibit "A"** will describe the Property Group for its Lease, including serial numbers when available, on consecutively numbered pages. A sample **Exhibit "A"** is attached and incorporated.

Exhibit "B": Lease Payment Schedule. Each Lease will have consecutively numbered **Exhibit "B"**s. Each **Exhibit "B"** will contain the date and amount of each Lease Payment due for the corresponding **Exhibit "A"** Property Group, the amount of each Lease Payment allocating Principal and Interest, the price at which City may exercise its Article X option to purchase Lessor's interest in each Property Group, and the due date of each Lease Payment.

Exhibit "C": Certificate of Acceptance. A Certificate of Acceptance signed by the Contract Administrator indicating that the Property Group described therein has been delivered and installed in accordance with the Specifications, and has been accepted by the City, the date on which Lease Payments shown in the page of **Exhibit "B"** relating thereto commences, and that certain other requirements have been met by the City. A sample **Exhibit "C"** is attached and incorporated.

Exhibit "D": Opinion of Counsel. A form of opinion of counsel to the City as to the organization, nature, and powers of the City; the validity, execution, and delivery of this Agreement and various related documents; the absence of litigation; and related matters. A sample **Exhibit "D"** is attached and incorporated.

Exhibit "E": Requisition Report. City shall furnish Lessor an **Exhibit "E"** prior to issuing a procurement for any Property Group unless the item is on **Exhibit "F"**, Approved Property List. The parties agree that no **Exhibit "E"** shall be required for property listed on **Exhibit "F"**. Each **Exhibit "E"** will include the proposed Property Group, an estimated price

for each piece of Property, the budgeted amount for each piece of Property, the desired number of Lease Payments, and any other information that City's Contract Administrator and an authorized agent of Lessor mutually agrees to add to **Exhibit "E"**. A sample **Exhibit "E"** is attached and incorporated.

Exhibit "F": Approved Property List. City will furnish Lessor an **Exhibit "F"** listing all Property budgeted for purchase during FY12-13. Lessor approves the lease purchase of all Property listed on **Exhibit "F"** by bidding on and signing this contract. City will furnish Lessor's Agent a new **Exhibit "F"** by August 15th annually, which lists all Property budgeted for purchase during subsequent fiscal years. The initial **Exhibit "F"** is attached and incorporated.

ARTICLE 2. REPRESENTATION, COVENANTS, AND WARRANTIES

Section 2.1. Representations, Covenants, and Warranties of the City. The City represents, covenants, and warrants as follows:

(a) The City is a municipal corporation and political subdivision of Texas, duly organized and existing under the Constitution and laws of the State. The City will do or cause to be done all things necessary to preserve and keep in full force and effect throughout the Lease Term its existence as a body politic and corporate.

(b) The City is authorized under the Constitution and laws of Texas to enter into this Agreement and the transactions contemplated hereby, and to perform all of its obligations hereunder.

(c) The City Manager has been duly authorized to execute and deliver this Agreement by the official action of the City's governing body, the City Council.

(d) In authorizing and executing this Agreement, the City has complied and/or will comply with all public bidding and other laws applicable to this Agreement and the acquisition of the Property by the City.

(e) The City is not subject to any legal or contractual provision that restricts or prevents it from entering into and performing its obligations under this Agreement.

(f) The City has no knowledge of any pending or threatened action, proceeding or investigation affecting the City, nor, to the best knowledge of the City, is there any basis therefor, wherein an unfavorable result would adversely affect the transactions contemplated by this Agreement.

(g) The Property is and will remain throughout the Lease Term personal property and not fixtures.

(h) The execution and performance of this Agreement will not violate any judgment, order, law or regulation, constitute a default under any instrument binding upon the City, or create any encumbrance upon any assets of the City or the Property, except for the Permitted Encumbrances.

(i) To the knowledge of the current interim City Finance director and interim Assistant City Manager over Finance department, the City has never non-appropriated or defaulted under any of its obligations under any lease-purchase contract, bond or other debt obligation.

(j) No approval, consent or withholding of objection is required from any governmental authority other than the City with respect to the entering into or performance by the City of this Agreement.

(k) The balance sheet of the City for its most recent Fiscal Year and the related earnings statement of the City for such Fiscal Year will be furnished to Lessor within 30 days of the effective date of this Agreement, and fairly represent the City's financial condition as of such date and the results of its operations for such Fiscal Year in accordance with generally accepted accounting principles consistently applied, and, since such date, there has been no material adverse change in such condition or operations.

(l) City has investigated the facts, estimates and circumstances in existence on the date hereof, together with City's expectations as to future events. These are true and are complete in all material respects, and on the basis of such, it is not expected that the use of the proceeds hereof or any other moneys or property will be used in a manner which will cause this Agreement to be treated as an arbitrage bond within the meaning of section 148 of the Code. Such expectations are reasonable, and there are no other facts, estimates or circumstances that would materially change such expectations.

(m) None of the proceeds hereof will be used, directly or indirectly, in any trade or business carried on by any person other than a governmental unit, which is defined to include any state of the United States and any political subdivision; agency, instrumentality or entity acting by or on behalf of a state, but not including the United States or any agency or instrumentality thereof, no more than 10% of the Property will be used directly or indirectly in a trade or business carried on by any such person, and no more than 5% of the Property will be used directly or indirectly in trade or business carried on by any such person that is not related to any government use of such Property.

(n) Should the Interest component of payments hereunder be deemed by the federal government or determined by the Internal Revenue Service or a court of competent jurisdiction or an opinion of nationally recognized bond counsel not to be exempt from gross income, subject to the provisions of **Section 13.13** hereof, City will pay as additional sums hereunder sufficient funds to adjust the interest to be paid hereunder to an amount equivalent to the after-tax interest rate contemplated hereunder as a tax exempt transaction. Said adjustment will be retroactive and apply to any installments already paid by City to Lessor to the extent that any ruling by any such taxing authority requires the payment of additional tax on payments already received by Lessor. This obligation will survive the expiration of this Agreement.

(o) The City will not pledge, mortgage, or assign this Agreement, or its duties and obligations hereunder to any other person, firm, or corporation except as provided under the terms of this Agreement.

(p) The City will use the Property during the Lease Term only to perform essential governmental functions devoted exclusively to public uses.

(q) The City will take all affirmative actions legally within its power necessary to ensure that the Interest portion of the Lease Payments does not become included in the gross income of the recipient for federal income tax purposes under the **Internal Revenue Code of 1986 (the Code) and Treasury Regulations** promulgated thereunder (**the Regulations**).

(r) Within five (5) Business Days of final acceptance of each Property Group by the Contract Administrator, after delivery and installation of that Property Group, the City will provide to Lessor a completed and executed copy of the **Exhibit "C"**, Certificate of Acceptance, corresponding to that Property group, together with completed and executed copies of the related **Exhibits "A"** and **"B"**.

(s) Upon the execution of this Agreement, the City will provide the Lessor an opinion of its legal counsel in substantially the form of **Exhibit "D."**

(t) Upon the request and direction of Lessor, the City will submit to the Secretary of the Treasury an information reporting statement at the time and in the form required by the Code and Regulations.

(u) The City shall take appropriate official action by its governing body to approve the acquisition and financing of any Property Group under the terms and conditions of this Agreement.

