

# TEXAS MUNICIPAL LEASE-PURCHASE AGREEMENT

THIS TEXAS MUNICIPAL LEASE-PURCHASE AGREEMENT **No.6878** (hereafter referred to as "Agreement") dated as of **January 22, 2015**, by and between **Government Capital Corporation**, a Texas corporation (herein referred to as "Lessor"), and **Jefferson County**, a political subdivision or agency of the State of Texas (hereinafter referred to as "Lessee").

WITNESSETH: In consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree as follows:

**1. Term and Payments.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the property described in Exhibit A hereto (hereinafter, with all replacement parts, substitutions, proceeds, increases, additions, accessions, repairs and accessories incorporated therein or affixed thereto, referred to as the "Property") for the amounts to be paid in the sums (the "Lease Payments") and on the dates (the "Lease Payment Dates") set forth in Exhibit B hereto. Except as specifically provided in Section 2 hereof, the obligation of the Lessee to make the Lease Payments called for in Exhibit B hereto shall be absolute and unconditional in all events and shall not be subject to any set-off, defense, counterclaim or recoupment for any reason. The term of the lease hereunder shall commence upon the dated date of the lease and shall continue until the end of the Lessee's current fiscal period and thereafter for such additional fiscal periods as are necessary to complete the anticipated total lease term as set forth in Exhibit B, unless earlier terminated as provided herein. The interest is calculated on the basis of a 30/360-day year on the unpaid principal amounts from the Schedule Date of the EXHIBIT B.

**2. Non-Appropriation and Right of Termination.** The obligations of Lessee to make Lease Payments (called for in Exhibit B) and to make any other payments to Lessor (or to any other person) pursuant to this Agreement are subject to appropriation by the Lessee of funds that are lawfully available to be applied for such purpose. If Lessee fails to make such an appropriation prior to a fiscal period of Lessee for the Lease Payments scheduled in such a fiscal period, this Agreement shall terminate at the end of the last fiscal period immediately preceding the fiscal period for which funds have not been appropriated. The Lessee shall deliver notice to Lessor of such termination at least forty-five (45) days prior to such termination, but failure to give such notice shall not prevent the termination of this Agreement. Upon any such termination of this Agreement, all of Lessee's right, title and interest in and its obligations under this Agreement and to the Property shall terminate effective on the last day of the last fiscal period of Lessee for which such an appropriation was made.

**3. Taxes.** In addition to the Lease Payments to be made pursuant to Section 1 hereof, Lessee agrees to indemnify and hold Lessor harmless from and against and to pay Lessor, as additional rent, on demand, an amount equal to all licenses, assessments, sales, use, real or personal property, gross receipts or other taxes, levies, imposts, duties or charges, if any, together with any penalties, fines, or interest thereon imposed against or on Lessor, Lessee or the Property by any governmental authority upon or with respect to the Property or the purchase, ownership, rental, possession, operation, return or sale of, or receipt of payments for, the Property, except any Federal or State income taxes, if any, payable by Lessor. Lessee may contest any such taxes prior to payment provided such contest does not involve any risk of sale, forfeiture or loss of the Property or any interest therein.

**4. Lessee's Covenants and Representations.** Lessee covenants and represents as follows:

(a) Lessee represents, and will provide an opinion of its counsel to the effect that, it has full power and authority to enter into this Agreement which has been duly authorized, executed, and delivered by Lessee and is a valid and binding obligation of Lessee enforceable in accordance with its terms, and all requirements for execution, delivery and performance of this Agreement have been, or will be, complied with in a timely manner;

(b) Lessee has budgeted and appropriated for the current fiscal period sufficient funds to make the Lease Payments scheduled to come due in the current fiscal period and all other Payments expected to come due in the current fiscal period; Lessee currently expects to budget and appropriate sufficient funds to pay the Lease Payments coming due hereunder in each future fiscal period, but the decision whether to budget and appropriate funds for any future fiscal period is solely within the discretion of the then-current governing body of Lessee;

(c) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization of, performance of, or expenditure of funds pursuant to this Agreement;

(d) Information supplied and statements made by Lessee in any financial statement or current budget prior to or contemporaneously with the Agreement are true and correct;

(e) Lessee has an immediate need for, and expects to make immediate use of, substantially all the Property, which need is not temporary or expected to diminish in the foreseeable future.

(f) No lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which Lessee has been a party at any time during the past ten (10) years has been terminated by Lessee as a result of insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which Lessee has issued during the past ten (10) years.

(g) Lessee will pay the Lease Payment Due by check, wire transfer, or ACH only.

**5. Use and Licenses.** Lessee shall pay and discharge all operating expenses and shall cause the Property to be operated by competent persons only. Lessee shall use the Property only for its proper purposes and will not install, use, operate or maintain the Property improperly, carelessly, or in violation of any applicable law, ordinance, rule or regulation of any governmental authority, or in a manner contrary to the nature of the Property or the use contemplated by its manufacturer. Lessee shall keep the property at the location stated on the Certificate of Acceptance executed by Lessee upon delivery of the Property until Lessor, in writing, permits its removal, and the Property shall be used solely in the conduct of the Lessee's operations. Lessee shall obtain, at its expense, all registrations, permits and licenses, if any, required by law for the installation and operation of the Property. Any license plates used on the Property shall be issued in the name of the Lessee. If a certificate of title is issuable with respect to the Property, it shall be delivered to the Lessor showing the interest of the Lessor.



