



Equipment Leasing & Finance  
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March 28, 2019

City of Boerne  
Attn: Sandy Mattick, CPA, CGFO  
Finance Director  
402 E. Blanco  
Boerne, TX 78006

Via email: smattick@ci.boerne.tx.us

LEASE PROPOSAL  
(Municipal Lease)

**Lessee:** City of Boerne, Texas ("Lessee")

**Lessor:** Frost Bank ("Lessor")

**Equipment:** New equipment acceptable to Lessor. The Equipment is generally described as all new:

Aerial bucket truck	\$189,992.00
Dump truck	66,957.00
Breathing apparatus	<u>217,118.64</u>
Total	<u>\$474,067.64</u>

**Total Equipment Cost:** \$474,067.64, funded via Reimbursement Resolution to Lessee

**Commencement Date:** On or about June, 2019.

**Payment Amounts:**

Payment 1:	\$185,000.00
Payment 2:	\$102,705.45
Payment 3:	\$102,705.45
Payment 4:	\$102,705.45

Lessee will make 4 consecutive annual payments in advance with the first payment due at lease commencement. A single invoice will be furnished on an annual basis. Auto debit is available upon request.

**Fixed Rate:** 3.26% until April 24, 2019, and thereafter a rate equal to the 5 year US Treasury Rate as published by the US Department of Treasury, plus .70% per annum (source: <https://www.treasury.gov/resource-center/data-chart-center/interest-rates>), then fixed for the term. Current 5 year US Treasury equals 2.56%

This proposal assumes that the Lessee is Bank Qualified for 2019. If Lessee is not Bank Qualified for this period, the rate will be adjusted by Lessor.

**Early Termination:** Lessee may prepay on any payment due date without penalty.

**Fees:** An origination fee in the amount of \$400.00 will be payable by Lessee at lease commencement.

**Net Lease:** This is a non-cancellable, net lease transaction whereby insurance, maintenance and taxes are Lessee's responsibility.

**Authorization:** Lessee shall provide Lessor with a certified copy of the minutes or

*resolution confirming Lessee has full power and authority to execute, deliver and perform the lease documents to which it is a party and to incur and perform the obligations provided for therein.*

*Opinion Letter: Lessee shall deliver an opinion of counsel acceptable to Lessor covering such matters incident to the lease facility and the lease documents as Lessor may reasonably request.*

*Insurance: Lessor requires personal property damage insurance equal to the original cost of the Equipment and to be named as loss payee on such property insurance policy. Also, Lessor requires liability insurance of a combined single limit of \$1,000,000 with Lessor named as additional insured.*

*Warranties: Lessor is not a manufacturer of, or dealer in, the Equipment selected by Lessee, and in that regard Lessee acknowledges that the Equipment is of a size, design, capacity, quality, and manufacture selected by Lessee. Lessor does not, and will not, inspect the equipment prior to delivery to Lessee and has not made and does not make any representation, warranty or covenant with respect to the condition, quality, durability, suitability or merchantability. Lessor shall not be liable to Lessee for any liability, loss or damage, caused or alleged to be caused directly or indirectly by the Equipment, by any inadequacy thereof or deficiency or defect therein or by any incident whatsoever in connection therewith. Manufacturer's warranties will be transferred to Lessee to the extent permitted by contract and applicable law.*

*Financial Statements: Lessee will provide Lessor annual financial statements, including operating figures, during the term of the equipment financing agreement.*

*Costs and Expenses: Lessee will be responsible for all costs and expenses incurred by Lessor in connection with documentation and filing fees necessary to close this transaction.*

*Documentation: Upon receipt of Lessee's request to lease, and upon its acceptance of same, Lessor will prepare all necessary lease documentation. All documentation will be satisfactory to Lessor and Lessee, and will contain a non-appropriations clause.*

*Proposal Only: This proposal is not a commitment to lease; rather, it is intended to be a preliminary outline of possible lease terms only and does not purport to contain all of the terms, conditions, covenants, representations, warranties, and other provisions with respect to the subject lease, which will be contained in definitive lease documentation, if any, and which may differ from those contained herein. Other terms and provisions not contained in this proposal may be considered and/or required by Lessor, in its sole and absolute discretion, prior to final approval of the subject lease facility and the execution of definitive lease documentation, if any, with respect to the subject lease facility, based upon Lessor's due diligence and credit underwriting standards (as determined by Lessor in its sole and absolute discretion). Further, Lessor, in its sole and absolute discretion, will decide whether to approve the subject lease facility, commit to the subject lease facility, and enter into definitive lease documentation with respect to the subject lease facility. Final approval of the subject lease facility may be conditioned upon modification or adjustment of the terms contained herein. Neither Lessor nor Lessee*

*will have any liability to the other should either party elect, for any reason, (i) not to proceed forward with respect to the subject lease facility, or (ii) not enter into definitive lease documentation with respect to the subject lease facility. This proposal, if not otherwise withdrawn, in 30 days.*

**Municipal Advisor Disclosure.** *The information and materials contained or referenced herein have been prepared by Lessor solely for informational purposes. Neither Lessor, nor its affiliates, nor any of their representatives are recommending any action to you. Lessor is not acting, and will not be acting, as a financial or municipal advisor to you, and does not owe you a fiduciary duty or any other duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, with respect to the information and materials contained or referenced herein. Lessor is acting for its own interest, which may be different from yours. You should discuss any information and material contained herein with any and all internal or external advisors and experts that you deem appropriate before acting on the same, including with respect to any legal, regulatory, tax or accounting treatment. In some circumstances, you may be required to retain the assistance of an independent registered municipal advisor ("IRMA") before negotiating or entering into a municipal financial product with Lessor.*

*Thank you for your consideration and interest in Frost Bank. Please contact me at 210-220-6850 or [scott.anderson@frostbank.com](mailto:scott.anderson@frostbank.com) with any questions.*

*Sincerely,*

FROST BANK

A handwritten signature in black ink, appearing to read "Scott Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Scott Anderson  
Vice President

c: Jerry Yost, Frost Bank