Section 2.2. Representation, Covenants, and Warranties of Lessor. Lessor represents, covenants, and warrants as follows:

(a) Lessor is a state banking association duly organized, existing and in good standing under and by virtue of the laws of the State of Texas and has power to enter into this Agreement, is possessed of full power to own and hold personal property, and to lease the same; engages in the leasing of personal property such as the Property in the ordinary course of business; and has duly authorized the execution and delivery of this Agreement and all addenda thereto.

(b) Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions thereof, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions, or provisions of any restriction, agreement, or instrument to which Lessor is now a party or by which Lessor is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessor, or upon the Property except Permitted Encumbrances.

(c) Lessor must not issue Certificates of Participation and Lessor agrees that City shall not be required to provide any disclosure information under Securities & Exchange Commission Rule 15(c) 2-12.

ARTICLE 3. LEASE OF PROPERTY

Section 3.1. Acquisition of Property. During the Lease Term, when City desires to lease a Property Group from Lessor, Contract Administrator shall complete an **Exhibit "E"**, Requisition Report, which includes the Property Group, an estimated price for each piece of Property, the budgeted amount for the Property Group, and the desired number of Lease Payments for the Property Group.

For any Property not on the annually approved Exhibit "F", Lessor must advise the Contract Administrator in writing whether Lessor will lease the Property Group to City within three (3) business days after receipt of a completed Exhibit "E".

City will initiate the procurement process to purchase the Property Group. Upon receipt of bids and award by City Council of a contract to purchase City shall notify Lessor in writing of the Property Group cost and estimated delivery period, and Lessor shall execute an Exhibit "A", numbered with the assigned Lease Number, and forward it to the Contract Administrator.

If City so desires, or if Lessor chooses not to lease a Property Group to City or chooses not to lease for the number of Lease Payments City requested, City may lease the Property Group from any one else it chooses.

Section 3.2. Property Delivery; Documentation. Upon Lessor's written approval of an **Exhibit "E"** Lessor shall provide City with an assigned Lease Number and Contract Administrator will prepare working file copies of **Exhibits "A"** and **"B"**, and forward a copy of each to Lessor's designated representative. After delivery of a Property Group to City, City staff shall inspect the Property Group for compliance with Specifications. Within three (3) business days after the Contract Administrator receives staff's written acceptance of the Property Group, City will complete the previously furnished **Exhibits "A"** and **"B"** and will provide Lessor a completed and executed **Exhibit "C"** (Certificate of Acceptance).

Lessor must pay a Contractor, or reimburse City for any payment it made to a Contractor, for a Property Group on the same day that the Amortization Schedule **Exhibit "B"** begins, which must be within three business days of receipt of all documents from the City. Contract Administrator must provide Lessor, in a form satisfactory to Lessor, the following:

- (a) an **Exhibit "A"** and **Exhibit "B"** executed by City and Lessor;
- (b) an **Exhibit "C"** executed by City;
- (c) a motion, or other evidence, showing official action taken by the City Council to authorize acquisition of the Property Group on the terms provided in **Exhibit "A"**;
- (d) Contractor invoice(s) and/or bill(s) of sale relating to the Property Group, and if the invoices have been paid by City evidence of payment thereof, and if applicable, evidence of official intent to reimburse such payment as required by the Regulations;

(e) as applicable, financing statements executed by City as debtor and/or the original certificate of title or manufacturer's certificate of origin and title application if any of the Property Group is subject to certificate of title laws;

(f) a completed and executed Form 8038-G or -GC or evidence of filing thereof with the Secretary or Treasury; and

(g) any other documents or items reasonably required by Lessor.

Simultaneously with the delivery of the Property Group, Lessor shall cooperate with the City and the City shall take all actions necessary to vest legal title to the Property Group in the City, and to perfect a security interest therein in favor of Lessor or a person, firm, or corporation designated by Lessor.

Within three (3) business days of Lessor's receipt of the documents listed above in (a)-(g) in form and substance satisfactory to Lessor, Lessor shall make full payment to Contractor(s) of all funds applicable to the accepted Property Groups by either wire transfer or overnight delivery of a check at the direction of the Contract Administrator. If the escrow agreement described in Section 3.6 is utilized Lessor will consent to a disbursement from the escrow account for payment of all funds applicable to the accepted Property Group within three (3) business days of Lessor's receipt of the documents listed in (a)-(g) above in form and substance satisfactory to Lessor.

Section 3.3. Lease. Lessor hereby leases all Property made subject to this Agreement to the City, and the City hereby leases such Property from Lessor, upon the terms and conditions set forth in this Lease.

Section 3.4. Possession and Enjoyment. Lessor hereby covenants to provide the City during the Lease Term with the quiet use and enjoyment of the Property, and the City will during the Lease Term peaceably and quietly have and hold and enjoy the Property, without suit, trouble, or hindrance from Lessor, except as expressly set forth in this Agreement. Lessor will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent Lessor lawfully may do so.

Section 3.5. Lessor's Access to Property. The City agrees that Lessor may at all reasonable times examine and inspect the Property. The City further agrees that Lessor will have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the City to perform its obligations hereunder.

Section 3.6 Alternative Procedure; Escrow Agreement. Notwithstanding the provisions of Section 3.2, if, upon agreement by Lessor and City as to any Property Group to be acquired and leased by City under this Agreement, Lessor and City enter into an escrow agreement (which shall name Lessor as the sole escrow agent) establishing an account from which the Property Group cost is to be paid (the "Escrow Account") (a) Lessor and City will immediately complete and execute an Exhibit A and Exhibit B relating to the Property Group; (b) the amount deposited by Lessor into the Escrow Account will be a loan from Lessor to City which will be repaid by the Lease Payments due under the related Lease; and (c) the Lease Payments relating to the

Property Group will have an aggregate Principal component equal to the amount of Lessor's deposit into the Escrow Account and will be due and payable as provided in the related Exhibit B commencing upon the deposit of funds by Lessor into the Escrow Account. All interest earned on an Escrow Account will be paid to City. Lessor must not underfund or overfund the Escrow Account. If City fails to purchase all Property provided for by an Escrow Account, any remaining funds will be refunded to City or applied to future Lease Payments. All funds in the Escrow Account shall be invested in accordance with City's Investment Policy (a written copy of which has been provided by City to Lessor) and The Texas Public Funds Investment Act. The parties hereto hereby expressly acknowledge and agree that no actions undertaken pursuant to this **Section 3.6** shall be interpreted as any exercise by City of its rights to effect a prepayment of any Lease Payments pursuant to **Section 5.5** of this Agreement.

ARTICLE 4. TERM OF MUNICIPAL LEASE

Section 4.1. Lease Term. This Agreement will be in effect commencing upon its date of execution for a period of one (1) years; provided that any Lease for a Property Group will remain in effect for a Term commencing upon its date of execution and ending as provided in **Section 4.5**. The City and the Lessor may renew this Agreement for up to four additional one year terms. The additional agreement period will be one year and will commence automatically unless the City or Lessor notifies the other party in writing at least ninety (90) days prior to the end of the then-current term, that it wishes not to renew the Agreement or wishes to modify the terms of this Agreement. If City terminates a Property Group or defaults, Lessor has no obligation to fund future Property Group acquisitions.