GOVERNMENT CAPITAL  
CORPORATION

**6. Maintenance.** Lessor shall not be obligated to make any repairs or replacements. At its own expense, Lessee shall service, repair and maintain the Property in as good condition, repair, appearance and working order as when delivered to Lessee hereunder, ordinary wear and tear from proper use alone excepted, and shall replace any and all parts thereof which may from time to time become worn out, lost, stolen, destroyed, or damaged beyond repair or rendered unfit for intended use, for any reason whatsoever, all of which replacements shall be free and clear of all liens, encumbrances and claims of others and shall become part of the Property and subject to this Agreement. Lessor may, at its option, discharge such costs, expenses and insurance premiums necessary for the repair, maintenance and preservation of the Property, and all sums so expended shall be due from Lessee in addition to rental payments hereunder.

**7. Alterations.**

(a) Lessee may, at its own expense, install or place in or on, or attach or affix to, the Property such equipment or accessories as may be necessary or convenient to use the Property for its intended purposes provided that such equipment or accessories do not impair the value or utility of the Property. All such equipment and accessories shall be removed by Lessee upon termination of this Agreement, provided that any resulting damage shall be repaired at Lessee's expense. Any such equipment or accessories not removed shall become the property of Lessor.

(b) Without the written consent of Lessor, Lessee shall not make any other alterations, modifications or improvements to the Property except as required or permitted hereunder. Any other alterations, modifications or improvements to the Property shall immediately become part of the Property, subject to the provisions hereof. Without the prior written consent of Lessor, Lessee shall not affix or attach any of the Property to any real property. The Property shall remain personal property regardless of whether it becomes affixed or attached to real property or permanently rests upon any real property or any improvement thereon.

**8. Liens.** Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to the Property, title thereto or any interest therein, except the respective rights of Lessor and Lessee hereunder.

**9. Damage to or Destruction of Property.** Lessee shall bear the entire risk of loss, damage, theft or destruction of the Property from any and every cause whatsoever, and no loss, damage, destruction or other event shall release Lessee from the obligation to pay the full amount of the rental payments or from any other obligation under this Agreement. In the event of damage to any item of the Property, Lessee will immediately place the same in good repair, with the proceeds of any insurance recovery applied to the cost of such repair. If Lessor determines that any item of Property is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessee, will either (a) replace the same with like property in good repair or (b) on the next Lease Payment Date, pay Lessor (i) all amounts then owed by Lessee to Lessor under this Agreement, including the Lease Payment due on such date, and (ii) an amount equal to the applicable Option to Purchase Value set forth in Exhibit B.

**10. Insurance.** Lessee shall either be self-insured with regard to the Property or shall purchase and maintain insurance with regard to the Property. Lessee shall indicate on each Certificate of Acceptance executed in relation to this Agreement its election to be self-insured or company insured with regard to the Property listed on that Certificate of Acceptance. Whether Lessee is self-insured or company insured, Lessee shall, for the term of this Agreement, at its own expense, provide comprehensive liability insurance with respect to the Property, insuring against such risks, and such amounts as are customary for lessees of property of a character similar to the Property. In addition, Lessee shall, for the term of this Agreement, at its own expense, provide casualty insurance with respect to the Property, insuring against customary risks, coverage at all times not less than the amount of the unpaid principal portion of the Lease Payments required to be made pursuant to Section 1 of the last preceding Payment Date specified in Exhibit B on which a Lease Payment was made. If insurance policies are provided with respect to the Property, all insurance policies shall be with insurers authorized to do business in the State where the Property is located and shall name both Lessor and Lessee as insured as their respective interest may appear. Insurance proceeds from casualty losses shall be payable solely to the Lessor, subject to the provisions of Section 9. Lessee shall, upon request, deliver to Lessor evidence of the required coverage together with premium receipts, and each insurer shall agree to give Lessor written notice of non-payment of any premium due and ten (10) days notice prior to cancellation or alteration of any such policy. Lessee shall also carry and require any other person or entity working on, in or about the Property to carry workmen's compensation insurance covering employees on, in or about the Property. In the event Lessee fails, for any reason, to comply with the requirements of this Section, Lessee shall indemnify, save harmless and, at Lessee's sole expense, defend Lessor and its agents, employees, officers and directors and the Property against all risk of loss not covered by insurance.

**11. Indemnification.** Lessee shall indemnify, to the extent permitted by law, and save harmless, Lessor and its agents, employees, officers and directors from and, at Lessee's expense, defend Lessor and its agents, employees, officers and directors against all liability, obligations, losses, damages, penalties, claims, actions, costs and expenses (including but not limited to reasonable attorneys' fees) of whatsoever kind or nature which in any way relate to or arise out of this Agreement or the ownership, rental, possession, operation, condition, sale or return of the Property. All amounts which become due from Lessee under this Section 11 shall be credited with any amounts received by the Lessor from insurance provided by the Lessee and shall be payable by Lessee within thirty (30) days following demand therefor by Lessor and shall survive the termination or expiration of this Agreement.

