

ORDINANCE

APPROVING THE MASTER TAX-EXEMPT LEASE PURCHASE AGREEMENT FOR SOLID WASTE DEPARTMENT, REFUSE COLLECTION CONTAINERS AND LIDS; FIRE DEPARTMENT, AMBULANCE, ENHANCED SQUAD VEHICLES, BUNKER GEAR, AND LIFE SAVING DEVICES; AND POLICE DEPARTMENT, POLICE VEHICLES; WITH WEBSTER BANK, NATIONAL ASSOCIATION; APPROVING AN ESCROW AND ACCOUNT CONTROL AGREEMENT WITH WEBSTER BANK, NATIONAL ASSOCIATION AND FROST BANK; AND APPROVING EXHIBITS AND RELATED SCHEDULES TO THE MASTER TAX-EXEMPT LEASE PURCHASE AGREEMENT IN THE AMOUNT OF \$12,533,626 FOR THE ACQUISITION OF EQUIPMENT FOR SOLID WASTE MANAGEMENT, FIRE, AND POLICE DEPARTMENTS

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

WHEREAS, pursuant to the Public Property Finance Act, Chapter 271, Subchapter A, Local Government Code, as amended (the “Act”), the City Council (“Council”) of the City is authorized to acquire, dispose of, and encumber personal property, including, without limitation, rights and interest in property, and leases necessary to the functions or operations of the City; and

WHEREAS, a Request for Bid for Tax-Exempt Equipment Lease/Purchase Financing (“RFB”), soliciting bids for a tax-exempt master equipment lease/purchase financing provider was issued by the City on December 18, 2024; and

WHEREAS, six (6) financial institutions submitted bids in response to the RFB, which were received by the City and evaluated by the Finance Department; and

WHEREAS, City Staff recommended that the City, as Lessee, enter into a Public Property Finance Contract (Non-Appropriation) (the “Lease”) with Webster Bank, National Association, as “Lessor” (attached hereto as **Exhibit A**), and an Escrow and Account Control Agreement among the Lessor, the Lessee, and Frost Bank, San Antonio, Texas as “Escrow Agent” (attached hereto as **Exhibit B**), providing terms and conditions under which lease/purchase transactions shall be conducted by and between the parties; and

WHEREAS, the Lessee desires to acquire on or about February 14, 2025, (a) various waste management carts (the “Waste Management Equipment”) for the Solid Waste Management Department, (b) 12 Interceptor vehicles (the “Police Equipment”) for the Police Department, and (c) ambulance supplies (the “Fire Equipment”) for the Fire Department, for the total amount of \$12,533,626.00 (the “Principal Amount”), as disclosed in the Lease Schedule to the Lease (the “Lease Schedule”) attached hereto as **Exhibit C** and incorporated by reference for all purposes; and

WHEREAS, all of the Waste Management Equipment, Police Equipment and Fire Equipment and as identified more specifically in the Lease Schedule are sometimes hereafter collectively referred to as the “Equipment”; and

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

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

WHEREAS, the Lessee may pay certain capital expenditures in connection with the Equipment prior to its receipt of proceeds of the Leases (“Lease Purchase Proceeds”) for such expenditures and such expenditures are not expected to exceed the Principal Amount; and

WHEREAS, the U.S. Treasury Department regulations do not allow the proceeds of a tax-exempt borrowing to be spent on working capital and the Lessee shall hereby declare its official intent to be reimbursed for any capital expenditures for Equipment from the Lease Purchase Proceeds; and

WHEREAS, the Council hereby finds and determines that the adoption of this Ordinance and authorization for the execution and delivery of the Lease Schedule to the Lease are in the best interests of the City; **NOW THEREFORE**:

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

SECTION 1. The City hereby approves the bid form presented by Webster Bank, National Association as the low bid and selects and approves Webster Bank, National Association, as the finance provider of the Lease which provides for the financing of: (a) \$11,597,628.00 for the acquisition of the Waste Management Equipment and the Fire Equipment at an interest rate of 4.12% for a eighty-four (84) month term and (b) \$935,998.00 for the acquisition of the Police Equipment at an interest rate of 3.93% for a thirty-six (36) month term. The terms and conditions of the Lease, a true and correct copy of which is attached hereto as **Exhibit A**, are hereby authorized and approved. The City Manager, the City Manager’s designee, and/or the City’s Chief Financial Officer or his designee, and/or the Deputy Chief Financial Officer or his designee, acting on behalf of the City, are hereby authorized to execute and enter into the Lease in substantially the form set forth in **Exhibit A** hereto.

SECTION 2. The City hereby selects and approves Frost Bank, San Antonio, Texas, as the account agent of the Escrow and Account Control Agreement (the “Escrow Agreement”). The terms and conditions of that certain Escrow and Account Control Agreement (“Escrow Agreement”) by and between the City, Frost Bank, San Antonio, Texas, and Webster Bank, National Association, a true and correct copy of which is attached hereto as **Exhibit B**, are hereby approved. The City Manager, the City Manager’s designee, and/or the City’s Chief Financial Officer or his designee, and/or the Deputy Chief Financial Officer or his designee, acting on behalf of the City, are hereby authorized to execute and enter into the Escrow Agreement in substantially the form set forth in **Exhibit B** hereto.