Section 4.2. Termination by the City. The Lease with respect to a particular Property Group will be in effect for the Original Term and for each of the Additional Terms shown in **Exhibit "B"**, unless terminated prior thereto by City as provided in this Section. Not less than one hundred twenty (120) days before the end of the Original Term or any Additional Term, City may give written notice to Lessor to terminate such Lease if and only if either one (1) of the two (2) following conditions is true: (i) City fails to appropriate sufficient funding to meet City's obligations under any such Lease; or (ii) City has elected to prepay any Lease Payments related to any such Lease and has complied in all respects with the prepayment provisions of **Section 5.5 (Prepayment Provision)** of this Agreement. Upon termination by City because of either such event, the Lease with respect to the related Property Group will terminate and expire at the end of such Original Term or Additional Term then in effect on the date of the City's written notice of termination. The City may effect such termination by giving Lessor such written notice and by paying to Lessor any Lease Payments and other amounts due under such Lease which have not been paid at or before the end of the then current Original Term or Additional Term. In the event of termination of a Lease, the City will comply with the instructions of Lessor pursuant to **Section 12.3**.

Section 4.3. Effect of Termination. Upon termination of a Lease with respect to the related Property Group, the City will not be responsible for the payment of any additional Lease Payments coming due with respect to succeeding Fiscal Years, but if the City has not delivered possession and conveyed to Lessor or released its interest in the Property Group within ten (10) days after the date of termination, the termination will nevertheless be effective, but the City will be responsible for the payment of damages equal to the amount of the Lease Payments thereafter

coming due under the page of **Exhibit "B"** attributable to the number of days after such ten (10) day period during which the City fails to take such actions and for any other loss suffered by Lessor as a result of the City's failure to take such actions as required.

Section 4.4. Termination of Lease Term. The Term of each Lease will terminate upon the occurrence of the first of the following events:

(a) the termination thereof by the City with respect to the related Property Group in accordance with **Section 4.2**;

(b) the exercise by the City of its option to purchase Lessor's interest in the related Property Group pursuant to **Article 10.**;

(c) a default by the City with respect to the related Property Group and Lessor's election to terminate the Lease with respect to such Property Group pursuant to **Article 10.**; or

(d) the payment by the City of all Lease Payments and all other amounts authorized or required to be paid by the City hereunder with respect to the related Property Group.

Section 4.5. Termination of Agreement. Either Lessor or City may terminate this Agreement as to any further financings hereunder after the expiration of the initial one-year term or after the expiration of any annual extension term by giving 90 days written notice to the other as set out in **Section 13.1** herein. Notwithstanding the termination, the Agreement will remain in full force and effect with respect to Leases outstanding as of the date of such termination, and such Leases may terminate only as provided in **Section 4.4** herein.

ARTICLE 5. LEASE PAYMENTS

Section 5.1. Lease Payments. City agrees to pay Lease Payments during the Lease Term in the amounts specified in each **Exhibit "B"**. Lessor shall invoice City monthly with each invoice stating the Property Group Lease number (A-___) and Lease Payment for each Property Group for which payment is invoiced. Using a format agreed to by the Contract Administrator and Lessor's authorized representative, City shall make monthly payments on the first business day of the month; however, the Contract Administrator reserves the right to change the payment date for future Leases on 90 days prior written notice to Lessor. All Lease Payments must be paid to Lessor at its offices at the address specified in the first paragraph of this Lease, or to such other person(s) or entity(ies) to which Lessor has assigned such Lease Payments as specified in **Article 11.**, at such place as such assignee may designate by written notice to the Contract Administrator. The City shall pay the Lease Payments exclusively from monies legally available therefore, in lawful money of the United States of America. Interest with respect to the Lease Payments for any Property Group accrues from the date of Lessor's payment to Contractor or, if the escrow agreement described in **Section 3.6** is utilized, from the date of Lessor's deposit of funds with the escrow agent.

Section 5.2. Current Expense. The obligations of the City under this Agreement, including its obligation to pay the Lease Payments due with respect to the Property, in any Fiscal Year for which this Agreement is in effect, constitutes a current expense of the City for such Fiscal Year and does not constitute an indebtedness of the City within the meaning of the constitution and laws of Texas. Nothing herein constitutes a pledge by the City of any taxes or other monies, other than monies currently appropriated from time to time by or for the benefit of the City in the annual budget of the City and the proceeds or Net Proceeds of the Property, to the payment of any Lease Payment or other amount coming due hereunder.

Section 5.3. Interest Component. A portion of each Lease Payment is paid as and represents the payment of Interest. **Exhibit "B"** sets forth the Interest component of each Lease Payment.

Lessor agrees that the interest component for each Property Group be established as follows:

Amortization Period	Applicable Interest Rate
12 months	79% of 11 month thru 1 year Secure Connect Bullet Rate plus 1.300%
18 months	79% of 11 month thru 1 year Secure Connect Bullet Rate plus 1.300%
24 months	79% of 1 year thru 1.5 year Secure Connect Bullet Rate plus 1.300%
30 months	79% of 1 year thru 1.5 year Secure Connect Bullet Rate plus 1.300%
36 months	79% of 1.5 year thru 2 year Secure Connect Bullet Rate plus 1.300%
42 months	79% of 1.5 year thru 2 year Secure Connect Bullet Rate plus 1.300%
48 months	79% of 2 year thru 2.5 year Secure Connect Bullet Rate plus 1.300%
60 months	79% of 2.5 year thru 3 year Secure Connect Bullet Rate plus 1.300%
72 months	79% of 3 year thru 4 year Secure Connect Bullet Rate plus 1.456%
84 months	79% of 3 year thru 4 year Secure Connect Bullet Rate plus 1.495%
120 months	79% of 5 year thru 6 year Secure Connect Bullet Rate plus 1.606%

The Interest Rate will be calculated on the basis of a 360 day year.

Section 5.4. Lease Payments to be Unconditional. The obligation of the City to make Lease Payments or any other payments required hereunder during a Lease Term is absolute and unconditional in all events, subject to Non-appropriation. Notwithstanding any dispute between the City and Lessor or any other person, the City shall make all Lease Payments when due and shall not withhold any Lease Payment pending final resolution of such dispute nor shall the City assert any right of set-off or counterclaim against its obligation to make such Lease Payments required under this Agreement. The City's obligation to make Lease Payments during any Lease Term shall not be abated through accident or unforeseen circumstances. However, nothing herein may be construed to release Lessor from the performance of its obligations hereunder; and if Lessor fails to perform any such obligation, the City may institute such legal action against Lessor as the City may deem necessary to compel the performance of such obligations or to recover damages therefor.

Section 5.5. Prepayment Provision. City shall have the right to prepay any Lease Payments (i) at any time upon 30 days prior written notice to Lessor and (ii) in accordance with Article 10 hereof.

Section 5.6. No Other Fees. The City will pay Lessor no other fees than the Interest and Principal, late charges and other amounts as specifically provided in this Agreement.