**12. No Warranty.** EXCEPT FOR REPRESENTATIONS, WARRANTIES, AND SERVICE AGREEMENTS RELATING TO THE PROPERTY MADE OR ENTERED INTO BY THE MANUFACTURERS OR SUPPLIERS OF THE PROPERTY, ALL OF WHICH ARE HEREBY ASSIGNED TO LESSEE, LESSOR HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, MERCHANTABILITY, CONDITION, QUALITY OR FITNESS OF THE PROPERTY DESCRIBED IN EXHIBIT A FOR ANY PARTICULAR PURPOSE OR THE CONFORMITY OF THE PROPERTY TO SPECIFICATION OR PURCHASE ORDER, ITS DESIGN, DELIVERY, INSTALLATION OR OPERATION. All such risks shall be borne by Lessee without in any way excusing Lessee from its obligations under this Agreement, and Lessor shall not be liable to Lessee for any damages on account of such risks. All claims or actions on any warranty so assigned shall be made or prosecuted by Lessee, at its sole expense, upon prior written notice to Lessor. Lessor may, but shall have no obligation whatsoever to, participate in such claim or action on such warranty, at Lessor's expense. Any recovery under such a warranty shall be made payable jointly to Lessee and Lessor.

**13. Option to Purchase.** Provided Lessee has complied with the terms and conditions of this Agreement, Lessee shall have the option to purchase not less than all of the Property which is then subject to this Agreement, "as is" at the payment date, for the Option to Purchase Values set forth in Exhibit B by giving written notice to Lessor not less than sixty (60) days prior to the date specified in Exhibit B for the exercise of such option; provided that upon Lessee's timely payment of all Lease Payments specified in Exhibit B, Lessee shall be deemed to have properly exercised its option to purchase the Property and shall be deemed to have acquired all of Lessor's right, title and interest in and to the Property, free of any lien, encumbrance or security interest except such liens, encumbrances or security interest as may be created, or permitted and not discharged, by Lessee but without other warranties. Payment of the applicable Option to Purchase Value shall occur on the applicable Lease Payment Date specified in Exhibit B hereto, at which time Lessor shall, unless not required hereunder, deliver to Lessee a quitclaim bill of sale transferring Lessor's interest in the Property to Lessee free from any lien, encumbrance or security interest except such as may be created, or permitted and not discharged, by Lessee but without other warranties. Upon Lessee's actual or constructive payment of the Option to Purchase Value and Lessor's actual or constructive delivery of a quitclaim bill of sale covering the Property, this Agreement shall terminate except as to obligations or liabilities accruing hereunder prior to such termination.

**14. Default and Lessor's Remedies.**

(a) The occurrence of one or more of the following events shall constitute an Event of Default, whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

(1) Lessee fails to make any payment hereunder when due or within ten (10) days thereafter;

(2) Lessee fails to comply with any other covenant, condition or agreement of Lessee hereunder for a period of the ten (10) days after notice thereof;

(3) Any representation or warranty made by Lessee hereunder shall be untrue in any material respect as of the date made;

(4) Lessee makes, permits or suffers any unauthorized assignment, transfer or other disposition of this Agreement or any interest herein, or any part of the Property or any interest therein; or

(5) Lessee becomes insolvent; or admits in writing its inability to pay its debts as they mature; or applies for, consents to or acquiesces in the appointment of a trustee, receiver or custodian for the Lessee or a substantial part of its property; or, in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for Lessee or a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Lessee and, if instituted against Lessee, is consented to or acquiesced in by Lessee or is not dismissed within sixty (60) days.

(b) Upon the occurrence of any Event of Default specified herein, Lessor may, at its sole discretion, exercise any or all of the following remedies:

(1) Enforce this Agreement by appropriate action to collect amounts due or to become due hereunder, by acceleration or otherwise, or to cause Lessee to perform its other obligations hereunder in which event Lessee shall be liable for all costs and expenses incurred by Lessor;

(2) Take possession of the Property, without demand or notice and without court order or any process of law, and remove and relet the same for Lessee's account, in which event Lessee waives any and all damages resulting therefrom and shall be liable for all costs and expenses incurred by Lessor in connection therewith and the difference, if any, between the amounts to be paid pursuant to Section 1 hereof and the amounts received and to be received by Lessor in connection with any such reletting;

(3) Terminate this Agreement and repossess the Property, in which event Lessee shall be liable for any amounts payable hereunder through the date of such termination and all costs and expenses incurred by Lessor in connection therewith;

(4) Sell the Property or any portion thereof for Lessor's account at public or private sale, for cash or credit, without demand or notice to Lessee of Lessor's intention to do so, or relet the Property for a term and a rental which may be equal to, greater than or less than the rental and term provided herein. If the proceeds from any such sale or rental payments received under a new agreement made for the periods prior to the expiration of this Agreement are less than the sum of (i) the costs of such repossession, sale, relocation, storage, reconditioning, reletting and reinstallation (including but not limited to reasonable attorneys' fees), (ii) the unpaid principal balance derived from Exhibit B as of the last preceding Lease Payment Date specified in Exhibit B, and (iii) any past due amounts hereunder (plus interest on such unpaid principal balance at the rate specified in Section 20 hereof, prorated to the date of such sale), all of which shall be paid to Lessor, Lessor shall retain all such proceeds and Lessee shall remain liable for any deficiency; or

(5) Pursue and exercise any other remedy available at law or in equity, in which event Lessee shall be liable for any and all costs and expenses incurred by Lessor in connection therewith. "Costs and expenses", as that term is used in this Section 14, shall mean, to the extent allowed by law: (i) reasonable attorneys' fees if this Agreement is referred for collection to an attorney not a salaried employee of Lessor or the holder of this Agreement; (ii) court costs and disbursements including such costs in the event of any action necessary to secure possession of the Property; and (iii) actual and reasonable out-of-pocket expenses incurred in connection with any repossession or foreclosure, including costs of storing, reconditioning and reselling the Property, subject to the standards of good faith and commercial reasonableness set by the applicable Uniform Commercial Code. Lessee waives all rights under all exemption laws.

