

EQUIPMENT LEASE - PURCHASE AGREEMENT

LESSOR:

BANCORPSOUTH EQUIPMENT FINANCE,
a division of BancorpSouth Bank
P. O. Box 15097
12 Thompson Park
Hattiesburg, MS 39404-5097

601-544-3252

LESSEE:

City of Killeen, Texas
P.O. Box 1329
Killeen, TX 76540-1329

Randy Jimenez
(254) 501-7729

INSTRUCTIONS FOR EXECUTING DOCUMENTS

<u>Document</u>	<u>Instructions</u>
Contract	Sign & Date Last Page of Contract
Special Stipulations <u>Exhibit A</u>	Sign & Date
Legal Counsel's Opinion <u>Exhibit B</u>	Should be typed on counsel's letterhead
Delivery Order <u>Exhibit C</u>	1st line - Date 2nd line - Date of Contract A. - Due Date will be set when the contract is closed C. - Fiscal period Page 2 - Sign & Date
Equipment Acceptance Notice <u>Exhibit D</u>	4th line - Delivery Order Date 7th line - Date this acceptance signed Sign & Date
Resolution	Section 1. - Name of person authorized to sign contract Section 7. - The amount of tax-exempt obligations (including this contract) made during this calendar year (since January 1)
Tax Exempt Certificate	1st line - Name of person completing form 2nd line - Date of contract No. 7 - Date of Resolution No. 8 - (See Resolution Section 7 above) Page 2 - Sign & Date
IRS Form 8038-G (or 8038-GC)	No. 2 - Your Fed. I.D. No. Sign & Date
Essential Use Letter	Type on your letterhead. State the use and purpose of the equipment
Invoice	<input type="checkbox"/> Advance rental <input checked="" type="checkbox"/> Payments in arrears

PLEASE RETURN ALL EXECUTED DOCUMENTS TO:

Regular Mail

Municipal Specialist
BancorpSouth Equipment Finance
PO Box 15097
Hattiesburg, MS 39404-0597

Overnight Mail

Municipal Specialist
BancorpSouth Equipment Finance
12 Thompson Park
Hattiesburg, MS 39401

TERMS AND CONDITIONS OF AGREEMENT

1. Agreement. (a) Lessee requests BancorpSouth Equipment Finance, a division of BancorpSouth Bank ("Lessor") to acquire the personal property (herein called "Equipment") described in the attached Delivery Order (s). Lessee agrees to lease with an option to purchase the Equipment from Lessor and Lessor agrees to lease the Equipment to Lessee upon receipt of a duly authorized written acceptance hereof, signed by an authorized officer of Lessor at its principal office, upon the terms and conditions of this Agreement (the "Agreement"). Lessee represents, covenants and warrants, and as requested by Lessor will deliver an opinion of counsel substantially in the form attached as Exhibit B, to the effect, (i) that it is a fully constituted political subdivision or agency of the State of Texas (the "State") and is authorized by the Constitution and laws of the State and its own internal or administrative procedure to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder, and (ii) that this Agreement has been duly authorized, executed and delivered by Lessee and constitutes a legal, valid and binding agreement enforceable in accordance with its terms. Lessee agrees that it will do or cause to be done all things necessary to preserve and keep this Agreement in full force and effect. Lessee further represents, covenants and warrants that Lessee has complied with all bidding requirements where necessary and by due notification presented this Agreement for approval and adoption as a valid obligation on its part and that Lessee has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal year.

(b) Lessee acknowledges that Lessor has agreed to enter into this Agreement on the condition that the interest portions of the Payments as defined in Section 5 hereof shall be deductible from gross income pursuant to sections 103 and 265(b) of the Internal Revenue Code of 1986 and the Regulations thereunder (the "Code") is available. Said exception is subject to certain conditions relating to Lessee's use of the Equipment and to Lessee's issuance of tax-exempt obligations. In that regard, Lessee represents, covenants and warrants that :

(i) The Equipment will not be used, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, except for such use as a member of the general public;

(ii) No portion of the Payments as defined in Section 5 hereof: (A) will be secured, directly or indirectly, by property used or to be used in a trade or business carried on by a person other than a governmental unit, except for such use as a member of the general public, or by payments in respect of such property; or (B) will be derived from payments, whether or not to Lessee, in respect of property or borrowed money used or to be used for a trade or business carried on by any person other than a governmental unit;

(iii) No portion of the gross proceeds of this Agreement will be used (directly or indirectly) to make or finance loans to persons other than governmental units;

(iv) This Agreement and the Delivery Order(s) attached hereto have been designated as a qualified tax-exempt obligation for the purposes of section 265 (b) of the Code; and

(v) Lessee reasonably anticipates that the amount of qualified tax-exempt obligations to be issued by Lessee (together with qualified tax-exempt obligations issued by an entity deriving its issuing authority from Lessee or by an entity subject to substantial control by Lessee) during the current calendar year shall not exceed \$10,000,000.

