

VIA ELECTRONIC MAIL

January 2, 2019

Rachel Shelton
Purchasing Specialist Senior
City of San Marcos
630 E. Hopkins
San Marcos, TX 78666

RE: Financing Quote - Lease Purchase Financing

Dear Ms. Shelton:

Santander Bank is pleased to submit the following proposal for your review and acceptance. Our proposed terms and conditions are as follows:

Company Overview: Santander Bank is a market leader in providing cost-effective financing to public entities nationwide. With over \$3 billion in financings we have the knowledge, flexibility and financial strength that is unmatched in the finance industry.

Our public finance team of professionals has a thorough understanding of the municipal market to ensure transactions are completed quickly, efficiently and cost effectively.

Santander Bank was founded in Northern Spain in 1857, with over \$1.7 trillion in assets. Santander is one of the world's strongest, safest and most successful banks and has grown to become one of the five largest banks in the world by profit.

Structure: Tax-exempt Lease/Purchase Financing ("Lease")

Borrower: City of San Marcos, Texas ("City")

Lender: Santander Bank, N.A. ("Santander")

Amount Financed: \$514,740.48

- 1-18 Yard Dump Truck \$163,208.68
- Compact Track Trailer
w/ Forestry Mulcher and Trailer \$ 99,774.80
- Street Sweeper \$238,800.00
- 20K Tand Dual Pintle \$ 12,957.00

Interest Rates: 3 years annual advance @ 3.15%
5 years annual advance @ 3.18%
7 years annual advance @ 3.26%

The above Interest Rates are valid for 30 days and will be indexed thereafter unless otherwise agreed upon by Santander. After which time Interest Rates and Payments will be indexed according to changes to the average life Libor of the financing term. For every change in Libor, an adjustment will be made to the Interest Rate and Payment and the Interest Rate will be locked 10 business days prior to closing.

Closing Date: On or about February 15, 2019

Prepayment Terms: On any payment date with no prepayment penalty.

Tax Assumption: Interest income received by Santander will be exempt from Federal and State Income Tax.

Credit Review: Upon award by the City, Santander will complete the credit approval process after receiving a complete credit package which consists of the equipment list/vendor quotes and an executed Lease Application from the City.

Closing Costs and Fees: The City will be responsible for any fees or expenses with respect to its (i) legal counsel and financial advisor fees and (ii) permits, titles and registration fees, if applicable. Santander is willing to finance any expenses related to closing the transaction.

This proposal is subject to final credit approval and final documentation. Please feel free to call me at 480-477-7896 with any questions or further clarification.

Thank you for the opportunity to present this proposal.

Sincerely,



Bruce Block
Senior Vice President

Amortization Schedule

3 Years (Annual Arrears) @ 3.15%

	Date	Payment	Interest	Principal	Balance
	2/15/2019				514,740.48
1	2/15/2020	182,501.44	16,214.33	166,287.11	348,453.37
2	2/15/2021	182,501.44	10,976.28	171,525.16	176,928.21
3	2/15/2022	182,501.44	5,573.23	176,928.21	0.00
Grand Totals		547,504.32	32,763.84	514,740.48	

5 Years (Annual Arrears) @ 3.18%

	Date	Payment	Interest	Principal	Balance
	2/15/2019				514,740.48
1	2/15/2020	112,974.23	16,368.75	96,605.48	418,135.00
2	2/15/2021	112,974.23	13,296.69	99,677.54	318,457.46
3	2/15/2022	112,974.23	10,126.95	102,847.28	215,610.18
4	2/15/2023	112,974.23	6,856.40	106,117.83	109,492.35
5	2/15/2024	112,974.23	3,481.88	109,492.35	0.00
Grand Totals		564,871.15	50,130.67	514,740.48	

7 Years (Annual Arrears) @ 3.26%

	Date	Payment	Interest	Principal	Balance
	2/15/2019				514,740.48
1	2/15/2020	83,430.58	16,780.54	66,650.04	448,090.44
2	2/15/2021	83,430.58	14,607.75	68,822.83	379,267.61
3	2/15/2022	83,430.58	12,364.12	71,066.46	308,201.15
4	2/15/2023	83,430.58	10,047.36	73,383.22	234,817.93
5	2/15/2024	83,430.58	7,655.06	75,775.52	159,042.41
6	2/15/2025	83,430.58	5,184.78	78,245.80	80,796.61
7	2/15/2026	83,430.58	2,633.97	80,796.61	0.00
Grand Totals		584,014.06	69,273.58	514,740.48	