(6) Under no circumstances shall Lessee be liable under this subsection 14 (b) for any amount in excess of the sum appropriated pursuant to Section 1 hereof for the previous and current fiscal years, less all amounts previously due and paid during such previous and current fiscal years from amounts so appropriated.

**15. Termination.** Unless Lessee has properly exercised its option to purchase pursuant to Section 13 hereof, lessee shall, upon the expiration of the term of this Agreement or any earlier termination hereof pursuant to the terms of this Agreement, deliver the Property to Lessor unencumbered and in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear resulting from proper use alone excepted, by loading the Property, at Lessee's sole expense, on such carrier, or delivering the Property to such location, as Lessor shall provide or designate at or within a reasonable distance from the general location of the Property. If Lessee fails to deliver the Property to Lessor, as provided in this Section 15, on or before the date of termination of this Agreement, Lessee shall pay to Lessor upon demand, for the hold-over period, a portion of the total payment for the applicable period as set forth in Exhibit B prorated from the date of termination of this Agreement to the date Lessee either redelivers the Property to Lessor or Lessor repossesses the Property.

**16. Assignment.** Without Lessor's prior written consent, which shall not be unreasonably withheld, Lessee will not either **(i)** assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Agreement or the Property or any interest in this Agreement or the Property; or **(ii)** sublet or lend the Property or permit it to be used by anyone other than Lessee, Lessee's employees, or. Lessor may assign its rights, title and interest in and to this Agreement, the Property and any other documents executed with respect to this Agreement and/or grant or assign a security interest in this Agreement and the Property, in whole or in part. Any such assignees shall have all of the rights of Lessor under this Agreement. Subject to the foregoing, this Agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. No assignment or reassignment of any of Lessor's rights, title or interest in this Agreement or the Property shall be effective with regard to Lessee unless and until Lessee shall have received a copy of the document by which the assignment or reassignment is made, disclosing the name and address of such assignee. No further action will be required by Lessor or by Lessee to evidence the assignment. During the term of this Agreement, Lessee shall keep a complete and accurate record of all such assignments in form necessary to comply with the United States Internal Revenue Code of 1986, Section 149 (a), and the regulations, proposed or existing, from time to time promulgated thereunder.

**17. Personal Property.** The Property is and shall at all times be and remain personal property.

**18. Title.** Upon acceptance of the Property by Lessee hereunder, Lessee shall have title to the Property during the term of this Agreement; however, in the event of **(i)** an Event of Default hereunder and for so long as such Event of Default is continuing, or **(ii)** termination of this Agreement pursuant to the provisions of Section 2 hereof, title shall be reverted immediately in and shall revert to Lessor free of any right, title or interest of Lessee unless Lessor elects otherwise.

**19. Lessor's Right to Perform for Lessee.** If Lessee fails to make any payment or perform or comply with any of its covenants or obligations hereunder, Lessor may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of Lessee, and the amount of any such payment and the expenses (including but not limited to reasonable attorneys' fees) incurred by Lessor in performing or complying with such covenants and obligations, as the case may be, together with interest thereon at the highest lawful rate, shall be payable by Lessee upon demand.

**20. Interest on Default.** If Lessee fails to pay any Lease Payment specified in Section 1 hereof within ten (10) days after the due date thereof, Lessee shall pay to Lessor interest on such delinquent payment from the due date until paid at the highest lawful rate.

**21. Notices.** Any notices to be given or to be served upon any party hereto in connection with this Agreement must be in writing and may be given by certified or registered mail, and shall be deemed to have been given and received forty-eight (48) hours after a registered or certified letter containing such notice, postage prepaid, is deposited in the United States mail, and if given otherwise shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Agreement or at such other address as either party may hereafter designate.

**22. Security Interest.** As security for Lessee's covenants and obligations hereunder, Lessee hereby grants to Lessor, and its successors, a security interest in the Property, all accessions thereto and proceeds therefrom, and, in addition to Lessor's rights hereunder, all of the rights and benefits of a secured party under the Uniform Commercial Code as in effect from time to time hereafter in the State in which the Property is located or any other State which may have jurisdiction over the Property. Lessee agrees to execute, acknowledge and deliver to Lessor in recordable form upon request financing statements or any other instruments with respect to the Property or this Agreement considered necessary or desirable by Lessor to perfect and continue the security interest granted herein in accordance with the laws of the applicable jurisdiction. Lessee hereby authorizes Lessor or its agent or assigns to sign and execute on its behalf any and all necessary UCC-1 forms to perfect the Purchase Money Security interests herein above granted to Lessor.

**23. Tax Exemption.** Lessee certifies that it does reasonably anticipate that not more than \$10,000,000 of "qualified tax-exempt obligations", as that term is defined in Section 265 (b) 3 (D) of the Internal Revenue Code of 1986 ("the Code"), will be issued by it and any subordinate entities during 2015. Further, Lessee designates this issue as comprising a portion of the \$10 million in aggregate issues to be designated as "qualified tax exempt obligations" eligible for the exception contained in Section 265 (b) 3 (D) of the Code allowing for an exception to the general rule of the Code which provides for a total disallowance of a deduction for interest expense allocable to the carrying of tax exempt obligations.