(c) Lessee acknowledges and agrees that the Payments have been calculated by Lessor assuming that the interest portion of each Payment is exempt from federal income taxation. Lessee represents, covenants and warrants that it will do or refrain from doing all things necessary or appropriate to insure that the interest portions of the Payments are exempt from federal income taxation, including, but not limited to, executing and filing all information statements required by Section 149(e) of the Code and timely paying, to the extent of available funds, amounts required to be rebated to the United States pursuant to Section 148(f) of the Code.

(d) Lessee acknowledges that the representations, covenants and warranties set forth in sub-sections (b) and (c) of this Section 1 shall survive the expiration of this Agreement and that Lessor may pursue any applicable remedies for the breach of such representations, covenants and warranties at any time.

2. Equipment Delivery and Acceptance. At the request of Lessee, Lessor agrees to order the Equipment which Lessee has described in the Delivery Order (s) from the supplier of such Equipment but shall not be liable for specific performance of this order. Lessee shall accept such Equipment when and if delivered and placed in good repair and working order and hereby authorizes Lessor to add to this Agreement the serial number of each item of Equipment so delivered. Any delay in such delivery shall not affect the validity of this Agreement. Lessee shall have thirty (30) days from the date of delivery to accept such Equipment and deliver an executed Equipment Acceptance Notice in the form attached hereto as Exhibit D. Notice of any defects must be given to Lessor within thirty (30) days of delivery. In the event the Equipment is not accepted by Lessee within thirty (30) days from the date of delivery and such acceptance is unreasonably withheld by Lessee, Lessor, at Lessor's option, shall have the right to cancel this Agreement.

3. Warranties. Lessor hereby assigns to Lessee for and during the term of this Agreement all manufacturer warranties and guarantees express or implied, issued on or applicable to the Equipment, and Lessor authorizes Lessee to obtain at Lessee's expense the customary services furnished in connection with such warranties and guarantees. LESSOR IS NOT A MANUFACTURER OR SUPPLIER OF THE EQUIPMENT, AND MAKES NO WARRANTIES WITH RESPECT TO THE EQUIPMENT, EITHER EXPRESS OR IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. Lessor authorizes Lessee to enforce in its own name and warranty, representation or other claim enforceable against the manufacturer. Lessor assumes no responsibility for shipment, delivery, installation or maintenance, and all claims of Lessee with respect thereto, whether for delay, damage or otherwise, shall be made against supplier. Lessor, at its option, may provide in its purchase order that supplier agrees that any of such claims may be made by Lessee directly against suppliers. The obligation of Lessee to pay the Payments as defined in Section 5 hereof, shall not be abated, impaired or reduced by reason of any claims of

Lessee with respect to Equipment condition, quality, workmanship, delivery, shipment, installation, defects or otherwise.

4. Agreement Term. This Agreement shall become effective upon the execution hereof by Lessor. The term of this Agreement shall commence on the date the Equipment is accepted pursuant to Section 2 hereof, and shall end at the expiration of the number of periods indicated in Schedule A of the Delivery Order (s) (hereinafter the "Agreement Term"). This Agreement shall be automatically renewed on a year-to-year basis except as provided for in Section 5 and Section 14 hereof.

5. Payments. (a) Lessee agrees to pay to Lessor or its assignee total Payments ("Payments") set forth in Section A of the Delivery Order (s), including the interest portions thereof, equal to the amount specified therein. Said Payments shall be payable without notice or demand at the office of Lessor (or such other place as Lessor may from time to time designate in writing). Any notice, invoicing, purchase orders, quotations or other forms or procedures required by Lessee of Lessor as a condition precedent to payment shall be fully explained and provided to Lessor prior to execution of this Agreement. Except as specifically provided in subsection (c) of this Section 5, Payments shall be absolute and unconditional in all events and shall not be subject to any set-off, defense or counterclaim.

(b) Lessee reasonably believes that funds can be obtained sufficient to make all Payments during this Agreement Term. It is Lessee's present intent to make Payments for the full Agreement Term if funds are legally available therefor, and in that regard Lessee represents that the use of the Equipment is essential to its proper efficient and economic operation.

(c) In the event no funds or insufficient funds are appropriated for Payments and other sums due in any fiscal year under this Agreement, Lessee shall immediately notify Lessor or its assignee of such occurrence, and this Agreement shall create no further obligation of Lessee as to such fiscal year and shall be null and void, except as to funds which have been previously appropriated. In such event, this Agreement shall terminate without penalty to Lessee on the last day of the fiscal year for which funds were appropriated. Subsequent to such termination of this Agreement, Lessee shall have no continuing obligation to make Payments under this Agreement. In the event of such termination, Lessee agrees to peaceably surrender possession of the Equipment to Lessor or its assignee on the date of such termination, packed for shipment in accordance with manufacturer specifications and freight prepaid and insured to any location in the continental United States designated by Lessor. Lessor shall have all legal and equitable rights and remedies to take possession of the Equipment.

6. Location. The Equipment shall be delivered and thereafter based at the location specified in the Delivery Order (s) and shall not be removed therefrom without Lessor's prior written consent.

7. Use; Repairs. Lessee shall use the Equipment in a careful manner and shall comply with all laws, ordinances and regulations relating to, and shall pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance. Lessee, at its expense, shall

keep the Equipment in good repair and furnish all parts, mechanisms and devices required therefor.