Section 5.7. Appropriations. (a) City, by entering into this Agreement, acknowledges its current intention to make all payments due under this Agreement during its current Fiscal Year on the dates such payments are then due, but does not commit to a legal or other obligation to make other payments due under this Agreement or to incur any liability or debt beyond the revenue and income provided during its then current Fiscal Year. The liability and obligations of City during each Fiscal Year and remedies of Lessor will be limited to recovery only of funds appropriated for payments for such Fiscal Year. (b) City agrees (i) that the governing body of City shall, for each ensuing Fiscal Year in which the payments are scheduled to be made, to the extent funds have been appropriated for such Fiscal Year, make all such payments as and when due; and (ii) that if sufficient funds are appropriated and budgeted for the next Fiscal Year for the sale and lease of the Property, then the relevant Lease and Lease Payments will continue during such Fiscal Year.

Section 5.8. Funding Intent. City reasonably believes that sufficient funds can be obtained to make all installment payments and other payments during the term of this Agreement. City affirms that funds to pay installment payments and other payments under this Agreement are available for City's current Fiscal Year. City and Lessor agree that City's obligation to make installment payments under this Agreement will be City's current expense and will not be interpreted to be a debt in violation of applicable law or constitutional limitations or requirements. Nothing contained in this Agreement will be interpreted as a pledge of City's general tax revenues, funds or moneys.

**ARTICLE 6. ACTIONS ARISING OUT OF PROPERTY USE:
DAMAGE OR DESTRUCTION OF PROPERTY; INSURANCE**

Section 6.1. To the extent permitted by Texas law, the City agrees to indemnify, protect, save, and keep harmless Lessor or any assignee or transferee of Lessor and their respective agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs, and expenses (including reasonable attorney's fees) of whatsoever kind or nature, imposed on, incurred by, or asserted against Lessor that in any way relate to or arise out of the Property, or any part thereof, including, without limitation, the construction, purchase, delivery, installation, ownership, leasing or return of the Property as a result of the use, maintenance, repair, replacement, operation or condition thereof (whether defects are latent or discoverable by Lessor or by the City), except such as may result from the negligence or willful misconduct of Lessor or any assignee or transferee of Lessor or any of their respective agents and servants. This indemnification will be effective from the date the first Property Group is leased by the City and shall survive the termination of this Agreement. City agrees to give Lessor prompt written notice of any claim or liability hereby indemnified against. The City shall not be required to pay any federal, state, or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by Lessor, its successors or assigns.

Section 6.2. Damage to or Destruction of Property. If after delivery of any Property to the City, such Property is lost, stolen, destroyed, or damaged beyond repair, the City shall as soon as practicable after such event either:

- (i) replace the same at the City's sole cost and expense with Property of equal or greater value to the Property immediately prior to the time of the loss occurrence, such replacement Property to be subject to Lessor's reasonable approval, whereupon the replacement will be substituted in this Lease by appropriate endorsement; or
- (ii) pay the applicable Purchase Option Price of the Property.

The City shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence and shall complete the action within six (6) months of the loss occurrence, provided if City is not in default hereunder and has not terminated any Lease under **Section 4.2**, Lessor may agree to extension of the time for performance under clause (i) if the City provides evidence that the replacement Property has been ordered.

If the City fails or refuses to notify Lessor within the required period, Lessor may declare the Purchase Option Price applicable to the Property immediately due and payable by the City. The Net Proceeds of all insurance payable with respect to the Property will be used to discharge the City's obligation under this Section. On payment of the Purchase Option Price, this Lease will no longer apply to the Property and the City thereupon becomes entitled to the Property AS IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY, except that the Property must not be subject to any lien or encumbrance created by or arising through Lessor.

The parties hereto mutually agree that, only as to Property of a nominal value, should such property be destroyed, upon the mutual written agreement between City and Lessor, the Lease of such Property may be continued and City may continue to make the relevant Lease Payments as set forth in **Exhibit B** hereto.

Section 6.3. Insurance. With respect to all Property subject to any Leases, at all times City shall use its best efforts to provide an actuarially sound self-insurance liability program with limits which are established by the Texas Tort Claims Act. Upon prior written request by Lessor, City will deliver to Lessor evidence satisfactory to Lessor showing the existence of such insurance, including, without limitation and as applicable, a letter confirming its self-insurance status. The City will also provide commercial property/casualty coverage and deliver, upon request, proof of insurance. If City fails to maintain such insurance, Lessor may obtain such insurance as Lessor deems necessary, and City will reimburse Lessor for all premiums therefor, together with interest at the maximum rate permitted pursuant to Chapter 1204, Government Code, as amended, or other applicable law then in effect.

ARTICLE 7. OTHER OBLIGATIONS OF THE CITY

Section 7.1. Use; Permits. The City shall obtain all permits and licenses necessary for the installation, operation, possession, and use of the Property. The City shall comply with all state and federal laws applicable to the installation, use, possession, and operation of the Property, and if compliance with any such state and federal law requires changes or additions to be made to the Property, such changes or additions shall be made by the City at its expense. City agrees that if City is required to deliver any item of Property to Lessor or Lessor's agent, the Property shall be free of all substances which are regulated by or form a basis for liability under any environmental law. City shall comply with all license and copyright requirements of any software used in connection with the Property.

Section 7.2. Maintenance of Property by the City. The City shall maintain, preserve, and keep the Property in good repair, working order, and condition, and shall make all repairs and replacements necessary to keep the Property in such condition.

Section 7.3. Taxes, Other Governmental Charges and Utility Charges. Except as expressly limited by this Section, the City shall pay all charges of any kind which are at any time lawfully assessed or levied against the City with respect to the Property, the Lease Payments or any part thereof, which become due during each Lease Term. **The Property which is the subject of this Agreement is, and shall be during all Lease Terms, owned and held only for public purposes and devoted exclusively to the use and benefit of the public and, as such, is exempt from ad valorem property tax. If Lessor receives any notice of taxes due with respect to any Property, it shall not pay such taxes but will promptly forward such notice to the Contract Administrator.** The City shall also pay when due all gas, water, steam, electricity, heat, power, telephone, and other charges lawfully assessed or levied against the City incurred in the operation, maintenance, use, occupancy, and upkeep of the Property, and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Property; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over

a period of years, the City shall be obligated to pay only such installments as are required to be paid during the relevant Lease Term as and when the same become due.

The City may, at its own expense and in its own name, in good faith contest any such taxes, assessments, utility, and other charges and, in the event of any such contest, may permit the taxes, assessments, utility, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor shall notify the City that, in the opinion of Independent Counsel, the basis for which must be expressly detailed in the opinion, by nonpayment of any such items the interest of Lessor in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments, utility or other charges or provide Lessor with full security against any loss which may result from nonpayment, in a form satisfactory to Lessor.

The Property acquired pursuant to this Agreement is under the sole possession and exclusive use of the City as part of the City's governmental services in furtherance of its public purpose. The City does not make any representation, implied or otherwise, regarding the exemption or taxability of the Property for purposes of ad valorem and personal property taxation. **All UCC statements, financing statements, or instruments filed of record to reflect Lessor's interest in the Property must state that:**

All property made subject of this UCC filing are owned by and under the sole and exclusive use of the City of Corpus Christi, a political subdivision of the State of Texas, and are used as part of the City's governmental services in furtherance of its public purpose. The City asserts all exemptions provided for political subdivisions of the State of Texas as authorized under the Constitution and laws of the State of Texas against the assessment, levy, or charges for ad valorem taxation, personal property taxation, or any other charges.