**24. Continuing Disclosure.** Specifically and without limitation, Lessee agrees to provide audited financial statements, prepared by a certified public accountant not later than six (6) months after and as of the end of each fiscal year. Periodic financial statements shall include a combined balance sheet as of the end of each such period, and a combined statement of revenues, expenditures and changes in fund balances, from the beginning of the then fiscal year to the end of such period. These reports must be certified as correct by one of Lessee's authorized agents. If Lessee has subsidiaries, the financial statements required will be provided on a consolidated and consolidation basis.

**25. Miscellaneous.**

**(a)** Lessee shall, whenever requested, advise Lessor of the exact location and condition of the Property and shall give the Lessor immediate notice of any attachment or other judicial process affecting the Property, and indemnify and save Lessor harmless from any loss or damage caused thereby. Lessor may, for the purpose of inspection, at all reasonable times enter upon any job, building or place where the Property and the books and records of the Lessee with respect thereto are located.

**(b)** Lessee will take no action that would cause the interest portion of the Lease Payments to become coverage in 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"), and Lessee will take and will cause its officers, employees and agents to take all affirmative actions legally within its power necessary to ensure that the interest portion of the Lease Payments does not become coverage in gross income of the recipient for federal income tax purposes under the Code and Regulations.

**(c)** Lessee agrees to equitably adjust the payments payable under this Agreement if there is a determination for any reason that the interest payable pursuant to this Agreement (as incorporated within the schedule of payments) is not excludable from income in accordance with the Internal Revenue Code of 1986, as amended, such as to make Lessor and its assigns whole.

**(d)** Time is of the essence. No covenant or obligations hereunder to be performed by Lessee may be waived except by the written consent of Lessor, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude Lessor from invoking such remedy at any later time prior to Lessee's cure of the condition giving rise to such remedy. Lessor's rights hereunder are cumulative and not alternative.

(e) This Agreement shall be construed in accordance with, and governed by, the laws of the State in which the Property is located.

(f) This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both Lessor and Lessee.

(g) Any term or provision of this Agreement found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, invalidating the remainder of this Agreement.

(h) The Lessor hereunder shall have the right at any time or times, by notice to Lessee, to designate or appoint any person or entity to act as agent or trustee for Lessor for any purposes hereunder.

(i) All transportation charges shall be borne by Lessee. Lessee will immediately notify Lessor of any change occurring in or to the Property, of a change in Lessee's address, or in any fact or circumstance warranted or represented by Lessee to Lessor, or if any Event of Default occurs.

(j) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever and wherever appropriate.

(k) The captions set forth herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(l) Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, where permitted by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2015.

Lessor: Government Capital Corporation

\_\_\_\_\_  
Authorized Signature  
345 Miron Dr.  
Southlake, TX 76092

Witness Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

Lessee: Jefferson County

\_\_\_\_\_  
Jeff Branick, County Judge  
1149 Pearl Street  
Beaumont, TX 77701

Witness Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

**EXHIBIT A  
DESCRIPTION OF PROPERTY**

TEXAS MUNICIPAL LEASE-PURCHASE AGREEMENT No.6878 (THE "AGREEMENT")  
BY AND BETWEEN

**Lessor**, Government Capital Corporation and **Lessee**, Jefferson County

Dated as of January 22, 2015

Election System Hardware/Software as follows:

QTY	UNIT	DESCRIPTION
<b>HARDWARE</b>		
64	Judge's Booth Controller (JBC)	Controller for eState polling place equipment
128	Paper roll	Paper roll used with JBC
64	JBC Storage and Transport Box	Reinforced, padded plastic box for storage and stacking
367	eState	Electronic voting unit
367	eState voting booth	Standard voting booth for standard eState voting unit
1	eScan	Precinct-based ballot scanning unit
2	Paper roll	Paper roll used with eScan
1	eScan Ballot Box	Ballot box (tub) for use with eScan
55	Disabled Access Unit (DAU)	Disabled access voting unit
55	eState accessible voting booth	Wheelchair-accessible voting booth for the DAU-equipped eState voting unit
55	Headphones	Headphones used with DAU voting unit
30	Mobile Ballot Box (MBB) /Audio Card	Spare flash memory card or audio card for use with Hart Voting equipment
120	Mobile Ballot Box (MBB) audio card	Flash memory card or audio cards
53	Casters for Caddy	Set of 4 wheels for storage caddy
53	Storage Caddy	Additional storage unit for HVS equipment
<b>SOFTWARE</b>		
1	BOSS software - First Seat	BOSS software license
1	Tally software - First Seat	Tally software license
1	Ballot Now software - First Seat	Ballot Now software license
1	SERVO software - First Seat	SERVO software license
<b>OTHER HARDWARE</b>		
1	Personal computer, Win7	PC workstation for BOSS
1	Personal computer, Win7	PC workstation for Tally
1	Personal computer, Win7	PC workstation for Ballot Now
1	Personal computer, Win7	PC workstation for SERVO
1	Personal computer, Win7	For use as a Tally backup
5	Mobile Ballot Box (MBB) / audio card	Flash memory card or audio cards included with computer equipment
5	ATA card reader/writer	Flash memory card reader/writer included with computer equipment
5	eState Cryptographic Module (eCM)	Electronic security token included with computer equipment
1	Quatech Card & Cable	Card & cable included with computer equipment
1	Crossover cable	Crossover cable included with SERVO
1	Scanner	Kodak i660 high-volume scanner