8. Alterations. Lessee shall not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent unless such alterations, additions or improvements may be removed without damage to the Equipment.

9. Loss and Damage. Lessee shall bear the entire risk of loss or damage to all Equipment from any cause whatsoever, and no such loss or damage of the Equipment nor defect therein or unfitness or obsolescence thereof shall relieve Lessee of the obligation to make Payments or any other obligation under this Agreement. In the event of damage to any item of Equipment, Lessee shall immediately place the same in good repair. If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee at the option of Lessee shall:

(a) Replace the same at Lessee's expense with like equipment in good repair; or

(b) Pay Lessor in cash all of the following: (i) all amounts then owed by Lessee to Lessor under the applicable Delivery Order, and (ii) an amount equal to the Concluding Payment set forth in Schedule A to such Delivery Order. Upon Lessor's receipt of such payment, Lessee shall be entitled to whatever interest Lessor may have in said item, in its then condition and location, without warranty expressed or implied.

10. Insurance. Lessee shall, during the Agreement Term, purchase and maintain insurance, or with Lessor's prior written consent may self-insure, covering specifically all Equipment of every description under this Agreement against casualty occurrences, including the perils of FIRE, LIGHTNING, WINDSTORM, HAIL, EXPLOSION, AIRCRAFT, VEHICLES, SMOKE, RIOT, CIVIL COMMOTION, STRIKERS, LOCKED OUT WORKMEN OR THEFT, BURGLARY AND WATER DAMAGE, in an amount equal to the cost of replacement of all Equipment and with a company approved by Lessor and shall carry public liability and property damage insurance sufficient to protect Lessor from liability in all events. The proceeds under this insurance shall be payable to Lessee and to Lessor or its assignee as additional insured as their interest may appear under the terms and conditions of this Agreement. Such proceeds shall be available to Lessee for the satisfaction of Lessee's obligations under Section 9 hereof. Upon acceptance of the Equipment and upon each insurance renewal date, Lessee shall deliver to Lessor or its assignee a duly authenticated certificate evidencing such insurance. In the event of any loss, damage, injury or accident involving the Equipment, Lessee shall promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto.

11. Liens and Taxes. Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances. Lessee shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment, excluding, however, all taxes on or measured by Lessor's income. If Lessee fails to pay said charges and taxes when due, Lessor shall have the right, but

shall not be obligated, to pay said charges and taxes; in such event, Lessee shall pay Lessor the amount thereof upon demand.

12. Indemnity. To the extent permitted by the laws of the State, Lessee shall indemnify Lessor against and hold Lessor harmless from any and all claims, actions, proceedings, expenses, damages or liabilities, arising in connection with the Equipment, including, without limitation, its manufacture, selection, purchase, delivery, possession, use, operation or return and the recovery of claims under insurance policies thereon.

13. Assignment. (a) Without Lessor's prior consent, Lessee shall not either (i) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Agreement or the Equipment or any interest in this Agreement or said Equipment, or (ii) lease or lend the Equipment or permit it to be used by anyone other than Lessee or Lessee's employees. Without the consent of Lessee, Lessor may assign, in whole but not in part, its rights, title and interest in and to this Agreement, and all attachments hereto including Delivery Order(s), to an assignee/investor or such assignee's/investor's agents or trustees and grant or assign a security interest in this Agreement or the Equipment, and its assignee may reassign this Agreement in whole but not in part. Each such assignee shall have all of the rights of Lessor under this Agreement. Lessee shall recognize and acknowledge each such assignment and/or security interest. Subject to the foregoing, this Agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assignees of the parties hereto.

(b) This Agreement and any interest herein may be transferred only through a book entry system as prescribed by Section 149(a) of the Code, as the same may be amended from time to time. During the term of this Agreement, Lessee shall keep a complete and accurate record of all assignments and other transfers in form and substance necessary to comply with Section 149(a) of the Code. Upon assignment of Lessor's interest herein, Lessor will cause written notice of such assignment to be sent to Lessee and, upon receipt of such notice of assignment, Lessee shall: (i) acknowledge the same in writing to Lessor; and (ii) record the assignment in Lessee's "book entry system" as that term is defined in Section 149(a) of the Code. No further action will be required by Lessor or by Lessee to evidence the assignment.

14. Prepayment. At the written request of Lessee, delivered thirty (30) days prior to a Date of Payment as shown on Schedule A to a Delivery Order, and if Lessee is not on such Date of Payment in default pursuant to any provision of this Agreement, Lessor shall convey all of Lessor's right, title and interest in and to the Equipment described in that Delivery Order to Lessee upon payment by Lessee of the applicable Concluding Payment and the Base Payment due on such Date of Payment. Upon satisfaction by Lessee of such purchase conditions, Lessor shall deliver to Lessee a full release of any right, title or interest of Lessor in and to such Equipment.

15. Taxes and Title to Equipment. In addition to other payments to be made pursuant to this Agreement, Lessee shall indemnify and hold Lessor harmless, to the extent permitted by the laws of the State from and against, and shall pay Lessor, as additional payment, on demand, an amount equal to, all license, assessments, sales, use, real or personal property, gross receipts or other assessments, taxes, levies, imposts, duties and charges, if any, together with

any penalties, fines or interest thereon imposed against or on Lessor, Lessee or the Equipment by any governmental authority upon or with respect to the Equipment or the purchase, ownership, possession, operation, return or sale of, or receipt of payments for, the Equipment, 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 Equipment or any interest therein.