Section 7.4. Advances. If the City fails to perform any of its obligations under this Article, Lessor may, but is not obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the City is obligated to repay all such advances on demand, with interest at the rate of the existing loan or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

ARTICLE 8. TITLE

Section 8.1. Title. During each Lease Term, and so long as the City is not in default under **Article 12.**, legal title to the Property and any and all repairs, replacements, substitutions, and modifications to the Property will be in the City. Upon termination of a Lease under **Section 4.2** or after default of the City, full and unencumbered legal title to such Property Group passes to Lessor, and the City shall have no further interest therein. In either of such events, the City shall execute and deliver to Lessor such documents as Lessor may reasonably request to evidence the passage of legal title to such Property Group to Lessor and the termination of the City's interest therein, and upon request by Lessor, City will deliver possession of the Property Group to Lessor in accordance with **Section 12.3**. Upon termination of a Lease with respect to any Property Group through exercise of the City's option to purchase pursuant to **Article 10.** or

through payment by the City of all Lease Payments and other amounts relating thereto, Lessor's security and all other interest in such Property Group terminates, and Lessor shall execute and deliver to the City such documents as the Contract Administrator may reasonably request to evidence the termination of Lessor's security or other interest in such Property Group.

Section 8.2. Security Interest. Lessor has and retains a security interest, under the Uniform Commercial Code, in the Property, the proceeds thereof and all repairs, replacements, substitutions, and modifications thereto or thereof made pursuant to **Section 8.5**, in order to secure the City's payment of all Lease Payments due during each Lease Term and the performance of all other obligations herein to be performed by the City. In the event such Property is a motor vehicle, Lessor may require the state of registration to note Lessor's security interest on its records and the Certificate of Title for the vehicle. The City, acting through its Contract Administrator, will join with Lessor in executing such financing statements or other documents and will perform such acts as Lessor may request to establish and maintain a valid security interest in the Property. All UCC statements must indicate that title to a Property Group is in the City and exempt from ad valorem taxation as public property used for a public purpose under the constitution and laws of the State of Texas and contain the bold language of the indented paragraph in **Section 7.3**. If requested by Lessor, the City shall conspicuously mark the Property with lettering, labels, or tags as are reasonably approved by the City Manager, and maintain such markings during each Lease Term, so as clearly to disclose Lessor's security interest in the Property. If Lessor requires the Certificate of Title to note Lessor's security interest in a Property, upon payment in full by City of all Lease Payments and other related amounts, Lessor must give City a written release of Lessor's security interest so that the Certificate of Title may be reissued in the name of City without any security interest.

Section 8.3. Liens. During each Lease Term, the City shall not, directly or indirectly, create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Property, other than the respective rights of Lessor and the City as herein provided and Permitted Encumbrances. All Property is exempt from local ad valorem taxation as property owned by a political subdivision and used for public purposes. Lessor shall not pay or incur any charge, assessment, or tax on any Property Group for which the City can claim an exemption from such charges as property used by a political subdivision of the State of Texas for public purposes as provided by the constitution and laws of the State of Texas. Except as expressly provided in **Section 7.3** and this Article, the City shall promptly, at its own expense, take such action as may be necessary to discharge or remove any such mortgage, pledge, lien, charge, encumbrance, or claim if the same arise at any time.

Section 8.4. Installation of the City's Property. The City may at any time in its sole discretion and at its own expense, install other items of equipment in or upon the Property, which items must be identified by tags or other symbols affixed thereto as property of the City. All such items so identified remain the sole property of the City, in which Lessor has no interest, and may be modified or removed by the City provided that the City must repair and restore any damage to the Property resulting from the installation, modification, or removal of any such items. Nothing in this Lease prevents the City from purchasing items to be installed pursuant to this Section under a conditional sale or lease with option to purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest attaches to any part of the Property.

Section 8.5. Modification of Property. The City shall, at its own expense, have the right to make repairs, replacements, substitutions, and modifications to all or any of the parts of the Property. All such work and any part or component used or installed to make a repair or as a replacement, substitution, or modification, will thereafter comprise part of the Property and be subject to the provisions of this Agreement. Such work must not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law or contemplated by this Agreement; and the Property, upon completion of any such work must be of a value which is not less than the value of the Property immediately prior to the commencement of such work. Any property for which a replacement or substitution is made pursuant to this Section may be disposed of by the City in such manner and on such terms as are determined by the City.

The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any repair, replacement, substitution, or modification made by the City pursuant to this Section; provided that if any such lien is established and the City shall first notify Lessor in writing of the City's intention to do so, the City may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Lessor shall notify the City that, in the opinion of Independent Counsel, the basis for which must be expressly detailed in the opinion, by nonpayment of any such item the interest of Lessor in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City will promptly pay and cause to be satisfied and discharged all such unpaid items or provide Lessor with full security against any such loss or forfeiture, in form satisfactory to Lessor. Lessor will cooperate fully with the City in any such contest, upon the request and at the expense of the City.

Section 8.6. Personal Property. The Property is and at all times remains personal property notwithstanding that the Property or any part thereof may be or hereafter become in any manner affixed or attached to or embedded in or permanently rested upon real property or any building.

ARTICLE 9. WARRANTIES

Section 9.1. Selection of Property. The Property and the Contractor have been selected by the City, and Lessor will have no responsibility in connection with the selection of the Property, its suitability for the use intended by the City, the acceptance by the Contractor of the order submitted, or any delay or failure by the Contractor to manufacture, deliver, or install the Property for use by the City. Upon acceptance of the Property, the City will add the serial number of the Property to **Exhibit "A"**.

Section 9.2. Installation and Maintenance of Property. Lessor shall have no obligation to install, erect, test, inspect, service, or maintain the Property under any circumstances, but such actions are the obligation of the City or the Contractor.

Section 9.3. Contractor's Warranties. Lessor hereby assigns to the City for and during each Lease Term, all of its interest in all Contractor's warranties and guarantees, express or

implied, issued on or applicable to the Property, and Lessor hereby authorizes the City to obtain the customary services furnished in connection with such warranties and guarantees at the City's expense.

Section 9.4. Patent Infringement. Lessor hereby assigns to the City for and during each Lease Term all of its interest in patent indemnity protection provided by a Contractor with respect to the Property. Such assignment of patent indemnity protection by Lessor to the City constitutes the entire liability of Lessor for any patent infringement by Property furnished pursuant to this Lease.

Section 9.5. Disclaimer of Warranties. THE PROPERTY IS DELIVERED AS IS, WHERE IS, AND LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY EXCEPT AS SET FORTH IN THIS AGREEMENT.

ARTICLE 10. OPTION TO PURCHASE

Section 10.1. When Available. The City has the option to purchase Lessor's interest in any Property Group on any Payment Date relating thereto for the then applicable Purchase Option Price relating thereto, but only if the City is not in default under this Agreement, and only in the manner provided in this Article.