**PROPERTY LOCATION:**

Jefferson County Auditor's Office  
1149 Pearl Street  
Beaumont, TX 77701

**EXHIBIT B**

**>> SCHEDULE OF PAYMENTS & OPTION TO PURCHASE PRICE <<**

TEXAS MUNICIPAL LEASE PURCHASE AGREEMENT **No.6878** (THE "AGREEMENT")

BY AND BETWEEN

**Lessor:** Government Capital Corporation *and*

**Lessee:** Jefferson County

Schedule dated as of January 22, 2015

PMT NO.	PMT DATE MO DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE after pmt on this line
1	1/22/2016	\$369,835.22	\$46,440.28	\$323,394.94	N/A
2	1/22/2017	\$369,835.22	\$37,643.94	\$332,191.28	N/A
3	1/22/2018	\$369,835.22	\$28,608.34	\$341,226.88	\$717,531.73
4	1/22/2019	\$369,835.22	\$19,326.97	\$350,508.25	\$362,405.91
5	1/22/2020	\$369,835.22	\$9,793.17	\$360,042.05	\$1.00
Grand Totals		\$1,849,176.10	\$141,812.70	\$1,707,363.40	

Interest Rate: 2.72%

Accepted By Lessee: \_\_\_\_\_

Jeff Branick, County Judge

## INCUMBENCY, INSURANCE, AND ESSENTIAL USE CERTIFICATES

TEXAS MUNICIPAL LEASE-PURCHASE AGREEMENT No.6878 (THE "AGREEMENT")

BY AND BETWEEN

**Lessor**, Government Capital Corporation and **Lessee**, Jefferson County

Dated as of January 22, 2015

I, Carolyn Guidry, do hereby certify that I am the duly elected or appointed and acting County Clerk (Keeper of the Records), of Jefferson County, a political subdivision or agency duly organized and existing under the laws of the State of Texas, that I or my designee have custody of the records of such entity, and that, as of the date hereof, the individual(s) named below are the duly elected or appointed officer(s) of such entity holding the office(s) set forth opposite their respective name(s). I further certify that (i) the signature(s) set opposite their respective name(s) and title(s) are their true and authentic signature(s), and (ii) such officers have the authority on behalf of such entity to enter into that certain Texas Municipal Lease-Purchase Agreement dated as of January 22, 2015, between such entity and Government Capital Corporation.

Name	Title	Signature
Jeff Branick	County Judge	

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal of such entity hereto this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

By Lessee:

\_\_\_\_\_  
Carolyn Guidry, County Clerk

Lessee certifies that property and liability insurance, if applicable, have been secured in accordance with the Agreement and such coverage will be maintained in full force for the term of the Agreement. "Lessor or its Assigns" should be designated as loss payee until Lessee is notified, in writing, to substitute a new loss payee. **The following information is provided about insurance— (PLEASE FILL IN THE INFORMATION BELOW)**

INSURANCE COMPANY/AGENT'S NAME: \_\_\_\_\_

INSURANCE COMPANY ADDRESS: \_\_\_\_\_  
 \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

POLICY NUMBER: \_\_\_\_\_

I, Jeff Branick, County Judge, of Jefferson County ("Lessee"), hereby certify that the Equipment, to be leased to the undersigned under the certain Lease Agreement, dated as of January 22, 2015, between such entity and Government Capital Corporation ("Lessor"), will be used by the undersigned Lessee for the following purpose:

**(PLEASE FILL OUT PRIMARY USE BELOW)**

**PRIMARY USE** \_\_\_\_\_

The undersigned hereby represents that the use of the Equipment is essential to its proper, efficient and economic operation.

IN WITNESS WHEREOF, I have set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

By Lessee:

\_\_\_\_\_  
Jeff Branick, County Judge

For Lessee: Jefferson County



## CERTIFICATE OF ACCEPTANCE

TEXAS MUNICIPAL LEASE-PURCHASE AGREEMENT No.6878 (THE "AGREEMENT")

BY AND BETWEEN

**Lessor**, Government Capital Corporation and **Lessee**, Jefferson County

Dated as of January 22, 2015

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1. **ACCEPTANCE:** In accordance with the Agreement, Lessee hereby certifies that all of the Property described herein (i) has been received by Lessee, (ii) has been thoroughly examined and inspected to the complete satisfaction of Lessee, (iii) had been found by Lessee to be in good operating order, repair and condition, (iv) has been found to be of the size, design, quality, type and manufacture specified by Lessee, (v) has been found to be and is wholly suitable for Lessee's purposes, and (vi) is hereby unconditionally accepted by Lessee, in the condition received, for all purposes of this Agreement.

**By Lessee:**

\_\_\_\_\_ (\*)  
Jeff Branick, County Judge

**For Lessee:** Jefferson County

ACCEPTED on this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

(\*) ACCEPTANCE MUST BE SIGNED **ONLY** IF **NO** ESCROW AGREEMENT IS INCLUDED

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2. **PROPERTY:**

ELECTION SYSTEM HARDWARE/SOFTWARE, SEE ATTACHED EXHIBIT A.