This Agreement is intended for security. For purposes of laws governing taxation and conditional sales, title to the Equipment shall be deemed to be transferred hereby to Lessee, subject to immediate and automatic reversion to Lessor upon any default by Lessee or upon failure to appropriate sufficient funds in order to make payments required hereunder, unless Lessor otherwise elects in writing.

16. Personal Property. The Equipment is, and shall at all times during this Agreement Term be and remain, personal property.

17. Security Interest. To secure all of its obligations hereunder Lessee grants to Lessor a first and prior security interest in any and all right and interest of Lessee in the Equipment, this Agreement and payments due under this Agreement, agrees that this Agreement may be filed as a financing statement evidencing such security interest, and agrees to execute and deliver all financing statements and other instruments necessary or appropriate to evidence such security interest. Lessee further agrees that the Uniform Commercial Code of the State shall apply as between the parties hereto and assignees of Lessor.

18. Events of Default. Lessee shall be in default under this Agreement upon the occurrence of any of the following events:

(a) Nonpayment when due or within 6 days thereafter of any Payment of rent or other sum owing hereunder;

(b) Breach of any other covenant or agreement in this Agreement and the continuance of such breach for a period of 10 consecutive days following Lessee's receipt of written notice thereof from Lessor;

(c) If any representation or warranty made by Lessee or by any agent or representative of Lessee herein or in any document or certificate furnished Lessor in connection herewith or pursuant hereto proves to be incorrect at any time in any material respect;

(d) If Lessee shall dissolve or become insolvent or bankrupt, commit any act of bankruptcy, make any assignment for the benefit of or enter into an arrangement or composition with creditors, suspend or terminate the transaction of its usual business or consent to the appointment of a trustee or receiver or if a trustee or receiver shall be appointed for Lessee or for a substantial part of its property, or if bankruptcy, reorganization arrangements or similar proceedings shall be instituted by or against Lessee;

(e) If any order, judgment or decree shall be entered against Lessee by a court of competent jurisdiction and such order, judgment or decree shall continue unpaid or unsatisfied for any period in excess of 60 consecutive days without a stay of execution, or if a writ or order of attachment, execution or other legal process shall be issued in connection with any action or proceeding against Lessee or its property whereby any of the Equipment or any substantial part of Lessee's property may be taken or restrained;

(f) If Lessee shall default in the performance of any obligation or in payment of any sum due to Lessor under any other lease, contract, agreement, arrangement or understanding;

(g) If any indebtedness of Lessee for borrowed money shall become due and payable by acceleration of the maturity date thereof; or

(h) If Lessor, in the exercise of reasonable judgment, shall determine that Lessee is generally not paying its debts as such debts become due. In addition, Lessee shall give Lessor 5 days written notice prior to the filing of any voluntary petition of bankruptcy, written notice upon commencement of an involuntary bankruptcy proceeding, or written notice prior to taking any action with respect to all or any items of the Equipment in bankruptcy proceedings, and shall include in said written notice the venue of the anticipated proceedings and a copy of any relevant pleadings with respect thereto. Failure to give said written notice within the time as specified shall constitute an event of default hereunder and shall cause an immediate termination of this Agreement as to all items of Equipment. Said default and termination, however, shall not constitute an election of remedies, and Lessor shall retain its rights to such other remedies as may be set forth in this Agreement.

19. Remedies of Default. Upon the occurrence of any event of default and at any time thereafter, Lessor, acting alone and/or through its agents, may, without any further notice, exercise one or more of the following remedies as Lessor in its sole discretion shall elect:

(a) Terminate this Agreement as to any or all items of Equipment;

(b) Without notice, demand, liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where the leased Equipment may be, or is believed to be by Lessor, and repossess all or any item thereof, disconnecting and separating all or so much thereof as may be required to disconnect or separate same from any other property, Lessee hereby expressly waiving all further rights to possession of the Equipment and all claims for injuries suffered through or loss caused by such repossession;

(c) Cause Lessee, at Lessee's expense, promptly to return the Equipment to Lessor, at such place as Lessor may designate, in the condition set forth above;

(d) Use, hold, sell, lease or otherwise dispose of the Equipment or any item thereof on the premises of Lessee or at any other location without affecting the obligations of Lessee as provided in this Agreement;

(e) Sell or lease the Equipment or any part thereof, at public auction or by private sale or lease at such time or times and upon such terms as Lessor may determine, free and clear of any rights of Lessee, and, if notice thereof is required by law, any notice in writing of any such sale or lease by Lessor to Lessee not less than 10 days prior to the date thereof shall constitute reasonable notice thereof;

(f) Proceed by appropriate action either at law or in equity to enforce performance by Lessee of the applicable covenants of this Agreement or to recover damages for the breach thereof; or

(g) Exercise any and all rights accruing to Lessor under any applicable law upon a default by Lessee. In addition, Lessor shall be entitled to recover immediately as liquidated damages for the loss of a bargain and not as a penalty, a sum equal to the aggregate of the following:

(i) All unpaid Payments or other sums which are due and payable up to the date the Equipment is returned to or repossessed by Lessor; and

(ii) Any expense paid or incurred by Lessor in connection with the repossession, holding, repair and subsequent sale, lease or other disposition of the Equipment, including attorney's fees and legal expenses.