Section 10.2. Exercise of Option. The City will give written notice to Lessor of its intention to exercise its option with respect to any Property Group not less than thirty (30) days prior to the Payment Date on which the option is to be exercised and will deposit with Lessor on the date of exercise an amount equal to all Lease Payments and any other amounts relating to such Property Group then due or past due (including the Lease Payment relating thereto due on the Payment Date on which the option is to be exercised) and the applicable Purchase Option Price relating thereto. The closing will be on the Payment Date on which the option is to be exercised.

Section 10.3. Release of Lessor's Interest. Upon execution of the purchase option with respect to any Property Group by the City, Lessor will convey or release to the City, all of its right, title, and/or interest in and to the Property Group by delivering to the Contract Administrator such documents as the City Attorney deems necessary for this purpose.

ARTICLE 11. ASSIGNMENT, SUBLEASING, MORTGAGING, AND SELLING

Section 11.1. Assignment of Lessor. All of Lessor's right, title, and/or interest in and to any Property Group, the Lease Payments and other amounts relating thereto due hereunder, and the right to exercise all rights under this Agreement relating to such Property Group may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor at any time, only with the prior written consent of the City Manager, unless the Lessor continues to bill and service the Lease. No such assignment will be effective as against the City unless and until the assignor has filed with the City a copy of written notice thereof identifying the assignee.

The City will pay all Lease Payments due hereunder relating to such Property Groups to or at the direction of Lessor or the assigned named in the most recent assignment or notice of assignment with respect to such Property Group filed with the Contract Administrator. During each Lease Term, both Lessor and City will keep a complete and accurate record of all such assignments. In the event Lessor assigns participants in its right, title, and/or interest in and to any Property Group, the Lease Payments and other amounts due with respect thereto, and the rights granted under this Agreement relating thereto, such participants will be considered to be Lessor with respect to their participated shares thereof. Lessor may assign its rights under a Lease to an affiliate without notice to the City provided the Lessor continues to bill and collect Lease Payments and the Lessor agrees to keep a record of the assignments for purposes of Section 149(a) of the Internal Revenue Code.

Section 11.2 Assignment and Subleasing by the City. Neither this Agreement nor the City's interest in the Property may be assigned by the City without the written consent of Lessor. However, the Property may be subleased by the City, in whole or in part, with the prior written consent of Lessor, subject to each of the following conditions:

- (i) Each Lease and the obligation of the City to make Lease Payments hereunder, remain the sole obligations of the City.
- (ii) The sublessee assumes the obligations of the City hereunder to the extent of the interest subleased.
- (iii) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to Lessor a true and complete copy of such sublease.
- (iv) No sublease by the City causes the Property to be used for a purpose other than an essential governmental function devoted exclusively to public use authorized under the provisions of the constitution and laws of Texas.
- (v) No sublease causes the Interest component of the Lease Payments due with respect to the Property to become included in the gross income of the recipient for federal income tax purposes.

Section 11.3. Restriction on Mortgage or Sale of Property by the City. Except as provided in **Section 11.2**, the City shall not mortgage, sell, assign, transfer, or convey the Property or any portion thereof during the Term of this Agreement, or remove the same from its boundaries, without the written consent of Lessor provided that the City may designate the location of the Property outside the City boundaries in the Certificate of Acceptance.

ARTICLE 12. EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The following will be "events of default" under this Agreement with respect to any Property Group and the terms "events of default" and "default" mean, whenever they are used in this Agreement, with respect to any Property Group, any one or more of the following events:

(i) Failure by the City to pay a Lease Payment or other payment required to be paid under any Lease with respect to any Property Group at the time specified herein and the continuation of said failure for a period of five (5) days after telex, facsimile, or telegraphic notice given by Lessor that the payment referred to in such notice has not been received, such telex, facsimile or telegraphic notice to be subsequently confirmed in writing.

(ii) Failure by the City to observe and perform any covenant, condition, or agreement on its part to be observed or performed with respect to any Property Group, other than as referred to in Clause (i) of this Section, for a period of thirty (30) days after written notice specifying such failure. Such notice to the City by the Lessor must request that the default be remedied, unless Lessor agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

(iii) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment, or attachment of such consequence as would impair the ability of the City to carry on its governmental function or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(iv) (A) Default with respect to City's bonds, other public securities, or other debt owed to banks or other financial institutions (collectively, "Debt") which remains uncured in accordance with its terms or, (B) City defaults under any Debt or any other material agreement relating to Debt to which City is a party with third parties, resulting in a right by such third parties to accelerate the maturity of City's Debt, and such default materially impairs City's ability to pay its' obligations to Lessor under this Agreement.

The provisions of this **Section 12.1 and Section 12.2** are subject to the following limitation: if by reason of **force majeure** the City is unable in whole or in part to carry out its obligations under any Lease with respect to any Property Group, **other than its obligation to pay Lease Payments with respect thereto which must be paid when due notwithstanding the provisions of this paragraph**, the City will not be deemed in default during the continuance of such inability. The term "**force majeure**" as used herein means, without limitation, the following: acts of God, strikes, lockouts, or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other causes or events not reasonably within the control of the City and not resulting from its negligence. The City agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the City from carrying out its obligations under this Lease; provided that the settlement of strikes, lockouts, and other labor disturbances are entirely within the discretion of the City Manager and the City Manager is not required to make settlement of strikes, lockouts, and other labor disturbances by

acceding to the demands of the opposing party or parties when such course is in the judgment of the City Manager unfavorable to the City.

Section 12.2. Remedies on Default. Whenever any event of default referred to in **Section 12.1** hereof has happened and is continuing with respect to any Property Group, Lessor may, at its option and without any further demand or notice, take one or any combination of the following remedial steps:

(i) Lessor may terminate the Lease with respect to such Property Group and declare all Lease Payments due thereunder with respect to such Property Group during the Fiscal Year in effect.

(ii) Lessor may terminate the Lease with respect to such Property Group and repossess the Property Group wherever it is located; Lessor may enter upon the City's premises where the Property Group is kept and take possession of the Property Group. Notwithstanding the fact that Lessor has taken possession of the Property Group, the City must pay for the Lease Payments due with respect thereto during the Fiscal Year then in effect.

(iii) Lessor may require City to deliver the Property to a location designated by Lessor.

(iv) Lessor may proceed by court action to enforce performance by City of any terms of this Agreement and/or to recover all damages and expenses incurred by Lessor by reason of any "event of default."

(v) Lessor may exercise any other right or remedy available to Lessor at law or in equity.

(vi) If Lessor terminates the Lease with respect to a Property Group and takes possession of such Property contained therein, Lessor, within sixty (60) days thereafter, must use its commercially reasonable efforts to sell such Property or any portion thereof in a commercially reasonable manner at public or private sale in accordance with applicable state laws. Lessor must apply the proceeds of such sale to pay the following items in the following order: (a) all costs incurred in securing possession of the Property Group; (b) all expenses incurred in completing the sale; (c) the balance of any Lease Payments with respect to such Property Group owed by the City during the Fiscal Year then in effect; and (d) the applicable Purchase Option Price with respect to the Property Group due at the end of the Fiscal Year. Any sale proceeds remaining after disbursement pursuant to Clauses (a), (b), (c), and (d) must be paid to the City.