3. **USE:** The primary use of the Property is as follows **(PLEASE FILL OUT PRIMARY USE BELOW)**

**PRIMARY USE--** \_\_\_\_\_

4. **PROPERTY LOCATION:**

Jefferson County Auditor's Office  
1149 Pearl Street  
Beaumont, TX 77701

5. **INVOICING:** Invoices shall be sent to the following address, including to whose attention invoices should be directed:

Jefferson County  
Attn.: Patrick Swain, County Auditor  
1149 Pearl Street  
Beaumont, TX 77701

6. **INSURANCE:** Lessee certifies that property and liability insurance have been secured in accordance with the Agreement and such coverage will be maintained in force for the term of the Agreement. Lessor will be designated as loss payee until Lessee is notified, in writing, to substitute a new loss payee. **(PLEASE CONFIRM INSURANCE TYPE BELOW)**

\_\_\_\_\_ Company Insured                      \_\_\_\_\_ Election to self-insure in accordance with Section 10 of the Agreement.

7. **MAINTENANCE:** In accordance with Section 6 of the Agreement, Lessee agrees to, at its own expense, service, repair and maintain the Property for the term of the Agreement as follows: **(PLEASE CONFIRM MAINTENANCE TYPE BELOW)**

\_\_\_\_\_ Maintenance Contract                      \_\_\_\_\_ Election to self-maintain

# TAX AND ARBITRAGE CERTIFICATE

LEASE AGREEMENT NO.6878 (THE "AGREEMENT")  
BY AND BETWEEN

Lessor, Government Capital Corporation and Lessee, Jefferson County  
Dated as of January 22, 2015

This **Tax and Arbitrage Certificate** is executed on this \_\_\_\_ day of \_\_\_\_\_, 2015 by the undersigned ("Lessee") and pertains to that equipment lease or financing agreement dated January 22, 2015, as is more fully described above (the "Lease"). This Certificate is being issued pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulation, Sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(d), 1.149(g)-1, 1.150-1 and 1.150-2 (the "Regulations"). Lessee hereby agrees that: (a) proceeds derived from the issuance of the Lease shall only be used to acquire equipment that has a governmental purpose and will not be used to acquire equipment that will benefit any private business activity; (b) proceeds derived from the issuance of the Lease shall never be invested in instruments yielding an interest rate return in excess of the rate of interest set forth in the Lease; (c) proceeds derived from the issuance of the Lease shall be fully and completely expended for their anticipated purpose within at least one year from the date of the Lease; (d) proceeds derived from the issuance of the Lease shall not be used to finance any acquisition other than the purchase of that equipment identified in the Lease along with related costs and costs of issuance; (e) the repayment of the Lease is not guaranteed directly or indirectly by the federal government; (f) Lessee shall execute a Form 8038-G and allow for such to be filed of record with the Internal Revenue Service; (g) the Lease is in registered form and that the Lessee shall maintain a record regarding the ownership of the Lease and the payment of all sums payable under the Lease; (h) the proceeds derived from the issuance of the Lease are not in excess of the sum required in order to acquire the property that is the subject of the Lease and to fund the costs associated with the issuance of the Lease; (i) Lessee does not currently contemplate the sale or disposition of the equipment that is the subject of the Lease prior to the expiration of the Lease's payment terms; and (j) the Lessee shall otherwise abide by all applicable rules and regulations related to the issuance of the Lease.

To the best of the knowledge and belief of the undersigned, the expectations as set forth above, are reasonable; and there are no present facts, estimates, and circumstances which would change the foregoing expectations. Lessee has not been notified of the listing, or proposed listing of it, by the Internal Revenue Service as an Issuer whose arbitrage certificates may not be relied upon.

Executed on the date first referenced above.

Lessee: Jefferson County

\_\_\_\_\_  
Jeff Branick, County Judge  
1149 Pearl Street  
Beaumont, TX 77701

***[to be retyped on letterhead of lessee's counsel]***

Government Capital Corporation  
Attention: Documentation Department  
345 Miron Drive  
Southlake, TX 76092

RE: Texas Municipal Lease-Purchase Agreement No.6878 (the "Agreement")

Dear Lessor,

I have acted as Counsel to Jefferson County with respect to that certain Texas Municipal Lease-Purchase Agreement No.6878, by and between Government Capital Corporation as Lessor and Jefferson County as Lessee. I have reviewed the Agreement and such other documents, records and certificates of Lessee and appropriate public officials as I have deemed relevant and am of the opinion that:

1. The Lessee is a political subdivision or agency of the State of Texas with the requisite power and authority to incur obligations, the interest on which is exempt from taxation by virtue of Section 103(a) of the Internal Revenue Code of 1986;
2. The execution, delivery and performance by the Lessee of the Agreement have been duly authorized by all necessary action on the part of the Lessee; and
3. The Agreement constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms.
4. The above opinions may be relied upon by the Lessee, Lessor, or its Assigns.

Sincerely,

Attorney at Law

**RESOLUTION # \_\_\_\_\_**

A RESOLUTION REGARDING A LEASE PURCHASE AGREEMENT FOR THE PURPOSE OF FINANCING AN  
***"ELECTION SYSTEM HARDWARE/SOFTWARE"***.