None of the remedies of Lessor under this Agreement are intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor at law or in equity. Lessee agrees to pay Lessor all attorneys' fees and all costs and expenses incurred by Lessor in connection with the enforcement of the terms of this Agreement or any right or remedy hereunder. Any repossession or subsequent sale or lease by the Lessor of any item of Equipment shall not bar any action for a deficiency as herein provided and the bringing of an action or the entry of a judgment against Lessee shall not bar Lessor's right to repossess any or all items of Equipment. Lessee waives any and all rights to notice and to a judicial hearing with respect to the repossession of the Equipment by Lessor in the event of a default hereunder by Lessee.

20. Amendments and Addendums. This Agreement may be amended or any of its terms modified only by written consent of Lessee and of Lessor or its assignee.

In the event Lessee desires to buy other equipment, the parties may execute an addendum to this Agreement with respect to such other equipment by (i) executing a delivery order for such equipment; (ii) executing an acceptance certificate of the equipment; and (iii) obtaining new opinions and other supporting documentation as required or permitted by this Agreement. For purposes of construing subsequent transactions concerning other equipment as an integrated contract, the following shall be considered a single transaction or legal and binding agreement:

- (a) This Agreement, which provides basic terms and conditions;
- (b) An executed delivery order and acceptance certificate; and
- (c) Schedules, exhibits, and other attachments to such documents that pertain to the equipment described in the delivery order, and supporting documentation such as, e.g., opinions of counsel and insurance certificates.

21. Notices. All notices to be given under this Agreement shall be made in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five (5) days subsequent to mailing.

22. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provisions of this Agreement.

23. Governing Law. This Agreement shall be governed by the provisions hereof and by the laws of the State.

24. Delivery of Related Documents. Lessee will execute, or provide as required by Lessor, the following documents and information in form and substance satisfactory to Lessor:

- (a) Equipment Acceptance Notice;
- (b) Legal opinion of counsel as described in Section 1 above;
- (c) Statement of Lessee describing the essential functions and uses of the Equipment;
- (d) Documents evidencing title and delivery;
- (e) Maintenance contract regarding Equipment;
- (f) Uniform Commercial Code Financing Statements;
- (g) Certificates of liability and casualty insurance naming Lessor and its assigns as additional insureds;
- (h) Invoicing instructions; and

(i) Other documents as reasonably requested by Lessor.

25. Entire Agreement; Waiver. This Agreement, together with the Delivery Order (s) and other attachments hereto, and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the Equipment. Any provisions of this Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Agreement. The waiver by Lessor of any breach by Lessee of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach thereof.

26. Special Stipulations. Any amendment to standard language will be set forth in Exhibit A attached hereto ("Special Stipulations").

LESSOR:

BancorpSouth Equipment Finance,
a division of BancorpSouth Bank
P.O. Box 15097
12 Thompson Park
Hattiesburg, MS 39404-5097

By: _____

Title: _____

Date: _____

LESSEE:

City of Killeen, Texas
P.O. Box 1329
Killeen, TX76540-1329

By: _____

Title: _____

Date: _____

SPECIAL STIPULATIONS

LESSOR: BancorpSouth Equipment Finance,
a division of BancorpSouth Bank
P.O. Box 15097
12 Thompson Park
Hattiesburg, MS 39404-5097

By: _____

Title: _____

Date: _____

LESSEE: City of Killeen, Texas
P.O. Box 1329
Killeen, TX 76540-1329

By: _____

Title: _____

Date: _____

Under this Equipment Lease Purchase Agreement, Section 1(b), first paragraph only and Section 1(b) (iv) and (v), Section 1 (c) and the reference to 1(c) in 1(d) do not apply. This applies to Delivery Order No. 1 of this Equipment Lease Purchase Agreement. Previous and future delivery orders under this agreement may be bank qualified and all sections of the Equipment Lease Purchase Agreement shall apply if qualifications are met

EXHIBIT A

 THIS IS THE FORM TO BE USED FOR A LEGAL OPINION OF THE LESSEE'S LEGAL COUNSEL. IT SHOULD BE TYPED ON THE COUNSEL'S LETTERHEAD: 

BancorpSouth Equipment Finance,
a division of BancorpSouth Bank
P. O. Box 15097
Hattiesburg, MS 39404-5097

Re: Equipment Lease - Purchase Agreement dated _____ and
Delivery Order No. 01 thereto, dated _____, by and between BancorpSouth
Equipment Finance, a division of BancorpSouth Bank, as Lessor, and City of Killeen, Texas, as
Lessee.

Ladies and Gentlemen:

I am the attorney for City of Killeen, Texas (the "Lessee") and pursuant to the above-referenced transaction, I am familiar with the above-referenced Equipment Lease - Purchase Agreement (the "Agreement").