Section 12.3. Return of Property. Upon the expiration or termination by the City of a Lease with respect to any Property Group prior to the payment of all Lease Payments in accordance with the related **Exhibit "B,"** the City must transfer title to the Property Group to Lessor if Lessor so instructs in writing and return such Property Group to Lessor in the condition, repair, appearance, and working order required in **Section 7.2,** in the following manner as may be specified by Lessor:

(i) by delivering the Property Group at the City's cost and expense to such place within Texas as Lessor specifies; or

(ii) by loading such portions of the Property Group as are considered movable at the City's cost and expense, on board such carrier as Lessor specifies and shipping the same, insurance freight prepaid, to the place within Texas specified by Lessor. If the City refuses to return the Property Group in the manner designated, Lessor may repossess the Property Group and charge to the City the costs of such repossession or pursue any remedy described in **Section 12.2**.

Section 12.4. No Remedy Exclusive. No remedy conferred upon or reserved to Lessor by this Article is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy 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 power or be construed as a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient by Lessor or its assignee.

Section 12.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Agreement defaults under any of the provisions hereof and the non-defaulting party employs attorneys and/or incurs other expenses for the collection of monies or for the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the parties agree that attorneys' fees and expenses will be paid as authorized by law.

Section 12.6. Late Charge. Whenever any event of default referred to in **Section 12.1, Clause (i)** hereof has happened and is continuing with respect to any Property Group, Lessor has the right, at its option and without any further demand or notice, to require a late payment charge for each thirty (30) day period or part thereof during which such event of default occurs equal to existing interest rate of the delinquent amount not to exceed the maximum authorized by law and the City will be obligated to pay the same immediately upon receipt of Lessor's written invoice therefor; provided, however, that this **Section 12.6** will not be applicable if or to the extent that the application thereof would affect the validity of this Agreement.

ARTICLE 13. ADMINISTRATIVE PROVISIONS

Section 13.1. Notices. All notices, certificates, legal opinions, or other communications hereunder will be sufficiently given and will be deemed given when delivered or deposited in the United States mail in certified form with postage fully prepaid to the addresses specified in this Lease; provided that Lessor and the City, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, legal opinions, or other communications will be sent. Unless otherwise changed by written notice, all notices required under this Lease must be directed to the following addresses:

CITY:
Director of Financial Services
City of Corpus Christi
P.O. Box 9277
Corpus Christi, Texas 78469-9277
Phone (361) 826-3604
Fax (361) 826-3601

LESSOR:
Vice President
Frost Bank
c/o Frost Leasing
100 West Houston Street
San Antonio, Texas 78205
Phone (210) 220-6850
Fax (210) 220-6765

Daily communications between Contract Administrator and Lessor will be primarily documented by written notices sent by email. For daily, routine communications email notice is adequate. For formal notice required by any Article or Section of this Agreement email notice, if any, must be followed by United States certified mail notice.

Section 13.2. Financial Information. During the Term of this Agreement, the Contract Administrator annually will provide Lessor with current financial statements, budgets, proof of appropriation of the ensuing Fiscal Year and such other financial information relating to the ability of the City to continue this Agreement as may be reasonably requested by Lessor or its assignee within 30 days of written request therefor.

Section 13.3. Binding Effect. This Agreement inures to the benefit of and will be binding upon Lessor and the City and their respective successors and assigns. This Agreement must not be construed to confer any rights, duties, or interest on any party not a successor in interest or assignee of Lessor or the City nor may any such party rely on this Agreement as evidence of any duty, right, or obligation of Lessor or the City unless both the Lessor and the City, or their successors and assigns, acknowledge such duty, right, or obligation in writing, directly addressed to such third party.

Section 13.4. Usury. It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in any **Exhibit A**, in no event does this Agreement or any Lease hereunder require the payment or permit the collection of Interest or fees in excess of the maximum amount permitted by applicable law. Any such excess interest or fees must first be applied to reduce Principal, and when no Principal remains, refunded to City. In determining whether the interest paid or payable exceeds the highest lawful rate, the total amount of interest must be spread through the applicable Lease Term so that the Interest is uniform through such term.

Section 13.5. Amendments, Changes, and Modifications. This Agreement may be amended or any of its terms modified only by written agreement in a document executed, and delivered by duly authorized representatives of both the Lessor and the City.

Section 13.6. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions, Articles, Sections, or Clauses of this Agreement.

Section 13.7. Further Assurances and Corrective Instruments. Lessor and the City agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement. The Contract Administrator is hereby authorized by the City Manager to execute such addenda as attached hereto as Exhibits for each Property Group and such other instruments, including, but not limited to, UCC statements, Bill of Sales, etc. that are necessary to carry out the responsibilities, duties, and obligations required of the City in accordance with the terms and conditions of this Agreement.

Section 13.8. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which constitute an original and all of which constitute but one and the same instrument.

Section 13.9. Applicable Law. This Agreement must be governed by and construed in accordance with the laws of Texas.

Section 13.10. Entire Agreement. This Agreement, and all addenda and exhibits, as may hereafter be executed, constitute the entire agreement between the parties and supersede all previous negotiations, commitments, and contracts.

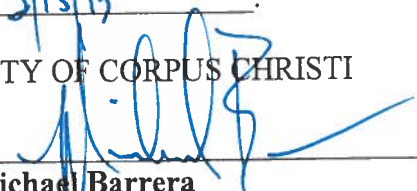
Section 13.11. Severability. In the event any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding does not invalidate or render unenforceable any other provision hereof. To the extent any term herein creates a pecuniary obligation which constitutes a "debt" not payable under current revenues under Sections 5 and 7 of Article II of the Texas Constitution, such provision will be applied only to the extent performance or assumption of such obligation by the City is enforceable and valid under the constitution and laws of Texas.

Section 13.12 Survival. All representations, warranties, covenants and agreements made by City pursuant to this Agreement shall survive the termination of this Agreement.

Section 13.13 No "Net Effective Interest Rate". Notwithstanding anything contained in this Agreement to the contrary, in no event shall interest contracted for, charged or received hereunder, plus any other charges in connection herewith that constitute interest on this Agreement under applicable law, result in a "net effective interest rate" as defined in Section 271.003(6) of the Local Government Code, as amended, in excess of the net effective rate at which public securities may be issued in accordance with Chapter 1204, Government Code, as amended. The amounts of such interest or other charges previously paid to Lessor in excess of

the amounts permitted by the preceding sentence shall be applied by Lessor to reduce the principal of the indebtedness incurred by City pursuant to this Agreement, or, at the option of Lessor, be refunded. To the extent permitted by Chapter 1204, Government Code, as amended, or other applicable law then in effect, determination of the maximum net effective interest rate shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of this Agreement and such indebtedness, all interest at any time contracted for, charged or received from City hereof in connection with the indebtedness evidenced hereby, so that the actual rate of interest on such indebtedness is uniform throughout the term hereof. Interest on the unpaid amounts under this Agreement shall be computed as simple interest.