WHEREAS, the Jefferson County desires to enter into that certain Lease-Purchase Agreement No.6878, by and between Jefferson County and Government Capital Corporation, for the purpose of financing an ***"Election System Hardware/Software"***. The Jefferson County desires to designate this Agreement as a "qualified tax exempt obligation" of the Jefferson County for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended. The Jefferson County desires to designate Jeff Branick, County Judge, as an authorized signer of the Agreement.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE JEFFERSON COUNTY:

Section 1. That the Jefferson County enters into a Lease Purchase Agreement with Government Capital Corporation for the purpose of financing an ***"Election System Hardware/Software"***.

Section 2. That the Lease Purchase Agreement dated as of January 22, 2015, by and between the Jefferson County and Government Capital Corporation is designated by the Jefferson County as a "qualified tax exempt obligation" for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

Section 3. That the Jefferson County designates Jeff Branick, County Judge, as an authorized signer of the Lease Purchase Agreement No. 6878 by and between the Jefferson County and Government Capital Corporation.

PASSED AND APPROVED by the Board of the Jefferson County in a meeting held on the \_\_\_\_\_day of \_\_\_\_\_, 2015.

**Lessee:** Jefferson County

Witness Signature

\_\_\_\_\_  
Jeff Branick, County Judge

\_\_\_\_\_  
Carolyn Guidry, County Clerk

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
► See separate instructions.  
**Caution:** If the issue price is under \$100,000, use Form 8038-GC.

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <u>Jefferson County</u>		2 Issuer's employer identification number (EIN) <u>74-6000291</u>	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) <u>Patrick Swain, County Auditor</u>		3b Telephone number of other person shown on 3a <u>409-835-8500</u>	
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite <u>1149 Pearl Street</u>		5 Report number (For IRS Use Only) <u>3</u>	
6 City, town, or post office, state, and ZIP code <u>Beaumont, TX 77701</u>		7 Date of issue	
8 Name of issue <u>Agreement No.6878</u>		9 CUSIP number <u>None</u>	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) <u>Jeff Branick, County Judge</u>		10b Telephone number of officer or other employee shown on 10a <u>409-835-8500</u>	

<b>Part II Type of Issue (enter the issue price).</b> See the instructions and attach schedule.			
11 Education . . . . .		11	
12 Health and hospital . . . . .		12	
13 Transportation . . . . .		13	
14 Public safety . . . . .		14	
15 Environment (including sewage bonds) . . . . .		15	
16 Housing . . . . .		16	
17 Utilities . . . . .		17	
18 Other. Describe ► <u>Election System Hardware/Software</u>		18	\$1,707,363 40
19 If obligations are TANs or RANs, check only box 19a . . . . .	► <input type="checkbox"/>		
If obligations are BANs, check only box 19b . . . . .	► <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box . . . . .	► <input checked="" type="checkbox"/>		

<b>Part III Description of Obligations.</b> Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<u>01-22-2020</u>	<u>\$ 1,707,363.40</u>	<u>\$ N/A</u>	<u>5</u> years	<u>2.72</u> %

<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>					
22	Proceeds used for accrued interest . . . . .		22		N/A
23	Issue price of entire issue (enter amount from line 21, column (b)) . . . . .		23		N/A
24	Proceeds used for bond issuance costs (including underwriters' discount) . . . . .		24	N/A	
25	Proceeds used for credit enhancement . . . . .		25	N/A	
26	Proceeds allocated to reasonably required reserve or replacement fund . . . . .		26	N/A	
27	Proceeds used to currently refund prior issues . . . . .		27	N/A	
28	Proceeds used to advance refund prior issues . . . . .		28	N/A	
29	Total (add lines 24 through 28) . . . . .		29		N/A
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) . . . . .		30		N/A

<b>Part V Description of Refunded Bonds.</b> Complete this part only for refunding bonds.		
31	Enter the remaining weighted average maturity of the bonds to be currently refunded . . . . .	<u>N/A</u> years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded . . . . .	<u>N/A</u> years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) . . . . .	<u>N/A</u>
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	

**Part VI Miscellaneous**

- |            |  |  |
|------------|--|--|
| <b>35</b>  |  |  |
| <b>36a</b> |  |  |
| <b>37</b>  |  |  |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . .
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . .
- b** Enter the final maturity date of the GIC ▶ \_\_\_\_\_
- c** Enter the name of the GIC provider ▶ \_\_\_\_\_
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . .
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶  and enter the following information:
- b** Enter the date of the master pool obligation ▶ \_\_\_\_\_
- c** Enter the EIN of the issuer of the master pool obligation ▶ \_\_\_\_\_
- d** Enter the name of the issuer of the master pool obligation ▶ \_\_\_\_\_
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . . ▶
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . . ▶
- 41a** If the issuer has identified a hedge, check here ▶  and enter the following information:
- b** Name of hedge provider ▶ \_\_\_\_\_
- c** Type of hedge ▶ \_\_\_\_\_
- d** Term of hedge ▶ \_\_\_\_\_
- 42** If the issuer has superintegrated the hedge, check box . . . . . ▶
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . . ▶
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . . ▶
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ▶  and enter the amount of reimbursement . . . . . ▶ \_\_\_\_\_
- b** Enter the date the official intent was adopted ▶ \_\_\_\_\_

**Signature and Consent**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ \_\_\_\_\_ ▶ Jeff Branick, County Judge  
 Signature of issuer's authorized representative Date Type or print name and title

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	