Based on the examination of the Agreement and such other documents, records and papers as I deemed to be relevant and necessary as the basis for my opinion set forth below, it is my opinion that:

1. Either the Lessee is a state, territory, a possession of the United States, the District of Columbia, or a political subdivision thereof (as such terms are defined in section 103 of the Internal Revenue Code and the Regulations thereunder) or the Lessee is a constituted authority (as such term is defined in section 103 of the Internal Revenue Code and the Regulations thereunder) empowered to issue obligations on behalf of one of the foregoing entities, and the Lessee is authorized by the Constitution and laws of the State of Texas to enter into the transactions contemplated by the Agreement and to carry out its obligations thereunder.

2. The Agreement has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal and binding obligation of the Lessee enforceable in accordance with its terms.

3. No further approval, consent or withholding of objections is required from any federal, state or local government authority with respect to the entering into or performance by the Lessee of the Agreement and the transactions contemplated thereby.

EXHIBIT B

4. The entering into and performance of the Agreement and other related documents will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of the Lessee or the leased equipment pursuant to, any indenture, mortgage, deed of trust, bank loan, credit agreement or other instrument to which the Lessee is a party or by which it or its assets may be bound.

5. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee in any court or before any governmental commission, board or authority which if adversely determined, will have a material adverse effect on the ability of the Lessee to perform its obligations under the Agreement.

6. The equipment subject to the Agreement is personal property and, when subjected to use by the Lessee, will not be or become fixtures under the laws of the State of Texas.

7. All required public bidding procedures regarding the award of the Agreement have been followed by the Lessee.

Sincerely,

DELIVERY ORDER NO: 01

10896 70872-001

Dated as of: _____

To Agreement No: 10896

THIS DELIVERY ORDER is issued pursuant to an Equipment Lease - Purchase Agreement dated as of _____ (the "Agreement"), between the parties to the Agreement to authorize installation of the Equipment listed herein. All terms used herein have the meanings ascribed to them in the Agreement.

A. PAYMENTS, TERM, TRANSPORTATION AND DELIVERY COSTS.

The Payments required under the Agreement for the Equipment designated on this Delivery Order are "See Schedule A". A portion of each Payment is paid as and represents payment of interest as set forth in Schedule A hereto. Payments shall be due as follows: "See Schedule A". Lessee shall pay transportation and/or delivery costs, if any, as set forth in Schedule B hereto.

B. LATE PAYMENTS.

There will be a charge of N/A per month based on the amount of any Payments which remain unpaid for ten (10) days after the due date.

C. FISCAL YEAR.

Lessee's fiscal year period is from _____ to _____.

D. CONCLUDING PAYMENT.

Lessee shall have the option to purchase the Equipment described herein in accordance with Section 14 of the Agreement upon payment of the Concluding Payment Amount set forth in Schedule A hereto plus the payment then due.

E. EQUIPMENT DESCRIPTION.

The Equipment as defined in the Agreement includes the following: See Schedule A-1 attached hereto and made a part hereof

EXHIBIT C

SCHEDULE A-1

City of Killeen, Texas

Master Lease Number: 10896

Delivery Order Number: 70872-001

One (1) New Volvo L60 H Loader, S/N: _____

One (1) New Volvo ECR25D Compact Excavator, S/N: _____

F. LOCATION.

G. ALTERNATIVE INTEREST RATES.

1. Loss of interest deductibility will incur a rate of not less than 5.00%.
2. Loss of tax-exempt interest will incur a rate of not less than 5.00%.

THE TERMS GOVERNING THIS DELIVERY ORDER ARE CONTAINED IN THE AGREEMENT REFERENCED ABOVE AND APPLY WITH THE SAME FORCE AND EFFECT AS IF SET FORTH FULLY HEREIN.

Lessor shall not be bound by this Agreement until it is executed by an authorized officer of Lessor at Lessor's principal place of business.

DATED as of the day and year first above stated on this Delivery Order.

LESSOR:

BancorpSouth Equipment Finance, a division
of BancorpSouth Bank
P. O. Box 15097
Hattiesburg, MS 39404-5097

By: _____

Title: _____

LESSEE:

City of Killeen, Texas
P.O. Box 1329
Killeen, TX 76540-1329

By: _____

Title: _____

InfoAnalysis
Payment Amortization Report

Customer: City of Killeen, Texas 10896 70872-001 SCHEDULE "A"

Interest Rate: 2.9100% (Monthly)