IN WITNESS WHEREOF, Lessor has caused this Agreement to be executed in its corporate name by its duly authorized officer; and the City has caused this Agreement to be executed in its name by its City Manager, or his designee, effective for all purposes as of

2/15/13
CITY OF CORPUS CHRISTI


Michael Barrera
Assistant Director of Financial Services

ATTEST: 
ARMANDO CHAPA
CITY SECRETARY

LESSOR: Frost Bank January 3, 2013

By: 
Printed Name: Scott Anderson
Title: Vice President


M2013-031 AUTHORIZED
BY COUNCIL 2/12/13

SECRETARY

Exhibit "A ____"
PROPERTY DESCRIPTION

The following Property comprises a Property Group which is subject to the terms and conditions of that certain Master Lease Purchase Agreement entered into by and between the City of Corpus Christi and _____ (Lessor) dated the ____ day of _____, 20 ____.

<u>Quantity</u>	<u>Description</u>	<u>Serial Number</u>
-----------------	--------------------	----------------------

All Property made subject of this Agreement is owned by and under the sole and exclusive use of the City of Corpus Christi, a political subdivision of the State of Texas, and is used as part of the City's governmental services in furtherance of its public purpose. The City asserts all exemptions provided for political subdivisions of the State of Texas as authorized under the Constitution and laws of the State of Texas against the assessment, levy, or charges for ad valorem taxation, personal property taxation, or any other charges.

LESSOR

By: _____
Name: _____
Title: _____

CITY OF CORPUS CHRISTI

Constance Sanchez
Director of Financial Services

Exhibit "B _____"
SCHEDULE OF LEASE PAYMENTS RELATING TO PROPERTY

The following schedule of Lease Payments constitutes the applicable payments for the Property Group described on **Exhibit "A _____"** attached to that certain Master Lease Purchase Agreement entered by and between the City of Corpus Christi and _____ (Lessor) dated the _____ day of _____, 20_____.

Due Date	Payment Number	Total Payment	Purchase Principal Component	Interest Component
-------------	-------------------	------------------	------------------------------------	-----------------------

All Property made subject of this Agreement is owned by and under the sole and exclusive use of the City of Corpus Christi, a political subdivision of the State of Texas, and is used as part of the City's governmental services in furtherance of its public purpose. The City asserts all exemptions provided for political subdivisions of the State of Texas as authorized under the Constitution and laws of the State of Texas against the assessment, levy, or charges for ad valorem taxation, personal property taxation, or any other charges.

LESSOR: _____

CITY OF CORPUS CHRISTI

By: _____
 Name: _____
 Title: _____

 Constance Sanchez
 Director of Financial Services

Exhibit "C"

CERTIFICATE OF ACCEPTANCE

I, the undersigned, hereby certify that I am the duly qualified and acting _____ of the City of Corpus Christi, (the City), and, with respect to the Master Lease Purchase Agreement dated _____, (the Agreement), by and between Lessor and the City that:

1. The Property listed on **Exhibit "A _____"** (the Property Group) has been delivered and installed in accordance with the City's Specifications (as that term is defined in the Agreement) and has been fully tested and finally accepted by the City. The serial vehicle identification number(s) of the Property Group is/are listed on **Exhibit "A- _____"**.
2. The Lease Payments provided for on the page of **Exhibit "B _____"** relating to such Property Group (the Lease Payments) shall commence monthly beginning _____, and be due and payable on the first business day of each month thereafter.
3. The City has appropriated and/or taken other lawful actions necessary to provide monies sufficient to pay all Lease Payments required to be paid under the Lease during the current fiscal year of Lessee, and such monies will be applied in payment of all such Lease Payments due and payable during such current fiscal year.
4. During the Lease Term (as defined in the Lease) the Property Group will be used by the City to perform essential governmental functions devoted exclusively to public use. Such functions are:
5. The City has not terminated any Lease under Section 4.2 of the Agreement and no Event by Default has occurred thereunder.
6. There is no litigation, action, suit, or proceeding pending before any court, administrative agency, arbitrator, or governmental body, that challenges the organization or existence of the City; the authority of the City or its officers or its employees to enter into the Lease; the proper authorization, approval, and execution of the Lease and other documents contemplated thereby; the appropriation of monies, or any other action taken by the City to provide monies, sufficient to make lease Payments coming due under the Lease in the City's current fiscal year; or the ability of the City otherwise to perform its obligations under the Lease and the transaction contemplated thereby.

CITY OF CORPUS CHRISTI

Constance Sanchez, Director of Financial Services

Acknowledged by _____, Lessor, this ____ day of _____, _____

By:

Authorized Agent

Exhibit "D"
OPINION OF COUNSEL

Re: Master Lease Purchase Agreement dated as of the _____ day of _____, by and between the City of Corpus Christi ("City") and _____, (Lessor).

Dear Sir or Madam:

I have acted as counsel to the City with respect to the Master Lease Purchase Agreement described above (the Agreement) and various related matters, and in this capacity have reviewed a duplicate original or certified copy of the Agreement and the Exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. The City is a municipal corporation and political subdivision of the State of Texas, duly organized, existing, and operating under the Constitution and laws of the State of Texas.
2. The City is authorized and has power under applicable law to enter into the Agreement, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Agreement has been duly authorized, approved, executed, and delivered by and on behalf of the City, and is a valid and binding contract of the City enforceable in accordance with its terms, except to the extent limited by state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws of general application relating to or affecting the enforcement of creditor's rights.
4. The authorization, approval, and execution of the Agreement and all other proceedings of the City relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public bidding, and all other laws, rules, and regulations of the State of Texas.
5. The execution of the Agreement and the appropriation of monies to pay the Lease Payments coming due thereunder do not result in the violation of any constitutional, statutory, or other limitation relating to the manner, form, or amount of indebtedness which may be incurred by the City.
6. There is no litigation, action, suit, or proceeding pending before any court, administrative agency, arbitrator, or governmental body, that challenges the organization or existence of the City; the authority of the City or its officers or its employees to enter into the Agreement; the proper authorization, approval and/or execution of the Agreement, Exhibits thereto and other documents contemplated thereby; the appropriation of monies to make Lease

EXHIBIT E
Standard Form LLC LLC NO. _____
BI NO. _____

LEASE LINE OF CREDIT REQUISITION AND RECEIVING REPORT

City of Corpus Christi
P.O. Box 9277
Corpus Christi, Texas 78469-9277
CITY CONTACT: _____

CONTACT TELEPHONE: (361) 826-3651 FAX (361) 826-3601

BUDGETED EQUIPMENT COST: _____

FINANCING TERM: 36 mo ____, 42 mo ____, 48 mo ____,
60 mo ____, 84 mo ____, 120 mo ____, Other (specify) _____

TOTAL APPROXIMATE COST: \$ _____

IS THE FIRST YEAR PAYMENT APPROPRIATED?
__ Yes __ No (explain) _____

PHONE NO: _____

DATE: _____

ACTIVITY NAME: _____

ACCOUNT/FUND/ORG: _____

DEPARTMENT CONTACT: _____

DEPARTMENT APPROVAL: _____

Acknowledged by Lessor:
Signature _____
Name: _____
(Please Print/Type)

EQUIPMENT: Complete One Form Per Line Item and Attach Specification.
Describe equipment (non-technical description) including quantity to be ordered.

ESSENTIAL USE:

- Check if the proposed equipment is replacement. State the age of the equipment being replaced, why, the proposed equipment is needed, and its estimated useful life.

- Check if the proposed equipment is additional. State why the equipment is needed and the estimated useful life.