SECTION 3. The Lease Schedule to the Lease, as attached hereto as **Exhibit C** is hereby approved and is incorporated by reference into this Ordinance for all purposes.

SECTION 4. The City Manager, the City Manager's designee, and/or the City's Chief Financial Officer or his designee, and/or the Deputy Chief Financial Officer or his designee, acting on behalf of the City, are hereby authorized to negotiate, execute and enter into the Lease Schedule to the Lease, which document is available for public inspection at the Office of the City Clerk. The Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial Officer, City Attorney, and the City Clerk (each an "Authorized Officer"), acting on behalf of the City, are each hereby authorized to enter into, execute, and deliver such other documents and certificates relating to the Lease Schedule to the Lease as the Authorized Officer deems necessary and appropriate as specified in the Lease Schedule to the Lease, without further action by this Council. All other related contracts, certificates, and agreements necessary and incidental to the Lease Schedule to the Lease are hereby authorized, with the exception of adding future Schedules to the Lease, other than the Lease Schedule as authorized by this Ordinance. Future Schedules to the Lease shall require approval by Council.

SECTION 5. The aggregate original principal amount for the Equipment shall not exceed the amount set forth in the Lease Schedule to the Lease, shall bear interest as set forth in the Lease Schedule to the Lease, and the Lease Schedule to the Lease shall contain such options to purchase and/or prepay by the City as set forth therein.

SECTION 6. The City's obligations under the Lease and the Lease Schedule to the Lease shall be subject to annual appropriation or renewal by the Council as set forth in the Lease, and the City's obligations under the Lease and the Lease Schedule to the Lease shall not constitute a general obligation of the City or indebtedness under the Constitution or laws of the State.

SECTION 7. The Chief Financial Officer and/or the Deputy Chief Financial Officer are authorized to record and account for the Lease Schedule to the Lease in accordance with generally accepted accounting principles and all other applicable laws.

SECTION 8. The Council anticipates that as Lessee, the City may pay certain capital expenditures in connection with the Equipment prior to the receipt of the Lease Purchase Proceeds for the Equipment. The Council hereby declares the Lessee's official intent to use the Lease Purchase Proceeds to reimburse itself for Equipment expenditures. This section is adopted by the Council for the purpose of establishing compliance with the requirements of Section 1.150-2 of Treasury Regulations. This does not bind the Lessee to make any expenditure, incur any indebtedness, or proceed with the purchase of the Equipment.

SECTION 9. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

SECTION 10. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters

resolved herein.

SECTION 11. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 12. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 13. Expenses associated with this ordinance will be in accordance with the FY 2025 Budgets for SAP Fund 11001000 and 55001000 as approved by City Council. Future payments and expenses related to principal and interest payments are contingent upon City Council approval of the Fiscal Year budgets that fall within the terms of this master tax-exempt lease purchase agreement.

SECTION 14. Payment is authorized to Webster Bank, National Association and should be encumbered with a purchase order. Payment is limited to the availability of funds for each of the participating departments.

SECTION 15. Additional funding for the lease payments is contingent upon City Council approval of the Fiscal Year 2026 and subsequent budgets that fall within the contract terms of this ordinance.

SECTION 16

(a) General. The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Lease to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the “Code”) and the provisions set forth in the Federal Tax Certificate executed by the City in connection with the Lease.

(b) No Private Activity Bonds. The City covenants that it will use the proceeds of the Lease (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Lease will not be “private activity bonds” within the meaning of Section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in Section 1.141-2(d)(3) of the Treasury Regulations (the “Regulations”)) that causes the Lease to be a “private activity bond” unless it takes a remedial action permitted by Section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Lease to be “federally guaranteed” within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b)(3) of the Code.

(d) No Hedge Bonds. The City covenants not to take any action or omit to take action that, if taken or omitted, would cause the Lease to be “hedge bonds” within the meaning of Section 149(g) of the Code.

(e) No Arbitrage Bonds. The City covenants that it will make such use of the proceeds of the Lease (including investment income) and regulate the investment of such proceeds of the Lease so that the Lease will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(f) Required Rebate. The City covenants that, if the City does not qualify for an exception to the requirements of Section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Lease, be rebated to the United States.

(g) Information Reporting. The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Lease in accordance with Section 149(e) of the Code.

(h) Record Retention. The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Lease and the use of the property financed, directly or indirectly, thereby until three years after the last Lease is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Lease is “registration-required bonds” under Section 149(a)(2) of the Code, the Lease will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Lease from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Lease for as long as such matters are relevant to the excludability of interest on the Lease from gross income for federal income tax purposes.

SECTION 17. The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager’s designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 18. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 19. This Ordinance is effective immediately, upon passage by eight (8) affirmative votes; otherwise, said effective date shall be ten (10) days from the date of passage hereof.

TR
2/6/2025
Item No. 25-205039

PASSED AND ADOPTED by an affirmative vote of _____ members of the City Council of the City of San Antonio, Texas, this the _____ day of _____, 2025.

M A Y O R
Ron Nirenberg

ATTEST:

Debbie Racca-Sittre, City
Clerk

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

Andrew Segovia, City Attorney
City of San Antonio, Texas

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EXHIBIT A

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EXHIBIT B

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EXHIBIT C