Per	Date	Payment	Principal	Interest	Principal Balance	Accrued Interest	Accrued Int Bal	Net Balance
0	3/ 3/17	0.00	0.00	0.00	192,997.00	0.00		
1	4/ 3/17	3,566.49	3,098.47	468.02	189,898.53	468.02	0.00	192,997.00
2	5/ 3/17	3,566.49	3,105.99	460.50	186,792.54	460.50	0.00	189,898.53
3	6/ 3/17	3,566.49	3,113.52	452.97	183,679.02	452.97	0.00	186,792.54
4	7/ 3/17	3,566.49	3,121.07	445.42	180,557.95	445.42	0.00	183,679.02
5	8/ 3/17	3,566.49	3,128.64	437.85	177,429.31	437.85	0.00	180,557.95
6	9/ 3/17	3,566.49	3,136.23	430.27	174,293.08	430.27	0.00	177,429.31
7	10/ 3/17	3,566.49	3,143.83	422.66	171,149.25	422.66	0.00	174,293.08
8	11/ 3/17	3,566.49	3,151.46	415.04	167,997.79	415.04	0.00	171,149.25
9	12/ 3/17	3,566.49	3,159.10	407.39	164,838.70	407.39	0.00	167,997.79
	2017	32,098.43	28,158.30	3,940.13		3,940.13		164,838.70
10	1/ 3/18	3,566.49	3,166.76	399.73	161,671.94	399.73	0.00	161,671.94
11	2/ 3/18	3,566.49	3,174.44	392.05	158,497.50	392.05	0.00	158,497.50
12	3/ 3/18	3,566.49	3,182.14	384.36	155,315.36	384.36	0.00	155,315.36
13	4/ 3/18	3,566.49	3,189.85	376.64	152,125.51	376.64	0.00	152,125.51
14	5/ 3/18	3,566.49	3,197.59	368.90	148,927.92	368.90	0.00	148,927.92
15	6/ 3/18	3,566.49	3,205.34	361.15	145,722.58	361.15	0.00	145,722.58
16	7/ 3/18	3,566.49	3,213.12	353.38	142,509.47	353.38	0.00	142,509.47
17	8/ 3/18	3,566.49	3,220.91	345.59	139,288.56	345.59	0.00	139,288.56
18	9/ 3/18	3,566.49	3,228.72	337.77	136,059.84	337.77	0.00	136,059.84
19	10/ 3/18	3,566.49	3,236.55	329.95	132,823.29	329.95	0.00	132,823.29
20	11/ 3/18	3,566.49	3,244.40	322.10	129,578.90	322.10	0.00	129,578.90
21	12/ 3/18	3,566.49	3,252.26	314.23	126,326.64	314.23	0.00	126,326.64
	2018	42,797.91	38,512.06	4,285.85		4,285.85		126,326.64
22	1/ 3/19	3,566.49	3,260.15	306.34	123,066.49	306.34	0.00	123,066.49
23	2/ 3/19	3,566.49	3,268.06	298.44	119,798.43	298.44	0.00	119,798.43
24	3/ 3/19	3,566.49	3,275.98	290.51	116,522.45	290.51	0.00	116,522.45
25	4/ 3/19	3,566.49	3,283.93	282.57	113,238.52	282.57	0.00	113,238.52
26	5/ 3/19	3,566.49	3,291.89	274.60	109,946.63	274.60	0.00	109,946.63
27	6/ 3/19	3,566.49	3,299.87	266.62	106,646.76	266.62	0.00	106,646.76
28	7/ 3/19	3,566.49	3,307.87	258.62	103,338.89	258.62	0.00	103,338.89
29	8/ 3/19	3,566.49	3,315.90	250.60	100,022.99	250.60	0.00	100,022.99
30	9/ 3/19	3,566.49	3,323.94	242.56	96,699.06	242.56	0.00	96,699.06
31	10/ 3/19	3,566.49	3,332.00	234.50	93,367.06	234.50	0.00	93,367.06
32	11/ 3/19	3,566.49	3,340.08	226.42	90,026.98	226.42	0.00	90,026.98
33	12/ 3/19	3,566.49	3,348.18	218.32	86,678.81	218.32	0.00	86,678.81
	2019	42,797.91	39,647.83	3,150.08		3,150.08		86,678.81

Info Analysis
Payment Amortization Report

Customer: City of Killeen, Texas 10896 70872-001 SCHEDULE "A"

Interest Rate: 2.9100% (Monthly)

Per	Date	Payment	Principal	Interest	Principal Balance	Accrued Interest	Accrued Int Bal	Net Balance
34	1/ 3/20	3,566.49	3,356.30	210.20	83,322.51	210.20	0.00	83,322.51
35	2/ 3/20	3,566.49	3,364.44	202.06	79,958.07	202.06	0.00	79,958.07
36	3/ 3/20	3,566.49	3,372.59	193.90	76,585.48	193.90	0.00	76,585.48
37	4/ 3/20	76,771.20	76,585.48	185.72	0.00	185.72	0.00	0.00
	2020	87,470.68	86,678.81	791.87		791.87		
Totals:		205,164.92	192,997.00	12,167.92		12,167.92		

EQUIPMENT ACCEPTANCE NOTICE

10896 70872-001

TO: BancorpSouth Equipment Finance, a division of BancorpSouth Bank

RE: Agreement No. 10896

This is to acknowledge that the delivery and/or installation of the Equipment, described in Delivery Order No. 01 dated as of _____ has been completed in accordance with the terms of the above-referenced Agreement and that Lessee has duly delivered to and received in proper form from Lessor all purchase orders, invoices or such forms or documents required by Lessee to assure commencement of Payments on _____, in accordance with Section 2 of the Agreement.

The undersigned has inspected said Equipment. The said Equipment satisfies provisions of Section 2 of the above-referenced Agreement, and it is accepted according to the provisions contained therein.

LESSEE:

City of Killeen, Texas

By: _____

Title: _____

Date: _____

EXHIBIT D

CERTIFICATE WITH RESPECT TO NON-BANK QUALIFIED TAX EXEMPT OBLIGATIONS

I, the _____ of City of Killeen, Texas ("Lessee"), am duly authorized to execute that certain Agreement, dated as of _____, (the "Agreement") by and between Lessee and BancorpSouth Equipment Finance, a division of BancorpSouth Bank do hereby certify as follows:

1. This Certificate with Respect to Non-Bank Qualified Tax Exempt Obligations (the "Certificate") is executed for the purpose of establishing that the Agreement has been designated by Lessee as Non-Bank qualified tax-exempt obligation of Lessee for purposes of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code").

2. Lessee is a political subdivision of the State of Texas.

3. The Agreement is being issued in calendar year _____.

4. Neither any portion of the gross proceeds of the Agreement nor the Equipment identified in the Agreement shall be used (directly or indirectly) in a trade or business carried on by any person other than a governmental unit, except for such use as a member of the general public.

5. No portion of the Payments identified in Section 5 of the Agreement: (a) is secured, directly or indirectly, by property used or to be used in a trade or business carried on by a person other than a governmental unit, except for such use as a member of the general public, or by payments in respect of such property; or (b) is to be derived from payments (whether or not to Lessee) in respect of property or borrowed money used or to be used for a trade or business carried on by any person other than a governmental unit.

6. No portion of the gross proceeds of the Agreement are used (directly or indirectly) to make or finance loans to persons other than governmental units.

7. Lessee reasonably anticipated that the total amount of tax-exempt obligations (other than private activity bonds) to be issued by Lessee during calendar year _____ will exceed \$10,000,000.

8. This Certificate is based on facts and circumstances in existence on this date

IN WITNESS WHEREOF, I have set my hand this _____ day of _____, _____.

City of Killeen, Texas

By: _____

Title: _____

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.

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here

1 Issuer's name City of Killeen, Texas		2 Issuer's employer identification number (EIN) *
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 1329		5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Killeen, Texas 76541		7 Date of issue
8 Name of issue		9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)		10b Telephone number of officer or other employee shown on 10a (254) 501-7729

Part II Type of Issue (enter the issue price). 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 ▶ (1) New Liebherr LH-60 Wheel Loader & (1) Volvo ECR25D Compact Excavator		18	192,997	00
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 type="checkbox"/>			

Part III Description of Obligations. 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		\$ 192,997.00	\$	3.07 years	2.91 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

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

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	▶	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	▶	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	▶	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	▶	_____

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
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	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> 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 <input type="checkbox"/>		
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> 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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
44	If the issuer has established written procedures to monitor the requirements of section 148, check box <input type="checkbox"/>		
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> 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.

Signature of issuer's authorized representative	Date	Type or print name and title
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Paid Preparer Use Only

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.			

* THIS IS AN ESSENTIAL USE LETTER. IT SHOULD BE TYPED *
ON THE LESSEE'S LETTERHEAD.

BancorpSouth Equipment Finance,
a division of BancorpSouth Bank
P.O. Box 15097
Hattiesburg, MS 39404-5097

RE: Agreement No. 10896, dated _____

Ladies and Gentlemen:

The equipment purchased under the above-referenced Agreement, and associated peripheral equipment that we are buying under said Agreement, will be used by the

The equipment will not be used in any private business or put to any private business use.

The functions of the equipment will include _____
_____ and are deemed to be essential to the efficient operation of the

Sincerely,

PLEASE INDICATE TO WHOM FUNDS ARE TO BE RELEASED AND RETURN THIS FORM WITH YOUR SIGNED DOCUMENTS:

Check Here

*If we are to fund the equipment vendor(s).

Check Here

*If you have already paid for your equipment purchase and you need to be reimbursed. Please send a photo copy of the canceled check issued for payment of the equipment when you return these signed documents.

Please call 1-800-222-1610 with any questions.

BancorpSouth Equipment Finance



BancorpSouth[™]
Equipment Finance

BancorpSouth Equipment Finance,
a division of BancorpSouth Bank
P.O. Box 15097
Hattiesburg, MS 39404-5097

To whom it may concern:

It is our great pleasure to help be of assistance to you in your endeavor to finance vehicles or equipment with us here at BancorpSouth Equipment Finance. In our effort to help assist you in the financing of vehicles or equipment for your county or city, we are asking if you could provide us with a invoice from the vendor pertaining to the equipment or vehicle(s) description along with proof of insurance. On the insurance binder in regards to the proof of insurance we also ask that BancorpSouth Equipment Finance be listed as **"Loss Payee on physical damage"** for the leased or financed equipment to be mailed back to us along with the invoice and the Executing Documents/Lease Purchase Agreement or Contract. If you would be so kind to send the requested documentation to our mailing address at Post Office Box 15097 Hattiesburg, MS 39404-5097 it would greatly be appreciated. If you have any further questions please feel free to contact us at 601-544-3252. Thank you for your regards in this matter.

Respectfully,

BancorpSouth Equipment Finance